

**Academic Affairs Committee
Board of Regents
Murray State University
Friday, November 30, 2007
Jesse Stuart Room – Pogue Library
8 a.m.**

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

Dr. Morgan, Chair of the Academic Affairs Committee, convened the meeting at 8:12 a.m.

Dr. Morgan asked Provost Gary Brockway, Dean of Business and Public Affairs Tim Todd and his assistant Ms. LaDonna McCuan to make a presentation regarding the Professional MBA Program Course Fee. Dr. Brockway reported that Dean Todd and his staff have been working over the past six months to create a Professional MBA Program targeted toward mid-level managers who are working in their career fields. The program will be delivered through Murray State's regional campuses at Madisonville, Paducah, Henderson and Hopkinsville. Due to the special nature of the program and the additional cost that will be involved in delivering this program, the Board is asked to approve a special course fee for the program.

Dr. Todd indicated that in order to help achieve Dr. Dunn's vision of excellence, community partnerships and outreach, staff in the College have been working to develop innovative programs, including the Organizational Communications program in Hopkinsville. As MBA Director, Ms. LaDonna McCuan has taken a lead role in helping to shape, refine and redesign an innovative program that can be focused toward MSU's sister communities and regional campuses and eventually become a leading program in the nation.

Dr. Todd presented an overview PowerPoint presentation. He stated that the Arthur J. Bauernfeind Professional MBA Program is an 18-month cohort-based program aimed professionals early in their management careers. The classes are tailored to a weekend format, will be web enhanced and are a one-on-one type program where MSU faculty members travel to sister sites. He stated this type of program is relevant to today's manager and will be taught by the most experienced MSU faculty with some of the highest student satisfaction measures. In addition, alumni such as Dr. Bauernfeind will team teach a Saturday afternoon course with Dr. David Durr, the Bauernfeind Professor in Finance.

Dr. Todd reported there would be a stewardship community focus for the program that would provide the students, their companies and MSU with the opportunity to give back to the region and also provide students with the opportunity to solve real world organizational problems. Students with four or more years of management experience, frontline managers on an upward career trajectory and people in whom companies are willing to invest money and resources will be the target population for the program.

Dr. Todd reported that the PMBA program will first be offered in Madisonville because several months ago the University secured a training and development contract with the Trover Healthcare System there. As a result of that contract seven faculty members taught six different modules of financial analysis, strategic planning and conflict management and all were very successful. The Vice President at Trover, along with three directors, informed Dr. Todd that they were preparing to drive to Jefferson County to go to Sullivan to proceed with a fast track MBA program. He indicated that Sullivan is accredited by the Southern Association of Colleges and Schools but they are not accredited by the Association to Advance Collegiate Schools of Business (AACSB). He indicated that MSU representatives convinced Trover administrators to allow MSU to create a program that would satisfy that need.

Dr. Todd also indicated this would be a means of capturing students who would not normally attend MSU and that would help further create ties with business and industry. He reported that

during the last few months seven different events have taken place where data has been gathered and surveys conducted in the manufacturing and health care communities, and the Chamber of Commerce has indicated that a market exists to support the program.

Dr. Todd shared three quotes with the Board, including:

- 1) Mr. Whitaker, President at Trover, stated “Based on significant discussion and input I would love to see Murray State from the standpoint of fashioning this type of program. The Professional MBA is designed for director level managers. They are the front line that truly determines the success of local businesses relative to day-to-day operations and PMBA represents an opportunity for professional development within Madisonville and Hopkins County and the region. The Trover Health System strongly endorses and supports this program.”
- 2) Danny Koohn, Executive Director of the Madisonville-Hopkins County Economic Development Corporation, stated “In our efforts to provide a highly skilled workforce it is of extreme importance that Madisonville-Hopkins County and the region join Murray State to develop the strongest educational partnership possible. The PMBA is the cornerstone of this effort to join our educational institutions for advancing the well being of the citizens of our region.”
- 3) Terry Whitaker, President of the Hopkins County Chamber of Commerce, also indicated support for the program in order to demonstrate the marketing potential that already exists in Madisonville.

Dr. Todd stated that competition includes on-line programs that currently exist at Western Kentucky University, Morehead State University, Middle Tennessee, University of Phoenix, Sullivan University in Louisville, and the University of Louisville (UofL). Dr. Todd addressed the issue of what the program would cost, indicating that the price being advanced is very reasonable considering that UofL charges \$28,000 exclusive of books and Sullivan and the University of Phoenix are much higher than that.

Dr. Todd stated that in the fall 2008 semester the College of Business and Public Affairs, working with the Dean of Continuing Education John Yates and his staff, will attempt to attract a minimum of 20 students willing to commit a minimum deposit of \$250 to be a part of this 18-month cohort program. The total cost of the program is \$1,875 and one faculty line would be needed in the marketing area. He added that if 20 students do not commit to the program by June 1, 2008, the University will be unable to offer the program from a financial standpoint.

Professional MBA Program Fee, approved

On behalf of the Academic Affairs Committee, Dr. Morgan moved that the Board of Regents, upon the recommendation of the University President, approve the Professional Master of Business Administration (PMBA) Program course fee of \$675 (which includes books) effective with the fall 2008 semester. Mrs. Ford seconded and the motion carried.

Dr. Dunn reminded the Board that additional talking points were located in the supplemental notebooks. Mr. Stout added that MBA programs of this type are very important and are a great segue into the business community. He further stated that universities like Northwestern have aggressively pioneered MBA programs and recognize that universities must think outside the traditional mold when doing so. He indicated the students that are being targeted are by nature very busy and must be creative in putting together their schedules to make such an initiative work. He feels this program is very positive and Madisonville is a great place to start. Mrs. Buchanon remarked that private industry would be thrilled with the program. Ms. Hays indicated that Hopkinsville is excited to have two Organizational Communication programs and each experienced great enrollment and student participation. Ms. Hays asked if the class does not make whether the \$250 deposit will be refunded, stating that the recommendation makes reference to a non-refundable deposit. Dr. Todd clarified the term non-refundable only applies if the class makes.

Ms. Hays also asked if the total cost of the program is \$1,875 plus \$250 plus \$675 or if the total cost is \$1,875. Dr. Todd indicated the total cost for the program is \$1,875 and that includes the deposit of \$250.

Ms. Hays indicated that she has heard comments from individuals in Hopkinsville that because these programs are offered on Saturday they are unable to attend and asked if there was any way everything did not have to be delivered on one particular day. She stated that being able to commit some Saturdays is one thing but every Saturday for 18 months is impossible. Dr. Todd stated there would be greater flexibility as the program is further designed to address this issue.

Judge Taylor asked if anticipation is that employers will pick up the cost of this program for their workers and Dr. Todd responded this would most likely be the case, especially considering the response from Trover.

Dr. Dunn reported that this program creates a template that could be taken to Murray State's other extended campuses and at some point a circuit could be developed over a 5 to 6 year timeframe. Dr. Todd agreed and indicated that as the University is developing the program at the first site it is also selling the program to the next site on the rotation.

Ms. Hays inquired as to whether any interest had been displayed by Jennie Stuart Medical Center. Dr. Todd reported that Dr. Dunn held a Town Hall Meeting in Hopkinsville but it was more focused on the Organizational Communication program.

Motion carried.

University Governance Document, For Information Only

Dr. Morgan presented the 2007-2008 University Governance Document to the Academic Affairs Committee as well as to all Board members as an information-only item with no action recommended. He indicated that the various committees that operate throughout campus are included in this document and the most up-to-date version can be found on the Murray State University website.

Ms. Hays stated that she does not feel the University population is equally represented on some committees given the membership currently listed. Mrs. Winchester indicated Staff Congress has recognized this discrepancy and will address the issue in the process of revising its Constitution and Bylaws. Mrs. Winchester also pointed out that it may be more difficult to secure representation from some populations than others simply because there are not as many volunteers from those areas. Staff Congress is examining the feasibility of combining categories in order to ensure full representation. Mrs. Winchester stated she is hopeful that the revision to the Staff Congress Constitution and Bylaws will come before the Board at the February 2008 meeting.

AAUP Update, For Information Only

Dr. Morgan reported that in consultation with President Dunn and faculty leadership, he is providing an update on the American Association of University Professors (AAUP). In 1974-75 AAUP censured Murray State University based on some acts that took place at the University related to faculty members. In the process the University has gone 30 years and various presidents have reviewed what needs to be done to remove MSU from the AAUP censure list. He reported that President Dunn also examined the situation upon his arrival on campus. Faculty Senate leadership and Dr. Morgan met with Dr. Dunn to discuss the issue and determined that AAUP could not provide a satisfactory answer to what the University needed to do to be removed from their censorship list. He indicated that, while faculty would like to take action on this issue, sufficient information is not forthcoming for any type of recommendation to be made to the President. Dr. Morgan stated for the time being the issue will be put to rest.

Faculty Senate Letter, For Information Only

Dr. Morgan reported that upon the one year anniversary of Dr. Dunn becoming President of Murray State University, the Faculty Senate leadership asked that the letter from Dr. Steve White, Faculty Senate President, be included as an addendum to the minutes of the meeting. Dr. Morgan then read portions of the letter aloud and requested that at the appropriate time during the plenary session that the letter becomes an official addendum to the minutes of the quarterly Board meeting.

Dr. Dunn stated that he very much appreciates and thanks the Faculty Senate for their kind gesture and remarks, indicating that it has been a pleasure working with the Faculty Senate over the past year.

Collegiate Highlight – College of Education, For Information Only

Dr. Russ Wall, Dean, College of Education and Dr. Gary Brockway shared a Powerpoint presentation with the Board along with supplemental reports, including the Annual Report, Internationalization Report and Faculty Productivity Report.

Dr. Wall thanked the Board and introduced the following individuals from the College of Education: Dr. Ginny Richerson, Chair, Adolescent, Career and Special Education; Dr. Jo Robertson, Chair, Early Childhood and Elementary Education; Dr. Renee Campoy, Assistant Dean and NCATE Coordinator; Dr. Alesa Walker, Director of Teacher Education Services; and Dr. George Patmor, Director for School Services.

Dr. Wall stated that the mission of the College of Education is to produce exemplary teachers, principals, superintendents, counselors, instructional supervisors, school psychologists and other school human service personnel. He reported that there are three departments within the College, including Educational Studies, Leadership and Counseling, Adolescent, Career and Special Education; and Early Childhood and Elementary Education. He indicated there are three support units, including Teacher Education Services (certification unit), the Kentucky Academy of Technology Education and the Teacher Quality Institute.

Dr. Wall reported that enrollment within the College is steady and the College of Education has experienced significant off-campus growth but enrollment has now stabilized with an average of 1,800 to 2,000 students. He further indicated that the College has the highest number of graduate students of any program on campus and has maintained first (Elementary Education), second (Special Education), third (Human Development), fourth (School Administration), sixth (Guidance and Counseling) and eighth (Reading) place rankings within the University in degrees conferred.

Dr. Wall indicated that the University is required to submit a Title II federal report and it is extremely important that students pass certain exams that measure their content knowledge as well as their ability to teach before being able to exit a program offered through the College. Dr. Wall stated that an 80 percent pass rate must be maintained and reported that since the beginning of data collection the College has maintained a 92 or above percent pass rate. In 2003-2004 there were over 276 students that passed over 600 tests and that is incredible statistically. He indicated that the College does an excellent job getting students into the program but, more importantly, getting them out of the program. Dr. Wall reported that a large majority of the students who are unsuccessful will later come back within the one-year testing cycle and complete and pass their exams later but that these students are not reflected in the scores being presented.

Dr. Wall reported that in order to secure a job students must go through an Internship Program and they must pass that program to become fully certified. Murray State has maintained a 100 percent pass rate on the Internship Program with the exception of one year and it was very close that year. Dr. Wall also explained that the School Leadership Licensure Assessment is a national exam for school principals and the college has maintained a 100 percent pass rate there as well.

Dr. Wall provided a chart showing the distribution of teachers by each service region from their preparation unit and indicated that in Murray State's service region 82 percent of the teachers that are prepared to teach in the schools are prepared by Murray State University.

Dr. Wall indicated that the University works with 27 school districts in the West Kentucky Educational Cooperative and deliver programs off-campus in Henderson, Hopkinsville, Madisonville and Paducah. Dr. Wall mentioned that the University works with a lot of individuals including school superintendents and principals, the West Kentucky Instructional Improvement cadre, professional development partners, Kentucky Educational Professional Standards Board, Kentucky State Department of Education, National Council for Accreditation of Teacher Education, Southern Association of College and Schools and alumni and friends.

Dr. Wall stated that the college works very closely with the 27 school districts and they participate in the delivery and design of MSU programs through committees that help the College make decisions about programs that are needed. He reported it is a partnership that must be maintained and close relationships are essential to the win-win proposition in order to get Murray State students out in the field and provide them with the experience and preparation they need to succeed as teachers.

Dr. Wall stated that faculty members in the College of Education have been very productive as indicated by the first year of the Faculty Productivity Report that was submitted to the Regents as an additional report. He indicated that he believes only two-thirds of the information has been identified but highlights include publications (52), presentations (142), committees (245), new programs (7), new courses (13), residential colleges (21), Roads Scholars (52), schools (13), grants (26), professional organization service (48) and honors/recognitions (25).

Dr. Wall reported that the Office of Teacher Education Services, under the direction of Dr. Alesa Walker, worked with 29 districts and 126 schools during 2006-2007 with 1,120 cooperating teachers. He also indicated that participation hours totaled 27,821 which refers to the actual amount of time students spend in the schools before they are certified. From the time students begin the Introduction to Education course they are placed in the schools so they can determine early on whether teaching is a profession they are truly interested in.

Dr. Wall stated that last year there were 331 student teachers in the school system on a 14-week program and that in some cases students will have two placements, one at the lower level and one at the higher elementary level. The majority of student teaching assignments take place during the spring semesters with some taking place in the fall and there were 358 interns out in the field. He pointed out that not only do student teachers and interns have to be placed but they must also be supervised and MSU faculty have to be out in the schools to provide supervision for these students to ensure they are doing what they need to do and provide them with necessary guidance. Dr. Wall reported that there were also 25 principal interns last year. He said NCATE requires the University to provide diverse experiences for teacher candidates and MSU offers students field experience throughout the region.

Dr. Wall reported that the Kentucky Academy of Technology Education (KATE) does an outstanding job supporting the College of Education as well as state-wide teachers. Their mission is to work with technology state-wide and KATE was highly responsible for the College of Education winning a national technology award in 2003. The College was recognized by ISTE for the implementation of technology into the teacher preparation program and only four universities received the award.

Dr. Wall stated that the College of Education works very closely with the Teacher Quality Institute through dual credit teacher education programs, Future Educators Association, Faculty Scholars Program, minority recruitment, summer institutes for teachers, alternative certification programs and grants and scholarships.

Dr. Wall indicated that the college focuses heavily on internationalization by providing the International Student Teaching Experience in Belize, Dean's Multicultural Luncheon, Global Society luncheons, Higginson Scholarship and through international visitors, travel, graduate assistants and student workers with the ultimate goal of preparing teachers for a global society.

Dr. Wall reported that faculty in the College of Education believe external dollars are essential and, with the College of Business and Public Affairs and other university units, has written grants totaling \$4,633,099 in external funding.

Mr. Stout stated that the Regents are also very proud of the programs offered through the MSU College of Education.

The Academic Affairs committee meeting concluded at 8:50 a.m.

**Audit Committee
Board of Regents
Murray State University
Friday, November 30, 2007
Jesse Stuart Room – Pogue Library
8:30 a.m.**

**William Adams, Chair
Beverly Ford
Laxmaiah Manchikanti
Alan Stout
Jeff Taylor**

Mr. Adams, Chair of the Audit Committee, convened the meeting at 8:50 a.m. He introduced Mr. Tom Denton, Vice President for Finance and Administrative Services and representatives from the auditing firm of BKD, Mary McKinley and Keith Messmer.

Audited Financial Statements – General

Mr. Denton asked Ms. Jackie Dudley, Director, Accounting and Finance, to join the witness table. Ms. McKinley presented the audited financial statements, indicating that the statements have been discussed in detail with management. She presented a short highlight summary that indicated Murray State University received an unqualified, clean opinion on the audited financial statements and outlined the following highlights:

- Total assets have increased over the last four years (2004-07) from \$194 million to \$244 million
- Net assets have increased over the last four years (2004-07) from \$144 million to \$179 million due mainly to Capital Asset increases with the College of Science Project, a new residential college and an upgraded phone system being the most recent additions to capital construction projects.

Ms. McKinley also provided condensed financial information on the statement of revenues, expenses and changes in net assets (or income statement) and highlighted the following:

- Increase in net assets of \$21.1 million due mainly to state capital appropriations (\$11.7 million)
- Increase in operating revenue to \$64 million
- Increase in expenses to \$144.3 million
- The difference between operating revenue and expenses remained steady across all four years with the current year at \$55 million

Ms. McKinley reported that overall this represents a strong and consistent financial performance and stated this is very much an expected result of the audit process. Ms. McKinley indicated that the A-133 financial statement covers federal awards which are tested annually and there were no findings. She stated that the student financial aid process was tested and there is nothing to report in that regard. She further indicated that there is nothing of consequence to report in the remainder of the audit reports which is good news for the University.

Ms. McKinley indicated the format of Audit Committee Letter is somewhat different in appearance than what has previously been submitted to the Board due to new standards that were required to be implemented this year. She indicated that there were no surprises with regard to a review of the audit process. Ms. McKinley further reported with regard to internal control over financial reporting, that there were no material weaknesses, significant deficiencies or control deficiencies cited.

Ms. McKinley also discussed new auditing standards that will be in effect for next year's audit and indicated they would change the way all auditors conduct audits not only for higher education but for all other types of organizations as well. She stated the process will utilize a

different approach in regard to focusing on risk areas and internal control processes and indicated that it would be similar to an MBA approach.

Mr. Adams requested clarification with regard to the general financial statement, specifically the upgrade from a telephone switching system to Voice Over Internet Protocol in Summer 2006 and the reference to the upgrade producing a significant savings in telephone costs. Mr. Denton indicated the savings resulted from the fact that the system is Internet based and the University does not have to pay some of the cost associated with “regular” phones. Mr. Adams asked if there would be a payback to this and Mr. Denton stated the new technology associated with the phones and also that they can be utilized simultaneously as a communication system in the event of an emergency are the main paybacks of the system. Dr. Dunn indicated this project was not entered into as a cost saving measure but rather because the old phone system was outdated and needed to be replaced.

Mr. Adams stated that in the condensed report provided by Ms. McKinley she indicated that expenses had remained relatively constant. He specifically mentioned instruction and inquired as to why it had increased by almost 10 percent over two years. Ms. McKinley indicated with enrollment increasing the revenue side is increasing and that associated expenses can be seen on the expenditure side. Mr. Denton stated he would provide a report to the Board during the Treasurer’s Report portion of the plenary session. Dr. Dunn indicated that the bulk of this amount included salaries and other non-personnel costs.

Mr. Adams stated that a portion of the Foundation Audit indicates revenue and expenses from Miller Golf Course are being subsidized strongly by the University. Dr. Dunn indicated that he would not speak for the Foundation. Mr. Denton added that in some years the Foundation has capital outlays and may be replacing or renovating buildings on the golf course.

Dr. Dunn indicated that a lease schedule was not included in the meeting notebooks but that schedule is provided in the supplemental notebooks. He also pointed out that the federal funds audit, A-133, contains a schedule of Murray State federal projects and array of activities undertaken with federal monies.

Judge Taylor stated in the condensed financial statement handout the balance sheet indicates that net assets are \$179.2 million and asked Ms. McKinley to provide a breakdown of those assets. She referred the Board to the General Financial Statement (page 16) and indicated that amount includes investment in capital assets (\$104 million); restricted assets related to scholarships, loans, and capital assets, etc.; and unrestricted assets (\$31 million). Judge Taylor further requested a breakdown of the \$31 million in Unrestricted Assets and Ms. McKinley again referred the Board to the General Financial Statement (page 48) and indicated that amount includes prior year carryovers for renovation and maintenance and departmental operations; encumbrances, working capital, revenue and contingency and self insurance.

Dr. Dunn indicated that if the University can keep pace with inflation that is one way to ensure that things are going well and he is happy to report MSU is doing even better than that. Dr. Dunn asked Ms. McKinley whether Murray State’s financial situation appears to be healthy. Ms. McKinley reported that with net assets at least keeping pace with inflation, it is a strong set of financial statements and there are increases where there needs to be increases and no declines where there shouldn’t be declines. BKD is comfortable with the fiscal health of Murray State University and obviously would not have issued an unqualified or clean opinion had that not been the case.

Mr. Messmer indicated that BKD has stated in the past the Foundation is a critical component and fundraiser for Murray State University and that piece must be present for the University to be successful. He further reported that state appropriations flat-lined over the last four years and one year there was actually a decline so that component is not keeping pace with inflation. He indicated the Foundation is doing well also.

Mr. Messmer added that no deficiencies were found in the Management Letter and indicated this is somewhat of a rarity. He stated that in most audits there are at least control deficiencies and MSU does a good job of segregating duties and having controls in place to protect the process.

Mrs. Ford asked why MSU pays \$124,000 to the University of Kentucky for the Crisp Building and Mr. Denton responded that this represents a 20-year lease/purchase for the building. The state is actually providing the appropriation for Murray State to purchase that building. Mr. Crisp actually donated the building to UK and MSU is now purchasing it.

Judge Taylor asked for clarification on the \$11.7 million in state capital appropriations listed on the condensed financial information handout. Ms. McKinley indicated this refers to state capital appropriations as opposed to other appropriations. Mr. Denton stated the \$11.7 million represents the Science Campus and is a state capital appropriation. He indicated the state has actually bonded the project and is transferring that to the University.

Judge Taylor asked if the numbers displayed for 2004 (\$8.1 million), 2005 (\$1.3 million) and 2006 (\$2.4 million) represent the first building of the Science Campus and Mr. Denton indicated the last two years represent the second phase of funding, which is \$15 million total and anything prior to that would be part of the first phase. Mr. Denton stated that more detail would be provided during the presentation on the College of Science Audit.

Audited Financial Statements – Federal

Ms. McKinley clarified that her previous statements pertained to all the audits listed, including general, federal and athletic. Mr. Adams asked if there were any additional questions from the committee with regard to the general financial statements. Mr. Adams then asked if there were questions regarding the audit of federal funds (A-133) and Ms. McKinley referred the committee to page 57 of the audit which lists MSU's Schedule of Expenditures of Federal Awards. Dr. Dunn indicated these funds are difficult to follow fiscally because each program has a set of expenditures handled by many different people so to come up with a clean report in light of this fact is very difficult to do.

Audited Financial Statements – Athletics

Mr. Adams asked if there were questions regarding the athletic audits. Ms. McKinley reported that the NCAA requires them to conduct a review, based on a set of agreed upon procedures with respect to certain compliance elements, and BKD then reports to management any items they find within the scope outlined by the NCAA. She stated there are no issues to report to management.

General, Federal and Athletic Financial Statement, approved

On behalf of the Audit Committee, Mr. Stout moved that the Board of Regents, upon the recommendation of the President, accept the following general, federal and athletics audit reports as submitted:

1. **Audited Financial Statements -- General**
 - A. **Audit Committee Letter**
 - B. **Independence Letter**
 - C. **House Bill 622 Compliance Report for the Year Ended 6/30/07**
 - D. **Kentucky Lease Law Compliance Report for the Year Ended 6/30/07**
 - E. **General Financial Statement for the Year Ended 6/30/07**
2. **Audited Financial Statements – Federal Funds**
 - A. **A-133**
3. **Audited Financial Statements – Athletics**
 - A. **NCAA Independent Accountants' Report on Application of Agreed Upon Procedures for Intercollegiate Athletics for the Year Ended 6/30/07**
 - B. **Murray State University Athletic Foundation Audit for the Year Ended 6/30/07**

Mrs. Ford seconded and the motion carried.

College of Science Audit, approved

Ms. McKinley indicated this report represents a project BKD was engaged to conduct with respect to the Murray State Science Campus in particular and capital projects in general. The scope of work included four basic steps. Steps #1 and #2 were a detailed review of invoices, draw requests and vendors to determine what happened with the Science Campus expenditures. Items #3 and #4 pertained to the second part of BKD's perspective with regard to looking at the internal control process involving all capital projects to make recommendations to strengthen the process in the future.

Ms. McKinley reported that conclusions regarding Steps #1 and #2 for the period July 1, 2000, through June 30, 2007, involved 129 total draw requests from the state for reimbursement for Science Campus expenditures. BKD reviewed 50 of those 129 draw requests which represented 38 percent of the total number of draw requests. She indicated that in order to ensure a focus on some of the larger items, the dollar amounts tested were \$23.5 million of the total \$24.9 million, which represents a 94 percent coverage rate. Ms. McKinley indicated that no unusual issues were identified and all disbursements appeared to be with vendors who had been approved by MSU's management for the various aspects of construction of the Science Campus project.

Ms. McKinley further reported that conclusions regarding Steps #3 and #4 refer to examining the entire capital construction process in addition to the internal control structure around that process. BKD interviewed individuals on campus and from various state agencies. Four main suggestions that arose out of these two steps include:

- 1) *Fiduciary responsibility and compliance with state statutes so the entire set of procedures are working together in an atmosphere that allows people to challenge one another when they feel something may not be in accordance with a particular statute.* This would prohibit the awarding of a contract in excess of a state appropriation. BKD suggested a more coordinated effort and communication between Accounting and Facilities Management. She indicated that current management has already taken steps to address this issue by moving reporting authority for Facilities Management under the Vice President for Finance and Administrative Services.
- 2) *Clear and open lines of communication, especially with state agencies*
 - A. Should include written documentation of all communications with state agencies.
 - B. Should include clarity of language in Capital Plan.
 - C. Should include a comparison of Approved Budget to Biennial Budget Request and ensuring all involved are clear on what the project will be.
- 3) *Invoice approval and monitoring of funded status of construction projects*
- 4) *Written documentation of capital construction internal controls processes, especially on the budgetary control side of the project.* She stated good controls over the payment processes are in place but could be improved with respect to monitoring the budget and awarding contracts.

Judge Taylor stated the \$28 million had been allocated for the entire project and as of June 30, 2007, only \$25 million had been drawn down. He asked if that meant the additional \$3 million had not been spent. Mr. Denton stated he was correct and this report runs through June 30, 2007, so some funds are still being spent on the project and today marks the day the contractors are to turn the building back over to the University. He further reported that every month there has been approximately \$600 to \$700,000 in additional outstanding expenditures.

Judge Taylor questioned the reference to Phase III monies and Ms. McKinley reported there was a minimal amount of Phase III expenditures tested during this process, including three draws were tested for a total of \$233,000. Mr. Adams asked if those expenditures were related to design fees or construction costs and Ms. McKinley indicated the expenses were incurred during the most recent fiscal year ended June 30, 2007. Mr. Adams asked if the \$233,000 was used for Phase III work or whether it was used as Phase II work. Dr. Dunn indicated the Phase III money utilized was used for purposes that would have been permitted under Phase III. He clarified that some of that may look to be related to the connector but the University was very careful in accessing Phase III money to make sure it could be justified under Phase III project guidelines before doing so. Mr. Denton reported that some of the expense may apply to the heating and air system that needed to be set up in the first and second building but would service the entire project. He indicated that state approval was granted and documented prior to proceeding.

Judge Taylor asked with regard to the \$3 million whether that money has been incurred since June 30 for expenses. Mr. Denton indicated this amount was from the inception of the project so the balance of those funds would be after June 30. Mr. Taylor requested a report on those funds from the first two phases. Mr. Denton stated he would provide a report from July 1 to the present.

Judge Taylor questioned whether e-mail communications were examined and Ms. McKinley reported that e-mails were not produced as written documentation for any of the items that were being reviewed within the scope of the project. Judge Taylor asked if Jack Inglehair was involved in the project and Ms. McKinley reported he was from the standpoint of helping to oversee the review and conducting interviews to help provide perspective on various procedures.

Dr. Dunn asked if in conducting the special audit a request was made for all relevant communication and documentation and Ms. McKinley reported BKD requested all documentation but saw no evidence of e-mails that needed to be considered in the process.

Mrs. Buchanan stated that she was pleased and not surprised with Mr. Denton's integrity with his numbers and that not one cent was determined to be used for anything other than the science project.

On behalf of the Audit Committee, Judge Taylor moved that the Board of Regents, upon the recommendation of the President of the University, accept the College of Science Audit Report. Mrs. Ford seconded and the motion carried.

Report on Rousseau Bequest Audit, For Information Only

Dr. Dunn indicated information had been presented to the Board regarding the Rousseau quasi-endowment and the money was given to the University and has been invested by the Foundation as a quasi-endowment. One of the aspects of the quasi-endowment when accepted was a review by the Board of Regents of the expenditures on a three-year basis and this year that was added into the internal audit cycle and Mr. Al Choate, Internal Auditor, issued this report. He further reported that no money had been expended from the Endowment and the report indicates there are ways to proceed at this point but he is not recommending Board action but this information is something the University was obliged to bring before the Board for review. He reported there has been some miscommunication regarding the availability of the money in that it was never accessed by the Commonwealth Honors Academy (CHA). He indicated that there has now been some activity to utilize some of the proceeds by the CHA. Mr. Choate confirmed that he has spoken with the Director of the CHA, Dr. Warren Edminster, and he is aware of the availability of the money.

Dr. Dunn reported that if the Board desires to expend the money differently that they have the prerogative to do so but the bequest was set up with the intention of supporting the Commonwealth Honors Academy. If there is a question of whether the money is now being used for the purpose for which it was intended, Dr. Dunn indicated that the answer would be affirmative and proceeds are now being made available for use by the CHA. Mr. Denton indicated with regard to the endowment permanent revenue refers to the original principal which was \$204,038. University funds earned in the endowment totaled \$46,533 and represent funds that are spendable. Dr. Dunn stated that unless there is action desired by the Board to redirect the use of these funds, there is no need for a motion and it will be reflected in the minutes that the Audit Committee reviewed the matter.

Mr. Adams inquired since this is a permanent endowment whether the principal remains intact and Mr. Denton confirmed that it is treated as an endowment and the principal from the original donation is not spent. Mr. Adams asked who supervises access to the funds and Dr. Dunn indicated it would fall to the program administrators but would be monitored through the normal accounting process. Mr. Adams asked if it would be used to fund the project or whether it would be used for extra things in addition to what the University already funds. Dr. Dunn indicated it could be used for either purpose as long as it meets with the spirit in which it was given and that language is fairly non-specific.

Dr. Dunn stated that with regard to this year's budget one of the things that came up was the level of support for CHA and thinking had always been the program should be geared toward 100 students but in the budget process this year the end result was funding for 90 or 93 students that the University would be able to contribute to the program. Money from the Bequest could be used to help offset what the University can provide and what it takes for the program to operate at an optimal level.

The Audit Committee concluded at 9:45 a.m.

**Buildings and Grounds Committee
Board of Regents
Murray State University
Friday, November 30, 2007
Jesse Stuart Room – Pogue Library
9:30 a.m.**

**Peg Hays, Chair
William Adams
Marilyn Buchanon
Eric King
Jeff Taylor**

Ms. Hays, Chair of the Buildings and Grounds Committee, convened the meeting at 10:20 a.m., stating that there were two items for the Board to consider.

Authorization to Raze 2009 College Farm Road

Ms. Hays stated that Board action is necessary so the area can be utilized for more suitable public use and that the building cannot be restored because it would cost more than the value of the building.

Ms. Hays moved, on behalf of the Buildings and Ground Committee, that the Board of Regents, upon the recommendation of the President of the University, approve the resolution authorizing the disposition of the structure located at 2009 College Farm Road in Murray, Kentucky. Mrs. Buchanon seconded and the motion carried.

Campus Master Plan

Ms. Hays introduced Mr. Mark Arnold, *designWORKS*, Dr. Dewey Yeatts, Chief Facilities Officer and Associate Vice President for Facilities Management, and Mr. Tom Denton, Vice President for Finance and Administrative Services, to provide a presentation regarding the Campus Master Plan, indicating this is the first time the plan has been revealed publicly.

Mr. Arnold reminded the Board that in April 2007 he provided them with rough sketches and at the September 2007 quarterly meeting he presented drawings. He indicated that a more detailed plan would be presented at this time. Mr. Arnold reported work on the project has taken place over the past year but that a substantial portion of the work has occurred within the last six months following meetings with the Board. He indicated that the existing campus and buildings were mapped last year to determine how much land the University owned and what general condition the campus was in, including the overall physical setting and how the campus relates to the City of Murray.

Mr. Arnold reminded the Board that this process has been undertaken to update the 1993 Campus Master Plan, specifically examining the extensive need that exists with the residential campus, 16th Street corridor, campus safety and security building, sites for a potential new Library and general improvements to 15th Street. He further reported that work has taken place to identify potential land acquisitions and sites for future academic buildings and progress.

Mr. Arnold outlined needs for the current residential campus, stating that many of the dormitories have been around for a long time and prohibit the University from being competitive with other universities throughout the region that have much nicer housing facilities. He indicated that upgrades were needed and that in addition to examining traditional dormitory housing, he also considered other options to address current campus housing trends. Mr. Arnold stated that students require more today than in the past and seem particularly interested in a suite-type environment. He reported that research shows students prefer to live together in groups but that they also like to have small kitchenettes as well as other amenities. He stated that townhouse developments with lofts are a growing trend. Mr. Arnold indicated that in the review process every bed was counted and the study included consideration growth projection reports over the next 15 years. A potential bed count of 4,875 beds was determined to be what could be needed in the future. Mr. Arnold reported that detailed architecture had not yet been developed but the campus has been studied to determine appropriate locations for future buildings. He indicated that the group studying the housing needs on campus recommends three specific types of residential areas:

- 1) Traditional dormitory complex (The Commons). The development of this quadrangle type arrangement is currently taking place with the new Clark College and would be especially well-suited for freshman and sophomore students.
- 2) A new traditional townhouse development (The Village). The development of the Village is being studied for the area that is currently the old campus apartments and would be a townhouse and loft type development catering to senior students. Mr. Arnold reported that an effort has been made to take a more eco-friendly type approach and incorporate that into the students' way of living.
- 3) Senior student apartments (The Woods). The development of The Woods includes upper-level apartments for senior students.

Mr. Arnold stated that the three different types of developments offer variety that will allow Murray State to keep pace with what other universities are offering. He indicated the developments would include green space with parking moved to the perimeter and would allow the University to be consistent with what students can find elsewhere in the community.

Mr. Arnold provided an overall analysis of campus parking needs, indicating that the goal was to ensure a balance between student needs, pedestrian safety and the creation of an aesthetically pleasing environment and some parking spaces have been moved to the perimeter to allow for more green space. He indicated that the parking lots are also being examined to determine how they have developed over time, how they are landscaped and whether they have proper storm drainage. He indicated that Bio-Swale Filtration Zones or Islands which would allow for small retention areas and runoff filtration are also being considered.

Mr. Arnold reported that a Parking Survey had been conducted and each parking space was examined to ensure the proposals being advanced provide additional parking on campus. He assured Board members that the number of parking spaces will be consistent with the number of new beds that will be necessary to represent growth in both areas. Mr. Arnold reported that a parking lot along 16th Street will be located in the area that will exist following demolition of the National Scouting Museum and TRIO Building and that an effort had been made to keep the existing trees that provide a distinctive edge for the campus along 16th Street. The possibility also exists that in the future this area could be a good location for a parking deck with bridging across 16th Street. Mr. Adams stated when this parking lot was originally discussed he was under the impression that over 300 spaces would be added. Mr. Arnold confirmed that 300 was the original number discussed but in order to accommodate the last 50 to 60 spaces 15 oak trees would need to be removed. He indicated the issue was re-examined to save the large group of existing trees and in the process an area that would be ideal for a bus drop off for campus visitors was identified.

Dr. Dunn reported that he and Mr. Kim Oatman walked the area in question and there were a number of trees originally marked for removal and that had caused considerable discussion on campus. They talked about the ability to achieve the balance of maximizing parking spaces while saving trees and were able to accomplish this. Dr. Dunn indicated that if the construction of a parking deck every happened this would be the ideal location for such a project. In addition to the green benefit, keeping the trees also provide a shading and filtering mechanism so one does not drive down 16th Street and look straight at a parking lot or structure. Mr. Arnold stated

that a parking structure is a long-range project and is not currently being considered. Mr. Adams asked whether in the planning stages visitor parking had been considered. Mr. Arnold reported that three different types of parking were considered based on the University Parking Code and were outlined in the full Master Plan. Allowances have been made for visitor parking, faculty and staff parking and student parking

Mr. Arnold reported that another area that was examined was a location for a future new Library. He stated the facility could potentially be a 50,000 square foot building at ground level and with the addition of floors could be in the neighborhood of 150,000 square feet of new construction. He stated that the right location for this facility must be identified.

Mr. Arnold highlighted four options were being considered:

- 1) Locating the new Library on north 16th Street across from Alexander Hall and adjacent to the Applied Science Building. This area is the site of the former National Scouting Museum and TRIO Building. Currently a surface parking lot is being developed in this location. The Library could be constructed on top of the surface parking area. He stated that it is a central location but because the University needed to move forward quickly with new parking, this would amount to using the parking lot and then taking it away while the new facility is constructed. He also mentioned that 16th Street is busy and placing a major new building in that area would increase activity even further.
- 2) Locating the new Library along Chestnut Street across from Clark College and adjacent to the Curris Center. This area is currently occupied by a parking lot which serves the Curris Center and the Tennis and Soccer Complex. The goal in looking at this option was to identify an area closer to student housing facilities that could be accessed easily. He indicated that current parking would have to be removed.
- 3) Locating the new Library along the Pedestrian Mall in the center of the Main Campus at the site of Ordway Hall and the existing Library. He reported that renovation of the existing Library building to a Student Services Building is currently being considered. One of the drawbacks to this approach would be that both the current Library and Ordway Hall would have to be taken out of commission to construct the new facility. He further stated that renovation of the current Library would not provide the type of facility envisioned for the University.
- 4) Locating the new Library along the 15th Street Gateway at the corner of Olive Street and across from the historic Pogue Library. This is an area currently owned in part by the University and in part by local businesses and residents. Mr. Arnold indicated this is currently the preferred option and several ways have been examined to determine how to position the building in this location at a new and improved corner of 15th and Olive. He stated that this location could improve the appearance from the Campus Gateway looking down 15th Street and could be well suited for a new Gateway Plaza at 15th and Olive.

Mr. Arnold reported that in addition to the potential for a new Library, one of the key goals has been to examine the entire 15th Street area. In order to accomplish this Mr. Arnold indicated four options have been reviewed and all develop the “Gateway Feature and Round” at the intersection of Olive Street and create a dynamic campus “Front Door.” Those options include:

- 1) Line 15th Street with trees and remove existing parking and replace with parallel parking with the goal of opening up the area and making it more pedestrian friendly by eliminating parking directly in front of Pogue Library and creating a pedestrian crossing zone between Pogue Library and the new Library.
- 2) Remove all on-street parking from 15th Street which would greatly enhance pedestrian safety. The option would create wide green space along the west side of 15th Street and a bus drop-off and additional off-street visitor parking for the new Library.
- 3) Eliminate parking directly in front of Pogue Library which would improve pedestrian safety. This option creates a pedestrian crossing zone between Pogue and the new Library and converts on-street parking to parallel spaces on both sides of 15th Street.
- 4) Create a large Student Plaza at the new Library. This option eliminates parking directly in front of Pogue Library in order to improve pedestrian safety, creates a large pedestrian crossing zone along 15th Street, creates a formal “mall” with

landscaped median along 15th and converts remaining on-street parking to parallel spaces on the east side adjacent to existing businesses.

Mr. Arnold stated that currently option #4 is the preferred option so that the street would be closed to traffic and could be used for student street fairs and make it much more pedestrian friendly. Tents could be set up for various events and students could walk in the street in a plaza-type environment. Drawings were presented to the Board to illustrate how 15th Street could be changed to facilitate a more student friendly environment.

Mrs. Ford inquired whether the preferred option would displace businesses currently located in the area and if the services of some of those businesses would be included in the Library building. Mr. Arnold indicated that option has been considered and the Library needs to include a very strong public component. He further stated that it is the preferred option because it represents a public area that is part of campus.

Dr. Dunn stated that in Closed Session the Board would examine property acquisition that attaches to the Library project. He stated no action is required today but he does intend to request adoption of the Campus Master Plan at the February meeting if all questions have been answered and the Board is comfortable with the project. He stated that the Campus Master Plan shows how the campus plans to remake itself conceptually and some projects could set the groundwork for what happens 20 to 30 years from now.

Dr. Dunn reported that an internal team has been working to identify public-private partnerships that would allow the University to proceed with some of these projects. Dr. Dunn reminded the Board that the Campus Master Plan does not obligate them to any specific project and that all projects will come through as individual actions of the Board as they arise. However, he pointed out that in order to start work the Board must adopt the overall plan to allow the University to invest time and effort in examining available options.

Ms. Hays asked if projects listed in the Campus Master Plan could be prioritized. Dr. Dunn discussed the public-private partnership issue, indicating that a large amount of work has taken place internally to determine what could be done and how such an arrangement could work toward developing the College Courts area. He further stated the process is on hold pending the Board's approval of the Campus Master Plan. Dr. Dunn reported that Mr. Denton has had discussions with property owners in this corridor to determine if the project would even be possible and whether the project carries merit to justify including it in the Master Plan.

Mr. Stout stated the Campus Master Plan should be updated and stated that it was last revised in 1993. Dr. Dunn stated that the architects and Facilities Management staff have made great strides in addressing the issue of replacing the low rise residential colleges. Clark College has been replaced and work is moving toward the replacement of Richmond College. Dr. Dunn further stated as work continues on planning for the replacement of the low rise colleges staff must have some sense that the Board agrees with the creation of this new residential concept.

Ms. Hays inquired about the possibility of a new main campus site for an agricultural and engineering building and indicated since she has been on the Board there has been discussion about the purchase of a new farm and she does not see agricultural acquisition listed in the Campus Master Plan. She remarked that Breathitt Veterinary Center was also not listed in this document. Dr. Dunn stated that Ms. Hays is correct but that all types of properties exist, citing Hancock Biological Station, extended campus sites, farms and other areas that do have plans based around them but the Campus Master Plan applies to what the flagship campus will look like in the future and is not intended to cover planning for all sites separated from the main campus. He further stated that nothing has changed and there is still the desire to acquire a farm and it is on the University's legislative request list.

Ms. Hays thanked all involved for a fabulous presentation and stated the agenda item did not require Board action. Dr. Dunn stated that any changes which may occur in the Campus Master Plan between now and the February Board meeting would be indicated to the Board but the full presentation would not be repeated prior to adoption. Mr. Adams asked if the Board would be in a position to select their preferred options for the different projects at the February meeting. Dr. Dunn indicated if a funding source is identified for a particular project, that project would be brought before the Board again and preferences could be determined at that point.

Mr. Stout indicated that he is intrigued by the public-private partnership idea and thinks the Board should think about moving forward with the concept, especially with regard to the less traditional housing options. Dr. Dunn agreed that the University needs to become more involved with public-private partnerships.

Closed Session

Ms. Hays moved that the Buildings and Grounds Committee and full Board convene into Closed Session pursuant to KRS 61.810(1)(b) for the purpose of discussing future acquisition or sale of real property. Mr. Taylor seconded and the motion carried. Closed Session began at 10:50 a.m. and ended at 11:20 a.m.

Mr. Stout announced the Building and Grounds Committee and the full Board are back in Open Session and no action was taken by the Buildings and Grounds Committee during Closed Session.

The Buildings and Ground Committee concluded at 11:20 a.m.

**Development/Investments Committee
Board of Regents
Murray State University
Friday, November 30, 2007
Jesse Stuart Room – Pogue Library
10:15 a.m.**

**Alan Stout, Chair
Marilyn Buchanon
Beverly Ford
Jay Morgan
Vickie Travis**

Mr. Stout, Chair of the Development/Investments Committee, convened the meeting at 10:20 a.m.

Capital Campaign Update, For Information Only

Mr. Stout asked Mr. Jim Carter, Vice President for Institutional Advancement, and Mr. Bob Jackson, Associate Vice President for Institutional Advancement, to come forward to provide a brief report.

Mr. Jackson provided an update on the capital campaign that has been in process since December 1, 2004. Mr. Jackson indicated that the value of a campaign is that it sets/validates institutional priorities; produces transformational change; focuses good and positive public attention on the institution and its programs as a whole; unites constituents; strengthens faculty, staff, alumni and friends; has a positive effect on public image and identifies new prospects for ongoing annual support for programs and deferred giving.

Mr. Jackson reported that for the last three years credibility of the organization and leadership, organizational consistency, strategic planning process, long-term outlook on outcomes and integrated internal and external communications are all areas that have been examined to ensure the foundation is in place for a successful capital campaign. Leading up to the Annual Giving Program, Mr. Jackson stated that Board and volunteer engagement, advancement plan and philosophy, compelling case statement and ongoing donor cultivation have all been studied. In addition, the support levels of faculty and staff, community and the Board of Regents have been identified. Mr. Jackson indicated that the University is now in the upper level of the Campaign which pertains to the principal leadership or major gifts and that is currently where the focus lies.

Mr. Jackson stated that the purpose of a capital campaign is to build on Murray State's ranking as one of the nation's top 10 public master's level universities. In that process the goals must be

transformational but must also exist at the intersection of what can be achieved and what potential supporters value and will invest in. Mr. Jackson presented a pyramid indicating the number of alumni base (20 percent of which donate to MSU each year), donor base and potential donors of \$10,000 or more. He indicated that currently 1,500 donors are under active cultivation but approximately 75 donors will ultimately make up 75 percent of the capital campaign.

Mr. Jackson reported with regard to Campaign readiness consultation began in December 2004 with the Chicago firm of Gonser, Gerber, Tinker and Stuhr (GGTS). A college-based development effort with campaign objectives by school/college and planned giving initiative has been implemented. In addition, through 2005 to 2007 the Development Office has been building the framework through prospect research, cultivation, planning, major gift work, personnel, implementing systems and raising funds. Historically, the University has focused on a few major donors and has not grown to its potential. Mr. Jackson reported much of this work has taken place during the quiet phase of the campaign.

Mr. Jackson indicated that the time is right for a capital campaign for a multitude of reasons, including that the Council on Postsecondary Education in its 2008-10 budget request allocated and recommended \$40 million for "Bucks for Brains," which are Endowment match funds for the Regional University Excellence Trust Fund – a \$2 million initiative as a whole. He pointed out that this could possibly mean \$6.3 million in matching funding for Murray State University if the Legislature approves the initiative.

Mr. Jackson reported that in January and February, 2008 the University will test the preliminary case, meaning that 50-60 alumni and friends will be interviewed regarding their feelings toward the institution, certain projects and priorities to see if there is an area in which they can be of assistance. In March 2008 that process will be completed and will result in a complete readiness study to be brought before the Board of Regents as well as the Foundation Board of Trustees in order to develop a final case outlining amounts, specific projects and programs.

Mr. Jackson showed a chart indicating where a capital campaign fits within legislative priorities (projects not approved out of the internal budget but approved through the Legislature) and strategic internal allocations (short-term yearly budgeting). He stated that the capital campaign encompasses some or all of these initiatives. When funding is secured for a new Library, the University will need assistance to purchase periodicals and books and to establish computer labs as well as other things state funding might not cover.

Mr. Jackson indicated that as the preliminary case study is underway a \$60 million campaign will be tested. The last capital campaign was a \$25 million campaign that raised \$30 million. He asked the Regents to keep in mind that some of these funds have already been raised. The Campaign would be broken down as follows with categories that will not be funded through the legislative process or through the University's annual budget allocation process:

- 1) Student Scholarship Endowments – \$22.5 million
- 2) Academic Excellence and Student Success -- \$20 million – new Science Campus needs of approximately \$2 million. International initiatives and four large study abroad endowments have been put forward over the last 24 months. This is critical to Murray State students and will be included in the capital campaign because four donors have already indicated the importance of international education. One gift is being held in the Foundation as a \$1.5 million trust and \$600,000 of that trust will ultimately go into a study abroad initiative.
- 3) Campus Enhancements – \$11 million. Mr. Jackson stated as an example the investment in and naming of the College of Business and Public Affairs and that Dean Tim Todd has examined ways to enhance the College and accomplish initiatives that will not be funded in other ways.
- 4) Athletics – \$4 million. The Rosemary and Harry Crisp II Soccer Complex initiative was recently put forward and will be a \$400 to \$600,000 project.
- 5) Annual Fund – \$2.5 million. Mr. Jackson indicated that this includes the Phon-a-thon process and direct mail is a vital piece to every department and college on campus because they are structured in a way to help academic programs in the short-term.

Mr. Jackson stated that concludes the capital campaign update. Dr. Dunn asked the Board to understand that what Mr. Jackson has indicated is testing of a preliminary case. He reported it

would be a mistake to come out of today's meeting and announce that the University is going to undertake a \$60 million campaign. At this point the Board is simply being apprised that the next step in the capital campaign planning process is talking to the 60 to 75 top donors who have been identified and determine whether there would be support for the overall amount, considering what giving levels may be with that particular group and their areas of interest. Dr. Dunn indicated that a project may appear on a case but if no one is interested in funding that project it will not be announced as part of the campaign and will disappear. He cautioned that because particular needs of the University are being discussed that does not mean that the University has committed to any one particular project. Once interests are identified those will be presented to the Foundation and then to the Board of Regents in May to approve how the University will move forward in the capital campaign process.

Dr. Dunn indicated that Mr. Jackson and staff in the Office of Development have done an excellent job in discussing with the colleges the list of needs that has been developed at the collegiate level. This will enable each college to go to particular alumnus/alumna that has been identified and show them what they have been thinking about in terms of the vision for that college. Dr. Dunn indicated that GGTS has been laying the groundwork to help develop these lists and identify those donors who may be interested in assisting with a particular project on the list.

Mrs. Buchanon asked for clarification on the pyramid where principal leadership and major gifts are indicated and asked if that referred to the time someone would be asked to lead the campaign effort. Mr. Jackson indicated once the University gets past the readiness study, testing and interviews and once the Foundation and Board of Regents approve the suggested campaign the next step will be to identify the individual who will be the key volunteer leadership for the campaign. He indicated some discussion has occurred around identifying this individual and some individuals have come forward on their own indicating they would like to help in that regard.

Mr. Stout asked when the campaign would be named and Mr. Jackson indicated he and Mr. Carter are working on that. As soon as the readiness study process is over there is a firm that is assisting with the marketing and promotion work for the campaign and the Board will soon see suggestions. Over 100 options have been examined and discussed. Dr. Dunn indicated that usually a script is used in talking with donors to ascertain areas of interest and feelings about the University and a theme could emerge from that and would guide the naming of the campaign.

The Development/Investments Committee meeting concluded at 10:45 a.m.

**International Relations Committee
Board of Regents
Murray State University
Friday, November 30, 2007
Jesse Stuart Room – Pogue Library
10:45 a.m.**

**Vickie Travis, Chair
William Adams
Laxmaiah Manchikanti
Jay Morgan
Gina Winchester**

Mrs. Vickie Travis, Chair of the International Relations Committee, convened the meeting at 10:45 a.m. Mrs. Travis reported that the evening prior committee members and other Board members participated in a tour of Woods Hall and visited with international students.

Dr. Gary Brockway, Provost and Vice President for Academic Affairs, introduced Dr. Jim McCoy, Associate Provost and stated that the Board is asked to consider the adoption of a uniform tuition policy for international students that fits with the University's overall international strategy. He reported that efforts to internationalize the University experience started approximately 35 years ago with faculty and staff putting forth a number of international efforts into the curriculum. These efforts became formalized in 1994 when the Board of Regents

approved wording to be included in the overall mission statement of the University that MSU is committed to international education as an integral dimension of the University experience. That statement was reaffirmed by the Board in 2003 and in 2006 the Board confirmed a statement on institutional commitment to internationalization, including international student enrollment, study abroad and faculty/staff involvement. Dr. Brockway further stated that several of the ten Characteristics of a Murray State Graduate address the internationalization of campus, and referred to one statement in particular, "To understand the dynamics of cultural diversity, of competing economic and political systems and of complex moral and ethical issues." Dr. Brockway stated the proposed International Tuition Policy fits internationalization efforts at the University and President Dunn's strategic imperatives on reaching out to the world, building partnerships, creating community and fostering excellence.

Dr. McCoy revisited why the University has decided to pursue the internationalization of campus and why it is important to provide Murray State students with an internationalized experience. He stated that students deserve to be given the best chance possible to be successful when they graduate from MSU. According to Thomas Friedman, the author of The World is Flat, the playing field has leveled compared to 10 to 30 years ago and graduating college in the United States with an international set of skills 30 years ago provided businesses in the U.S. who employed those graduates with an advantage as compared to other firms and the workforce around the world. The playing field was not level. Friedman's basic premise is that technological advances in communication and transportation have leveled the playing field and the U.S. no longer has the advantage that existed many years ago.

Dr. McCoy provided two examples of how the world has become flat:

- 1) Trade has more than doubled growth in world output which means that for virtually every company in the world, world trade is now much more important than it was ten to thirty years ago. U.S. exports plus imports, as a percentage of the economy, when he graduated from college constituted about 10 percent of the economy and now is nearly 30 percent.
- 2) U.S. companies that do not export or consider themselves part of the international workforce most likely are competing globally and their goods and services compete against those produced in other countries.

Dr. McCoy indicated that the new flat world has provided challenges and opportunities both for Murray State students in getting that first job and advancing in their careers and for university educators in determining the best way to provide students with the skills they need to be successful. In a recent survey over 60 percent of employers believe college graduates lack the international skills to succeed in a global economy. He stated that globalization is driving demand for a U.S. workforce that possesses knowledge of other countries and cultures.

Dr. McCoy reported that demand for graduates with strong international skills is outstripping supply and that presents challenges as well as opportunities for students. America's continued global leadership will depend on students' abilities to interact with the world community both inside and outside U.S. borders. He stated that as educators the challenge is to provide students with the best chance possible to successfully interact with the world community. In addition to comments from the Committee for Economic Development and the American Association of Colleges and Universities, Dr. McCoy provided comments from alumni who were on campus a couple of weeks ago as part of International Education Week. A student asked the panel, "What would you do differently if you were in college now and what should we be doing to help us be better prepared for the challenges of today's workforce?" All three alumni agreed students should take advantage of travel abroad opportunities, both for vacation and study, to increase their understanding of different cultures and improve their marketability upon graduation. They further stated that students must get outside their comfort zones and take advantage of international opportunities if they are to compete as global leaders and this is no longer just an option.

Dr. McCoy introduced three pillars to assist in better preparing students for a global future, including:

- 1) Vibrant international student body
- 2) Significant study abroad participation
- 3) Faculty and staff international activity

Dr. McCoy stated that in an ideal world every Murray State student would study abroad because all agree there is no substitute for students experiencing, working in and living in, another country in terms of developing those international skills. However, this is expensive and logistically difficult and it is not possible for all Murray State students to participate in a direct study abroad experience. He stated that the next best thing is to develop those skills in MSU faculty and staff with the expectation they will convey those experiences to students. Dr. McCoy stated that the ideal situation would be for Murray State students to interact directly with individuals from other cultures but that is simply not feasible for every student. He stated that the University's goal must be to send as many students out as is practical and they can then bring a part of the world back to Murray State.

Dr. Mike Basile, Director, Institute for International Programs, provided an update on the status of where the University is currently in terms of the three pillars and also trends taking place over the last couple of years. He reported that official international enrollment is 311 students who are taking University classes for credit. The mix of those 311 students has changed over the past five years and particularly the graduate to undergraduate ratio has changed and the University is much heavier in graduate students. Dr. Basile reported that another trend is that the University is concentrating much more in a few high feeder countries and is less represented in other parts of the world, partly due to scholarship policies that the University needs to achieve some balance.

Dr. Basile indicated in the fall of 2001 international enrollment peaked and since fall of 2003 both graduate and undergraduate enrollment has been rather flat. He stated that this trend will continue over the next few years unless other initiatives are put in place. Dr. Basile indicated that MSU is fortunate to continue to have an English Language preparation program considering that many similar programs at other universities closed down after 2001. Dr. Basile reported that in 2005 the University adopted a strategy heavily dependent on partner institutions to send students for either a semester or year and that resulted in an immediate increase in ESL enrollment to over 600 international students in 2006-07. The ESL program generated a surplus over the last two to three years and that surplus is being put back into the University to support international programs. He cautioned that ESL is extremely vulnerable and any change in world conditions can result in a dramatic effect on enrollment.

Dr. Basile indicated that many international programs are faculty-led and fall into three categories:

- programs operated exclusively with partner institutions,
- programs offered by study abroad providers who are professionals in the field and host students from U.S. institutions ,
- and MSU consortia, the Cooperative Center for Study Abroad (CCSA) and Kentucky Institute for International Studies (KIIS).

Dr. Basile reported that this past year 267 Murray State students studied abroad and that number is expected to continue to increase. Faculty and staff also participated in the Discover Korea and Discover China programs which are introductory programs for staff without international experience. Dr. McCoy indicated that the University would like to enroll over 500 international students to create that critical mass of interaction with domestic students in order to provide the cross-cultural experience both in the classroom in a formal academic setting and outside the classroom in co-curricular and extra-curricular activities.

Dr. McCoy stated he would like to see 5 percent of the student body participating in a direct study abroad experience on a per year basis. Currently the University has 267 students participating in such experiences and the goal of 5 percent would double that number. MSU would also like to have 50 percent of faculty to have recently (within the last 5-6 years) engaged in international teaching, research and service. For faculty members born in other countries the hope is they will maintain that international currency the remainder of their lives and he reported that at present 65 MSU faculty members were born in other countries.

Dr. McCoy stated that preliminary measures indicate the University is close to reaching these goals and that this will be confirmed through a new program called Digital Measures that tracks international faculty activity. He reported that the majority of work needs to be done in the study

abroad area and rebuilding the international student body. Dr. McCoy introduced two students who relayed their international experiences to the Board, one from the point of view of an international student (Alexander Matthew from India) and one from the point of view of an American student (Katrina VanCleave) travelling overseas. Mr. Matthew reported that this is his fifth semester on campus and he is majoring in finance.

Mr. Matthew indicated that he has had the opportunity to talk to a variety of students about his country and culture. He lives in Clark College and has four American roommates and has been asked by the residential advisors to talk about cultural differences, social aspects and business trends. He has been active in Residential College Council and Intramural sports on campus and is also a student worker. He finds that students on campus are curious about his culture and do not hesitate to ask questions. He and the other international students make presentations at International Education Week and Homecoming Tent City. He indicated that it would be helpful to expand the ways in which international students can assist American students and the local community to learn about the various cultures and the international students have attempted to do so through various events both on campus and within the local communities and schools. Mr. Matthew stated these activities help to diversify the education students on campus receive and is important since many students have indicated they are not able to afford a travel abroad opportunity. He indicated that international students have accepted Murray State University as their community and are willing and eager to help advance international education on campus. Dr. McCoy indicated that Mr. Matthew referred to the International Fair during International Education Week and presented a photo and caption that appeared in the *Murray Ledger and Times* during that week. The picture depicts a student from Taiwan interacting with a middle school student which is an example of the International Fair reaching out to not only Murray State but to the region as well.

Miss VanCleave is from Fulton, Kentucky, and is a graduate student in the Master of Science in Economics program. She indicated her interest in international studies began by learning of her family's own cultural and diverse background. Her grandmother is from Japan and her great-grandmother is from Scotland and is half Scottish and half Irish. While attending Murray State she has been able to study many different foreign languages in an academic environment, including Spanish, Arabic and Japanese. She indicated she was fortunate to be able to go on the KIIS Spain program for American students. She has also been an international ambassador to help show international students the Murray community while they, in turn, helped her with their language and culture. She has also been a shuttle bus driver and was able to interact with international students in that capacity. She has had international roommates from Japan, one from Taiwan and Belize and one from South Korea and meeting the roommate from Taiwan and Belize sparked her interest in traveling abroad. She indicated that the visit was not handled through the Study Abroad Program but instead she stayed with the roommate's Taiwanese family in Belize. She has also participated in the International Bazaar. Ms. VanCleave closed by saying that internationalizing the student campus is very important because American students can see and experience the world even if they are unable to participate in the Study Abroad Program.

Dr. McCoy stated that the Board is asked to consider modifying Murray State's current tuition policy for international students to make it consistent and competitive. He reported that some incentives and discounts are currently in place for graduate students but only from a selected number of countries. The University proposes adopting a consistent policy for all graduate students, regardless of their country of origin, in addition to a consistent policy for undergraduate students with a similar incentive. Specifically being recommended is a \$2,500 discount or scholarship per semester off non-resident rates for undergraduate international students and \$3,000 scholarship per semester off non-resident rates for graduate international students regardless of the country or origin.

Dr. McCoy indicated if the University is successful in attracting more international students that this will benefit domestic students and will help prepare them for the world after Murray State. He stated that with regard to key competitors, Murray State ranks 8th considering current policy in an undergraduate international tuition and fee comparison. If the recommended policy is implemented Murray State would rank 5th among those key competitors, indicating Murray State simply needs to be in the middle of the pack. Dr. McCoy stated that Murray State as it currently stands is simply not in the competitive game compared to other key competitors such as Western, Southeast Missouri, Northern and Morehead with regard to international students at the

undergraduate level. Mr. McCoy indicated that the picture is even worse at the graduate level with Murray State ranking 9th among key competitors with regard to graduate international tuition and fee comparison if the recommended policy is implemented it will place MSU in the middle of the pack.

Dr. McCoy stated that with advances in information technology the Internet is clearly available and if international students desire to attend a college in the western part of the state and Google that area, Murray State and Western come up as options. Currently international tuition at WKU is half of Murray State's and that puts MSU out of the game and most likely would not warrant a second look from that potential student. In looking at the websites for both universities they seem to be alike in terms of where they are located, size and program offerings but one charges tuition that is twice as much as the other. He indicated that the student simply would not choose Murray and with regard to tuition \$8,000 looks a lot better than \$17,000. He again stated that the request is not to match Western but to get in the game to give Murray State the opportunity to get on the short list so that the message regarding how much more MSU can offer can even be conveyed. Dr. McCoy indicated the request is not being made to set tuition for international students at a lower rate or even as low as the regional rates but if MSU is going to attract international students the University must have a tuition policy that makes it competitive.

Dr. McCoy reported that in fall 2003 University management made a strategic decision to provide students from selected countries with a 33 percent tuition discount to pursue graduate studies at MSU in an attempt to address the steady decline in graduate enrollment. Over a four year period the University experienced not only stability but significant growth as well. Dr. McCoy stated that no such policy exists for undergraduate full-time international students and the University has experienced a fairly significant decline with undergraduate, international students.

Dr. McCoy stated that in the fall of 2003 the University chose to institute the 33 percent international discount to graduate students and enrollment increased to 125 students paying approximately \$10,000 per year in tuition for a total of \$1,250,000 in revenue. If the 33 percent discount had not been instituted it is likely that graduate enrollment would have decreased and if it decreased by 32 percent similar to what happened with undergraduate enrollment, there would be only 50 students paying \$15,000 per year for a total of \$750,000 in revenue. Dr. McCoy indicated that Murray State's competitors that most aggressively discounted tuition to attract international students maintained a consistent low price and increased enrollment.

Dr. McCoy estimates that the University has a choice of discounting tuition, which he believes will enable the University to grow and meet those numbers, doubling the numbers, in five years or maintaining current policy and continuing to see a slow decline at the undergraduate level and less so at the graduate level. He stated that MSU will not be able to continue to compete with the other universities except in those selected countries where tuition discounts are offered. If tuition is discounted enrollments will over time increase because international students are sensitive to price changes. Over three years if Murray State is able to attract 109 additional international students, what has been lost in the first two years will be regained and the University will end up being in the black in the cumulative sense and will have more revenues. Dr. McCoy stated this policy will help the University meet CPE goals and also benefits Murray State students.

Mr. Adams asked if this was a non-merit scholarship and Dr. McCoy replied that it is. It will be offered across-the-board for all international students who meet the admission requirements of Murray State University. Mrs. Winchester asked if implementing this international tuition policy would open doors for other countries and Dr. Basile replied it would also accomplish that.

International Tuition Policy and Rate, approved

Dr. Morgan moved on behalf of the International Relations Committee that the Board of Regents, upon the recommendation of the President of the University, approve the international student scholarships at the rate of \$2,500 per semester for full-time undergraduate international students and \$3,000 per semester for full-time international graduate students. Mr. Adams seconded and the motion carried.

The International Relations Committee meeting concluded at 12:40 p.m.

**Finance Committee
Board of Regents
Murray State University
Friday, November 30, 2007
Jesse Stuart Room – Pogue Library
11:15 a.m.**

**Jeff Taylor, Chair
William Adams
Marilyn Buchanon
Peg Hays
Alan Stout**

Judge Taylor, Chair of the Finance Committee, convened the meeting at 12:45 p.m.

Clarke Endowment (Quasi Endowment), approved

Mr. Denton reported that the University received a gift from the Clarke Estate designated for Murray State University students from the state of Illinois and the Estate Executor indicated that it was Mr. Clarke's intent that the gift be an Endowment. Mr. Denton stated that in order for the gift to be formally recognized in the University's accounting records the Board must approve handling these funds as a Quasi Endowment and indicated that the principal would remain intact and would be reinvested and administered by the Foundation.

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 designation of the Jeffrey J. and Sallie Clarke Endowed Scholarship Fund as a quasi-endowment. Mr. Adams seconded and the motion carried.

Project Scope Increase for Public Safety Building, approved with qualifications

Mr. Denton stated that the Board previously approved a \$2 million project for a new Public Safety Building to be constructed on 16th Street. The University obtained bids and out of five bids received all were over the estimate by \$100,000 to \$250,000. He reported that even at the lowest bid the University needs additional funding for the project and he proposed taking \$300,000 of carryforward funds from the Vice President for Finance and Administrative Services area to increase the project scope. If approved, the scope increase would be presented to the Capital Projects and Bond Oversight Committee on December 18, 2007.

Dr. Morgan indicated he is not opposed to increasing the scope for this project but is concerned that the Board may be too quick to utilize \$300,000 to increase this project without allocating an equal amount to repair chalkboards, tiles that are broken or missing in classrooms, broken desks and heating systems. He stated that he is not opposed to increasing the scope of this project but cautioned the Board to be aware that they should be just as quick to offer \$300,000 in carryforward funds for necessary repairs across campus. Dr. Morgan indicated that he has addressed this issue with Dr. Dunn but it still concerns him to approve \$300,000 for a bricks and mortar project that will benefit 15 or 20 public safety members and not designate money for repairs that will help the 7,000 to 8,000 students and 1,000 employees on campus with some of the basic things they need to complete their work. Mr. Adams and Mrs. Buchanon agreed with Dr. Morgan.

Mrs. Winchester inquired whether these bids take into account expected cost increases and Mr. Denton indicated that once the University contracts with a construction firm the price would be set with the chosen firm absorbing any increase in material costs. He also stated if changes are made and the cost exceeds the scope of the project an additional scope increase may be requested. Mr. Denton stated the Public Safety Building is a project large enough to require Board approval but that it will also require state approval. Judge Taylor clarified that this project is not a phased project and Mr. Denton confirmed that is correct.

Mrs. Buchanon asked what going back and considering a \$2 million facility would involve. Mr. Denton stated the only way to build a \$2 million building would be to cut square footage. The architect would have to start over to value engineer and determine where square footage could be cut. He further reported if a major change is involved the project may need to be rebid altogether. Mrs. Buchanon asked what the specific costs associated with re-planning the project would be and Mr. Denton indicated those would include an increase in architectural fees, material costs as well as basic construction costs.

Mr. Adams asked what square footage is planned for the building and Mr. Denton indicated it is currently 8,300 square feet. Mr. Adams indicated the cost works out to a little over \$200 per square foot and Mr. Denton indicated he is correct. Mr. Adams asked if the cost was the same for the Science buildings and Clark Hall. Mr. Denton indicated Clark Hall was \$140 per square foot and stated that one factor contributing to the higher price is basic labor costs. He reported that the availability of labor at the anticipated rate was not what was projected and that came into play with the contractors having to secure subcontractors. Mr. Adams asked whether this is due to specialty items included in the building and Mr. Denton agreed there were sufficient specialty items to significantly increase labor costs. Dr. Dunn indicated while the building has been designed to match the appearance of other buildings on campus, the main factor driving the increased cost is the amount of space being proposed. He stated the space needs are entirely justifiable considering what is needed in terms of holding areas, conference rooms and meeting space.

Dr. Dunn indicated if it is the sentiment of the Committee, and subsequently the Board, not to approve the project scope increase, Mr. Denton and Facilities Management staff will need to go back and determine what can be completed for \$2 million. He cautioned that proceeding in this fashion would mean the project would sit on hold and bids would not move forward and that this is where the cost tradeoff exists. Dr. Dunn stated if the University is given the opportunity to build a new Public Safety Building it should be a state-of-the-art facility in terms of what the police force deems as necessary and the University stands by the recommendation to increase the project scope by \$300,000 to \$2.3 million in order to accomplish this. He further indicated that the Buildings and Grounds and Finance committees may need to meet to review plans and see what caliber building the University would be able to construct for \$2 million.

Mr. Denton explained that greater emphasis is being placed on public safety across campuses as well as on Homeland Security and campus violence seems to be occurring more frequently and the University sees this project as part of the approach to improving capabilities on campus. He indicated that the overall condition of the current Public Safety Building is extremely poor.

Ms. Hays asked if a company has been identified to accept the \$2 million bid and Mr. Denton stated such a company has been identified. She inquired as to whether the University could go back to that company and indicate only \$2 million is available for the project and ask what would have to be cut from the project to keep the scope at that amount. Ms. Hays cited as an example a building in Hopkinsville where the lowest bidder miraculously came back with a bid that did not change the integrity of the project at all. The company had, in fact, identified miscalculations and changes that could be made without compromising efficiencies.

Mr. Kim Oatman, Director, Facilities Design and Construction, reported that one component of the new building is a heavily reinforced core communications center that would service both Murray State and the community. He added that this aspect of the project significantly increased costs but was deemed essential in the event of a natural disaster. Dr. Dunn stated that the Board must think of the campus in terms of 12,500 or 13,000 students and what that means as it relates to a building capable of supporting a population of that size. He further explained that one initiative being discussed on campus as a result of the incident at Virginia Tech is an Office of Emergency Services that would provide an office to coordinate an overall emergency response. Dr. Dunn reminded the Board that in reality another Public Safety Building would not be constructed for 30 to 40 years and it makes sense to build a facility that will be able to accommodate the anticipated growth of the Murray State campus. Dr. Dunn stated if the Board desires to build a state-of-the-art facility for public safety that will serve the campus for the next 25-30 years, then the administration continues to recommend the scope increase. He indicated that a \$2.3 million scope for a Public Safety Building would provide a facility that is badly needed on campus.

Dr. Morgan clarified that his concern is not with building a quality Public Safety facility and he supports that 100 percent. He indicated if the Board authorizes a project scope increase for a new Public Safety Building an equal amount should also be allocated toward needs that exist for current Murray State students. Dr. Dunn reminded the Board that facilities at the University have deteriorated over a number of years due to decisions that were made on where to expend funding. He agrees with Dr. Morgan that the University must identify ways to accomplish renewal work on buildings. Dr. Morgan stated that some faculty are teaching in 30 to 40 year old buildings and will continue to do so for the next 10 or 15 years and the University must provide funding to update classrooms and provide basic amenities. Mr. Denton indicated that at the state level this issue is of great concern across all universities and there is a tremendous backlog of deferred maintenance. He stated that a request would be made to the Legislature and Governor, through the Council on Postsecondary Education, for deferred maintenance funding. If Murray State receives funding through such a request it would be matched by the University.

On behalf of the Finance Committee, Mr. Stout moved that the Board of Regents, upon the recommendation of the President of the University, approve an increase in the project scope for the Public Safety Building from \$2 million to \$2.3 million. Mr. Adams seconded with qualifications. He indicated if this agenda item was currently up for a floor vote he would vote “no,” and that he is concerned about the message the University is sending with its branding effort, and stated the University should not forget about space utilization and affordability. Ms. Hays also indicated she would vote “no” if this issue was being taken as a floor vote but would vote “yes” in committee to move the agenda item forward to the full Board with discussion to follow. Ms. Hays indicated she would like to see if there is a way to have a lesser increase without compromising the space or communication issues that have been identified. Mrs. Buchanon indicated she would vote “yes” with more discussion to follow during the plenary session. Motion carried.

Meal Plan for International Students, approved

Dr. Robertson stated he is proposing an additional meal plan specifically geared toward international students that will provide more flexibility for non-matriculating international students, such as English as a Second Language (ESL) students. He indicated that this meal plan stays within the parameters of the meal plans approved last spring for other Murray State students but provides international students with an additional option. He stated that international students are typically on campus for less than one semester and this policy will assist in their adjustment to a new culture and satisfaction with campus life.

On behalf of the Finance Committee, Mr. Adams moved that the Board of Regents, upon the recommendation of the President of the University, approve a minimum of a 10-meal plan or the equivalent for non-matriculating international students. The equivalent dollar value will be allocated as follows:

1. \$500 to a Standard Silver Flex Plan designated to be spent in the University’s Food Service operation
2. Remaining portion on Declining Balance that could be spent in Food Services, the University Store or other auxiliary units

Mr. Stout seconded and the motion carried.

New Student Summer Orientation Fee Proposal, approved

Dr. Robertson indicated he is proposing charging a flat fee per student and parent or guest for participating in the Summer Orientation program. He indicated that \$25 of this amount would be used for expenditures associated with the University’s Great Beginnings Program, which plays an important role in the retention process but has previously been paid for on an ad hoc basis. A portion of the \$25 fee would also assist in funding the Freshman Reading Program.

Dr. Robertson stated that a flat fee is proposed that would make the process smoother and would put MSU in the middle of the pack with regard to what our benchmark universities charge and would encourage more families to attend orientation sessions. He reported that typically the student and two parents attend orientation but research clearly shows if the students are on campus and their parents are also involved in the process, it assists with the retention factor.

Ms. Hays pointed out that the recommendation references per person and should be amended to read per student. With the revision noted, on behalf of the Finance Committee, Ms. Hays moved that the Board of Regents, upon the recommendation of the President of the University, approve a revision in the New Student Summer Orientation Fee to \$125 per student (2-day session) and a \$100 per student (1-day session) effective with the 2008 Summer Orientation sessions. Mr. Stout seconded and the motion carried.

Murray State University's Plan for Achieving State-wide Priorities, approved

Dr. Dunn indicated that the notebooks mailed to the Regents contained the attachment to this recommendation and that the Board received a draft of the Business Plan at the September 2007 quarterly meeting. Dr. Dunn stated that the University prepared a Business Plan based on the parameters the CPE provided to all the universities, stating that thinking at that time was that such a plan would drive a significant portion of funding from the state appropriation in the next biennium.

Dr. Dunn reported that the Business Plan being advanced attempts to explain how the University would fill the gap between money needed between current enrollment and where the University would need to go to reach the proposed CPE Double the Numbers increase. He indicated Murray State's "*Plan for Achieving State-wide Priorities*" is an attempt to show what additional revenue from the state would be needed and illustrates costs the University would incur to meet the Double the Numbers initiative. Dr. Dunn believes it is a good idea for the Board to adopt this plan and have it in place as discussions with legislators and the CPE occur.

Mr. Prestfeldt indicated the document is a guidebook that provides a framework in which the Board agrees to participate in this endeavor and as the funding situation clarifies underlying data will be adjusted to reflect the current situation. He reported that initially the CPE considered allocating funding to each institution based on its business plan. The CPE then developed an allocation that backed out mandatory programs and debt service to make it proportional to each University's share of the current net appropriation. Mr. Prestfeldt also reported that state-wide priorities funding, as proposed by the CPE, is about 50 percent of what is necessary for on-going maintenance and inflation. The University will likely try to negotiate with the CPE regarding outcome measures and how the MSU would spend that money if it is appropriated.

Mrs. Buchanan asked if measures to negotiate with the CPE were taking place to encourage them to make an adjustment to the numbers. She stated that in the chart outlining preliminary 2020 bachelor's degree target numbers by institution and that Morehead's percentage has increased by 73 percent and Murray State's has increased by 106 percent. Dr. Dunn reported that the initiative is being driven by the initial set of Double the Numbers targets and that others share that same argument. He referenced that sentiment in testimony presented to the CPE in October but added that he does not feel his testimony moved many minds but instead ruffled feathers at the CPE. Dr. Dunn reported that several presidents agreed with the sentiment but did not speak up during testimony in front of the CPE. He further reported that he is working on this initiative but is attempting to do so in a respectful way so Murray State is not identified as a target. Dr. Dunn further reported that Murray State is viewed as an institution that is richer or better than other institutions when compared on a per student basis. Mrs. Buchanan indicated Murray State has been the second most successful institution in the state in terms of graduation rates and retention and is being punished for that. Dr. Dunn would not agree that MSU is being punished but he did agree that if the coin of the realm is to double the number of graduates and increase enrollment the University must be responsive in order to get back in the game. Mr. Prestfeldt reminded all that the terminology is double the number of degree holders.

Ms. Hays asked a question with regard to health insurance, indicating she was under the impression the University had experienced a decrease in health care costs but indicated the document at hand shows a very large increase across 2008 to 2012. Mr. Denton responded that the University did experience a decrease in health care costs but the trend is moving back toward the other direction. Dr. Dunn also indicated there would be more people insured because in order to increase degree production enrollment must be increased and along with that comes increased personnel costs and those costs are reflected in the numbers.

On behalf of the Finance Committee, Mr. Adams moved that the Board of Regents, upon the recommendation of the President of the University, approve “Murray State’s Plan for Achieving State-wide Priorities.” Mr. Stout seconded and the motion carried.

The Finance Committee meeting concluded at 1:30 p.m.

**Special Board of Regents Meeting
Ad Hoc Policy Manual Committee
Murray State University
Tuesday, February 19, 2008
President’s Conference Room, 2nd Floor Wells Hall
9 a.m.**

Mr. Alan Stout, Chair of the Ad Hoc Policy Manual Committee, convened the special meeting at 9:05 a.m. The following committee members were present: Beverly Ford, Jay Morgan, Alan Stout and Jeff Taylor. Absent: none. Board member William Adams was also in attendance. Others present were Randy J. Dunn, President; Becky Watts, Deputy to the President; John Rall, General Counsel; and Jill Hunt Lovett, Coordinator for Board Relations and Executive Assistant to the President and Board Secretary.

History: Ms. Watts conducted an initial review of *Section I – The Regents* and *Section II – The University* of the Board of Regents Policy Manual and indicated Mr. Rall; Tom Denton, Vice President for Finance and Administrative Services and Jim Carter, Vice President for Institutional Advancement, previously provided review and recommended changes with President Dunn providing final approval and advancing the proposed recommendations to the Committee. At the quarterly Board of Regents meeting on November 30, 2007, the Board reviewed *Section I – The Regents* and determined that a special committee meeting be held prior to the quarterly meeting on February 29, 2008, to complete a second reading of the Bylaws within *Section I*, review additional changes to *Section I* as requested by Regents at the November 29 meeting and to consider proposed revisions to *Section II*.

Ms. Watts reported changes to *Section I – The Regents* that were requested at the last quarterly meeting had been incorporated into the document and opened the floor for additional discussion. Discussion followed regarding changes to *Section I*. Judge Taylor asked whether the changes proposed under the Investments Committee heading resulted in the Board giving up responsibilities in terms of oversight of the MSU Foundation. Dr. Dunn clarified that the Board has no control mechanism over the MSU Foundation because it is a separate legal entity. Mr. Rall indicated that under the financial management provisions of KRS 164(a) the MSU Foundation does not meet the requirement of control by appointments to the Board. He reported this is the case even considering that Dr. Dunn is an officer on the Foundation Board and Mr. Stout as Chair of the Board serves as an ex-officio member.

Mr. Stout reminded the Committee that Section 1.4 requires an annual review of tickets for athletic events as it pertains to members of the Board of Regents. He indicated such a review had not taken place since he became Chair of the Athletic Committee. The Committee, together with the Athletic Director and the Associate Athletic Director for External Affairs, shall be empowered to make a determination of how many tickets, not to exceed four, will be made available to Board members. He indicated that football tickets were provided this year but basketball tickets were not. He also questioned whether any past members of the Board receive tickets. Mrs. Hunt Lovett reported each Board member received four tickets to home football games and were offered two tickets for the President’s Box for home basketball games. She also indicated that two former Regents continue to request and receive complimentary tickets for football only.

Mrs. Ford proposed adding the following language to *Section I* of the Policy Manual:

“The office of Vice Chair should be elected from the eight Board members appointed by the Governor to serve on the Board to represent the whole University. The constituent members are elected to represent their group’s viewpoint. Since it is possible for the Vice Chair to become the Chair for the term remaining in the absence of the Chair, it

would be exceptional to be completely unbiased and to disregard the instructions of his or her constituent group on a particular matter of interest.”

Mrs. Ford indicated that there are currently no requirements regarding who can serve as Vice Chair of the Board and she believes this could result in a conflict of interest. Ms. Watts reported that no other Kentucky public university has addressed this issue and that Mr. Rall found no prohibition on adding the language. Dr. Morgan stated that he believes prohibiting someone, who under legal statute is a member of the Board, from serving as an officer of that Board is not a good idea. He further indicated that he understands the concern that a possible conflict of interest could arise if a student, staff or faculty member serves in this role.

The motion to include the statement in the *Bylaws* of the Policy Manual did not receive a second and was dismissed. Mrs. Ford was instructed that she could make a motion to include the proposed language before the full Board at the quarterly meeting on February 29, 2008, and if the motion receives a second it will be placed up for vote.

Dr. Morgan moved that the Board of Regents Ad Hoc Policy Manual Committee recommend adoption of the Board of Regents *Bylaws* and *Section I – The Regents*, with minor corrections, to the Board of Regents at their February 29, 2008, quarterly meeting. Judge Taylor seconded and the motion carried.

The Ad Hoc Policy Committee discussed proposed revisions to *Section II – The University* of the Policy Manual. Ms. Watts stated that she would address changes to *Section II* by individual section. She indicated that the revisions center around deleting obsolete language, modifying language to reflect current practices and procedures across University functions, renumbering of policies and proposed language changes and adding new policies previously approved by the Board but which were not added to the Policy Manual.

Dr. Dunn indicated with regard to Section 2.1 that language referring to administrative appointments should be added to indicate that the Board will approve permanent appointments at the Dean level and above versus the current practice of approving permanent appointments at the Director and Chair level and above. Dr. Morgan requested that the President inform the Board in the President’s Report portion of the quarterly meetings of any Director or Chair appointments.

Dr. Morgan moved on behalf of the Ad Hoc Policy Manual Committee that language be added to *Section II* of the Policy Manual at the end of Section 2.1 indicating that the Board of Regents shall approve permanent appointments at the Dean level and above. Mr. Taylor seconded and the motion carried.

Ms. Watts reported Section 2.5 contains entirely new language related to capitalization. Judge Taylor asked whether a classification for intellectual property as it pertains to trademarks and copyrights should be included and Ms. Watts agreed to clarify this issue with Mr. Denton.

Dr. Dunn suggested changing the title of Section 2.10 to refer specifically to the University’s construction management authority under the Commonwealth as opposed to referring to House Bill 622. Ms. Watts agreed to research this change with Mr. Rall.

Ms. Watts indicated Section 2.11 refers to the University’s language in regard to the MSU Foundation and Section 2.11.1 provides clarification of Section 2.11. Dr. Dunn and Mr. Stout indicated that Section 2.11.1 appears to be redundant. Mr. Denton joined the meeting via telephone and indicated that Section 2.11 outlines the University’s Investment Policy and 2.11.1 is a verbatim copy of the Foundation’s Investment Policy. He stated because the University puts a large amount of money into the Foundation that adopting their language indicates the University accepts their investment policies as they pertain to the funds they hold for the University. Mr. Denton stated that BOR representatives attend the Investment Committee meetings of the Foundation and could raise any objections to changes to the policy during those meetings. In response to additional questions raised by Judge Taylor, discussion followed regarding the University’s ability to shape the policies and procedures of the Foundation.

The Ad Hoc Committee recommended for University investments held by the MSU Foundation that the University accept the Foundation’s investment policies and procedures and if those policies change the Board request that a revised copy of the policies be provided to the President

of the University to be included as an addendum to the BOR Policy Manual. Dr. Dunn and Ms. Watts agreed to consult further with Mr. Denton and will report back to the Board at the quarterly meeting in February.

With regard to Section 2.16, WKMS-FM, Ms. Watts agreed to check with Ms. Kate Lochte, Station Director, to determine whether the Corporation for Public Broadcasting requires that a policy statement regarding WKMS be included in the Board of Regents Policy Manual.

With regard to Section 2.17, Credit Union, Ms. Watts will determine whether the University is making in-kind contributions to the Credit Union and if that is the case it should be referenced in this section.

With regard to Section 2.18, Naming of Campus Facilities, Programs and Activities, Ms. Watts indicated there are two addenda that did not previously exist in the Policy Manual and she did not refer to those as additions because the Board previously acted on and approved those policies and they simply were never included in the Policy Manual. Dr. Dunn stated for the public record that Mr. Rall discovered a number of such areas where policy action had been taken by the Board but were never recorded in the Policy Manual.

With regard to Section 2.22, Murray State University Foundation, Judge Taylor requested that the Board be provided with a copy of the Operating Agreement between Murray State University and the MSU Foundation. Dr. Dunn agreed this would be provided to the Board at the quarterly meeting in February.

With regard to Section 2.23, Center of Excellence and Endowed Chair for Ecosystems, Dr. Dunn suggested adding language to the policy that states the Murray State University Board of Regents pledges its unconditional commitment to the necessary programmatic support and fiscal resources to maintain and enhance Centers of Excellence and Endowed Chairs and Professorships from the Commonwealth. Ms. Watts will review and determine the appropriate reference to be included.

With regard to Section 2.26, Affirmative Action Plan, Dr. Dunn indicated that the Affirmative Action plan is also a separate University document that is not simply a policy of the Board of Regents. He indicated that the policy badly needs to be updated but what currently exists must be retained until a new document has been developed. Mr. Rall added that the document as it currently exists is really not an Affirmative Action Plan and for the time being the word "Plan" should be removed from the heading in the Policy Manual.

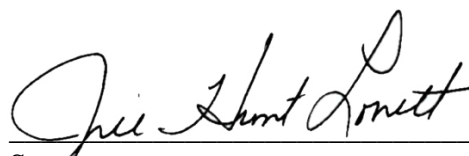
Dr. Dunn stated that an additional revision to the Affirmative Action Plan that is being proposed is the addition of the term sexual orientation in the non-discrimination language. He indicated that Murray State University is the only public university in the Commonwealth that has not included this language in its non-discrimination policy and the demand for the inclusion of the language is not likely to abate in the near future. He suggested this action would provide a means by which to address the absence of the language and bring the Affirmative Action Policy in line with other Kentucky public universities. Discussion followed.

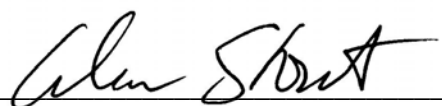
At 11:10 a.m. Mr. Stout indicated that due to a prior commitment he needed to leave the meeting and designated Dr. Morgan as pro-tem Chair in his absence.

Discussion regarding the non-discrimination statement continued.

Judge Taylor moved that the Board of Regents Ad Hoc Policy Manual Committee recommend adoption of the Board of Regents *Section II – The University*, to the Board of Regents at the February quarterly meeting. Dr. Morgan seconded and the motion carried, with a vote of 2 to 1.

The Board of Regents Ad Hoc Policy Manual Committee meeting concluded at 11:35 a.m.


Secretary


Chair