

**Minutes of the Quarterly Meeting of the Board of Regents
Friday, December 7, 2018**

Call to Order/Roll Call

The Board of Regents (BOR) of Murray State University (MSU) met on Friday, December 7, 2018, in Quarterly and Committee Session in the *Jesse Stuart Room* in Pogue Library on the main campus of Murray State University. Chair Susan Guess called the meeting to order at 8:30 a.m. and welcomed those present. Appreciation was expressed to Dr. Jackson who has served as Interim President since August 7, as well as to faculty and staff who advise, recruit, teach and encourage students. They make decisions which affect the University in a positive manner and this does not go unnoticed. Congratulations was expressed to Murray State students graduating tomorrow and to high school students who choose to become Racers among the many available college choices.

Mr. Payne reported there is a special tradition at Murray State – Racer One running around the track when the Football Team scores at home games. He introduced the 2019 Racer One Jockey Bailey Coffman who is a Murray State student from Jackson, Tennessee. Her family participated in the horse industry training horses and trail riding. As a youth Bailey showed horses at local and regional shows. While in high school she gave lessons to local children, began training horses for clients and has continued these activities as a college student. When it became time to choose a university, Bailey knew where she wanted to go. Murray State had a well-known, positive reputation in Agriculture which she felt would help her be successful in college. In particular, no other school had Equine Business Management as a focus, along with an Equine Program. Bailey was also attracted by the Intercollegiate Horse Show Association Stock Team at Murray State and she has been a member since 2016. She was able to bring her horses to school and utilize the exceptional facilities provided to students. Bailey loves Murray State University and she is very proud to be a part of the *Hutson School of Agriculture*. As a member of the Murray State Horseman’s Association, Bailey was voted “Most School Spirited” in 2018. She is majoring in Equine Business Management and anticipates graduating in May 2020. She has already applied what she has learned both in school and while working at the Equine Center when she served as an Equine Wrangler at Camp Lone Hollow – a youth summer camp. There Bailey guided trail rides, taught riding lessons and horse care courses and managed a herd of 70 horses. While Bailey knew about the Racer One tradition, it was not until she watched the 2018 jockey practicing that she realized her desire to actually be the jockey. The excitement and enthusiasm she saw in the jockey as she galloped the horse around the track made her rethink what the tradition really meant. Even when the stadium was empty she felt the adrenaline rush. She began to realize that Racer One was the best tradition at Murray State and she wanted to be a part of it. Now that she has been selected as the 2019 Racer One Jockey, she is able to live a dream that she can share with her children and grandchildren. Bailey is present today along with Dr. Shea Porr, her advisor and Dr. Tony Brannon, Dean of the *Hutson School of Agriculture*. All stood and were recognized.

The roll was called and the following Board members were present: Eric Crigler, Katherine Farmer, Virginia Gray, Sharon Green, Susan Guess, Daniel Kemp, James T. Payne, Jerry Rhoads, Lisa Rudolph, Phil Schooley and Don Tharpe. Absent: none.

Others present were: Robert L (Bob) Jackson, Interim President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board; Mark Arant, Provost and Vice President for Academic Affairs; Jackie Dudley, Vice President for Finance and Administrative Services and Treasurer to the Board; Don Robertson, Vice President for Student Affairs; Adrienne King, Vice President for University Advancement; Robert Pervine, Associate Provost for Graduate Education and Research; Renae Duncan, Associate Provost for Undergraduate Education; Velvet Milkman, Interim Director of Athletics; Robert Miller, General Counsel; Joyce Gordon, Director of Human Resources; Jordan Smith, Director of Governmental and Institutional Relations; Michelle Saxon, Internal Auditor; Renee Fister, Director of Institutional Effectiveness and Strategic Planning; Kevin Jones, Interim Director of Facilities Management and Associate Director of Facilities Operations; Jason Youngblood, Associate Director of Facilities Design and Construction; the Collegiate Deans and members of the faculty, staff, students, news media and visitors.

AGENDA

Roll Call

Secretary Hunt

Consent Agenda

Chair Guess/

- Int. President Jackson**
- A. **Board of Regents Minutes***
 - Minutes of the Board of Regents Annual Retreat on August 30, 2018
 - Minutes of the Quarterly Board of Regents Meeting and Committee Meetings on August 31, 2018
 - Minutes of the Meeting of the Board of Regents on October 19, 2018
 - Minutes of the Special Meeting of the Board of Regents Finance Committee on November 12, 2018
 - Minutes of the Special Meeting of the Board of Regents Presidential Search Committee (Faculty and Staff Forum) on November 12, 2018
 - Minutes of the Special Meeting of the Board of Regents Presidential Search Committee (Student Forum) on November 28, 2018
 - B. **Report of the Registrar (August and December 2018 Conferral of Degrees)***
 - C. **State Endowment Match Program Annual Report (Finance Committee)***
 - D. **Personal Services Contracts – Schedule of Expenditures (Finance Committee) (For Information Only)**
 - E. **Staff Leaves of Absence without Pay***
 - F. **University Appeals Board Appointments***

Public Participation

Chair Guess

Board Development – Sodexo Dining Services Progress Report (For Information Only)

Vice President Dudley/
Ex. Dir. Aux. Svcs. Looney

Report of the Chair

Chair Guess

Report of the President

Int. President Jackson

Report of the Treasurer*

Vice President Dudley

(Quarterly Financial and Investment Reports)

Committee Reports/Recommendations

- A. **Academic Excellence and Scholarly Activities** **Regent Farmer**
 - 1) **Faculty Transitional Voluntary Retirement Contracts***
- B. **Athletic Committee** **Regent Crigler**
- C. **Audit and Compliance** **Regent Tharpe**
 - 1) **Audited Financial Statements – General***
 - a. **Report to Governance on Results of Annual Independent Audit**
 - b. **Required Auditor Communication (includes Representation Letter)**
 - c. **Independence/Peer Review Letter**
 - d. **House Bill 622 Compliance Report for the Year Ended June 30, 2018**
 - e. **Kentucky Lease Law Compliance Report for the Year Ended June 30, 2018**
 - f. **General Financial Statements for the Year Ended June 30, 2018**
 - 2) **Audited Financial Statement – Federal Funds***
 - a. **Single Audit Report for the Year Ended June 30, 2018**
 - 3) **Annual Audit Report – Athletics***
 - a. **National Collegiate Athletic Association Independent Accountant’s Report on Application of Agreed-Upon Procedures for Intercollegiate Athletics for the Year Ended June 30, 2018**
 - 4) **Audited Financial Statement – WKMS-FM***
 - a. **Required Auditor Communications**
 - b. **Audited Financial Statement for the Year Ended June 30, 2018**
 - 5) **Annual Audit Contract Renewal***

- D. **Buildings and Grounds** Regents Green and Schooley
- 1) **Deferred and Routine Maintenance Plan (For Information Only)**
 - 2) **Pogue Library Structural Deferred Maintenance***
 - 3) **Renovation/Relocation of Office of General Counsel (For Information Only)**
 - 4) **Disposition of Structure – Woods Hall (Building #0001)***
 - 5) **Blackburn Science Building Program Statement***

11:30 a.m. (approx.) Break – Curris Center Tour

12:30 p.m. (approx.) Lunch – Thoroughbred Room

1:30 p.m. (approx.) Reconvene

- E. **Enrollment Management and Student Success** Regents Rudolph and Payne
- 1) **Final Fall 2018 Enrollment Report (For Information Only)**
 - 2) **Strategic Enrollment Management Plan – Phase II***
 - 3) **Student Engagement and Success Report (For Information Only)**

- F. **Finance** Regent Kemp
- 1) **Fiscal Year 2019 Budget Plan***
 - 2) **Fiscal Year 2020 Budget Guidelines***
 - 3) **Fiscal Year 2020 Budget Proposal***
 - 4) **Unrestricted Reserves Update (For Information Only)**
 - 5) **Compensation Study Update (For Information Only)**
 - 6) **Designation of Funding for Disposition of Woods Hall (Building #0001)***
 - 7) **Projects Approved by Board of Regents Chair***
 - 8) **Personal Services Contracts***
 - 9) **Moody’s Presentation to the Council on Postsecondary Education for the Commonwealth of Kentucky (For Information Only)**

- G. **Legislative and Economic Development** Regent Rhoads
- 1) **Legislative Update (For Information Only)**

- H. **Marketing and Community Engagement** Regent Gray
- 1) **Stamats Contract***

NOTE: **Full Board action will follow Committee action.**

9. **Personnel Changes*** Int. President Jackson
- A. **Athletic Contracts***
- 1) **Contract of Employment – Head Football Coach – Mitch Stewart**
 - 2) **Contract of Employment Amendment (Extension) – Women’s Head Soccer Coach – Matt Lodge**
 - 3) **Contract of Employment Amendment (Extension) – Women’s Head Volleyball Coach – David Schwepker**

10. **Policy Changes** Int. President Jackson/
VPFAS Dudley
- A. ***Personnel Policies and Procedures Manual – Policy V B – Teachers’ Retirement System (TRS)/Optional Retirement Program (ORP) – Sick Leave Credit****
- B. ***Personnel Policies and Procedures Manual – Policy IV D – Holidays – Compensation for Regular Employees****
- C. ***Personnel Policies and Procedures Manual – Policy II L – Exit Interview and Clearance Procedure; Policy VII E – University Bookstore and Policy VII G – Library Privileges****

11. **Supplemental Materials** Int. President Jackson
- A. **Quarterly Risk Management Report (For Information Only)**
 - B. **Status Report – Campus Major Projects Update (For Information Only)**
 - C. **“Good News” Report – September 2018**
 - D. **Quarterly Branding, Marketing and Communication Report (For Information Only)**

- E. **Sponsored Programs – Grants and Contracts Report (For Information Only)**
- F. **Strategic Plan Update (For Information Only)**
 - **2018 Strategic Plan**
 - **Strategic Plan Goals**
 - **Strategic Plan Measures Update**
 - **Strategic Plan Update**

12. Other Business

13. Adjournment

(*Requires Board of Regents Action)

Consent Agenda Items, approved/accepted

Chair Guess reported the following action and “For Information Only” items were included on the Consent Agenda for approval/acceptance (action items are denoted with an asterisk):

- Board of Regents Minutes*
 - Minutes of the Board of Regents Annual Retreat on August 30, 2018
 - Minutes of the Quarterly Board of Regents Meeting and Committee Meetings on August 31, 2018
 - Minutes of the Meeting of the Board of Regents on October 19, 2018
 - Minutes of the Special Meeting of the Board of Regents Finance Committee on November 12, 2018
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- Report of the Registrar (August and December 2018 Conferral of Degrees)*
- State Endowment Match Program Annual Report (Finance Committee)*
- Personal Services Contracts – Schedule of Expenditures (Finance Committee) (For Information Only)
- Staff Leaves of Absence without Pay*

Murray State University offers a variety of excused Staff Leaves of Absence without Pay such as family medical leave, military leave, educational leave, a personal leave or a general leave of absence. Conditions and requirements of the specific types of leave are defined in the Board-approved *Personnel Policies and Procedures Manual*.

Staff Leaves of Absence without Pay that have been processed as of November 5, 2018, are listed below:

<u>Name</u>	<u>Department</u>	<u>Effective Date</u>
Rebecca Billington	University Libraries	06/20/2018-06/21/2018 07/02/2018
Dwain Caldwell	Dining Services and Racer Hospitality	09/11/2018-09/12/2018
Misty Campbell	Adolescent Career and Special Ed	08/29/2018-12/14/2018*
Kelly Cunningham	Talent Search MO	05/03/2018-05/09/2018 05/16/2018-05/18/2018 06/11/2018 06/18/2018 07/16/2018-07/17/2018 08/16/2018 08/22/2018
Patricia DePriest	KATE Appropriation	09/03/2018-12/14/2018*
Michael Eaves	Curriss Center	07/28/2018-11/30/2018
Kurt Ensell	Facilities Management	07/12/2018-07/13/2018 08/08/2018 08/10/2018-08/13/2018
Andrew Farris	Facilities Management	07/23/2018-07/24/2018
Teresa Feldhaus	Office of Recruitment	07/30/2018-09/21/2018

Darwin Garrett	Talent Search KY	08/29/2018-08/30/2018
Kimberly Johnson	Student Support Services	08/07/2018-09/30/2018
		10/01/2018-10/15/2018*
Heather Kirks	Bursar's Office	09/24/2018-12/14/2018*
Randall Lamb	Curris Center	08/02/2018-11/05/2018
Amanda Lawson	Human Resources	10/19/2018-11/30/2018
Joell Mendez	Facilities Management	08/23/2018-08/24/2018
Jacoby Miskiewicz	Facilities Management	08/21/2018-08/22/2018
		09/12/2018-09/13/2018
Lori Rogers	Honors College	08/10/2018-10/03/2018
Rodney Reider	Facilities Management	06/27/2018-06/28/2018
		07/09/2018-07/13/2018
Jared Sager	Facilities Management	10/12/2018-10/13/2018
Charles Thomas	Facilities Management	10/11/2018-12/14/2018
Oscar Thomason	Dining Services and Racer Hospitality	08/04/2018-09/28/2018
Brian Tucker	Facilities Management	09/24/2018-11/12/2018*
Gregory Wilson	Facilities Management	07/19/2018-07/20/2018
Randall Winchester	Information Systems	08/22/2018-09/14/2018
		09/17/2018-09/28/2018*

*Intermittent Leave

- University Appeals Board Appointments*

As stated in *Section 6.6* of the *Board of Regents Policy Manual*, decisions of the University Judicial Board may be appealed to the University Appeals Board. Decisions involving disciplinary suspension or expulsion are automatically appealed to the University Appeals Board. The nine-member University Appeals Board consists of six faculty members and three students.

The following two faculty members are unable to complete their terms and replacements need to be installed:

Justin Brogan	College of Education and Human Services	Term 2017-20
Craig Collins	<i>Jones College of Science, Engineering and Technology</i>	Term 2016-19

The following replacement faculty members to the University Appeals Board from the present until the end of term indicated will be appointed:

Sean Simons	College of Education and Human Services Term expires June 2020
Bikram Subedi	<i>Jones College of Science, Engineering and Technology</i> Term expires June 2019

No Regents asked to remove any items from the Consent Agenda.

Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the items on the Consent Agenda as submitted. Ms. Farmer seconded and the motion carried unanimously.

(See Attachments #1 – #3)

Public Participation

Chair Guess announced that there were no individuals signed up for the Public Participation portion of the agenda.

Board Development – Sodexo Dining Services Progress Report (For Information Only)

Sodexo representative Steven Gibson, Director of Business Development for this region, thanked the Murray State Request for Proposals (RFP) team that helped develop the vision for dining services for the next ten years. The decision for the University to partner with Sodexo was not about national brands but partnership opportunities to contribute to student success through the

support of recruitment and engagement. Student Ambassadors will participate in recruitment tours to speak with potential students about opportunities in dining services – such as internships. Attention will also be given to how Sodexo can help with retention so students feel more at home through available meal offerings. The overall objective is to support the mission of the University. Celia Daniels, District Manager for Kentucky and eastern Tennessee, has been with Sodexo for 31 years and has worked in her current position for ten years. She is based out of Louisville, Kentucky, supervises nine universities and has been part of this process from the beginning. Jim Halcombe, General Manager of Racer Dining since December 15, moved into a new home in Murray a couple of weeks ago. He graduated from Berea College and understands Sodexo's role to provide students with opportunities first related to their education and that dining services can play an important part of that overall goal. Sodexo can offer more than food options through opportunities such as internships, marketing, safety and financial assistance. He has worked with Regent Payne and many other students over the last several weeks and looks forward to continuing that relationship through student focus groups beginning in January. He wants to hear directly from students and understand what they envision in terms of their future dining services options.

Renderings of work that will be occurring within the next several months through the next couple of years were provided. These included a rendering of Chick-fil-A. When Sodexo visited the area one year ago they surveyed available offerings and discovered there is almost every single fast food operation in Murray except Chick-fil-A and the plan is to implement that brand by Fall 2019. The location currently being considered is the Curris Center Stables. In addition to seating for Chick-fil-A, there is a plan to provide collaboration spaces for students to create a homely environment for engagement. Starbucks is also planned for Fall 2019 in the Curris Center. Upon entering the Curris Center, a fully-licensed Starbucks will be located on the left side and will also include engagement space. Einstein Bros. Bagels is also planned in Waterfield Library for Fall 2019. Renderings of additional renovations planned for the Curris Center were presented for franchises like Steak 'n Shake and Sodexo brands such as Tres Habaneros. Based on Sodexo research and expertise, as well as the demographics of campus, it has been deemed that this would represent a great blend of dining options in the Curris Center. A demand study will be undertaken to verify that these are exactly the options which are needed in this space but Sodexo is open to ideas as work progresses with student involvement.

A basic refresh of Winslow Dining Hall will be undertaken in Spring 2020 to provide certain upgraded stations and work is being undertaken to introduce new menus and staff training is occurring with regard to Sodexo concepts. A full renovation for Winslow Dining Hall is also planned which provides for certain stations that will be carefully chosen to fit the Murray community. One such station is Simple Servings which is an allergen-free station where the top eight allergens have been eliminated. A Sodexo dietician will also be available to meet with prospective students with specific food needs related to allergies. Several other stations will also be updated. As Sodexo prepares to open there will be several chefs on campus the week of December 17th and again for the period January 2, 2019, through February and support will be provided by two to three chefs each week, in addition to the campus chef. Confirmation was provided that most renovations for Fall 2019 will be undertaken during the Summer but Sodexo does have a contract with a company that manages food trucks nationwide to be utilized when certain locations are closed. Clarification was provided that some of the proposed locations do not currently have a dining venue so these areas being closed will not present an issue.

In response to services for those students who are hungry, confirmation was provided that Sodexo has a variety of means to address this population such as campus food banks and grant support of local backpack programs. Campus Kitchens is a student-driven program where Sodexo partners with students and the Student Government Association and volunteers are trained in transporting leftover food to food banks. The contract with Sodexo also includes provisions for need-based scholarships for dining services as well as in-kind support for this purpose. The employment of students will continue under Sodexo and while at work these students are able to have a meal. There is also a program where other students can donate food during a certain time of the year to be utilized by other students in need. Confirmation was provided that Sodexo plans to partner with the University's Swine Farm to secure student-produced pork – as well as other venues to source locally-produced ingredients.

This update was presented for information purposes only and required no Board action.

Report of the Chair

Chair Guess indicated that in the interest of time she would not provide a Report of the Chair.

Report of the President, received

Dr. Jackson recognized the Murray State University Police Department and the Center for Adult and Regional Education which recently received a national award for campus safety initiatives. A proposal was submitted related to camps on campus and how the University responds in an emergency situation. The process of how to identify students who are participating in camps on campus took several months to develop but has now been recognized. Appreciation was expressed to all involved in the development of the process to ensure camp visitors to campus are identifiable in order to ensure their safety.

Dr. Jackson reported that in terms of retention rates reported to the Council on Postsecondary Education (CPE) in the Fall, Murray State is the top ranked public regional comprehensive university in Kentucky with a retention rate of 79.3 percent. Many individuals have worked diligently to make this a reality. Dr. Robertson recognized Peggy Whaley, Director of Student Engagement and Success; Cindy Clemson, Assistant Professor in the College of Education and Human Services and Jeff Henry, Research and Instruction Librarian, Assistant Professor and Library First-Year Experience Coordinator. At the 14th annual National Conference on Student Retention four awards were presented. The top award was for best practices in student retention that involved the entire University. Murray State was singled out – particularly the work of the three individuals mentioned for efforts in this regard – as being the best program in the nation. Mrs. Whaley reported that over the past four years, as part of planning the student success seminars and the transitions courses, it has been shown these student participants have a higher persistence rate. This has been accomplished through a collaboration with Academic Affairs, Student Affairs, faculty and staff, the Deans, alumni and others.

Report of the Treasurer, (Quarterly Financial and Investment Reports), approved

Ms. Dudley reported that an Executive Summary related to the quarterly unaudited Financial and Investment Reports was included in the eBoard book and highlighted the following:

- An Executive Summary of the University's financial statements three months into the fiscal year was provided. School started in mid-August and the financial statements presented, as of September 30, provide good confirmation of revenues for Fall 2018 which are as presented at the prior Board meeting. As the Spring Semester materializes, it is predicted the University will continue to be approximately \$4.5 million short of budget projections. Winter, Spring and next Summer numbers are not included in the information presented and those estimates will continue to be updated as the year progresses.
- There is not a great deal of additional information in regard to the pension systems since the last Board meeting as decisions have not yet been made by the court system. The financial statements presented do not reflect anything other than the standard process to estimate the year-end pension adjustment because that is all that is known at this point.
- From September 2017 to September 2018 there are some year-end adjustments which show large fluctuations.
- The tuition and discount analysis is the largest financial issue facing the University, along with the pension situation. Summer, Fall and Spring revenues are 50 percent from budget. Last year at this same time these figures were 47 percent from budget. This year no enrollment growth was budgeted which represented a conservative approach. Discounts last year at this time were at the 37.6 percent discount rate and as of September are currently at 37 percent for actual discounts given for the Fall Semester. Both of these important numbers are monitored closely and this will continue due to the overall size of discounts (over \$40 million).
- The Education and General Fund report provided represents a report of revenues, less expenditures. The fiscal year actual – without the pension adjustment for this year and last year – was presented and the numbers are very similar between \$22.4 million for September of this year versus \$23.2 million in September of last year. This means the University is very much in line with last year in terms of expenditure reductions and is not out of line with what was expected related to expenditures.
- A summary of auxiliary enterprises was also presented broken out by housing, dining, bookstore, Racer Card and vending operations. The net change in fund balance for auxiliaries is \$4.2 million versus \$4.5 million at this time last year. Changes will be evident in this regard as the year progresses because dining revenues and expenditures will not be accepted due to the transition with Sodexo. These figures will be presented in a different way as the Sodexo contract is fully implemented.
- The Investment Report is similar to this time last year in terms of realized interest earnings of approximately \$600,000 from the current fund that is generated from Frankfort. This results from

earnings from funds in the MSU Foundation and Plant Funds invested. Last year at this time the amount was \$700,000 in interest earnings.

Ms. Dudley explained that public funds the University receives are required to be invested with the Kentucky State Treasurer. Due to the volatility of these funds, the Finance Cabinet requires state universities to invest funds with the state and typically Murray State utilizes a short-term fund. As the University receives tuition revenues, statute requires those be remitted in a timely manner to the state. Depending on interest rates for a local account versus a state account, this could affect how timely these funds are remitted to the state but for Murray State this is typically done every other week or so. The University is not required to proceed in this fashion with donor funds and that is why a large portion of Murray State investments are with the Foundation. The University is also required to report to Frankfort any Plant Fund dollars and bond proceeds – because these represent public bond issues – and they must also be invested in Frankfort and this is statutorily regulated. Dr. Jackson reported that the Foundation manages over \$26 million in Murray State funds and reports are presented annually to the Board. The average return over 25 years from the Foundation to the University has been approximately 7 percent and this relationship has been in place since 1946 when the MSU Foundation was first formed.

Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, accept the quarterly unaudited Financial and Investment Reports for the period of July 1, 2018, through September 30, 2018, as presented. Mr. Rhoads seconded and the motion carried unanimously.

(See Attachment #4)

Committee Reports/Recommendations

Academic Excellence and Scholarly Activities Committee

Katherine Farmer – Chair
Virginia Gray
Lisa Rudolph

Ms. Farmer called the Academic Excellence and Scholarly Activities Committee to order at 9:15 a.m. and reported all other members were present.

Faculty Transitional Voluntary Retirement Contracts, approved

Dr. Arant reported that temporary modifications to current policy are being requested to provide a voluntary faculty transitional plan. Current policy allows for faculty to choose a one- or two-year transitional contract. It is being recommended that this be extended to allow for a three-year Faculty Transitional Retirement Contract. Under the current plan, faculty who choose a one-year transitional contract are paid at a rate of 3.75 percent of their base salary per credit hour, up to a maximum of 45 percent of base salary. Faculty on two-year contracts are compensated at 3.5 percent per credit hour of the prior year 9-month base salary, up to a maximum of 42 percent of base salary for each year of the two-year contract. The request being made today is to increase compensation to 3.75 percent per credit hour for one-, two- and three-year options. This option will not be available for faculty retiring after June 30, 2019.

Under current policy, faculty choosing a transitional contract are also not eligible to receive the sick leave credit (or payout) retirement benefit. The proposal being made today is for faculty choosing the one-, two- or three-year options for a transitional contract to be eligible to receive a sick leave credit payout (if enrolled in an Optional Retirement Plan) or purchase of service time (if enrolled in the Teachers' Retirement System), up to the maximum allowed by statute. Employees who retire after June 30, 2019, will no longer be eligible to receive a sick leave credit payout or purchase of service time. This request also represents a modification to current policy.

Any faculty who choose to pursue these options will need to notify the University of their intent related to the Faculty Transitional Retirement Contract prior to the end of this fiscal year. Faculty who are on a transitional contract move from a full-time to a part-time appointment. This is desirable for many faculty because it gives them an opportunity to complete projects they are working on while still continuing to teach, but at a reduced workload. Some departments

will also benefit as faculty members transition and new faculty members are hired. There is an overlap period and this allows for a smoother onboarding process.

Current Policy

On December 4, 2014, the Board of Regents approved a Transitional Faculty Retirement Program designed to permit full-time faculty to officially retire from Murray State University and return to instruction in high need areas, transitioning programs and in special circumstances. Key points of the current program are as follows:

1. The faculty member enters a special category of faculty known as “Transitional Faculty.”
2. Transitional Faculty do not retain their tenure status but may receive a transitional contract approved by the Board of Regents. Transitional Faculty retain their academic rank.
3. Faculty who retire and become transitional faculty may receive retirement benefits for which they may be eligible from either Teachers’ Retirement System (TRS) or the Optional Retirement Plan (ORP).
4. Transitional Contracts are 9-month contracts that begin and end on the same dates as regular 9-month faculty contracts.
5. Transitional Contracts are either one or two years in length. All two-year contracts are approved at the beginning of the contract timeframe. Renewals and extensions are not permitted.
6. All contracts must be justified by a need that benefits the University and are not automatically awarded to an applicant.
7. One-year contracts may be approved by the President. Two-year contracts must be approved by the Board of Regents.
8. Faculty must have completed a minimum of six (6) years of full-time service before applying for a Transitional Contract.
9. Faculty who hold an administrative appointment must return to the regular faculty and establish a 9-month base salary before applying for a Transitional Contract.
10. An approved transitional faculty member may teach a minimum of six (6) and a maximum of twelve (12) semester hours per year but must also comply with TRS and ORP policy – as applicable (no web-based model compensation is available).
11. Special service designations (e.g. accreditation) may be included as part of the contract.
12. Faculty on one-year contracts will be compensated at 3.75 percent per credit hour of the prior year 9-month base salary, up to a maximum of 45 percent of base salary. Faculty on two-year contracts will be compensated at 3.5 percent per credit hour of the prior year 9-month base salary, up to a maximum of 42 percent of base salary for each year of the two-year contract.
13. Participants in the two-year program are eligible for any cost-of-living adjustment that the University may provide but are not eligible for merit-based adjustments.

Under current policy, a faculty member who enters into a Transitional Contract is not eligible to receive a sick leave credit payout (if enrolled in an ORP plan) or purchase of service time (if enrolled in TRS).

In order to facilitate budget planning and incentivize retirements, the following changes are proposed for any faculty member who notifies the University of his/her retirement, in writing, by and with an effective date of June 30, 2019:

5. Transitional Contracts are either one, two **or three** years in length. All two- **and three**-year contracts are approved at the beginning of the contract timeframe. **All Transitional Contracts must be approved by a faculty member’s Chair, Dean and Provost.** Renewals and extensions are not permitted.
7. One-year contracts may be approved by the President. Two- **and three**-year contracts must be approved by the Board of Regents.
12. Faculty on one-, **two or three-year contracts will be compensated at 3.75 percent** per credit hour of the prior year 9-month base salary up to a maximum of 45 percent of base salary for each year of their Transitional Contract.

Specifically, the following changes are proposed to the plan:

- A. A three-year option is added, which will not be available for faculty **retiring after June 30, 2019.**
- B. An increase in the compensation to 3.75 percent per credit hour for two- and three-year options, which **will not be available for faculty retiring after June 30, 2019.**
- C. A faculty member who enters into a Transitional Contract is eligible to receive a sick leave credit payout (if enrolled in an ORP plan) or purchase of service time (if enrolled in TRS), up to the maximum allowed by statute. **Employees who retire after June 30, 2019, will no longer be eligible to receive a sick leave credit payout or purchase of service time.**

Faculty who retire after June 30, 2019, may request a one- or two-year Transitional Contract as described in the background provided above.

On behalf of the Academic Excellence and Scholarly Activities Committee, Mrs. Gray moved that the Board of Regents, upon the recommendation of the President of the University, approve adding a three-year option to the Faculty Transitional Voluntary Retirement Contracts and increase compensation to 3.75 percent for two- and three-year contracts, both effective upon approval and with these specific enhancements ending June 30, 2019. Mrs. Rudolph seconded and the motion carried.

Full Board Action – Faculty Transitional Voluntary Retirement Contracts, approved

On behalf of the Academic Excellence and Scholarly Activities Committee, Ms. Farmer moved that the Board of Regents, upon the recommendation of the President of the University, approve adding a three-year option to the Faculty Transitional Voluntary Retirement Contracts and increase compensation to 3.75 percent for two- and three-year contracts, both effective upon approval and with these specific enhancements ending June 30, 2019. Mrs. Rudolph seconded and the motion carried unanimously.

Newly-Commissioned Second Lieutenants, introduced

Dr. Arant reported that the commissioning ceremony for two new Second Lieutenants in the United States armed forces is being held this morning. He recognized Ethan Davis from Illinois who will graduate with a major in Integrated Studies with a field study in commerce and leadership. After graduation his assignment will be as a Gold Bar Recruiter serving the National Guard. Also recognized was Daniel Malone from Illinois who transferred to Murray State from a community college in that state. Second Lieutenant Malone will graduate with a major in Integrated Studies with a field study in safety sciences. Following graduation he will be going to the Illinois National Guard where he will serve as a Platoon Leader. These two students will be highlighted during the Commencement ceremony tomorrow.

Adjournment

The Academic Excellence and Scholarly Activities Committee adjourned at 9:20 a.m.

Athletic Committee

Eric Crigler – Chair
 Sharon Green
 Jerry Rhoads
 Phil Schooley
 Don Tharpe

Mr. Crigler called the Athletic Committee to order at 9:20 a.m. and reported all other members were present.

Mr. Crigler provided an update on the progress of the Director of Athletics Search and expressed appreciation to Regent Rhoads for his leadership as Chair of the Search Committee and to the other members of the Committee for their work. The Committee has met on three occasions and developed the position advertisement which will be posted through November 30, 2018, or until filled. A timeline has also been developed as well as an Athletics Profile document which provides additional information regarding the Athletic Program at Murray State University. There has been very good response to the position advertisement with almost 100 applications received. The Committee reviewed the qualifications of each applicant and placed them in one

of three tiers in order to further narrow the pool. The entire Committee is pleased with the quality of applicants and was able to agree on several who fell within Tier I, further illustrating the quality of the applicant pool. Skype interviews will be held in early January to further narrow the pool of applicants for in-person interviews to occur at an off-campus location in late January/early February. The goal is to be able to ask the Board to approve the next Director of Athletics for Murray State University at the March 1, 2019, Quarterly Meeting.

Adjournment

The Athletic Committee adjourned at 9:24 a.m.

Audit and Compliance Committee

Don Tharpe – Chair

Susan Guess

Lisa Rudolph

Dr. Tharpe called the Audit and Compliance Committee to order at 9:25 a.m. and reported all other members were present. Ms. Dudley and Lance Mann, Director of Assurance Services with Dean Dorton, presented the following with regard to the general audited financial statements:

- The auditor communication represents a summary of the single audit performed which resulted in no findings related to the financial statements. There were a couple of findings with regard to the government grant audit but overall the process went very well and the state deadline was met within the allotted timeframe.
- Auditing standards require the auditors to communicate certain findings to the Audit and Compliance Committee and the Board. Dean Dorton has issued an unmodified opinion on the University's financial statements. A report was also issued on compliance and internal controls. Murray State is a government entity which requires auditors to conduct an internal controls audit, although no opinion is issued on internal controls. The auditors simply look to see if there are large issues of which the Board and management should be aware. An unmodified opinion was also issued with regard to compliance and internal controls for federal financial assistance. Last year this was not an unmodified report but it is this year and that is the goal the University desired to achieve. An unmodified opinion was also issued on the Murray State Foundation which is included within the University's financial statements. Dean Dorton issued a report on Kentucky House Bill 622 which is a 35-year-old law that requires Murray State to have certain internal controls in place. A report on compliance with Kentucky Lease Law statutes was issued and there were no new leases this year for the University. All of these reports were clean and an Independence Letter has been issued to the Auditor of Public Accounts which reaffirms Dean Dorton's independence from Murray State.
- Auditing work is currently underway on the WKMS-FM radio station financial statements and is expected to commence before the holiday break. Work is also underway on the National Collegiate Athletic Association (NCAA) audit. This audit ensures the Athletic Department is following all NCAA rules and regulations. Next week the auditors are required to send a letter to the Auditor of Public Accounts regarding whether any activity subsequent to year end occurred at Murray State.
- Murray State's financial statements are included with those for the state of Kentucky and the audit was performed according to the planned scope and timing previously communicated to the Board (via the Engagement Letter). Qualitative aspects of the accounting practices were highlighted and represent those things which were different in the financial statements. Note 1 refers to accounting policies and describes how management makes decisions when recording transactions. All policies have been approved and are being followed when transactions are recorded. No transactions were noted during the year for which there was a lack of authoritative guidance. The Government Accounting Standards Board (GASB) released GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaces GASB 45 – and this is new for the University this year. The University was required to record its portion of the state's medical and life insurance plans. Three years ago the University was required to record its portion of pensions and this is follow-up to that requirement. No other new accounting policies were adopted and the application of existing policies was not changed. No significant transactions have been recognized in a different period than when the transactions occurred in this area.
- Management Judgment and Accounting Estimates refer to management's ability to make decisions when creating financial statements. Four areas were examined in this regard – depreciation and useful lives of capital assets, allowance for uncollectable accounts and student accounting receivable, self-insurance reserves and pension-related estimates. The most sensitive disclosures affecting the financial statements are deposits, investments and investment income (Note 5); endowments (Note 6); revenue bonds, notes payable and capital leases (Note 11) and pension plans (Note 14) and the associated assumptions. Note 6 shows where balances are invested and for what purpose. The majority of these are for scholarships and Endowed Chairs. This was an unusual year for the Kentucky Teachers' Retirement System (KTRS) and how they completed their report which actually

showed income to the University. This means the state is contributing more to KTRS which is reducing Murray State's allocated portion of that liability.

- Dean Dorton experienced no difficulties in performing the Murray State audit and had no disagreements with management. There were no audit adjustments and one uncorrected misstatement related to the valuation of inventory. If an adjustment is of a certain size management can make a decision about whether it should be included in the financial statements in the following year and this must be disclosed. An error of approximately \$128,000 was noted in the evaluation of management related to a variety of inventory items that needed to be updated in terms of cost. At the end of every audit a letter is provided to management which the University signs indicating accurate information was provided to the auditors and everything needed for Dean Dorton to conduct a proper audit was revealed. Dean Dorton is not aware of any consultations with other auditors or accountants.
- With regard to Other Matters, there are two main areas in the financial statements that are not audited – Management's Discussion and Analysis. The auditors review this information to ensure it is not egregiously wrong and is consistent with the University's financial statements but do not audit the statement because it represents management's opinion. Supplementary information is also compared to the financial statements but is not audited.
- The Uniform Guidance Single Audit Summary represents the government grant audit. Since Murray State expends a certain amount of federal funds, Dean Dorton is required to conduct audits for those expenditures. Three main areas were audited this year – Student Financial Aid Cluster, TRiO Cluster and the Research and Development Cluster – and an unmodified opinion was issued with two current-year reportable findings. Findings are very common in government grant audits and while they need to be corrected, the Board should not be alarmed because it wants the auditors to discover such occurrences. With regard to the TRiO cluster, it was noted that the University was out of compliance in regard to its Talent Search Program. The University was not servicing the minimum number of students stipulated by federal guidelines during the timeframe reviewed. There was also no formal review of eligibility and applications for the Upward Bound and Talent Search programs. Of the 30 applications selected for the sample, all had at least one piece of missing or incorrect information although these students were deemed eligible to participate. Management started making corrections last year but did not have time to completely correct everything by the time the audit was conducted – making it a reportable finding. Dean Dorton recommended that the University implement procedures to ensure that the minimum number of participants are enrolled and participating in the Talent Search Program. The auditors also recommended that the University implement procedures to ensure that applications to the Upward Bound and Talent Search programs are reviewed and completed correctly. Management has responded with responsible officials and planned corrective actions. The auditors have read management's plan and deemed it to be appropriate.
- Finding 2018-002 (repeat of 2017-002) relates to the testing of the Direct Loan Program. During the auditing process the University brought to the attention of auditors that 51 students who withdrew during the first five days of the Fall 2017 semester and were required to be reported to the National Student Loan Data System (NSLDS) were not reported in a timely manner. This simply represented a timely reporting issue and management has responded appropriately in terms of corrective action and the implementation of appropriate procedures to ensure this finding does not occur in the future.
- In 2017 a prior finding related to inappropriate expenditures being made out of the Upward Bound Program, specifically the Adventures in Math and Sciences (AIMS) Program. Allegations were raised by whistleblowers concerning the misuse and mismanagement of grant funds. Management worked with the Department of Education this year to undertake an extensive audit of the AIMS Program for the period of July 1, 2015, through April 30, 2017. Dean Dorton was involved in this process and the University was required to reimburse grant funds (related to questionable costs) to the Department of Education. The finding is now closed and the AIMS Program is operating properly with there being no repeat finding.

Audited Financial Statements – General, accepted

On behalf of the Audit and Compliance Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, accept the General Audited Financial Statements which include the following:

- a. Presentation on the Results of the Annual Audit Report
- b. Required Auditor Communication (includes Representation Letter)
- c. Independence/Peer Review Letter
- d. House Bill 622 Compliance Report for the Year Ended June 30, 2018
- e. Kentucky Lease Law Compliance Report for the Year Ended June 30, 2018
- f. General Financial Statements for the Year Ended June 30, 2018

Mrs. Rudolph seconded and the motion carried.

Full Board Action – Audited Financial Statements – General, accepted

On behalf of the Audit and Compliance Committee, Dr. Tharpe moved that the Board of Regents, upon the recommendation of the President of the University, accept the General Audited Financial Statements which include the following:

- a. Presentation on the Results of the Annual Audit Report
- b. Required Auditor Communication (includes Representation Letter)
- c. Independence/Peer Review Letter
- d. House Bill 622 Compliance Report for the Year Ended June 30, 2018
- e. Kentucky Lease Law Compliance Report for the Year Ended June 30, 2018
- f. General Financial Statements for the Year Ended June 30, 2018

Mr. Kemp seconded and the motion carried unanimously.

(See Attachments #5 - #10)

Audited Financial Statement – Federal Funds, accepted

Ms. Dudley indicated that the Single Audit Report for the Year Ended June 30, 2018, is the University's report of federal expenditures. The audit is primarily related to student financial aid and totals \$59.3 million. This represents a combination of grants (such as Pell), Perkins Loans and subsidized and unsubsidized loans received from the federal government. This represents the extent of federal aid that flows through the University's system for students. In addition to this federal aid, there is slightly more than \$8 million in state aid that also flows through the system but that is not included in the federal aid report presented. Findings in this regard were outlined earlier by Mr. Mann.

On behalf of the Audit and Compliance Committee, Mrs. Guess moved that the Board of Regents, upon the recommendation of the President of the University, accept the Federal Funds Audited Financial Statement which includes the Single Audit Report for the Year Ended June 30, 2018. Mrs. Rudolph seconded and the motion carried.

Full Board Action – Audited Financial Statement – Federal Funds, accepted

On behalf of the Audit and Compliance Committee, Dr. Tharpe moved that the Board of Regents, upon the recommendation of the President of the University, accept the Federal Funds Audited Financial Statement which includes the Single Audit Report for the Year Ended June 30, 2018. Mr. Kemp seconded and the motion carried unanimously.

(See Attachment #11)

Annual Audit Report for Athletics, discussed

Dr. Tharpe reported that although the Annual Audit Report for Athletics was included on the agenda, that report has not yet been completed. It is anticipated the report will be presented to the Audit and Compliance Committee and the full Board for approval at the Quarterly Meeting on March 1, 2019. Ms. Dudley added that the deadline for the NCAA Agreed-Upon Procedures is January 15, 2019, but due to staffing challenges and the auditor's schedule the report was not completed in time for this meeting. The same is true for the WKMS-FM annual audit reports.

Annual Audit Reports for WKMS-FM, discussed

Dr. Tharpe reported that although the Annual Audit Reports for WKMS-FM – Auditor Communications and Audited Financial Statement for the Year Ended June 30, 2018 – were included on the agenda, they have not yet been completed. It is anticipated the reports will be presented to the Audit and Compliance Committee and the full Board for approval at the Quarterly Meeting on March 1.

Annual Audit Contract Renewal – Dean Dorton, authorized

Ms. Dudley reported that the Board is being asked to approve a contract extension for Dean Dorton. At the February 24, 2017, meeting, the Board of Regents approved the issuance of a

contract to Dean Dorton Allen Ford, PLLC (Dean Dorton) for the performance of the University's financial and compliance audits for the fiscal year ending June 30, 2017, and further authorized the University to enter into six subsequent contract renewals based upon mutual consent. The cost for the current year contract (FY18) is \$120,725 including the financial, compliance and up to four single audit programs. For fiscal year 2019, the RFP proposal made by Dean Dorton was for \$123,525 and approval of this request will allow the University to proceed with issuing the Personal Services Contract. An Engagement Letter will be presented to the Board for approval at the March 1, 2019, Quarterly Meeting.

On behalf of the Audit and Compliance Committee, Mrs. Rudolph moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to extend the contract with Dean Dorton for the performance of the University's financial and compliance audits for the fiscal year ending June 30, 2019, at a cost of \$123,525. Mrs. Guess seconded and the motion carried.

Annual Audit Contract Renewal – Dean Dorton, authorized

On behalf of the Audit and Compliance Committee, Dr. Tharpe moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to extend the contract with Dean Dorton for the performance of the University's financial and compliance audits for the fiscal year ending June 30, 2019, at a cost of \$123,525.

Confirmation was provided that the Audit and Compliance Committee is pleased with Dean Dorton's performance.

Mrs. Rudolph seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

Audit and Compliance Committee Update, received

Dr. Tharpe reported that the Audit and Compliance Committee has had a very robust past few months as it reviewed issues which need to be addressed by the full Board. The Committee is not presenting any items in this regard to the Board for action today but will likely have items which require Board approval at the Quarterly Meeting in March 2019. The Committee has reviewed the frequency of which the University's Travel Policy has been violated and discovered this has occurred several times over the past two years. These instances need to be reviewed in greater detail so they can be remediated. The Board also needs to develop a greater understanding of the Delegation of Authority document which delegates certain authority to the President of the University. The document has several areas where there is some ambiguity. Along with this work, a review is being undertaken related to the President's delegation of authority to staff. Consideration is also being given to the reporting structure between the Internal Auditor and the Board of Regents. The *Board of Regents Policy Manual* needs to be reviewed to ensure the Board is following its own policies and procedures contained within as part of its fiduciary responsibility. Presidential travel is also being reviewed to ensure compliance with Board-approved policies.

Adjournment

The Audit and Compliance Committee adjourned at 9:48 a.m.

Buildings and Grounds Committee

Sharon Green and Phil Schooley – Co-Chairs
Susan Guess
Daniel Kemp
Don Tharpe

Ms. Green called the Buildings and Grounds Committee meeting to order at 9:48 a.m. and reported all other members were present.

Deferred and Routine Maintenance Plan Update, received

Dr. Jackson reported that a recommendation will be made to the Finance Committee and the full Board to add a \$1 million enhancement for deferred maintenance related to Education and General (E&G) buildings, as well as auxiliary or residential facilities, as part of the planned budgeting process for 2019-20. This information was shared in detail with the Finance Committee at the Special Meeting held on November 12, 2018. Ms. Dudley reported that all plans have been approved at the state level for the restoration of JH Richmond and the project is currently only one week behind schedule which the contractor has plans to make up. Ms. Dudley, Mr. Youngblood and Mr. Jones further reported the following:

- The Council on Postsecondary Education is currently working on conducting a Facilities Assessment Study. The tentative timeline prepared by the CPE was presented previously to the Board but an RFP has not yet been issued due to the change in leadership which has occurred within that agency. There is a Chief Business Officers meeting next week and it is hoped this will be an agenda topic. The goal is to have the study completed by December 2019 so that it can be utilized in discussions with legislators during the next Legislative Session – which represents a budget year. The Facilities Assessment Study would cover all Murray State E&G buildings but it would not include housing or dining facilities. Although the RFP has not yet been completed, the expectation is that a facilities condition review will be undertaken on each of the campuses. This would take into consideration the age of the facilities and the associated infrastructure to begin to estimate the cost to renew each building on campus.
- The 2007 Facilities Assessment Study conducted by the CPE was undertaken for a similar purpose – to assess the condition of E&G facilities and the associated cost to renew buildings to working order and extend the life of those facilities. At that time the 15-year renewal cost for Murray State was \$326 million from 2007 to 2021. This was the CPE calculation based on their review at the time and costing it out over a period of time. A large investment for deferred maintenance would have been due between 2007 to 2011 and this amounted to \$207 million for Murray State. Larger amounts are expected to result from the next study due to inflation. Dr. Jackson added that at a CPE meeting earlier this week this item was discussed in detail and a comprehensive plan will be developed. An ask will be made as part of the 2020 budgetary process in regard to this topic. Several years ago maintenance and operation monies were contained within the University's state appropriation for deferred maintenance and facilities repair. That funding is no longer provided and the University must now make specific requests for additional funds for deferred maintenance and that is the purpose of the CPE study related to E&G buildings. Confirmation was provided that the cost of the study will be divided between the universities – based on square footage – and for Murray State this amounts to approximately \$67,000.
- A recap of overall deferred maintenance funding in the University's current budget – \$1.1 million – was provided. These are recurring dollars in the University's budget for routine and electrical maintenance, the roof plan, parking and technology infrastructure needs. A \$1 million increase to the deferred maintenance budget is being proposed for the fiscal year 2020. Two pools are being proposed – one for life/safety projects to cover emergency generators, elevators and emergency lighting and to develop plans to keep these buildings on routine maintenance schedules. Currently when life/safety issues arise funding must be taken from the overall \$1.1 million deferred maintenance pool. The second proposed pool would be for a campus enhancement fund designated for projects related to the exterior of facilities. Currently when these issues arise funding must be taken from the overall \$1.1 million deferred maintenance pool or a one-time source of funding to cover the cost of the project must be identified. These two proposed pools will be discussed further as part of the guidelines for the 2020 University Budget.
- A schedule of actual expenditures made on facilities and infrastructure from fiscal year 2011 to 2018 was provided and shows what the University is spending over and above the recurring budget which is in place for deferred maintenance. This information was divided out by E&G (less cost for new buildings – Engineering and Physics, Breathitt Veterinary Center and Franklin Hall) and costs for fiscal year 2011 were approximately \$4.4 million that the University was expending (approximately \$6.7 million for Fiscal Year 2018). The same information was also provided for auxiliaries and the larger numbers represents years where major renovations were undertaken in some residence halls, namely Elizabeth and Hester. The number of projects accomplished range from 120 to close to 200 per year depending on the size of the projects and how much money had been pooled together from across the institution to complete them. Information was also presented on the average cost of projects. It is hoped this demonstrates the value of funding that is put into facilities although the number is relatively small when compared to need.

Dr. Tharpe publicly thanked Ms. Dudley for the amount of time she has spent discussing this topic over the past several weeks. He is proud that the University has now compiled this information together so the Board can clearly see the magnitude of the deferred maintenance issue. The Board should have the intestinal fortitude to keep these projects and needs at the

forefront and address them as money becomes available. He believes the University will be able to make headway although it will take some time to do so.

Ms. Dudley reported that a search has been underway for some time for a new Director of Facilities Management. Two advertising and interviewing processes have been conducted but have not yielded a successful candidate. The requirements for the position have been revisited and realigned and it has been re-advertised once again. A Professional Engineer (PE) license was required along with ten years of institutional-type experience. The PE license is now preferred and the institutional experience requirement has been reduced to eight years. Work is also underway to develop a position description for an additional Project Manager and a position which is already vacant within Facilities Management would be utilized for this purpose. This individual will provide recurring project support for the team. There is a sound leadership team within Facilities Management but a leader is needed. Over the past year everyone has stepped up to the plate and projects have continued to be undertaken.

A visual presentation of the Facilities Plan has been developed to illustrate which projects will be undertaken next barring an emergency situation occurring. An effort has been made to visually present, track and realign priorities for the Board, the administration and external constituencies. A sample of such projects was presented to the Board and includes the development of a management tool that spans over a period of years and indicates when a project is expected to start as well as the anticipated completion date. It is difficult to associate costs with these projects especially if they are projected to occur over some period of time. The Facilities Plan will allow the University to document priorities and how long they are anticipated to take to complete. Consensus was reached that the format of the report is appropriate and it should be presented to the Board annually. One challenge will be maintaining project flexibility because emergencies happen and could take the place of other projects on the list should they occur.

Some management oversight will be provided by Facilities Management to Sodexo dining projects. The University will issue bids for the projects utilizing the standard process which is already in place. Invoices will be paid based on the Sodexo Project Manager's approval to pay a particular bill. Murray State personnel will ensure appropriate state codes are being met. Confirmation was provided that a portion of project management fees will become part of the deferred maintenance fund. These projects will be funded by Sodexo as part of the revenue-sharing contract it has with the University. Capital funds were included in the contract and that is what will be utilized to fund the projects Sodexo will undertake. For the Spring Semester, when bills for meal plans are issued to students the University will bill students as it normally does – with financial aid being applied. Students will not be purchasing their meal plan with Sodexo but through the standard procedure to which they are currently accustomed. Based on percentages within the contract, throughout the semester the University will true up revenue in terms of how much belongs to Sodexo and Murray State, respectively. At the end of each semester meal plan and retail sales will be tallied and it may be Sodexo owes the University money or the other way around based on the contract percentages. This will also occur monthly as each of the involved entities must have cash flow with a true up period to occur at the end of the semester. Confirmation was provided that the contract includes out clauses but there are processes which must be followed. As capital funding is spent, part of the decision will be that an investment of \$3 million for these projects is expected to take ten years to recover. If the University were to exercise an out clause Sodexo may not have recovered their investment and Murray State would have to pay back the difference. These projects are being amortized over the period of the contract based on when they start and all have a vested interest in these projects successfully reaching fruition.

Information was also provided on the University's current housing facilities. In 2013 Murray State contracted with MGT of America to prepare a housing strategic plan. That plan was approved by the Board in 2013 and was included in the supplemental materials provided. This year the University conducted its own housing survey to look at the data received to determine whether it parallels with information received in 2013 from MGT of America. This work has been undertaken to an extent and it was discovered that student needs during this period of time have not changed dramatically. In response to whether an adequate number of students responded to the survey, Ms. Dudley indicated this is why those results are being compared to information previously presented by MGT. Decisions cannot be made based solely on the survey the University conducted due to the response rate. In addition, a meeting has been held with Lockett and Farley to discuss how they can help the University formulate next steps –

whether buildings need to be renovated or razed and how many beds, and the types of beds, are needed – and this is based on enrollment. Enrollment projections will have to be made to determine how many beds are needed. Dr. Jackson reported that the meeting with Lockett and Farley included discussion about the low rise facilities and whether they are needed once JH Richmond is completed and plans will need to be made in terms of how to handle these older buildings that require a great deal of deferred maintenance. They will also help the University determine if it is appropriately meeting student needs. There is approval in the current state budget for a renovation of White College and that must be considered because it expires at the end of fiscal year 2020. The University also has authorization for a public-private partnership in the current state budget in regard to College Courts. Lockett and Farley will help the University develop different ideas in regard to all such projects related to housing and where the institution wants to be in this regard. A rightsizing of housing stock must be undertaken and that will be considered in great detail. Confirmation was provided that Lockett and Farley is providing this service under their current Personal Services Contract with the University. In June the Board approved a series of Personal Services Contracts for facilities design firms for the University to use as projects occur. This eliminates the need for the University to bid each project – some of which may be small in nature. A schedule of housing capacity and occupancy since 2011 was also provided. Capacity has varied due to whether rooms are on line but if they were available for rent they have been included in this number. The addition of 113 beds occurred from 2011 to 2018 and much of that is due to the low rises which are now open to cover the overflow as a result of JH Richmond closing. These housing facilities are not at full capacity but were never intended to be as they only opened to cover the need with JH Richmond being off line. Confirmation was provided that there is a need for a women-only facility, particularly from a parent's perspective. The University must review whether a single structure which is female only is best or if a certain number of wings or floors in an existing facility would meet this need. Ms. Dudley reported that in addition to the White College and College Courts projects which are authorized, there are others which are also included in the state capital budget but authorized does not mean funded. Each of these projects would cost over \$1 million and the University is authorized by the state to undertake them. There are also multiple projects in both White and Regents colleges that total more than \$1 million that have also been authorized in the state budget. The MGT study identified White College as the next residential hall to be renovated.

The Board requested a report on the classification of residents living in the residential colleges and that information was provided based on Fall 2018 numbers. Students with a freshman classification living in a residence hall number 1,100. All freshman and sophomore students are required to live in the residence halls, as well as juniors receiving the regional discounted tuition rate (Illinois, Indiana, Tennessee, Missouri, Arkansas and Alabama). If regional tuition rate students choose not to live in the residence halls they will be required to pay the full regional tuition rate because each of the states mentioned has an associated discount rate. The occupancy information provided included College Courts, amounting to a total of approximately 2,500 students living on campus. Confirmation was provided that when tuition and fees were presented to the Board a resident rate, a regional rate and a non-resident rate were approved. The discounted regional rate is what students from a regional state would pay if they live in the residence halls up to their senior year. If they choose not to live in the residence halls these students would be required to pay the full regional tuition rate.

It was indicated that there is a long list of projects for the residential colleges as well as deferred maintenance needs for other buildings on campus and the question was asked about how the University would prioritize these needs. Dr. Jackson confirmed there is a priority listing which has previously been provided to the Board and those projects fall into different categories. Priorities change as emergencies occur and projects such as the one with Sodexo are undertaken. Confirmation was provided that a focus is placed on the priority projects on that listing – such as the electrical grid infrastructure and campus steam lines.

David Looney, Director of Auxiliary Services, reported that the housing survey which was conducted provided some insight into what students are looking for today. The survey was distributed to over 9,000 students and follow-up emails were sent encouraging participation. There were 888 responses received (9 percent response rate). The objective of the survey tool was to understand what is driving student decisions when it comes to housing issues at Murray State. Mr. Looney wanted to be able to utilize this tool in helping to determine the direction the University should take with regard to meeting student housing needs. In terms of the survey, students were asked where they are currently living and their current classification. The first

question of relevance asked was how important housing was to making their decision about attending Murray State and response choices included between somewhat important to extremely important to extremely unimportant. Approximately 83 percent of students responded that housing was important in making their choices which illustrates this issue should not be taken lightly. A series of bullet points the students could choose from were provided in terms of the most important decision point that influenced their housing decision. Based on responses, the factors were ranked in the order of price, location to campus and the concept of independence and living on their own. There were a number of students who were extremely price sensitive but there was an equal number who were not. Students also expressed an interest in becoming adults and many expressed that they had more freedom at home living with their parents than with the rules and restrictions which exist in campus housing. The University has a responsibility to ensure the safety of its students and that is why these rules and regulations are in place but students see these as restrictions. The requirement to live on campus and the ability to pick their own roommate were factors in the students' decision making process regarding housing. To further understand the impact the price of housing had on choice, the responses of students who were extremely price sensitive, as well as those who indicated price was on the low end of their concerns, were mapped out based on where they are currently living on campus. In Franklin and Clark residential colleges – which are the newest and most expensive locations on campus – students who are price sensitive have made a choice not to live in these facilities while students who were not price sensitive were attracted to these options. This must be taken into consideration as dollars are invested to renovate existing spaces and due to having to issue debt the price of housing in these facilities will increase. As students become more price sensitive they are moving toward the options of Regents, White and Hart colleges and this represents the balance of price, location and amenities being requested by students. Students were asked about the importance of being close to campus. There was little deviation between those students who indicated living close to campus was important and those who indicated it was not that important. This illustrates that the off-campus housing options available in the Murray community do not tend to drive students in their decision-making process. Students have indicated that living in an off-campus facility that is close to campus is as good for them as actually living on campus. Results of the survey revealed that students who are really interested in an independent lifestyle are going to look to move off campus. They want to be able to pay rent and be responsible to start learning these skills. Another key driving factor in the students' decision-making process are the University's requirements for certain students to live on campus. The final top five issue identified through the survey was the student's desire to choose their own roommate – and earlier in the process. Students who place high importance on being able to select their own roommate tend to be okay with the selection process. Students do not necessarily associate the selection of their own roommate with off-campus housing. Confirmation was provided that 75 percent of respondents lived on campus while 23 percent lived elsewhere.

The results of the survey will be provided to Luckett and Farley to make a determination of whether renovation presents an opportunity to provide a different type of learning environment. This will help them determine where additional research and findings are needed to define the next generation of campus housing. In terms of independent living, there is an opportunity to re-examine housing policies and procedures to determine whether they can be adjusted to better meet student needs while not compromising safety. Confirmation was provided that a process is in place where students living on campus can register complaints or give feedback regarding their living environment. As part of this process students do not typically offer suggestions on whether a facility needs to be renovated. Weekly meetings occur with the residential college leadership but typically these conversations are much more focused on short-term issues as opposed to a long-term vision of changes which need to be made in the living environment on campus.

Confirmation was provided that the housing inventory currently includes a number of suite-type rooms but those are dispersed throughout the various facilities. If renovation is undertaken in an older facility consideration will be given to how this type of environment could be provided given the current room configurations. The appropriate housing stock may be a combination of both styles but independence is something the University should be cognizant of because students want to be with friends but they also need some space that provides privacy. The policy issues related to housing must be reviewed to determine whether they can be adjusted to better meet student needs and provide them with the desired experience without having to move off campus. Students who choose to live off campus may not receive the full benefit of their scholarship

package and while that is important to the students, their on-campus experience must be something they want to do. Confirmation was provided that as this work unfolds – with assistance from Lockett and Farley – the University will submit another Six-Year Capital Plan for the 2020 Legislative Session. As a result of a change in the direction the University chooses to pursue, many of the capital projects could change in terms of priority. The Six-Year Capital Plan contains all projects to be authorized and is revisited every two years. Confirmation was provided that additional money would not likely be utilized in White College – unless for life/safety needs – until this capital projects request process is again updated. Dr. Jackson added that the requests contained within the Capital Plan allow for an either/or option so the University has additional flexibility in terms of how it can proceed. Ms. Dudley issued a reminder that before moving forward on any project a Program Statement would have to be submitted for Board approval.

Mr. Looney further reported that the survey asked students what they would like to see with regard to housing on campus. They were again provided with a list of bullets and asked to rank their top five. Students would like more apartment-style living which is consistent with the independent lifestyle mentioned earlier. Students will always want lower prices and that is understood. They also want additional parking on campus and the renovation of the existing buildings.

Confirmation was provided that the plan for the former Springer Hall site is for it to remain green space until work is undertaken with Lockett and Farley to determine the type of residential college facilities which are needed, along with the associated number of beds. Lockett and Farley will inspect both White and Regents residence halls and at the time of the MGT of America study both were structurally sound, although their systems need to be updated. In 2018 a determination must be made in terms of the most cost-effective way to proceed. Both are high rises and from a safety standpoint the University has not constructed new facilities over four stories. All these factors must be considered when making a determination of whether to raze or renovate a facility but that contingency currently exists in the Six-Year Capital Plan. Confirmation was provided that consideration will be given to making apartment-style housing an option by making two rooms into one in these facilities but this does not address the need to update the systems and a decision would still need to be made in this regard. Other incentives such as food options in these facilities will also be considered.

This report was presented for information purposes only and required no Board action.

Pogue Library Structural Deferred Maintenance, approved

Ms. Dudley reported on June 6, 2014, the Board of Regents approved \$590,000 from unrestricted reserves for Pogue Library ADA needs. The University studied this project, which was intended to primarily address restrooms, window film and HVAC equipment in Pogue Library. Due to the building structure and its contents and historical nature, an acceptable solution has not been identified to address needs in this facility. Although these are important issues for Pogue Library, they are not critical to the structural integrity of the building. At the present time, there are some critical projects which need to be addressed to ensure preservation of the structure. These projects include a significant amount of tuck-pointing, major repair/replacement of foundation drainage tiles and plaster repairs. In addition, gutters and roofing will be inspected for needed repairs. For these reasons, a request is being made to redirect the original \$590,000 approved for Pogue Library ADA needs to the more critical issues impacting the structure. If approved, the cost of the individual components will be determined, contractors obtained and work will begin as weather permits over the winter months. Confirmation was provided that if significant renovations are undertaken in Pogue Library the facility would have to meet ADA certification.

On behalf of the Buildings and Grounds Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the redirecting of \$590,000 for Pogue Library preservation work, including tuck-pointing, foundation drainage and plaster repairs. Mr. Schooley seconded and the motion carried.

Full Board Action – Pogue Library Structural Deferred Maintenance, approved

On behalf of the Buildings and Grounds Committee, Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University, approve the redirecting of \$590,000 for Pogue Library preservation work, including tuck-pointing, foundation drainage and plaster repairs. Dr. Tharpe seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, absent; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

Renovation/Relocation of Office of General Counsel (For Information Only)

Dr. Jackson reported that the Board previously discussed moving the General Counsel office from the first floor basement in Pogue Library to another location on campus. Ashley Ireland, Dean of University Libraries, has made a feasible recommendation in this regard – moving the Faculty Development Center which is currently in Oakley Applied Science Building to the first floor of Pogue Library currently occupied by the General Counsel office. The idea behind this recommendation is to move the Faculty Development Center – which is part of the University Libraries – into an actual Library space to make it more connected but also provide the potential for future growth. It will cost approximately \$18,000 to complete updating work that is needed in the current Faculty Development Center space before the General Counsel office could be moved. It is estimated it will cost over \$100,000 to complete the renovations needed to the first floor of Pogue Library in the future. A source of funds for minimal updates to the current General Counsel space has not been identified and does not include the Law Library space and restrooms on that floor because those renovations will cost significantly more – although research with regard to these needs has not been undertaken to determine exact cost. Confirmation was provided that there is no suitable empty space on campus where the General Counsel office could be relocated. It was reported that the Faculty Development Center works with faculty to help keep them up-to-date with regard to pedagogy and different teaching methods. The Center also hosts a variety of workshops and one-on-one consultations to help faculty become better professors. The limited renovation for the first floor of Pogue Library would not exceed the \$200,000 limit that would require Board Chair approval which is why this report was presented for informational purposes only and required no Board action. If the University undertakes the project it would need to identify a funding source but that would not require Board approval due to the total cost of the project being less than \$200,000. If the additional restroom work and renovation of the Law Library space is undertaken the project would exceed the \$200,000 threshold limit that requires Board approval. This represents the first step to relocate Library units so they are under the same roof. The space does need some updates and that work would be completed before the Faculty Development Center moves into the facility. Completion is expected by Summer 2019 and when offices move would be determined based on associated schedules. Mrs. Guess reported that she visited the General Counsel space and brought this issue forward. She did not think the space looked professional in terms of those visiting from outside campus but there are also privacy issues. The request to renovate or relocate did not come from the General Counsel office.

This report was presented for information purposes only and required no Board action.

Disposition of Structure – Woods Hall (Building #0001), authorized

Dr. Jackson reported that work has been undertaken to move all units and materials out of Woods Hall and the process of asbestos abatement in preparation for razing the facility needs to begin as soon as possible due to liability issues. In response to whether the building needs to be razed at this time due to the cost and current budget constraints or whether it can simply be locked down, Dr. Jackson reported the empty facility is a liability due to potential break-ins and hazards which currently exist inside the building. In addition, the first floor is at ground level and windows have been broken so individuals can gain access to the building and that is a concern. Although the insurance on the building could be eliminated the University would still carry the liability for the facility. Mrs. Rudolph expressed concern about the loss of twelve parking spaces as a result of razing this facility and suggested using a grid system where as the grass grows cars can be parked on that space without destroying the grass. Ms. Farmer indicated she did not think this would be an option due to the drainage at that location. Ms. Dudley confirmed that how to reconfigure this space is being considered to keep as many parking spots

as possible without taking up all the remaining green space. There is a steep grade to this property and the funding being requested would not allow for this area to be filled in but to make it aesthetically pleasing. Once the University gets to that point a grid system could certainly be studied to determine its feasibility. Confirmation was provided that an effort would be made to conserve the older trees that are on the property. Contractors would also be charged with recycling as much material from the building as possible.

It was reported that Woods Hall (Building #0001) was acquired in 1957 at a cost of \$1,000,944 for use as a women's residence hall. The structure contains approximately 88,046 square feet and was used as a residence hall until the mid-1990s. In the late 1990s, the first floor was converted into the home of Murray State international programs. Several art studios and areas used for storage occupied portions of the second and third floors. Due to the configuration of the building, cost to renovate and deterioration, it is recommended that the structure be razed. The original layout of the building as a residence hall is not conducive to conversion to classrooms and/or offices. The second and third floors do not have central heating and air conditioning. There is also not a functioning elevator in the building and costs to make the building fit for use are extremely high. In order to raze the structure, building furnishings will need to be removed and stored until alternative suitable space is available, asbestos will need to be abated and storage items on the upper floors will need to be moved or properly disposed. The demolition project will be bid to a general contractor and the building will be completely removed – including basement and foundation areas. The current parking lots containing 37 spaces will be removed and the site will be graded for proper drainage and finished with seed and straw. A new parking area with approximately 25 spaces will be built near Waterfield Library for a net loss of approximately 12 spaces. The proposed use of the land will be for green space on the corner of 14th Street and Olive Boulevard.

Mr. Rhoads added that this is the only facility on campus named after Dr. Woods and asked whether consideration would be given to identifying the green space once the building is razed as Woods Park or something of that nature. Dr. Jackson confirmed that the plan is to leave this area as green space. It was also indicated that as part of the performance funding model more square footage on campus is positive. Unfortunately, Woods Hall does not fall into a category that would be counted toward performance funding, especially since it is a vacant facility. The University was only using approximately 25 percent of the building over the last few years – mostly for storage and English as a Second Language (ESL) classrooms. The art studios that were in the facility were moved to the Fine Arts Building at the beginning of the Fall Semester.

On behalf of the Buildings and Grounds Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached resolution authorizing the disposition of the structure known as Woods Hall (Building #0001). Mr. Schooley seconded and the motion carried.

Full Board Action – Disposition of Structure – Woods Hall (Building #0001), authorized

On behalf of the Buildings and Grounds Committee, Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached resolution authorizing the disposition of the structure known as Woods Hall (Building #0001). Mr. Schooley seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

(See Attachment #12)

Blackburn Science Building Program Statement, approved

Ms. Dudley reported that per the Delegation of Authority Item #13, the Board is to approve any "Program Statement" that may be prepared for a capital construction project requiring approval by the Kentucky General Assembly prior to implementation of the Program Statement.

On December 8, 2017, the Board of Regents approved the use of \$3,116,000 of reserve funds from 2016-17 for the relocation of units, necessary remediation and renovation of space for those units in Blackburn Science Building, with the balance authorized for the razing of Woods Hall.

Because this project is over \$1 million, and is not currently authorized in the budget, the University will be requesting special authorization from the state (CPE) and the Capital Projects and Bond Oversight Committee in order to use University funds to proceed with the proposed renovations. Work is currently underway to complete the bid documents for this project. Mr. Youngblood reported that plans are currently in the design stage and bid documents are expected to be completed in March 2019. The bid would then be sent out with the goal of having contractors begin work following Commencement in May 2019. There is a significant amount of work that needs to be done with the HVAC system and because this will impact the current occupants the project will be completed in phases. Having to complete the project in phases will likely keep the project from being completed over the Summer and construction efforts need to be extended through Fall 2019, maybe even Spring 2020. The goal is to renovate enough space to relocate ESL faculty and international programs into new office space in the facility by Fall 2019.

Confirmation was provided that the decision has been made to replace the HVAC system since the plan is to utilize the facility for the long-term. Part of the estimated \$2.4 million for this project will be to replace the HVAC system from a funding source which has already been identified and approved by the Board in December 2017.

On behalf of the Buildings and Grounds Committee, Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the Program Statement for necessary renovations to Blackburn Science Building. Mr. Kemp seconded and the motion carried.

Full Board Action – Blackburn Science Building Program Statement, approved

On behalf of the Buildings and Grounds Committee, Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached Program Statement for necessary renovations to Blackburn Science Building. Mrs. Rudolph seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

(See Attachment #13)

Adjournment

The Buildings and Grounds Committee adjourned at 11:12 a.m.

Legislative and Economic Development Committee

Jerry Rhoads – Chair
Daniel Kemp
James T. Payne

Mr. Rhoads called the Legislative and Economic Development Committee to order at 11:13 a.m. and reported all other members were present.

Legislative Update, received

Mr. Smith reported the following:

- Following the 2018 election, the President's Office sent congratulatory letters to all House and Senate elected officials in the University's 18-county service region as well as those in local races. Meetings and phone calls have also occurred with many of the newly-elected officials and these efforts will continue.
- An interim Legislative Session is usually just as busy as a regular Legislative Session due to numerous Committee and other meetings. University staff have been responding to Legislative Research Commission (LRC) requests for information, attending Interim Joint Committee meetings, Council on Postsecondary Education meetings and meetings with LRC and budget staff in preparation for the upcoming Legislative Session.
- Universities are still waiting on the ruling from the Kentucky Supreme Court on the constitutionality of Senate Bill 151. Once that ruling is made public Dr. Jackson will alert the Board and provide an analysis of what that means for Murray State.

- At the November 26, 2018, public Pension Board Oversight meeting representatives from both the Kentucky Retirement System (KRS) and the Teacher's Retirement System (TRS) provided financial updates. Both systems – particularly KRS which includes the Kentucky Employee Retirement System the University participates in – have financial challenges within the state and testified that legislative assistance would be needed for the foreseeable future and this will continue to be an issue with no immediate solution.
- The 2019 Legislative Session will officially begin on January 8. There will be four organizational days and the Legislature will then recess until February 5. This is a non-budget 30-day Short Session so things will move quickly in February. The Governor's veto days will start March 14 with the last day of the Session scheduled for March 29 but this calendar can be adjusted by the General Assembly.
- Murray State alumni serving in the 2019 General Assembly include Senators Danny Carroll and Stan Humphries and Representatives Myron Dossett, Larry Elkins, Chris Freeland, Richard Heath and Steven Rudy. All are proud of these alumni and appreciate their service to the state and support of Murray State. The House and Senate Committee chairmanships were recently announced and many of these alumni are now Committee Chairs. Senator Danny Carroll will Chair the Senate Economic, Development and Tourism Committee; Representative Richard Heath will again Chair the House Agriculture Committee; Senator Stan Humphries will continue to serve as Vice Chair of the Senate Appropriations and Revenue Committee and Representative Steven Rudy will Chair the House Appropriations and Revenue Committee. Information will be provided to the Board once appointments have been made to the Education Committee. Mrs. Gray reported that Stan Humphries and Danny Carroll serve on the Senate Budget Review Subcommittee but there are no Murray State alumni on the Education Committee at this time.
- In terms of priorities for the 2019 Legislative Session, concerns with the growing pension situation will continue to be communicated, in conjunction with the other regional universities. Performance funding will also be a significant topic of discussion and the regional universities will likely request a permanent 1 percent stop-loss provision in terms of the amount of the General Fund base that could be transferred to another university. For Murray State, 1 percent represents approximately \$450,000. Currently the stop-loss is set to go to 2 percent in fiscal year 2020-21 and following that there would be no stop-loss provision in terms of how much funding could be transferred from one institution to another. Conversations with members of the General Assembly will also focus on another rate freeze for KRS because it is set to increase again after this fiscal year from 48 percent to 84 percent. All higher education matters and legislation will be closely monitored throughout the Session. There have already been a few pre-filed bills regarding tuition waivers but this is the case every Session and these are monitored carefully.
- The Kentucky Chamber of Commerce recently held the Legislative Preview Conference and other than small changes to tax reform House Speaker David Osborne and Senate President Robert Stivers indicated they are not expecting to tackle many big issues in the 2019 Legislative Session but those dynamics could obviously change.

Mr. Rhoads confirmed the same legislative team for the University will be in place, leadership will be in Frankfort regularly and reports will be provided to the Board accordingly. Dr. Jackson reported that the University Presidents met this week and some agreed to a 1 percent stop-loss provision with regard to performance funding while others wanted to consider it further and others were opposed. Murray State supports a 1 percent stop-loss provision for predictability in terms of budgeting. Currently a line item must be budgeted for a potential loss of approximately \$450,000 because that can and has occurred. Four universities agreed that a 1 percent stop-loss provision is a fair request and a member of Senate leadership is expected to introduce and sponsor a bill on this topic. Many legislators are concerned about the unintended consequences which have resulted from performance funding in terms of putting some institutions at risk. In year two when the University's total appropriation is at risk it will be impossible to predict and prepare a budget.

This report was presented for information purposes only and required no Board action.

Adjournment

The Legislative and Economic Development Committee adjourned at 11:24 a.m.

Chair Guess reported that the Board will break for a tour of the Curris Center and lunch in the Thoroughbred Room. It is anticipated the Board will reconvene at approximately 1:30 p.m. The Quarterly Board of Regents Meeting and Committee Meetings adjourned at 11:25 a.m.

Reconvene

Chair Guess reconvened the Quarterly Board of Regents Meeting and Committee Meetings at 1:20 p.m.

Enrollment Management and Student Success Committee

Lisa Rudolph and James T. Payne – Co-Chairs
Eric Crigler
Katherine Farmer
Virginia Gray

Mrs. Rudolph called the Enrollment Management and Student Success Committee to order at 1:20 p.m. and reported all other members were present.

Final Fall 2018 Enrollment Report, received

Dr. Robertson reported the following with regard to Fall 2018 enrollment numbers, retention rates and graduation rates:

- Overall enrollment at Murray State University decreased from Fall 2017 to Fall 2018.
- The retention rate for Fall 2017 was 74 percent and increased to 76.4 percent for Fall 2018 which includes both baccalaureate and associate degree retention (Pathway students). The retention rate for baccalaureate degree students is 79.3 percent. Both of the 2018 retention percentages are the highest in the state among comprehensive institutions.
- The graduation rate for Fall 2017 was 48.9 percent and increased to 55.4 percent for Fall 2018 – the highest in 15 years. This is also the highest graduation rate in the state among the comprehensive institutions. Confirmation was provided that the graduation rate is based on a six-year period and this does not mean students are taking that long to graduate. Even if a student leaves the University they continue to be included in the calculation until the six-year period has been reached.

This report was presented for information purposes only and required no Board action.

Student Engagement and Success Report, received

Dr. Robertson reported that student engagement and success relates to the University's retention rates just outlined. As highlighted earlier, for their collaborative work and support of student success through the Student Success Seminars, Peggy Whaley, Cindy Clemson and Jeff Henry won the Best Practices in Student Retention Award given by the Consortium for Student Retention Data Exchange at their annual National Symposium on Student Retention in Salt Lake City, Utah, on November 8, 2018.

This report was presented for information purposes only and required no Board action.

Strategic Enrollment Management Plan – Phase II, discussed

Drs. Arant and Robertson reported the following:

- A printed copy of the Strategic Enrollment Management Plan was provided to the Board. The Plan includes Phase I and II and an Appendix of supporting materials. A significant addition to the Enrollment Management Plan is predictive analysis. This will help identify students who are most likely to enroll among all admitted students.
- On June 5, 2018, the *Commission on Strategic Enrollment Management (CSEM)* was given the charge to develop a Plan in this regard. There were 14 different task forces that studied specific components to be included in the Plan. The task forces were comprised of faculty, staff and students from Academic Affairs, Student Affairs and multiple other units on campus. Individual SWOT analyses were developed in each of the 14 different task forces. These were then formatted into an overall SWOT analysis. The initial work of the CSEM was presented to the Board on August 31, 2018.
- The Plan presented has four basic components. The first is an Introduction that summarizes development work and associated thoughts and strategies. Phase I included all activities that would influence Fall 2018 and Fall 2019 enrollment. Almost all activities outlined in Phase I are ongoing or are in some form of completion at this juncture. Assessments are being conducted on many of these activities to determine how well they have worked. Due to the number of variables which have been in play, it will take some time to determine what worked and what did not but a great deal of work was undertaken concurrently in an effort to influence enrollment.

- Phase II includes plans that are active and in place or will be active to influence enrollment over the next three Fall semesters – 2019, 2020 and 2021. Several initiatives that have been included may influence a single enrollment and the Board was asked to be mindful of that fact which makes it more difficult to aggregate data and determine which initiatives were successful and those that were not. The numbers presented as potential yield from a particular activity could very well be duplicated elsewhere. As an example, if an underrepresented minority graduate student is from Illinois there could be four different factors influencing that enrollment.
- Information regarding the cost of implementation represents the best estimate by the *Commission*. Costs included are for initiation of the Plan and do not reflect sustainability as this represents an ongoing conversation. Once the University is able to determine what is working then how to continue making investments in those initiatives will need to be decided.
- A series of appendices were also included in Phase II and contain supporting documentation and the presentation made to the Board in October as a refresher of the positive activities which are occurring. There is also a Canvas site that includes additional background materials utilized throughout the process.
- The work of the Admission Task Force is ongoing to review admission requirements and other aspects of the process. Once the work of this task force is completed it will be added to the overall Strategic Enrollment Management Plan. It is anticipated the work of this task force will be completed in March 2019 and will be presented to the Board at that time.
- As this process unfolded, an effort was made to follow the guidelines in terms of those areas to address as outlined by the Board when the *Commission* was initially given its charge. An effort was also made to tie this Plan into the overall University Strategic Plan and these were the documents and guidelines followed as the *Commission* undertook its work. There are a lot of positive indicators but there is still a great deal of work to be accomplished. The total number of admitted students is up significantly from where it was last year at this time. The total number of students from the 18-county region who have been admitted is also up significantly which shows the Road Scholars Program and other initiatives are having a positive effect. The number of students admitted from other Kentucky counties is also up significantly. Out-of-state enrollment is basically flat. The number of students who have qualified for the Academic Achievement Scholarship on the scholarship grid is almost 20 percent higher than at this time last year.
- Information regarding predictive analysis was included in the Plan and Dr. Fister has undertaken the bulk of the work in this regard. The University has not utilized a predictive analysis model in the past but the goal is to be able to predict those students who have been admitted that are most likely to enroll based on several characteristics. The University will be able to focus on these students in order to maximize enrollment. Dr. Fister reported there are ten indicators included in the predictive analysis model that have been utilized for each student to assess from Fall 2017 applicants to Fall 2018 enrollees, as well as for Fall 2018 applicants to Fall 2019 enrollees. The categories were chosen from the comparison information presented to the Board on October 19 and a scoring mechanism is included based on rates. If a student registers for Summer Orientation there is a 96 to 100 percent chance (measured over the last five years) that they will matriculate to the University. Further information was presented on the various scoring mechanisms contained within the predictive analysis model. Trend data results show that students who are currently at Murray State and scored a 3.5 or higher on the initial scoring system represent approximately 75 to 77 percent of the overall student population. Confirmation was provided that the score will be tracked as these students move through the process and information will be updated each week. This will provide Dr. Robertson and the Enrollment Management team with information about where the students are in the process and that information can be applied to the Yield Communication Plan. The higher the score the more likely these students will matriculate to Murray State and having this information would allow the Enrollment Management team to make an additional contact with these students. Every Monday Enrollment Management provides information on the various indicators. That information is shared with Dr. Fister who then enters the data into the formula which provides an idea where the University stands with students at this point as predictions are made for next Fall. Confirmation was provided that comparison reports can be provided to the Board as needed. It is known that there have been more student visits to campus this year than for the same period last year (26 percent increase). Two Racer Days were held this year and attendance was up by 217 students compared to last year. Confirmation was provided that as the model is developed additional data can be provided to the Board to provide a better understanding of the overall enrollment picture. Dr. Fister indicated a comparison has been formed and an estimate made and work continues to develop conversion rates. It is difficult to compare the applicant numbers this year – which have resulted from additional waivers, etc. – to that from two years ago because there were not as many applicants on the front end. The information being collected represents baseline data that can be utilized moving forward to undertake predictive analysis and know where to better position efforts.
- The Yield Communication Plan is comprehensive in nature and involves letters, postcards, emails, texts, Facebook, videos and print and social media to ensure contact with potential students and their families in a uniform and consistent manner from the time they apply to after they are admitted and Shawn Touney, Director of Branding, Marketing and Communication has been integral to this process. Work has been undertaken with the various units on campus responsible for transitioning admitted students to enrolled students and to ensure there is not a gap where these students are not

receiving information from Murray State. The President and Vice Presidents have written letters to prospective students highlighting the academic excellence that is a hallmark of Murray State programs and other correspondence has been distributed regarding campus safety and the availability of scholarships as examples. Personalization is now a standard component of these communication pieces.

- The Yield Communication Plan not only includes components related to print pieces and communications prospective students will receive but these are also being tailored to where a particular student is in the admittance process and their next steps moving forward. Mr. Touney shared videos with the Board that are being utilized as part of this Yield Communication Plan. Murray State recently purchased a new platform – ThankView – that allows the University to send a quick video via text or email to particular audiences – such as prospective students. This platform has generally been utilized by the Office of Development and Alumni Relations but also has potential with regard to enrollment conversion. The video shown will be sent to admitted students and represents the first moment they hear they have been admitted to Murray State – even before they receive their acceptance letter. Appreciation was expressed to Jeremy McKeel, Manager of Digital Media Services, and his team for producing these videos.
- Another video was shown that thanks students following their campus visit. Student Ambassadors take prospective students on a campus tour and as they are driving back home they will receive a personalized video via text thanking them for visiting Murray State. A third video was shown related to the admitted student checklist. This checklist is also provided in written form as part of the admitted student packet. This video will be distributed to admitted students beginning next week.
- A flowchart illustrating the comprehensive Yield Communication Plan was also provided to the Board. All involved in this work are cautious about the balance between communicating with students and too much contact. A printed piece about the Career Services Office is also being developed because the ultimate goal for every student following graduation is to become employed. Students and parents must understand the resources the University has in place to achieve that goal.
- Confirmation was provided that the Yield Communication Plan is constantly evaluated and revised as needed to ensure students and their families are receiving the information they need. In terms of whether there are measurable goals built into the Plan for accountability purposes to ensure it is being effectively implemented, Dr. Arant confirmed that to be the case. Data has been provided on what is required to be able to pay for this Plan and if those numbers are not met there will be a shortfall. In each section of the Strategic Enrollment Management Plan there is an office listed in order to ensure accountability. As part of the strategic planning process, all of the areas contained within the Strategic Enrollment Management Plan would have to follow an assessment protocol to identify elements which are working and those that are underperforming to make necessary changes. This represents a multi-year plan which will help the University reach the enrollment goals established in the Strategic Plan for 2022.
- Confirmation was provided that information is already being tracked in terms of the number and types of communications which have been sent out to provide further accountability. The incoming group of students who are part of this new Yield Communication Plan will also be surveyed to determine what was effective and what was not throughout the process. The information highlighted today focused on first-time freshmen but confirmation was provided that there are also targeted strategies for other student populations such as Illinois, transfer, international, graduate and military students.
- In terms of yield, it is known that Louisville, Kentucky, represents an important area for Murray State. Dr. Jackson has also been very effective as he has visited schools in the 18-county service region. Shawn Smee, Director of Recruitment, is putting together a schedule for Dr. Jackson to make school visits in Louisville and Jefferson and Oldham counties in January 2019, in addition to making contact with local Superintendents. It is believed there is room for growth in this area. Concentration will also be focused on Daviess County because it is believed there is a great deal of growth potential in this area as well and a schedule of visits for Dr. Jackson is being developed for February 2019 in this regard.

Chair Guess reported that the measurables are important but the Board was hearing that campus needed an overall plan it could get behind and the Plan presented accomplishes that and ensures the University is complementing initiatives which have already been undertaken and is not duplicating efforts. The Plan presented today provides the roadmap that she had requested with regard to enrollment and appreciation was expressed to all for their efforts and Mrs. Rudolph concurred.

In response to whether the University received a follow-up report from the company hired to evaluate the campus tour students and their families receive, Dr. Robertson reported an executive summary was included in the Strategic Enrollment Management Plan. The consultant recommended changes in signage, upgrading facilities and pointed out the need for a Welcome Center. Feedback was also provided on how to make the campus tour more attractive – such as ease of getting to various locations, including which locations should be visited and how the tour guides deliver information and training ideas were provided in this regard. Feedback on how to

make the Road Scholars Program even more effective was also provided but the consultant's focus was primarily on the actual on-campus visit.

S. G. Carthell, Executive Director of Multicultural Initiatives, Student Leadership and Inclusive Excellence, reported the Board was provided with information regarding events associated with the Martin Luther King, Jr. Day of Service on campus. A number of student groups, including Greek organizations, participate in this engaging event which was started approximately six years ago with a \$500 grant from the state. Murray State has continued this activity – much to the University's credit. The program has been beneficial to the United Way and other agencies within the community because their resources become depleted during the holiday season. The Keynote Speaker for the breakfast is a parent of a Murray State student and the entire family – including the student – were just recently sworn in as citizens of the United States. A Candlelight Vigil and March is also planned and Board members were encouraged to attend as many events as their schedules will allow.

Strategic Enrollment Management Plan – Phase II, approved

On behalf of the Enrollment Management and Student Success Committee, Ms. Farmer moved that the Board of Regents, upon the recommendation of the President of the University, approve the Strategic Enrollment Management Plan – Phase II – as presented. Mrs. Gray seconded and the motion carried.

Full Board Action – Strategic Enrollment Management Plan – Phase II, approved

On behalf of the Enrollment Management and Student Success Committee, Mrs. Rudolph moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached Strategic Enrollment Management Plan – Phase II. Mr. Payne seconded and the motion carried unanimously.

(See Attachment #14)

Adjournment

The Enrollment Management and Student Success Committee adjourned at 2:15 p.m.

Finance Committee

Daniel Kemp – Chair
Eric Crigler
Katherine Farmer
Jerry Rhoads
Phil Schooley

Mr. Kemp called the Finance Committee to order at 2:15 p.m. and reported all other members were present. The first three agenda items being presented for full Board action were previously approved by the Finance Committee at a Special Meeting on November 12, 2018. This meeting was attended by all members of the Committee and several members of the Board at large and the items being presented today for approval were covered in detail at that time.

Full Board Action – Fiscal Year 2019 Budget Plan, approved

Dr. Jackson reported that in the current fiscal year there is a \$4.5 million shortfall and how to make up that difference was discussed and approved by the Finance Committee on November 12. Ms. Dudley reported that throughout the current year a hiring chill has been implemented and limitations have been placed on new hires. Positions are being reviewed closely when they become vacant to determine whether they need to be filled at this point in time, at all or whether filling the position can be delayed through other efficiencies. Each Vice President is responsible for undertaking this analysis before a request is submitted to the President for a vacant position to be filled. It is expected that this hiring chill will continue next year to ensure a review of vacant positions is taking place with a degree of due diligence. New hires prior to the holiday season are also being limited which represents an action of efficiency. An individual hired before the holiday would receive the benefit of holiday pay and waiting to hire those individuals

until after the holiday would result in some savings in the current year. The Board will also be asked to approve a one-time exception related to an employee leaving the institution through retirement or termination and being able to pay that individual holiday pay without requiring them to work the day after the holiday. Current policy states in order to receive holiday pay the employee must work the day following the holiday. The Plan also includes utilizing the \$2 million contingency in the current University Budget, in addition to a \$2.5 million balance the institution was able to conserve for fiscal year 2018 to help cover the revenue shortfall for the current fiscal year. Proceeding in this fashion will eliminate mid-year reductions for the departments.

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the Fiscal Year 2019 Budget Plan as presented. Ms. Farmer seconded and the motion carried unanimously.

Full Board Action – Fiscal Year 2020 Budget Guidelines, approved

Mr. Kemp reported that the Fiscal Year 2020 Budget Guidelines were discussed in detail with the Finance Committee at the November 12 meeting. Dr. Jackson indicated there are a few overarching themes contained within the Budget Guidelines approved by the Finance Committee. One priority was a 1 percent cost-of-living adjustment (COLA) for faculty and staff. An additional priority was a \$1 million increase in deferred maintenance funding and formulating a deferred maintenance plan for E&G buildings and the residence halls. Voluntary retirement incentives are also included as budget priorities as are enhanced marketing efforts related to the Strategic Enrollment Management Plan. Tuition and fees, performance funding and the pension system moving forward were also discussed in detail by the Finance Committee. A Budget Calendar was included in the materials provided to the Board for approval – including a discussion at the March 1 Quarterly Meeting regarding rates for housing and dining – leading up to final approval of the University Budget in June 2019. Ms. Dudley added that the intent is to budget tuition and fees with a flat enrollment. Growth will be budgeted only to the degree needed to cover the discounts and scholarships which have been added. The current year \$2 million contingency being utilized will remain in the budget for next year as a recurring item as it has proven to be beneficial since 2016. An appropriation adjustment is also being made to the budget as a contingency (\$433,000) which represents the estimate for the University's 1 percent stop-loss provision relative to performance funding. The third year of the compensation adjustment for lowest paid employees will also be included in the budget as part of the 1 percent COLA model to raise the minimum hourly wage rate to \$10.10.

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the Budget Preparation Guidelines and the proposed calendar as presented. Mr. Rhoads seconded and the motion carried unanimously.

(See Attachment #15)

Full Board Action – Fiscal Year 2020 Budget Proposal, approved

Ms. Dudley reported that a "Uses Schedule" was provided to the Board and in addition to those items already discussed, a tuition and fee increase for growth due to new scholarship efforts to be implemented next Fall and the fourth year grid funding in the amount of \$1.2 million are included. This is the only tuition and fee growth included in the budget. The information presented does not include any adjustment for retirement costs but due to the uncertainties which remain in this regard those costs cannot be estimated. This amount would need to be added to the \$7.2 million should it materialize. A sources document was also presented and includes academic reductions which were identified in Fiscal Year 2019 that will not materialize until Fiscal Year 2020 in the amount of slightly over \$100,000. A 3 percent overall budget reduction to each executive level is being proposed and would amount to approximately \$3.5 million. This is not an across-the-board reduction and each executive level will be able to strategically determine within their respective areas the best way to accomplish the necessary budget reduction. Actions taken to help support a reduction include transitional voluntary retirement program enhancements, sick leave credit purchase from TRS/ORP and elimination of select positions and program efficiencies. The transitional retirement program options are only available for faculty which is intended to help lessen the burden to Academic Affairs. Additional

items which will be utilized to cover the deficit will include a tuition rate increase for undergraduate and graduate students of between 1 to 3 percent (\$610,000 – \$1,830,000). For a resident student a 1 percent tuition and fee increase would amount to approximately \$45 per semester. A project management fee is also being proposed which represents an internal fee charged to facilities projects as a funding mechanism to help fund the additional \$1 million being added to the routine/deferred maintenance pools. Not taking into consideration tuition and fee increases and project management fee revenue, an additional \$3.6 million must be identified in order to cover the \$7.2 million need.

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the Fiscal Year 2020 Budget Proposal as presented. Ms. Farmer seconded and the motion carried unanimously.

Unrestricted Reserves Update, received

Ms. Dudley provided an update on unrestricted reserves with the following highlights:

- The information being presented with regard to unrestricted reserves was pulled from the University's audit beginning in 2013 and continuing through the most recent audit in 2018 in terms of unrestricted net position. This is not endowment money, grants or contracts or bonds but truly unrestricted funds. Much of the University's unrestricted dollars have been designated by the Board.
- For 2018, departmental operations amounted to \$24.9 million and represent revenues generated by the departments through course, web and special services fees that are not general tuition and fees but are collected for a certain purpose. These funds are allowed to carryover because they cannot be used for anything else other than the intended purpose.
- For 2018, Plant Fund designations amounted to \$37 million. These are funds that are utilized for projects such as Blackburn Science Building and the Board approved \$3 million for that renovation out of this fund. There are other larger projects such as the Biology Building where work is beginning. Over the past year the Board has allocated approximately \$3.5 million in reserves for the electrical grid project.
- For 2018, working capital (receivables, change funds and inventories) totaled \$11.3 million and the revenue contingency amounted to \$2.3 million which is 5 percent of the University's state appropriation. General contingency is considered to be the University's savings account and these funds have not been designated for other uses (\$47 million). There is also an allocation for self-insurance claims liability in the amount of \$624,000 to cover insurance claims that are known at June 30 but not yet paid. The University is self-insured which means it also bears the risk if claims are at a much higher level than what was budgeted. This means there is a risk element associated with the \$47 million because the University is self-insured.
- Information was provided on the days covered ratio (less annual debt payment). The \$126.9 million unrestricted net position for 2018, prior to the pension adjustment, would allow the University to operate for 240 days and pay expenditures as they are normally incurred – payroll and bond payments – without other revenues. Information was provided on the pension adjustment of negative \$290 million which represents the amount the University is carrying as a liability. If this is factored into the equation, the University's unrestricted net position becomes negative \$164 million. When the University first started booking the pension liability it was not believed it would actually materialize and this simply represented an accounting entry. As the pension system issues became known, all realized this could become a reality. If the pension numbers come into play, the University will not have funding to cover expenditures and the days covered ratio would be negative 310 days.
- A model was presented illustrating that of the unrestricted net assets before pension adjustments of \$126.9 million, the University carries bond liability of \$77.5 million which is the debt on the bonds and does not include interest. In addition to the \$77.5 million, the University would have to provide \$23 million in interest in order to fully pay off the bonds. These are almost exclusively housing and dining bonds, with a small portion for the Wellness Center, and represents what the University owes today. When future decisions related to housing are made this debt level must certainly be taken into consideration. With a revenue contingency of \$2.3 million and self-insurance claims liability of \$624,000 (one month), this would result in a 91 days covered ratio. Moody's is encouraging institutions to have one year of reserves in the event they are needed to cover expenditures. This ratio is higher than in the past due to the associated risk of funding from the state not materializing. The University's last Moody's rating was A1-negative outlook. Mr. Kemp added this means the institution has exercised fairly conservative financial management over the last ten years.

This update was provided for information purposes only and required no Board action.

Compensation Study Update, received

Dr. Jackson reported that in 2017 this Board approved the administration moving forward with a comprehensive review of both faculty and staff compensation levels. Sibson Consulting was

awarded the contract to manage this process and a great deal of work has been undertaken to date. Approximately \$110,000 has been expended in regard to this particular study. The study was paused this Fall and the consulting firm provided a Project Summary of work undertaken. The sum of Murray State faculty salaries amounts to \$28.4 million and the market median for benchmark institutions identified by Sibson Consulting was \$30.8 million. This means Murray State is at approximately 92 percent of the market median. No further work has been undertaken with regard to staff salaries due to pausing the study. The recommendation is being made to pause this particular study because it would cost approximately \$100,000 in additional resources to complete. If the study is completed, the University will not be able to implement any resulting recommendations. The study could be restarted at some point as the information collected to this point could be aged over the next two to three years and still remain viable.

This update was provided for information purposes only and required no Board action.

Designation of Funding for Disposition of Woods Hall (Building #0001), authorized

Dr. Jackson reported that Board action in regard to the designation of funding for the disposition of Woods Hall would actually fund Buildings and Grounds Committee action taken earlier. Ms. Dudley clarified that the \$3.16 million the Board designated last year was for Blackburn Science Building and Woods Hall. As discussed earlier with regard to the Blackburn project, that will consume \$2.4 million of the overall \$3.16 million. Approximately \$500,000 remaining could go toward the Woods Hall project. The total cost for razing Woods Hall is unknown because an RFP has not yet been completed. A request for \$1.8 million to be designated for razing Woods Hall is being requested and it is believed this will be adequate to undertake this work. If the cost is less the entire \$1.8 million would not be needed. Confirmation was provided that this project has already been approved by the state. Asbestos remediation in Woods Hall is expected to begin in January 2019. Any remaining items in the facility should be removed at the end of the first week in January. Also during this time period the process will begin to prepare an RFP document for razing the facility.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to utilize \$1,800,000 of General Reserve Funds for the razing of Woods Hall and related work, per the Program Statement. Ms. Farmer seconded and the motion carried.

Confirmation was provided that the University's entire building inventory can be provided to the Board.

Full Board Action – Designation of Funding for Disposition of Woods Hall (Building #0001), authorized

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to utilize \$1,800,000 of General Reserve Funds for the razing of Woods Hall and related work, per the Program Statement. Dr. Tharpe seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

Projects Approved by Board of Regents Chair, designated

Ms. Dudley reported Delegation of Authority Item #20 states that "...Prior to moving forward, all projects costing over \$200,000 and up to the threshold designated by Kentucky statute should be reviewed by the Board Chair and the President and a determination made in terms of those projects requiring further Board approval." Two schedules were provided to the Board – one with projects with an estimated cost over \$10,000 and up to \$200,000 and the other with projects estimated to cost over \$200,000 which have been reviewed by the Board Chair and President.

There are two projects costing over \$200,000, including the Alexander Hall boiler replacement (\$300,000) and Blackburn Science Building roof replacement (\$530,000) on the south tower. The north tower roof replacement was accomplished over the summer. The Board Chair has approved these two projects but the full Board is being asked to designate funding accordingly.

Projects costing over \$10,000 but \$200,000 or less are approved by the Board Chair and also do not require full Board approval but past practice has been if a project has been set up and money has not actually been expended on that project, those are brought back before the Board to designate funding in this regard. Confirmation was provided that the motion includes projects on both listings. Designation of funding is obtained from the Board to allow the institution to report the funds in the listed projects as “Board Designated” in the quarterly financial reports and annual audit.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, designate the funding as outlined for the projects on the listing provided. Mr. Crigler seconded and the motion carried.

Full Board Action – Projects Approved by Board of Regents Chair, designated

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, designate the funding as outlined for the projects on the attached listing. Mrs. Rudolph seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

(See Attachments #16 and #17)

Personal Services Contracts, approved

Ms. Dudley reported Delegation of Authority Item #11 stipulates that the Board “...approve all Personal Services Contracts totaling more than \$50,000. The Board will be notified of all Personal Services Contracts between \$10,000 and \$50,000 before they are submitted to the Legislative Research Commission. Upon review, individual Board members may request that these be held for approval at the next Board meeting.” The listing provided to the Board includes one Personal Services Contract – architect and engineering services to help design a bid document for restoration of the Biology Building in the estimated amount of \$100,000. The Board has already designated \$2 million for this project and approval for architect and engineering work is being requested to issue a bid for these services.

On behalf of the Finance Committee, Mr. Rhoads moved that the Board of Regents, upon the recommendation of the President of the University, approve the contract as listed in the document provided as per requirements of the Delegation of Authority Item #11. Ms. Farmer seconded and the motion carried.

Full Board Action – Personal Services Contracts, approved

On behalf of the Finance Committee, Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the contracts as listed in the attached document as per requirements of the Delegation of Authority Item #11. Mrs. Rudolph seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

(See Attachment #18)

Moody’s Presentation to the Council on Postsecondary Education for the Commonwealth of Kentucky Report, received

Dr. Jackson reported that Moody’s Investors Service most recent report on the higher education system was provided to the Board. This presentation was made to the Council on Postsecondary Education in September 2018 and contains information relative to how Kentucky compares to other states. The report also outlines how Murray State compares to other Kentucky institutions in terms of bond ratings. A chart showing state support over the last ten years was also presented. State support now comprises less revenue than in 2008 for most institutions in Kentucky. A chart showing how performance funding benefits some institutions but results in a loss for others was also provided.

This update was provided for information purposes only and required no Board action.

Adjournment

The Finance Committee adjourned at 3 p.m.

Marketing and Community Engagement Committee

Virginia Gray – Chair
Sharon Green
Susan Guess
James T. Payne

Mrs. Gray called the Marketing and Community Engagement Committee to order at 3 p.m. and reported all other members were present.

Stamats Contract, approved

Dr. Jackson expressed appreciation to the committee that was created to develop the RFP, evaluate responses, interview top firms and make a final decision. In addition to Dr. Jackson, those Committee members included: Mr. Touney; Natalie Thurmond, regional campuses; Regent Payne, Student Government Association/student; Joy Humphreys, *Bauernfeind College of Business* Assistant Dean and member of the marketing faculty; Vice Presidents Dudley and King; Charlotte Tullos, Enrollment Management and Beth Ward, Procurement (non-voting).

The RFP was issued on September 21, 2018, and was sent to 68 firms, with 28 having offices in Kentucky. Responses were due on October 12 and shortly thereafter were distributed to Committee members for review. Evaluation criteria included the ability of the firm to meet the needs as outlined in the RFP, ability of the firm to deliver based on the timeline provided, experience of the firm and response of references and pricing for the components just outlined. After individual evaluations were completed and following thorough discussion, the top two firms were invited to present to the Committee. These presentations were held on October 31 and November 1. At that time, the unanimous consent of the Committee was to contract with Stamats for these services. A Statement of Work to be performed by Stamats was provided to the Board for review.

Mr. Touney reported the following:

- Stamats is regarded as one of the industry leaders in higher education integrated marketing. They have worked exclusively in higher education – which is where their expertise lies – and have been active for over 60 years. The University previously worked with the firm in 2013 when they conducted a one-day triage assessment to look at the University's brand positioning and marketing efforts.
- Stamats has worked with many comprehensive regional public universities as well as some private institutions. During the presentation to the Committee, it was evident Stamats understood the University's needs and priorities related to enrollment and how marketing can be specifically leveraged toward enrollment and recruitment goals. Representatives actually came to Murray a day early and walked the campus and talked to students.
- In terms of the timeline, the discovery phase will be key for the members of the Stamats team. As part of this work, recent marketing research which has been undertaken has been compiled. This includes research and focus group surveys related to the 2015-16 rebrand of Opportunity Afforded. All marketing communication pieces – digital advertisements; social media; webpages; the main University website; videos; print advertising and all undergraduate, graduate, international, transfer and regional recruitment publications – will be reviewed by Stamats as part of the discovery phase.
- Two thorough questionnaires have been or will be completed by individuals in key positions – one related to recruitment and enrollment specific to their niche areas and the other specific to marketing and branding. Stamats is also learning the organizational structure and communications flow.
- As part of the discovery phase there will also be a two-day campus visit to conduct focus group sessions with faculty, staff and students. These focus groups will include meeting with individuals in Enrollment Management, senior leadership, marketing and communications, Deans and Chairs, alumni, Development, high school students, current Murray State students, Residential College Heads, Veteran and Military Affairs, Student Engagement and Success, Student Financial Services, Athletics and many more groups. Approximately 14 focus group sessions are currently planned over the two-day period. Stamats will also receive a student-led campus tour.

- Information obtained as part of the discovery phase will serve as the foundation for Stamats work moving forward.
- A detailed review of all existing marketing programs and strategies will be undertaken. Recommendations regarding future marketing efforts locally, regionally and statewide will also be presented. Recommendations will be provided on the best allocation of funds and strategies in terms of digital media, billboards, print pieces or newer forms of technology. Stamats will also thoroughly consider new social media options because this area is continually evolving in terms of technology. They are well versed with these new forms of technology related to advertising and other digital and social media areas that are very fluid.
- Recruitment assessment and a new Strategic Communication Plan will include a review of existing marketing initiatives and recommendations and strategies for future marketing approaches to enhance the conversion of applicants to enrolled students.
- Stamats will review the Yield Communication Plan and provide feedback and conduct Strategic Communication Mapping to look broadly at Murray State's funnel of enrollment communication with a focus primarily on yield strategies and tactics. This will include identifying missed opportunities and locations where the University might be oversaturating or undersaturating the market to ensure the correct amount of touchpoints are being delivered, particularly to admitted students, and ensuring the messaging mediums are spot on.
- A key component of work to be undertaken relates to academic program opportunities as this was a review area the University requested as part of the initial presentation. A review of academic programs will be undertaken and recommendations will be made for the future in order to enhance recruitment and retention efforts and build upon a long-standing academic reputation. Stamats will utilize data compiled from several sources to understand current and likely future demand for each Murray State academic program to determine the most strategic allocation of marketing resources. They will also identify opportunities geographically based on industry demand and what peer institutions are offering. Stamats is looking for programs that are truly outstanding and innovative that would differentiate the University in a sustainable way.
- Related to the Brand Communication Plan, Stamats will conduct a review of current initiatives and recommendations for future marketing programs, including the timing and development of resources. A new overall marketing plan will be developed with a specific budget to include market timing objectives, recommended media outlets, social media recommendations and a 12-month implementation recommendation. A brand communication planning process will also be facilitated with Murray State teams.
- Tagline concepting will include the development of three distinctive taglines and variations with rationales and evidence for consideration. The Opportunity Afforded tagline adopted a few years ago will be reviewed and feedback in this regard will be collected. The necessary Murray State groups will also discuss in detail potential tagline changes before moving forward.
- Draft documents related to these key aspects of the Statement of Work are expected in mid-January to early February.

Chair Guess clarified that the \$150,000 the Board approved for the analysis being undertaken by Stamats does not include creative work or placement. Stamats will conduct audits to help the University understand where it needs to be and when. Confirmation was provided that the Board has already approved additional marketing dollars that will be utilized to help move the recommendations forward. It is expected this additional funding will be sufficient to accomplish the necessary work. During their interview Stamats was informed about the amount of marketing dollars available for implementation of any recommendations over the next 12 to 18 months and all work is being undertaken within that budget. Regent Payne added that he was impressed during the interview with Stamats as they were willing to tell the University what it is doing wrong, what it was doing right and opportunities which exist and he greatly appreciated this honesty. Mrs. Gray indicated she is certainly aware of and understands the current need but hopes the University does not require outside help one year from now. Chair Guess confirmed that is unlikely as Stamats will undertake a complete audit and that would not have to be repeated.

On behalf of the Marketing and Community Engagement Committee, Mr. Payne moved that the Board of Regents, upon the recommendation of the President of the University, approve the Stamats Statement of Work as presented. Mrs. Guess seconded and the motion carried.

Full Board Action – Stamats Contract, approved

On behalf of the Marketing and Community Engagement Committee, Mrs. Gray moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached Stamats Statement of Work. Mr. Kemp seconded and the roll was called with the

following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

(See Attachment #19)

Chair Guess expressed appreciation to Vice President Adrienne King for her service to the University. It has been a pleasure working with Dr. King and the entire Board wishes her great success in the future.

Adjournment

The Marketing and Community Engagement Committee adjourned at 3:15 p.m.

Personnel Changes – Athletic Contracts, Approved

Contract of Employment – Head Football Coach – Mitch Stewart

Mrs. Milkman reported that she is very confident about the ability of Coach Stewart to lead the Murray State Football Program in a successful manner. Coach Stewart is a man of good character and it is evident he cares about his players. He mentors his players both on and off the football field and hosts Character Wednesdays. In turn, his players trust him, play hard for him and respect him. He had a tremendous season with a five and three record – the best Ohio Valley Conference (OVC) record in football for Murray State since 2011. Coach Stewart's success has brought national attention to the University. ESPN twice chose to come to Murray State to air football games and one was featured as having the number one play on Sports Center. The Football Program is moving in the right direction and she feels confident Coach Stewart will continue to be a positive leader and role model for his players.

Mr. Crigler moved that the Board of Regents, upon the recommendation of the President of the University, approve the Contract of Employment for Mitch Stewart, Head Football Coach, for the period January 1, 2019 through December 31, 2021, at a salary of \$145,000, effective January 1, 2019. Mr. Rhoads seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

Contract of Employment Amendment (Extension) – Head Women's Soccer Coach – Matt Lodge

Mrs. Milkman reported that Coach Lodge and his team finished second in the Ohio Valley Conference this year. This was Coach Lodge's first year as Head Women's Soccer Coach and his team went on to win the Ohio Valley Conference Championship. The team traveled to Vanderbilt and represented Murray State in a very good manner and played well. Coach Lodge is an up-and-coming Coach and is extremely knowledgeable about the game. A contract extension for Coach Lodge shows the University's commitment to him and demonstrates an appreciation for his efforts. Coach Lodge was able to transition the team even after having the Conference Player of the Year graduate the year before. He also had the OVC Freshman of the Year player. Players knowing that Coach Lodge will continue at Murray State will also prove beneficial to recruiting efforts.

Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University, approve a one-year contract extension for Matt Lodge, Head Women's Soccer Coach, for the period of January 1, 2019 – December 31, 2021, at an annual salary of \$60,600 – effective January 1, 2019. Mr. Kemp seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

Contract of Employment Amendment (Extension) – Head Women’s Volleyball Coach David Schwepker

Mrs. Milkman reported that Coach Schwepker is in his 21st year at Murray State and has won a conference championship five out of the last six years. He is a man of incredible integrity who cares about his players. His players also care about him. He finished second in the conference and went on to win the OVC Championship Tournament. The team played a strong match against the University of Kentucky, he had four players make All-Conference and had the Defensive Player of the Year. He only loses one senior off his team so the future is bright for Coach Schwepker. This contract extension would help with recruiting.

Mrs. Rudolph moved that the Board of Regents, upon the recommendation of the President of the University, approve a one year contract extension for Dave Schwepker, Head Women’s Volleyball Coach, for the period of January 1, 2019 – December 31, 2021, at a salary of \$63,260 – effective January 1, 2019. Mr. Payne seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

Dr. Jackson thanked Mrs. Milkman and indicated she is doing a wonderful job. Her hard work and efforts are appreciated. The Board also expressed appreciation to Mrs. Milkman.

Policy Changes, approved

Personnel Policies and Procedures Manual – Policy V B – Teachers’ Retirement System (TRS)/Optional Retirement Program (ORP) – Sick Leave Credit

Mr. Kemp moved that the Board of Regents, upon the recommendation of the President of the University, approve the revision to the *Personnel Policies and Procedures Manual - Policy V B – Teachers’ Retirement System (TRS)/Optional Retirement Program (ORP) – Sick Leave Credit* – to sunset the purchase of sick leave credit for TRS retirees, as well as the payment at the point of retirement for ORP participants, effective July 1, 2019. Mr. Rhoads seconded and the motion carried unanimously.

(See Attachment #20)

Personnel Policies and Procedures Manual – Policy IV D – Holidays – Compensation for Regular Employees

Ms. Green moved that the Board of Regents, upon the recommendation of the President of the University, approve the one-time exception to the holiday policy that would allow eligible employees who retire or resign as of January 1, 2019, to be compensated for holiday pay without being on the payroll on January 2, 2019, which is the day following the holiday period. Mr. Kemp seconded and the motion carried unanimously.

Personnel Policies and Procedures Manual – Policy II L – Exit Interview and Clearance Procedure; Policy VII E – University Bookstore and Policy VII G – Library Privileges

Dr. Jackson reported that the recommendation being made relative to the University Bookstore includes clarifying those items which are exempt from the discount provided to employees. This includes items such as toiletries and helium balloons, as examples. The policy change related to the University Library clarifies the privileges and benefits retirees have related to access and services.

Human Resources has evaluated each of these policies and recommends minor changes to reflect current administrative processes and procedures.

- *Personnel Policies and Procedures Manual – Policy II L – Exit Interview and Clearance Procedure*
 - Changes reflect administrative efficiencies and updates in Human Resources.
- *Personnel Policies and Procedures Manual – Policy VII E – University Bookstore*
 - Changes reflect updates to current employee courtesy discounts.

- *Personnel Policies and Procedures Manual – Policy VII G – Library Privileges*
 - Updates reflect changes in the University Library’s resources and services.

Mrs. Rudolph moved that the Board of Regents, upon the recommendation of the President of the University, approve the revisions to the *Personnel Policies and Procedures Manual* as outlined above, effective January 1, 2019, to reflect the needed administrative updates. Ms. Farmer seconded and the motion carried unanimously.

(See Attachments #21 – #23)

Supplemental Materials, received

Regents were provided with supplemental reports in the eBoard book, including the Quarterly Risk Management Report; Quarterly Status Report – Campus Major Projects Update; “Good News” Report – September 2018; Quarterly Branding, Marketing and Communication Report; Sponsored Programs – Grants and Contracts Report and Strategic Plan Update materials, including the 2018 Strategic Plan, Strategic Plan Goals, Strategic Plan Measures Update and the Strategic Plan Update. The Litigation Status Report prepared by General Counsel Miller was provided in a separate, confidential eBoard book. These reports were provided for informational purposes only and required no Board action.

Other Business

Contracts of Employment – Assistant Coaches, approved

Dr. Jackson reported that previously the President and the Athletic Director have approved contracts for Assistant Coaches. Upon the advice of General Counsel Rob Miller – and because these represent interim year changes – the decision was made that it would be best for these contracts to be submitted to the Board for approval. All contracts are for one year for a stated amount. A source of funds has already been identified within Athletics for the two football contracts that have an associated salary increase but all other contract terms remain unchanged.

The employment agreements with the Assistant Coaches listed below expire on December 31, 2018. The University desires to continue to employ these Assistant Coaches for the period of January 1, 2019, to December 31, 2019. Unless otherwise noted, the salaries remain unchanged from the prior year.

Football

Jacob Johnson	\$75,000
Walter Vaughn	\$50,000
Brian Hamilton	\$51,500 to \$56,500
Tate Omli	\$47,000
Nick Coleman	\$40,000 to \$50,000
Carson Hunter	\$36,500
John Michael Clay	\$31,361
Charles Jones	\$30,000
Alexander Suber	\$30,000

The overall salary pool in the football budget remains the same. There are no extra expenditures for the salary changes. Increases are due to adjusted responsibilities in coaching and recruiting.

Soccer

Becca Lamb	\$36,000
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Volleyball

Ryan Jones	\$39,000
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Mr. Crigler moved that the Board of Regents, upon the recommendation of the President of the University and the Interim Director of Athletics, approve the successor agreements to employ the

Assistant Coaches listed above. Mr. Schooley seconded and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, yes; Mr. Kemp, yes; Mr. Payne, yes; Mr. Rhoads, yes; Mrs. Rudolph, yes; Mr. Schooley, yes; Dr. Tharpe, yes and Mrs. Guess, yes. The motion carried unanimously.

Presidential Search, discussed

Chair Guess reported that at the October Meeting the Board voted to appoint a Presidential Search Committee and that body would host campus and community forums. It was also agreed that the Board would take action at the December Quarterly Meeting relative to the process to be followed for the next presidential search. All Board members have received a great deal of advice from those with an interest in this process. Some communication received by the Board included a call to action to name a President today. This was not included on the agenda because no member of the Board made the request for the topic to be included as an agenda item. There has also been considerable discussion regarding the cost associated with hiring a professional firm to assist with the presidential search process. The last presidential search cost \$138,808 and \$100,000 of that amount was for the search firm only. The remaining \$38,808 was for other costs such as travel, printed materials and materials for the Search Committee.

Chair Guess read the following statement aloud:

“As I look around this room I see a team. That is what we are. Some of us have served longer than others but we are a team. There are 11 of us and three of us serve at the pleasure of constituents and the remaining members serve by appointment of the Governor. All of us are challenged to hear the voices of those around us and also to put them in perspective because we serve, obviously, to advance and protect the interests of Murray State University. We hear from people we know and respect. We hear from those with influence. Sometimes we find ourselves being led to a decision based on the weight, maybe, of the influence of that relationship and it can be difficult. We must challenge ourselves to ensure the decisions we make at this table are ours alone. The 11 people sitting at this table have information and input that no one else has. We are also the only 11 people who carry the responsibility of hiring the President. It is an awesome responsibility and I know every one of you take it seriously and you have given it considerable thought. So today, I remind you also that you are here to consider a process. I also remind you that we are here to challenge ourselves and put aside any personal agendas, biases, relationships or influences. I encourage all of us to listen to one another. There is no wrong answer, there is no good or bad answer, no vote is more important than another – we are all equal and I know that we respect one another. And while all of our decisions that we make are important, often the answer is not always as clear. Sometimes there are easy answers and decisions made earlier today reflect that. Some situations are not always that way. So when we question our decision, when we reach out to one another for information and when we challenge our own thinking at this table, I think those are our best days. This made me think of two previous experiences during my tenure on this Board. I think Regent Schooley was with me during both of those experiences. I remember the decision of whether to accept \$10 million from my own community on whether to build the *Paducah Regional Campus* and I remember 24 hours before that vote there was very little support. Regent Schooley will attest to that – with the community eventually giving us \$10 million. I also remember a vote on whether to renew the contract of a President. Regent Schooley and I were two of only four voting to renew the contract and I will tell you those were tough days. They were hard days but I know when Regent Schooley and I left the room that day – along with the other Regents – we all left as one group and I think the Paducah campus is a beautiful reminder of what can be done when we work together. And so, again, I just want to remind you that no matter the decision there will be critics and no matter the decision everything will be okay. The University is greater than any one of us and it really is not about us. In an effort to hear all voices and not to put any presumption on a prescribed outcome, I submit today for consideration simply the last presidential search process. But before we do that I would like to put before the Board a consideration that we advance the Interim President to a finalist. I think in terms of the conversations I have heard over these last two weeks it will take away any fear regarding fairness. I think it is, from what I have heard, common practice and I think there is an expectation that the Interim President would advance. I do not think that would be a surprise to any potential candidates. Furthermore, I think when you put someone in the position of interim you have already indicated that they are fit for the position. And so, before we look at the process and decide which way we want to proceed, I would ask the Board to consider that recommendation and see if there is a motion to do so.”

Advancement of Interim President Robert L (Bob) Jackson as Finalist for President, approved

Mr. Kemp moved that the Board of Regents, upon the recommendation of the Chair of the Board, approve the advancement of Interim President Robert L (Bob) Jackson as a finalist for the position of President of Murray State University. Mr. Rhoads seconded. Chair Guess asked whether there is any discussion.

In terms of whether the Board has a process in place that it understands, Chair Guess confirmed the process to be followed for the next presidential search would be discussed following consideration of the motion on the table. The reason she brought the recommendation forward for Dr. Jackson to be advanced as a finalist for the position of President of Murray State is that from her conversations with Board members and others it seemed this was a stress point in terms of how the Board selected the process moving forward. It was indicated that no matter the process there are one or more individuals who will have to come before the Board as finalists for the presidency of Murray State, according to the *Bylaws* of the Board of Regents. It was added that advancing the Interim President to finalist status would not preclude the adoption of any process the Board chooses to follow and simply represents a preliminary step that the Chair has suggested. Mr. Rhoads moved to question.

Chair Guess confirmed that as part of the process the Board ultimately selects the President. In terms of whether what has been proposed is standard procedure, General Counsel Miller has indicated it is not unusual for an interim to advance and it will not be a surprise to any candidates that this individual would be a part of the final candidate pool. A question has been called for but Chair Guess stated she certainly does not want to hinder discussion. If Regents have any additional comments those would be welcome. Confirmation was provided that this recommendation would be contingent on the interim applying for the position and the Board will ultimately make the decision and interview candidates. All this recommendation would preclude would be the interim's interaction with the Search Committee – whether a national search is handled internally or by a search firm. The interim would not be considered by the Search Committee and would interview directly with the Board. The Search Committee would then recommend the remaining candidates to be submitted to the Board for consideration. Confirmation was provided that the Board will interview all finalists. The last search process included the charge to the Search Committee to bring forth two to four candidates, unranked, to the Board for consideration. These candidates were interviewed by the Board and opportunities for the campus community and others to interact with these individuals were provided but the Board ultimately selected and hired the President. Regent Rudolph asked whether the proposed action could affect the number of candidates brought forward. The last process utilized charged the Search Committee with bringing forward two to four candidates. If the Search Committee advanced four candidates, the interim would represent a fifth. Chair Guess confirmed that if this recommendation is approved, the search process would be amended accordingly so the Search Committee is charged with bringing forward at least two, but no more than three, candidates.

The roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, no; Mr. Kemp, yes; Mr. Payne, no; Mr. Rhoads, yes; Mrs. Rudolph, no; Mr. Schooley, yes; Dr. Tharpe, no and Mrs. Guess, yes. The motion carried by a vote of seven to four.

Proposed Presidential Search Process, approved

Chair Guess reported that the guidelines below were provided for consideration based on the Presidential Search Process adopted by the Board of Regents on May 10, 2013, and followed in the last presidential search. The information has been revised for currency relative to dates.

Proposed Presidential Search Process

BACKGROUND:

The presidential search to be conducted by the Murray State University Board of Regents will be national in scope, confidential in deliberations, public at the time finalists are identified and will

honor the University's commitments to nondiscrimination and equal opportunity. The search process will be conducted with the utmost integrity.

TIMETABLE:

The search will commence immediately with the expectation that the President-elect will be chosen no later than May 2019. The newly-appointed President will be expected to assume the presidency no later than the summer of 2019.

PROCESS:

The Chair of the MSU Board of Regents will appoint a nine-member Search Committee representing the faculty, staff, students and alumni of the University, with five members of the Search Committee drawn from the membership of the Board of Regents.

1. The Presidential Search Committee will have full authority to structure its work and processes consistent with the timetable and stipulations outlined in this policy statement.
2. The Presidential Search Committee will have the option of engaging an external executive search firm to assist in the search process.
3. The Presidential Search Committee will be charged to identify at least two, but no more than four, candidates to recommend, unranked to the full Board as being the best qualified individuals to serve as President.
4. The Presidential Search Committee will maintain in confidence the names of all nominees and applicants, as well as its deliberations.
5. The designated finalists will be invited to campus to meet with the campus community. At least one of those meetings will be an open public forum. A process will be structured by which feedback from these meetings will be received by the Board.
6. Appropriate funding will be set aside to cover the costs of the search process, including travel expenses of Search Committee members and the candidates invited for interviews.
7. Consistent with Kentucky Revised Statutes, the Murray State Board of Regents will select the next President.

Mr. Kemp moved that the Board of Regents adopt the Presidential Search Process as outlined above with the following changes under the Process heading:

- 1) Item #1 – Reference to a nine-member Search Committee should be changed to a ten-member Search Committee
- 2) Item #2 – Eliminate reference to the Presidential Search Committee having the option of engaging an executive search firm to assist in the process.

Chair Guess added that Item #3 under Process related to the number of candidates wording would change so the Presidential Search Committee will identify at least two, but no more than three, candidates to be brought forward to the Board. Dr. Jackson would make a total of up to four candidates to potentially be advanced to the Board for consideration.

Mr. Rhoads seconded and discussion followed.

In response to a question regarding the reason for the motion, Regent Kemp indicated he does not believe it is necessary to expend money to hire a national search firm given circumstances Murray State currently faces. University staff are perfectly capable of handling a national search – just as they did when the search for the new General Counsel was undertaken last year. In that process the Committee received applications from across the country and the process was handled very well by Ms. Gordon and Human Resources staff. A national search firm is not being utilized for the Director of Athletics search which is currently underway and that process is progressing well. The feedback he has received from the Murray State community – both faculty and staff as well as the at-large Murray State community – illustrates there is a strong sense Murray State needs to hire a President who is familiar with and understands the University. He does not believe a national search firm is needed in order to achieve this goal.

Regent Tharpe stated the previous process utilized that has been presented to the Board for consideration included the option of hiring a search firm and all have talked about the desire to do what is best for Murray State. Hiring a new President is the most important decision this Board will make and he believes the University can find the dollars needed to hire a national search firm. He does not believe money is an issue and every possible effort should be put forth in terms of process selected to identify the best person for the position.

Regent Rhoads indicated that each Board member has their own ideas in regard to this matter and those views have been exchanged. The Board must be guided by most recent experiences in the selection of the President of the University and the outcomes which occurred. The University has utilized national search firms for the last couple of presidential searches and, unfortunately, this has resulted in a series of short-tenured presidencies for Murray State. The University has not had the stability and continuity needed and to a great extent paid a price in terms of declining enrollment and low morale. What has been learned is that employing an external search firm does not necessarily result in the right person for this position. He agrees there is nothing more important this Board will do than select the next President of Murray State but feels hiring an outside search firm is not the most important initiative on which the Board can spend \$115,000. The University has utilized consultants in the past and this was discussed earlier but each case must stand on its own individual merits. Some cases deserve consultants – such as a marketing firm for the project discussed earlier – but the fact that the University used consultants in the past for presidential searches does not necessarily dictate they also have to be utilized as part of the current process. The Board should seriously consider the sentiments of faculty and staff who have pretty much gone on record as saying – maybe for the same reasons he has expressed today – they do not want an outside search firm undertaking this work. When the Board conducted the most recent presidential evaluation process it considered the most important feedback to be that received from faculty and staff. The Board must give great deference to the sentiments of faculty and staff – although the Board is the final decision maker. Most recent experience has shown that the University has the means and resources – through a strong Human Resources department – needed to facilitate a successful search. All must acknowledge how well the Director of Athletics search is progressing utilizing this same model. The University is fully capable of utilizing its resources and outlets to advertise in many different venues, including the *Chronicle of Higher Education* and Murray State will not have an issue attracting qualified applicants in this regard. The Board earlier discussed making necessary cuts in order to balance the budget and this represents one such avoidable expense. The Search Committee and Board are better equipped to select an individual who is the right fit for Murray State than any external firm.

Regent Rudolph stated the Board has a responsibility to faculty, staff, students, taxpayers and alumni to create a fair, credible, impartial and complete search process and this is not the time for shortcuts. Hiring a national search firm will bring in the type of individuals the University will be advertising for, plus others. This is the most important action Board members will be charged with during their entire tenure on the Board. Search firms have been hired to fill positions at many other levels – such as for the Chief of Police, Vice Presidents and Deans. For one of the vice presidential searches a firm was not hired and that search had to be abandoned. A search firm was eventually hired but the delay wasted a great deal of time. Six Kentucky colleges and universities in the last eight years have hired Presidents and every single one utilized a search firm. Those institutions felt the cost of a search firm was more of an investment in the process than a fee and she does not believe the Board can shortcut this process. The University could identify the funding needed to hire a search firm. It was also noted that the Board earlier voted on agenda items without knowing the sources of funding. The University ended the contract with the Enrollment Management Consultant and there is enough money in that line alone to cover the cost of hiring a search firm. In order to have any credibility – and credibility with the person hired for the position – this Board must show everyone it has exhausted all resources and done everything possible to bring the most talented individuals to the table. If the decision is made to conduct the search in-house she believes the Board is discounting the importance of the process and is saying the position is not as important as others for which search firms were hired. She feels the Board cannot defend its decision in choosing the next President unless it has done everything expected. It will require a tremendous amount of time from Search Committee members if a professional search firm possessing the necessary expertise for this type of work is not hired. The Board must follow the process and adopt what it considers to be reasonable. What has been considered reasonable by six other colleges and universities in Kentucky in the last eight years was to hire a professional search firm for this

purpose. She cannot defend the University making the decision not to employ a search firm to hire the next President of Murray State University.

Regent Payne reported he researched past newspaper articles as part of the decision-making process because he kept hearing the exact words said today that search firms have not served the University well in the past and there is no reason to expect they would now. He would counter that argument by saying in the past search firms actually have served the University well. In 2014, the Chair of the Presidential Search Committee stated he was extremely satisfied with the quality of the 65 candidates which were brought forward by the search firm. The Search Committee – not the search firm – then made the decision to narrow the candidate pool from 65 to 11. It was the Search Committee which submitted the recommendation regarding candidates to the Board for approval and this makes the earlier argument invalid. The University has sufficient funds to hire a search firm to assist in this process. The \$138,000 needed to hire a search firm represents a drop in the bucket when compared to other University expenditures. It is for these reasons that he cannot understand where this argument is coming from because hiring a search firm will not affect tuition, the number of faculty and staff employed or the overall budget. Secondly, the Board and the University have a duty to serve the taxpayers of Kentucky and the citizens of this region. The Board must find the most qualified candidate and this person may be internal or external but that cannot be known because applications have not yet been accepted. Many positive changes have occurred this year which he recognizes – and the Board has already recognized – but so will the search firm. A comment was made earlier regarding the most important feedback being from faculty and staff. He would argue that equally important is feedback from students. The Search Committee hosted both a Faculty and Staff Forum and a Student Forum. The Student Forum lasted 55 minutes and involved over 100 student leaders. The passion behind students to select someone who is right for the position was evident. Students did not speak negatively about anyone and no names were mentioned during the Forum. The students talked about process and what they look for in a leader. One student stood up and spoke in favor of employing a search firm and another spoke against it – which did not make his decision any easier. For that reason, he asked those in the room their preference – considering the price of hiring a search firm and the fact that they are the most passionate on campus about the presidential search – and an overwhelming majority indicated a search firm should be utilized as part of this process. Morale has definitely improved in many respects on campus but student morale is not high – students want a fair search – and he represents the students. The taxpayers of Kentucky deserve a fair search and this means gathering the most qualified candidates and that can only be accomplished by hiring a search firm. For these reasons, his vote on this issue will be no.

Regent Gray asked whether Board members would be willing to utilize partial services provided by a search firm if that is an available option. Ms. Dudley confirmed there may already be a consultant on contract that could provide partial services, perhaps in a headhunting role to reach out to potential candidates for the position. The University has a contract in place with three search firms and as part of their agreement one offered partial services – but for no particular position at that time. This firm could assist with soliciting applicants, making phone calls and reaching out to potential candidates and the cost would be approximately one-half of that for providing assistance for a full search. The firm would not visit campus, have access to the applicant pool or participate in the interview process in any way. Their sole job would be to seek out qualified applicants. Since the firm is already on contract with the University, the Request for Proposals process would not have to be undertaken but utilizing a company for this purpose would still require Legislative Research Commission approval. Under this model, Human Resources would be responsible for advertising the position and applicants would apply through the University's electronic system. The Search Committee would vet the applicants but the search firm would reach out and obtain additional candidates above and beyond the pool the advertisement process would yield.

Regent Rhoads stated that the process has been discussed but ultimately the Board will not be judged by the process utilized. It will be judged by the performance of the person selected. If the Board selects the right individual no one will go back and say a flawed process was used – it is about the person the Board selects. The process is important but there are 11 members of this Board who love Murray State and all are here for the right reasons. He believes, with the aid of the Search Committee, the Board can accomplish what is needed in terms of selecting an individual who is the right fit for the University to serve as its next President. In terms of what other universities in Kentucky have done, this is Murray State and every university has their own

particular needs because all are in different situations. Murray State is not situated the same way as other universities and the University cannot continue doing the same thing over and over expecting a different result. Mr. Rhoads reaffirmed his position that an outside search firm is not needed because the University is fully capable of undertaking this work.

Regent Rudolph agreed Mr. Rhoads has done a great job chairing the Director of Athletics Search Committee but hiring a professional firm was at least an option that was authorized if needed. Not allowing the option of utilizing a search firm for the presidential search handcuffs the Search Committee, particularly if a strong applicant pool does not result and the process has to start over again. The option of utilizing partial services of a search firm already on contract could be considered but what is needed is a professional search firm that specializes in presidential searches. Such firms are in contact with potential candidates and are already aware of individuals who would be qualified and could represent a good fit for Murray State. In terms of the short tenure of recent Presidents, that is not always negative because universities need to change. Individuals are recruited according to needs the University has at any given time. Sometimes Presidents are only needed for a certain amount of time to provide their expertise. If they do a great job at Murray State they will make a name for themselves and other universities will want to recruit these individuals. She personally wants to hire an individual who will come to the University and make a name for themselves. Although she can see the benefits associated with a long tenure, she can also see the benefits of a short tenure. The University needs a search firm that can identify all qualified candidates so the Search Committee can have a full field from which to choose.

Regent Green asked if a search firm is not hired who would do the necessary applicant recruitment work and Chair Guess confirmed that would be the members of the Search Committee. The question was asked which members of the Search Committee have expertise in this area and Mr. Kemp indicated internal staff would provide assistance in this regard. Regent Green questioned current staff recruiting individuals against their interim boss.

Confirmation was provided that this search would be handled in the same manner as the Director of Athletics search. The advertisement for the position was placed in venues which were identified and approved by the Search Committee. Applicants submitted their materials through the University's internal PeopleAdmin system and the Committee has been very pleased with the quality of the pool of candidates which has resulted. Committee members also made phone calls to generate additional applicants. Resumes were reviewed and segmented by tiers and Committee members voted on those individuals to advance in the process. Human Resources has provided assistance and guidance throughout this process to ensure all candidates were asked the same interview questions and the Committee abided by University procedures and guidelines. Committee members attributed scores to each of the applicants and those were tabulated electronically. In terms of where the Director of Athletics position was advertised, the same venues were utilized as those for the last search (12 to 13 years ago) and only one website was added. The last presidential search occurred four years ago so the list of advertising venues utilized then would be even more current.

Regent Rhoads reported that the Director of Athletics Search Committee has been provided with staff support from Board Secretary Hunt in terms of scheduling meetings and communicating pertinent information to members on behalf of the Chair of the Search Committee, with additional support being provided by Human Resources. The process has worked smoothly and resulted in over 90 applications for the Director of Athletics position. Ms. Gordon confirmed decisions related to advertising venues were approved by the Search Committee and, most recently, the University has added advertising in the Higher Education Recruitment Consortium in an effort to attract more diverse candidates. There are also six to eight standard advertising venues utilized to attract candidates for open positions. The Search Committee makes the decision related to whether there are additional venues where the position should be advertised – other than standard venues utilized routinely by the University. Regardless of how a search is conducted, the Search Committee members are asked to be involved in the recruitment of candidates and that is one of the reasons why the number of applicants for the Director of Athletics position is so high – due to the work of Search Committee members. Even with a search firm, Search Committee members would need to be involved in actively recruiting candidates for the position. Human Resources would serve as the connection between the Search Committee and the search firm in terms of ensuring University policies and procedures are followed because this is necessary in order to be able to defend a search if challenged. It was

further reported that there is a ranking system utilized for all searches and this has proved to be beneficial. Under this model, once the deadline for applications has been reached all members of the Search Committee are asked to rank applicants by tier. This ranking can be done at any time throughout the process or all at once, depending on the Search Committee member's preference. Candidates are ranked in Tier 1 – eligible and should be interviewed; Tier 2 – eligible but should not be interviewed at this time and Tier III – not eligible because they did not meet the established minimum qualifications. Confirmation was provided that the Search Committee is responsible for ensuring the advertisement contains all requirements for the position. Regent Crigler reported that this process worked well and now that the Director of Athletics search process has reached its current stage he believes a search firm would have been a waste of money and most likely would not have yielded any better applicants in terms of quality. Regent Rudolph expressed concern that the Presidential Search Committee members may not have the same connections for potential candidates as members of this Search Committee did for the Director of Athletics position.

Chair Guess asked about other avenues available to the Search Committee if a search firm is not utilized and a suitable pool of candidates does not materialize. Ms. Gordon reported the advertisement will likely indicate the position is open until filled, with a preferential date for review of application materials. The University receives a large number of applications for various positions which are advertised and there is no reason to expect anything different with regard to the presidency. Clarification was provided she is not speaking to the quality of that applicant pool, although she has full confidence that the process will yield viable applicants.

Regent Payne moved that the recommendation be amended to include Item #2 but change the wording to read: The Presidential Search Committee will have the option of engaging an external executive search firm for the sole purpose of soliciting candidates for the position of President of the University. Dr. Tharpe seconded.

Regent Payne reported that the reason for this amended motion is because it is obvious there are two very polar, strong and passionate viewpoints on this issue and the main concerns expressed include price and the fact that the University knows how to select its own candidates. The proposed amendment represents a compromise and would reduce the cost while still providing the Search Committee and the Board with the ability to solicit candidates. Ms. Dudley reported that two of the search firms on contract with the University specialize in higher education searches and the third specializes in executive-type searches. These firms are Diversified Search, Myers McRae and Wheless Partners. Only Myers McRae has offered the partial service option and this would have to be approved by the Legislative Research Commission which meets the second Tuesday of each month. If this option is selected the contract would have to be provided to that body before the end of the prior month and could feasibly be addressed at the January LRC meeting. There is no guarantee the contract work could be finalized prior to the end of December due to the amount of work which will be required to develop a contract in this regard. The University would need to reach out to Myers McRae and request a contract template to enter into negotiations to utilize partial services for the presidential search. The price is estimated to be one-half of the cost for a full search process – approximately \$65,000 for searches for positions with a salary over \$250,000 – but when the contract was originally negotiated with Myers McRae it was not specified these partial services would be used in a presidential search. Regent Payne indicated this would directly address faculty and staff concerns if the price for these limited services would amount to approximately \$65,000. Chair Guess asked if there was additional discussion related to the amended recommendation proposed by Regent Payne. Regent Rhoads indicated there are a great deal of unknowns such as exactly what the firm would charge and this would represent a leap of faith. Regent Rudolph added that \$80,000 was authorized for the Director of Athletics search and was a non-issue for that position while the presidential search is being severely cut-rated.

There being no further discussion regarding the amendment presented, the roll was called with the following voting: Mr. Crigler, no; Ms. Farmer, no; Mrs. Gray, no; Ms. Green, no; Mr. Kemp, no; Mr. Payne, yes; Mr. Rhoads, no; Mrs. Rudolph, no; Mr. Schooley, no; Dr. Tharpe, yes and Mrs. Guess, no. The motion failed by a vote of 9 to 2.

The amendment being defeated, the original motion remained on the table for consideration as follows:

Mr. Kemp earlier moved, seconded by Mr. Rhoads, that the Board of Regents adopt the Presidential Search Process as outlined earlier with the following changes under the Process heading:

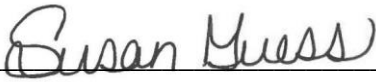
- 1) Item #1 – Reference to a nine-member Search Committee should be changed to a ten-member Search Committee
- 2) Item #2 – Eliminate reference to the Presidential Search Committee having the option of engaging an executive search firm to assist in the process.

Chair Guess added that Item #3 under Process related to the number of candidates wording would change so the Presidential Search Committee will identify at least two, but no more than three, candidates to be brought forward to the Board. Dr. Jackson would make a total of up to four candidates to potentially be advanced to the Board for consideration.

Regent Schooley called for question and the roll was called with the following voting: Mr. Crigler, yes; Ms. Farmer, yes; Mrs. Gray, yes; Ms. Green, no; Mr. Kemp, yes; Mr. Payne, no; Mr. Rhoads, yes; Mrs. Rudolph, no; Mr. Schooley, yes; Dr. Tharpe, no and Mrs. Guess, yes. The motion carried by a vote of 7 to 4.

Adjournment

There being no further business to come before the Board, adjournment was at 4:46 p.m.



Chair Susan Guess



Secretary Jill Hunt

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