

**Board of Regents Meeting  
Morehead State University**  
Riggle Room, Adron Doran University Center  
9 a.m., Thursday, December 5, 2013

**Agenda**

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. PRESIDENT’S RECOMMENDATIONS AND REPORTS**
  - A. Consent Agenda (Recommendations)**
    - 1. Approve Minutes of September 26, 2013 ..... 1-5
    - 2. Approve Honorary Doctor’s Degrees for James H. & Linda D. Booth ..... 6-7
    - 3. Approve 2013 Fall Graduates .....8
    - 4. Ratify Personnel Actions ..... 9-13
    - 5. Accept 2012-13 Audit Report and Amend Operating Budget..... 14-19
  - B. Recommendations**
    - 1. Approve Appointment of Dean of the College of Education .....20
    - 2. Accept First Quarter Financial Report and Amend Operating Budget ... 21-31
    - 3. Ratify 2014-16 Executive Branch Budget Request ..... 32-35
    - 4. Adopt Reimbursement Resolution..... 36-38
    - 5. Approve Project Scope Increase .....39
  - C. Consent Agenda (Reports)**
    - 1. Final 2013 Fall Enrollment Report .....40
    - 2. Report on Health Insurance and Benefits for Plan Year 2014 ..... 41-43
  - D. President’s Report**
- IV. OTHER BUSINESS**
  - A. Executive Session**
  - B. BOR Meetings for Calendar Year 2014**

Work Session	February 27
Quarterly Meeting	March 13
Work Session	May 8
Quarterly Meeting	June 5
Work Session	August 21
Quarterly Meeting	September 25
Work Session	November 6
Quarterly Meeting	December 4
- V. ADJOURNMENT**

Agenda materials are available online at [www.moreheadstate.edu/bor](http://www.moreheadstate.edu/bor)

**BOARD OF REGENTS MEETING  
MOREHEAD STATE UNIVERSITY  
September 26, 2013**

The Board of Regents of Morehead State University met at 10 a.m. on Thursday, September 26, 2013, in the Riggle Room of the Adron Doran University Center in Morehead, Kentucky. In the absence of Chair John C. Merchant, Vice Chair Paul C. Goodpaster presided.

**CALL TO ORDER**

Vice Chair Goodpaster called the meeting to order.

**ROLL CALL**

The following Board members were present: Paul Goodpaster, Andrew Abbott, Julie Butcher, Cheryl Lewis, Debbie Long, Wayne Martin, Ronald Morrison, Patrick Price, Kevin Pugh, and Todd Thacker. Chair John Merchant was not present.

Jason Blanton, Director of Media Relations, introduced Sam Steiert, news reporter for Morehead State Public Radio, who was present for the meeting.

**SPOTLIGHT ON  
COMPREHENSIVE  
CAMPAIGN**

Dr. Andrews introduced the Spotlight Presentation on the Comprehensive Campaign. Jim Shaw, Vice President for University Advancement and CEO of the MSU Foundation, reported on the campaign. Mr. Shaw said that the campaign supports the University's strategic plan and helps provide that "Margin of Excellence" funding for special programs and/or activities. The campaign helps build a foundation for the future by developing a philanthropic mindset and identifying future donors. He asked Board members for their support in cultivating new donors. Following the presentation, Ms. Lewis asked if she could be provided a list of MSU alumni in her area.

**CONSENT AGENDA**

Vice Chair Goodpaster opened the floor for approval of the Consent Agenda and asked if there were items that the Board would like to discuss prior to taking action.

**MOTION:** Dr. Morrison moved that the Board approve the items in the Consent Agenda that include the following:

1. Approve Minutes of June 6, 2013, and August 15, 2013
2. Ratify Personnel Actions

Mr. Martin seconded the motion.

**VOTE:** The motion carried.

**PRESIDENT'S  
RECOMMENDATIONS***Tenure for Administrator*

The President recommended:

RECOMMENDATION: That the Board of Regents approve the granting of tenure and the rank of Professor of Agricultural Sciences to Dr. Cary Green, Chair, Department of Agricultural Sciences.

MOTION: Dr. Morrison moved that the Board approve the President's recommendation. Ms. Lewis seconded the motion.

VOTE: The motion carried.

*Debt Policy*

The President recommended:

RECOMMENDATION: That the Board approve a University Debt Policy.

*(University Debt Policy attached to these minutes and marked IV-B-2)*

Beth Patrick, Chief Financial Officer and Vice President for Administration, said that the University periodically considers external debt for financing investments in properties, facilities and equipment that support the mission and strategic goals of the University. This policy provides a discipline and framework to be used by the administration to inform and evaluate the appropriate use of debt in capital financing plans in order to protect the financial health of the University and its credit rating.

Ms. Patrick stated that this policy will reside in the Board of Regents Handbook as an appendix to the *Bylaws*, which were originally adopted on April 15, 1983, and were subsequently amended on April 30, 1983, November 15, 1996, December 3, 2009, and June 10, 2010.

Mr. Goodpaster asked whether the University would establish its own benchmarks for the future. Ms. Patrick responded that benchmarks are available to the University through Moody's.

MOTION: Mr. Price moved that the Board approve the President's recommendation. Ms. Butcher seconded the motion.

VOTE: The motion carried.

**Acquisition of Property**

The President recommended:

**RECOMMENDATION:** That the Board approve the acquisition of property located at 423 East Main Street and University Boulevard.

*(Additional background information and Resolution for Acquisition of Property attached to these minutes and marked IV-B-3)*

Ms. Patrick said that recently a piece of property, which is identified for acquisition in the Campus Master Plan, had become available at the corner of Main Street and University Boulevard, the main entrance to the campus. The property is a 1.06-acre lot with an 18-unit residential apartment building. The \$875,000 purchase price of the property is supported by three independent appraisals completed in 2011-12 that averaged \$863,333. The owners have agreed to a finance term of seven years at 4.5 percent interest with equal annual payments.

Dr. Andrews stated that this piece of property is the most strategic property that the University will purchase.

**MOTION:** Mr. Martin moved that the Board approve the President's recommendation. Ms. Lewis seconded the motion.

**VOTE:** The motion carried.

**PRESIDENT'S REPORTS****Fall 2013 Enrollment**

Jeffrey Liles, Assistant Vice President for Enrollment Services, reported on Fall 2013 Preliminary Enrollment. Headcount enrollment is 10,919, a slight decrease over fall 2012. However, student credit hours increased by 2 percent.

Mr. Thacker asked that future enrollment reports provide information on retention. Dr. DeMoss stated that retention continues to be a priority.

**Real Property Leases**

Ms. Patrick reported on real property leases in effect July 1, 2013. *(Report attached to these minutes and marked IV-C-2)*

**Personal Service Contracts**

Ms. Patrick also reported on personal service contracts, which represent all such contracts issued with amounts greater than \$10,000 between May 16, 2013, and August 31, 2013. *(Report attached to these minutes and marked IV-C-3)*

Dr. Andrews reported on the following:

**Strategic Plan****Campus Master Plan**

- **Strategic Plan** – Started the process of updating MSU's 2010-2014 Strategic Plan ASPIRE, which will lead to MSU's preferred future.
- **Campus Master Plan** – Work will soon be complete on the plan and a detailed report will be on the agenda of the November work session.

<i>Student Housing</i>	<ul style="list-style-type: none"> <li>• <b>Student Housing</b> – Occupancy level for the 2013 fall semester is at 96 percent. With the completion of Mignon Hall, the University will have invested approximately \$28 million since 2007 in updating MSU’s residence halls.</li> </ul>
<i>Communications</i>	<ul style="list-style-type: none"> <li>• <b>Communications</b> – Strengthening communications continues to be a focus during the current fiscal year. New initiatives are underway including Twitter, President’s Blog, and a new radio show. In addition, each of the vice presidents has been asked to develop strategies in their respective divisions to improve communications.</li> </ul>
<i>Fill Vacancies</i>	<ul style="list-style-type: none"> <li>• <b>Fill Vacant Leadership Positions</b> – In Student Life, hired Dr. Chris Summerlin as Director of Housing, and two assistant directors, Benjamin Shepard and Leah Caldwell. In Academic Affairs, hired Dr. Clarenda Phillips as Associate Vice President for Academic Affairs; Dr. Chris Miller, Chair of Foundational and Graduate Studies in Education; Dr. Keith Terry, Chair of Communication, Media, and Leadership Studies; Dr. Scott Davison, Chair of History, Philosophy, Religion and Legal Studies; and Dr. Cary Green, Chair of Agriculture Sciences.</li> </ul>
<i>Compensation Model</i>	<ul style="list-style-type: none"> <li>• <b>Compensation Model</b> – Compensation model for exempt employees will be implemented in 2014-15. Also, two committees (one for faculty and one for staff) are being appointed to assist in developing guidelines for performance pay supplements for 2014-15.</li> </ul>
<i>Performing Arts Education Building</i>	<ul style="list-style-type: none"> <li>• <b>Performing Arts Education Building</b> – Phase I design for the performing arts facility is underway.</li> </ul>
<i>Soccer/Intramural Field</i>	<ul style="list-style-type: none"> <li>• <b>Soccer/Intramural Field</b> – On schedule to open in mid-November (including lights and artificial turf). The total scope of the project is \$898,000 (51 percent funding from MSU Foundation; 49 percent funding from Rec Center Fee)</li> </ul>
<i>Audit</i>	<ul style="list-style-type: none"> <li>• <b>Audit</b> – Dean, Dorton and Ford is in final stages of completing MSU’s annual financial audit. An Audit Committee meeting will be held prior to the work session on November 7.</li> </ul>
<i>Affordable Care Act</i>	<p>In response to a question on the impact of the Affordable Care Act on MSU, Phil Gniot, Director of Human Resources, responded that he had attended several meetings relating to the Act and had input from an outside consultant, Mercer. Mercer has indicated that MSU’s plans fulfill the requirements of the Affordable Care Act. Consequently, the University will keep its existing health care structure.</p>
<i>Amended KRS Regulations</i>	<p>Jane Fitzpatrick, General Counsel, discussed and distributed KRS 61.820(1) and KRS 61.840 that were amended to specify that public agencies must consider space requirements, seating capacity, and acoustics in selecting meeting sites. Board members were asked to complete forms certifying that they had received “Your Duty Under the Law” and “Managing Public Records” and return these to the President’s Office.</p>

**ANNOUNCEMENTS**

Vice Chair Goodpaster announced the following meetings:

- **Work Session** – 9 a.m., Thursday, November 7;  
Audit Committee meeting at 8 a.m.
- **Quarterly Meeting** – 9 a.m., Thursday, December 5
- **Fall Commencement** – 10:30 a.m., Saturday, December 14

**ADJOURNMENT**

There being no further business to conduct, Ms. Lewis moved that the meeting adjourn at noon. Mr. Price seconded the motion. The motion carried.

Respectfully submitted,

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Carol Johnson, Secretary  
Board of Regents

## **HONORARY DOCTORAL DEGREES**

**(BOR III-A-2)**  
**December 5, 2013**

### **Recommendation:**

That the Board of Regents approve the awarding of the honorary degrees of Doctor of Business to James H. Booth and Doctor of Public Service to Linda D. Booth at the Fall Commencement ceremony on Saturday, December 14, 2013.

### **Background:**

Since 1973, the Board of Regents has awarded honorary doctoral degrees to outstanding individuals to recognize personal achievement and/or exemplary public service. The Ad Hoc Honorary Degree Advisory Committee screens nominations for such recognition and makes appropriate recommendations to the President. The committee is composed of active and retired faculty and staff members and a representative of the MSU Alumni Association, Inc.

A longtime member of the Morehead State University Board of Regents and former Chair, Jim Booth has been a successful entrepreneur in the retail business and the coal industry. He has been in the mining industry for more than 40 years, cultivating a small contract mining company in 1975 into a \$750 million annualized revenue coal producing and retail marketing entity. Through his coal and retail businesses, Mr. Booth has created more than 2,000 jobs for the region.

Jim Booth believes in education and serves students in the state and region through his commitment to higher education. In addition to providing leadership as a board member at Morehead State University, he also serves on the University of Kentucky Board of Trustees.

Mr. Booth received his bachelor of business administration degree from Morehead State University. Active in numerous civic and charitable ventures, he has served on the Federal Reserve Board of Directors, Cincinnati Branch, Cleveland Federal Reserve District; Inez Deposit Bank Board of Directors; Big Sandy Industrial Authority Board; Coal Operators Associates Board; Martin County Economic Development Board and chairman of the Kentucky Chamber of Commerce Board.

In 2000, Jim Booth was named to Morehead State University's Hall of Fame and honored as an Outstanding College of Business Alumni. He is the recipient of the 2001 Kentucky Governor's Economic Development Leadership Award and the 2002 East Kentucky Leadership Award. Recently, the Southeast Kentucky Chamber of Commerce recognized him as Citizen of the Year.

For more than 30 years, Linda Booth has developed and managed specialty retail businesses and has been successful in commercial and residential interior design, including franchised hotels through Interstate Lodging Inc. based in Lovely, Kentucky. Her expertise in the industry also includes renovations of high value residential homes and interior design for commercial office spaces.

In 1998 Linda established and designed Miss Ida's Tea Room in Inez where she manages daily operations including catering and developing new menu and food programs. She is an alumnus of Morehead State University.

Linda Booth has a passion to help fulfill the needs of others through community service. She is a member of the board of directors of Inez First Baptist Church, Haven of Rest, Three Rivers Medical Center and the Mountain Arts Center. She also serves on the boards of Bible Studies Fellowship International and East Kentucky Sunrise Ministries.



**Recommendation:**

That the awarding of degrees to all candidates who successfully complete all degree requirements as approved by the faculty of the University at the 2013 Fall Commencement on December 14, 2013, be approved.

**Background:**

683 students have applied for graduation at the December 14, 2013, Fall Commencement. This includes 76 associate degrees, 387 bachelor degrees, 206 master degrees, 8 educational specialist degrees and 6 doctoral degrees.

## **RATIFY PERSONNEL ACTIONS**

**BOR (III-A-4)  
December 5, 2013**

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### **Recommendation:**

That the Board ratify the Personnel Actions for the period August 31, 2013, through November 13, 2013.

### **Background:**

The Personnel Action Request Report includes actions related to:

- 1) full-time and continuing part-time faculty, librarians and Executive, Administrative and Managerial employees, excluding supplemental actions not listed under Item 3, below;
- 2) full-time and continuing part-time non-classified Executive, Administrative and Managerial and Professional Staff positions (including supplemental actions);
- 3) supplemental actions for faculty acquiring managerial duties, excluding normal grant activities;
- 4) discipline;
- 5) leave of absences
- 6) sabbaticals; and
- 7) retirements.

MOREHEAD STATE UNIVERSITY  
 ROSTER POSITIONS SUMMARY  
 11/13/13

	<b>July 1 Authorized Positions</b>	<b>Current Authorized Positions</b>	<b>+/- Position Adjustments</b>	<b>Current Position Strength</b>	<b>% Current Strength</b>
Office of the President	5.00	5.25	0.25	5.25	100.00
Division of University Advancement	48.00	48.00	0.00	45.00	93.75
Division of Administration and Fiscal Services	114.73	115.88	1.15	107.88	93.10
Facilities Management	151.00	151.00	0.00	146.00	96.69
Division of Student Life	124.06	124.06	0.00	120.06	96.78
Division of Academic Affairs	41.00	41.00	0.00	40.00	97.56
Caudill College of Arts, Humanities & Social Sciences	149.75	149.50	-0.25	137.50	91.97
College of Business and Public Affairs	59.50	59.50	0.00	58.50	98.32
College of Education	89.02	88.02	-1.00	74.53	84.67
College of Science and Technology	175.66	175.66	0.00	162.66	92.60
Academic Programs and University Outreach	86.77	87.92	1.15	85.92	97.73
Camden-Carroll Library	37.00	37.00	0.00	33.00	89.19
	<u>1081.49</u>	<u>1082.79</u>	<u>1.30</u>	<u>1016.30</u>	<u>93.86</u>

Note: Positions are expressed in terms of full-time equivalency.

## DEFINITIONS OF THE DIFFERENT KINDS OF APPOINTMENTS

- Full-Time Standing:** A Full-Time Standing Appointment designates an appointment that is full-time and for which no ending date is specified. Such appointments are terminable in accordance with the appropriate University policy. Full-time Standing Appointments must be backed with budgeted funds. Full-Time Standing Appointments may be used for all four payroll classification categories namely 1) Academic; 2) Administrative; 3) Staff Exempt; and 4) Staff Nonexempt (see PG-2). Full-Time Standing Appointments may be specified for nine, ten, eleven, or twelve months per fiscal year. This type of appointment is provided all regular University benefits.
- Full-Time Fixed:** A Full-Time Fixed Appointment designates an appointment that is full-time for a fixed period of time and for which an ending date is specified. Such appointments may be specified for nine, ten, eleven, or twelve months. The appointments do not have to be backed by permanent funds. Full-Time Fixed Appointments may be used for all four payroll classification categories namely 1) Academic; 2) Administrative; 3) Staff Exempt; and 4) Staff Nonexempt (see PG-2). This includes instructors and any other individuals in a classification covered by the tenure regulations. Such appointments are discontinued automatically at the specified ending date. Appointments may be terminated before the ending date for cause or business necessity. Full-Time Fixed Appointments may be renewed. Persons appointed to Full-Time Fixed Appointments are not converted to Full-Time Standing Appointments without an appropriate search or search waiver. This type of appointment is provided all regular University benefits.
- Supplemental:** A Supplemental Appointment designates an appointment which is supplementary to a Full-Time Standing or Full-Time Fixed Appointment and has the effect of providing an additional contractual provision beyond the term of the Full-Time Standing or Full-Time Fixed Appointments. For example, a Supplemental Appointment may be used if an individual whose regular appointment is for nine months but whose appointment is extended for one to three additional months. Supplemental Appointments will also be used to designate those appointments which are supplementary to Full-Time Standing or Full-Time Fixed Appointments to compensate for approved additional services normally outside the scope of regular duties. For example, A Supplemental Appointment can be used when an eligible employee is employed to teach a course for additional compensation. Regular University benefits, except sick leave and vacation accrual, continue with a Supplemental Appointment.

**ACCEPT 2012-13 AUDIT REPORT  
AND AMEND OPERATING BUDGET**

**BOR (III-A-5)  
December 5, 2013**

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**Recommendation:**

That the Board accept the audit report for the fiscal year ended June 30, 2013 as presented by Dean, Dorton, Allen, Ford, PLLC, accept the reports related to the fourth quarter financial information and capital outlay, and amend the operating budget for the 2012-13 fiscal year.

**Background:**

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. At the June 6, 2013 meeting, the Board of Regents approved the recommendation of the Audit Committee for the appointment of Dean, Dorton, Allen, Ford, PLLC to conduct the 2012-13 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on November 22, 2013. Representatives from Dean, Dorton, Allen, Ford presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unqualified opinion on the financial statements.

The information contained in the audited financial statements is reflective of all transactions for the fiscal year and serves as the University's fourth quarter financial report to the Board. Also presented as a part of the fourth quarter financial report are amendments to the operating budget and a capital outlay status report.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period April 1, 2013 to June 30, 2013**

Description	Opening Budget As of 4/1/2013	Adjustments	Amended Budget As of 6/30/2013
<b>Revenues and Other Additions</b>			
Tuition and Fees	\$ 67,458,975	\$ 13,777	\$ 67,472,752
Government Appropriations	41,564,500	58,256	41,622,756
Indirect Cost Reimbursement	595,000	-	595,000
Sales and Services of Ed. Activities	1,896,784	340,940	2,237,724
Other Sources	3,033,146	205,935	3,239,081
Budgeted Fund Balance - E&G	6,843,661	339,120	7,182,781
Auxiliary Enterprises	16,157,087	216,773	16,373,860
Budgeted Fund Balance - AUX	540,718	471,504	1,012,222
<b>Total Revenues and Other Additions</b>	<b><u>\$ 138,089,871</u></b>	<b><u>\$ 1,646,305</u></b>	<b><u>\$ 139,736,176</u></b>
<b>Expenditure Authorizations by Division</b>			
<b>Educational &amp; General</b>			
President & Administration	\$ 905,933	\$ 19,477	\$ 925,410
University Advancement	4,605,126	20,830	4,625,956
Administration & Fiscal Services	19,496,546	811,080	20,307,626
Student Life	12,697,662	282,255	12,979,917
Academic Affairs	74,817,843	465,695	75,283,538
Debt Service & Mandatory Transfers	3,115,241	-	3,115,241
Other	5,784,267	(291,254)	5,493,013
<b>Total Educational &amp; General</b>	<b><u>\$ 121,422,618</u></b>	<b><u>\$ 1,308,083</u></b>	<b><u>\$ 122,730,701</u></b>
<b>Auxiliary Enterprises</b>			
Administration & Fiscal Services	\$ 12,950,891	\$ 340,260	\$ 13,291,151
Student Life	836,724	(2,038)	834,686
Academic Affairs	13,296	-	13,296
Debt Service	2,866,342	-	2,866,342
Other	-	-	-
<b>Total Auxiliary Enterprises</b>	<b><u>\$ 16,667,253</u></b>	<b><u>\$ 338,222</u></b>	<b><u>\$ 17,005,475</u></b>
<b>Total Expenditure Authorizations</b>	<b><u>\$ 138,089,871</u></b>	<b><u>\$ 1,646,305</u></b>	<b><u>\$ 139,736,176</u></b>

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period April 1, 2013 to June 30, 2013**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Sales & Services of Educational Activities**

Unbudgeted revenue allocated during the fourth quarter totaled \$340,940

- Eagle Excellence Fund (EEF) support from the MSU Foundation totaled \$91,883
- NCAA Proceeds totaled \$71,265
- OVC-Men's Basketball Enrichment Fund totaled \$18,428
- Other athletic revenue totaled \$53,822
- Other miscellaneous revenue totaling \$105,542 was allocated primarily to Academic Affairs

**Other Sources**

Unbudgeted revenue allocated during the fourth quarter totaled \$205,935

- Unbudgeted support from the MSU Foundation totaled \$57,350
  - \$15,121 University Advancement
  - \$42,229 Academic Affairs
- Endowment Income allocations to Academic Affairs totaled \$29,698
- Other miscellaneous revenue totaling \$118,887 was allocated to multiple divisions

**Fund Balance – E&G**

Budget allocations from fund balance for educational and general purposes totaled \$339,120

- \$ 175,000 Personal service contract for development/updating of Campus Master Plan
- \$ 68,003 Partial funding for new shuttle bus; total cost is \$85,849
- \$ 55,000 Marketing – four television commercials
- \$ 35,197 EASS equipment - to be reimbursed from SSC project account in Frankfort
- \$ 4,000 EagleCard contingency allocation
- \$ 1,920 Additional allocation for Respiratory Care instructors at MCTC-Rowan Campus for MSU students  
*(total fund balance allocation is \$48,220 in FY 2013)*

**Auxiliary Enterprises**

Unbudgeted revenue allocated during the fourth quarter totaled \$216,773

- \$ 94,279 Bookstore sales revenue allocated to Bookstore purchases for additional merchandise
- \$ 9,419 Bookstore commission revenue allocated to Bookstore promotional activities
- \$ 55,000 Residence Hall revenue allocated for chiller repair at Nunn Hall
- \$ 58,075 Miscellaneous other revenues allocated to various auxiliary units

**Fund Balance – Auxiliary**

Budget allocations from fund balance for auxiliary purposes totaled \$471,504

- \$408,275 West Mignon Hall renovation furniture and networking equipment purchase - to be reimbursed from bond funds in Frankfort account
- \$ 31,630 Mignon Hall asbestos abatement
- \$ 31,599 Additional allocation for Document Services machine rental  
*(total fund balance allocation is \$83,158 in FY 2013)*



**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period April 1, 2013 to June 30, 2013**

<b>From:</b>	<b>To:</b>		
<b>Revenue and Other Additions</b>	<b>Division/ Budget Unit</b>	<b>Amount</b>	<b>Description</b>
Fund Balance - Auxiliary	Administration & Fiscal Services		
	Auxiliary Facility Remodeling	\$ 408,275	An advance of fund balance was made to purchase networking equipment and furnishings as part of the West Mignon Hall renovation project. These funds will be reimbursed from the sale of bond funds.

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of April 1, 2013 to June 30, 2013**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
<b>I. Equipment Purchases \$200,000 or Greater</b>			
None			
<b>II. Capital Construction Projects, Information Technology Systems or Land Acquisitions \$600,000 or Greater</b>			
East Mignon Hall Renovation	\$ 3,948,000	August, 2012	Completed
West Mignon Hall Renovation	\$ 5,624,600		In Progress
Mignon Hall Renovation	\$ 9,268,000		In Planning

## APPOINTMENT OF DEAN OF EDUCATION

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**BOR (III-B-1)**  
**December 5, 2013**

### **Recommendation:**

That the Board of Regents approve the appointment of Dr. Margo DelliCarprini as Dean of the College of Education at an annual salary of \$141,000 beginning January 2, 2014. Also, it is recommended that Dr. Margo DelliCarprini be granted tenure and the rank of Professor of Education with this appointment.

### **Background:**

Morehead State University's personnel policy, PAc-27, provides a procedure for employing academic administrators with tenure. The search committee and the department of Foundational and Graduate Studies in Education faculty recommended that Dr. DelliCarprini be employed with tenure and the rank of professor. The Provost and the President support these recommendations.



**ACCEPT FIRST QUARTER  
FINANCIAL REPORT AND  
AMEND OPERATING BUDGET**

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**BOR (III-B-2)  
December 5, 2013**

**Recommendation:**

That the Board accept the financial statements and amend the operating budget for the first quarter of the fiscal year that will end June 30, 2014, and amend the operating budget.

**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of September 30, 2013, the first quarter of the fiscal year ending June 30, 2014. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Morehead State University**  
**Management's Discussion and Analysis**  
**First Quarter Financial Statements**  
**September 30, 2013**

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the three months that ended on September 30, 2013. The statements and this discussion and analysis have been prepared by Accounting and Financial Services staff.

**Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Position include information about the assets, liabilities and net position, of the entire University. The Statements of Revenues, Expenditures and Changes in Net Position provide information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University. These financial statements have not been prepared in full accordance with *Government Accounting Standards Board Statement 35* (GASB 35). Interim statements are prepared using a fund approach to facilitate budget comparisons and management decisions. Year-end statements are prepared in the GASB 35 format.

**Financial Highlights**

Morehead State University's financial picture remains stable through the first quarter of the 2013-2014 fiscal year. During the period July 1, 2013 through September 30, 2013 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$20,852,332. This level of operating surplus is expected at this time, since most of the billings for the Fall 2013 semester are reflected in the tuition and fees revenue and only expenditures through September 30, 2013 are reflected. As the fiscal year proceeds, the variance between revenues and expenditures will continue to decrease and should reflect a more appropriate operating surplus or deficit.

**Significant trends and variances for the three months are summarized as follows:**

- Total revenues increased \$719 thousand over last year to \$61.4 million. The majority of this increase was due to an increase in housing revenue. Housing revenue increased \$700 thousand due to a 4% increase in housing rates and an increase in housing occupancy.
- The percent of actual total revenue to budget was 42.22% at September 30, 2013 and 44.42% at September 30, 2012. This percentage would be expected at this time, since most of the billings for the Fall 2013 semester are reflected in revenue.
- Total Expenses were approximately \$40.5 million at September 30, 2013 and \$36.6 million at September 30, 2012. The \$3.9 million increase in actual expenses is related to budgeted increases in fixed costs such as utilities, scholarship commitments, employee retirement benefits and the implementation of a new employee compensation model.
- Net change in net position decreased \$3.3 million to \$20.8 million as compared to \$24.1 million at September 30, 2012. This is primarily related to the increase in total expenses.

**Morehead State University**  
**Unrestricted Current Funds**  
**Statements of Revenues, Expenditures & Changes in Net Position**  
**For the Three Months Ended September 30, 2013 and 2012**

	2013-2014			2012-2013		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
<b>Revenues</b>						
<b>Educational and General</b>						
Tuition and Fees	\$71,919,260	\$36,486,575	50.73%	\$67,379,283	\$36,481,986	54.14%
Govt Appropriations	41,560,200	12,480,746	30.03%	41,564,500	12,484,736	30.04%
Indirect Cost Reimbursement	585,000	172,800	29.54%	595,000	201,040	33.79%
Sales & Services Ed Activities	1,633,272	702,170	42.99%	1,662,266	952,606	57.31%
Other Sources	2,338,662	1,550,803	66.31%	2,650,986	1,592,312	60.06%
Budgeted Fund Balance-E&G	8,331,828	-	0.00%	6,645,797	-	0.00%
<b>Total Educational and General</b>	<b>\$126,368,222</b>	<b>\$51,393,094</b>	<b>40.67%</b>	<b>\$120,497,832</b>	<b>\$51,712,680</b>	<b>42.92%</b>
<b>Auxiliary Enterprises</b>						
Housing	\$11,391,300	\$6,630,278	58.20%	\$9,828,400	\$5,929,564	60.33%
University Store	4,856,602	2,564,445	52.80%	4,102,611	2,372,024	57.82%
Food Services	814,500	137,351	16.86%	815,500	120,966	14.83%
Other	1,307,917	718,439	54.93%	944,700	588,985	62.35%
Budgeted Fund Balance-Auxiliary	787,315	-	0.00%	502,769	-	0.00%
<b>Total Auxiliary Enterprises</b>	<b>\$19,157,634</b>	<b>\$10,050,513</b>	<b>52.46%</b>	<b>\$16,193,980</b>	<b>\$9,011,539</b>	<b>55.65%</b>
<b>Total Revenues</b>	<b>\$145,525,856</b>	<b>\$61,443,607</b>	<b>42.22%</b>	<b>\$136,691,812</b>	<b>\$60,724,219</b>	<b>44.42%</b>

Morehead State University  
Unrestricted Current Funds  
Statements of Revenues, Expenditures & Changes in Net Position  
For the Three Months Ended September 30, 2013 and 2012

	2013-2014			2012-2013		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
<b>Expenditures and Transfers by Division</b>						
<b>Educational &amp; General</b>						
President & Administration	\$977,557	\$224,254	22.94%	\$838,661	\$194,810	23.23%
University Advancement	4,996,453	1,572,416	31.47%	4,465,353	1,413,046	31.64%
Administration & Fiscal Services	20,267,850	6,307,621	31.12%	18,879,934	5,292,535	28.03%
Student Life	12,856,643	4,139,330	32.20%	12,430,908	3,845,954	30.94%
Academic Affairs	79,604,463	22,945,572	28.82%	74,141,243	21,364,508	28.82%
Other	9,313,864	962,744	10.34%	9,810,399	800,992	8.16%
<b>Total Educational &amp; General</b>	<b>\$128,016,830</b>	<b>\$36,151,937</b>	<b>28.24%</b>	<b>\$120,566,498</b>	<b>\$32,911,845</b>	<b>27.30%</b>
<b>Auxiliary Enterprises</b>						
Housing	\$11,117,572	\$1,255,208	11.29%	\$10,379,804	\$1,066,988	10.28%
University Store	4,354,081	2,671,343	61.35%	3,883,707	2,152,883	55.43%
Food Services	537,822	108,496	20.17%	466,606	88,015	18.86%
Other	1,499,551	404,291	26.96%	1,395,197	399,501	28.63%
<b>Total Auxiliary Enterprises</b>	<b>\$17,509,026</b>	<b>\$4,439,338</b>	<b>25.35%</b>	<b>\$16,125,314</b>	<b>\$3,707,387</b>	<b>22.99%</b>
<b>Total Expenditures and Transfers by Division</b>	<b>\$145,525,856</b>	<b>\$40,591,275</b>	<b>27.89%</b>	<b>\$136,691,812</b>	<b>\$36,619,232</b>	<b>26.79%</b>
<b>Net Change in Net Position</b>		<b>\$20,852,332</b>			<b>\$24,104,987</b>	



Morehead State University  
Statements of Net Position  
September 30, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and cash equivalents	\$50,206,427	\$40,412,003
Accounts, grants and loans receivable, net	20,822,512	27,730,883
Prepaid interest	102,192	124,649
Inventories	1,624,453	1,571,687
Total current assets	<u>72,755,584</u>	<u>69,839,222</u>
Noncurrent assets:		
Accounts, grants and loans receivable, net	3,709,342	3,762,242
Prepaid interest	-	102,191
Investments	13,679,540	13,762,607
Capital assets, net	201,271,336	196,489,421
Total noncurrent assets	<u>218,660,218</u>	<u>214,116,461</u>
Total assets	<u><u>\$291,415,802</u></u>	<u><u>\$283,955,683</u></u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued liabilities	\$8,398,495	\$8,579,595
Unearned revenue	1,884,833	2,239,941
Bonds, notes and capital lease obligations, current portion	4,826,040	4,066,315
Total current liabilities	<u>15,109,368</u>	<u>14,885,851</u>
Long-term liabilities:		
Bonds, notes and capital lease obligations, noncurrent portion	69,612,674	64,918,592
Advances from federal government for student loans	3,416,142	3,233,892
Unearned revenue	290,235	290,235
Total long-term liabilities	<u>73,319,051</u>	<u>68,442,719</u>
Total liabilities	<u><u>\$88,428,419</u></u>	<u><u>\$83,328,570</u></u>
Net position:		
Net investment in capital assets	\$126,934,812	\$127,731,355
Restricted:		
Expendable	14,131,636	15,214,377
Nonexpendable	12,818,674	12,420,918
Unrestricted	49,102,261	45,260,463
Total net position	<u><u>\$202,987,383</u></u>	<u><u>\$200,627,113</u></u>
Total liabilities and net position	<u><u>\$291,415,802</u></u>	<u><u>\$283,955,683</u></u>

See Attached Notes To Statements of Net Position

**Morehead State University**  
**Notes to the Statements of Net Position**  
**September 30, 2013 and 2012**

1. The Statements of Net Position include the unrestricted current funds, restricted current funds, endowment funds, loan funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts, grants, and loans receivable are shown net of allowance for uncollectible student accounts of \$2,108,684 at September 30, 2013 and \$1,976,694 at September 30, 2012. Also, included in this category is \$9 million in receivables from federal and state grant agencies at September 30, 2013 and \$16.5 million at September 30, 2012. The decrease in federal and state grant receivables is primarily attributable to Ford Loan funds that were due from the Department of Education of \$3 million at September 30, 2013 and \$11 million at September 30, 2012.
3. Noncurrent accounts, grants and loans receivable represent balances owed to the University from borrowers who have participated in the Federal Perkins Loan Program. The balance is presented net of allowance for uncollectible accounts in the amount of \$81,005 at September 30, 2013 and \$84,443 at September 30, 2012.
4. Prepaid interest represents interest paid to advance refund the University's Housing and Dining System Revenue Bonds.
5. Capital Assets, net increased approximately \$4.8 million from the previous year. This increase is primarily related to expenses incurred for residence hall renovations, Kentucky Center for Traditional Music and the Guaranteed Energy Savings project. Accumulated depreciation on buildings and equipment was \$153,402,202 at September 30, 2013 and \$145,919,895 at September 30, 2012.
6. Accounts payable and accrued liabilities include amounts due to vendors and amounts due for withheld and matching portions of payroll taxes and estimated claims payable, but not paid until after the Statements of Net Position date.
7. Unearned revenue from federal and state grants represent amounts received but not expended at the Statements of Net Position date.
8. Bonds and notes payable include the current and long-term portions of amounts borrowed to finance the purchase of plant assets. The University issued 2013 Series A General Receipts Bonds in the amount of \$9.5 million on September 10, 2013 for residence hall renovations. The University made principal payments on outstanding debt in the amount of \$4 million.
9. The capital portion of the net position balance is the equity the University has in land, buildings, equipment, and library holdings.
10. Restricted net position includes the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period July 1, 2013 to September 30, 2013**

<b>Description</b>	<b>Opening Budget As of 7/1/2013</b>	<b>Adjustments</b>	<b>Amended Budget As of 9/30/2013</b>
<b>Revenues and Other Additions</b>			
Tuition and Fees	\$ 71,878,759	\$ 40,501	\$ 71,919,260
Government Appropriations	41,560,200	-	41,560,200
Indirect Cost Reimbursement	585,000	-	585,000
Sales and Services of Ed. Activities	1,569,758	63,514	1,633,272
Other Sources	2,067,073	271,589	2,338,662
Budgeted Fund Balance - E&G	7,672,610	659,218	8,331,828
Auxiliary Enterprises	18,059,800	310,519	18,370,319
Budgeted Fund Balance - AUX	553,800	233,515	787,315
<b>Total Revenues and Other Additions</b>	<b>\$ 143,947,000</b>	<b>\$ 1,578,856</b>	<b>\$ 145,525,856</b>
<b>Expenditure Authorizations by Division</b>			
<b>Educational &amp; General</b>			
President & Administration	\$ 815,741	\$ 161,816	\$ 977,557
University Advancement	4,517,273	479,180	4,996,453
Administration & Fiscal Services	18,022,042	2,245,808	20,267,850
Student Life	12,614,222	242,421	12,856,643
Academic Affairs	77,717,279	1,887,184	79,604,463
Debt Service & Mandatory Transfers	4,084,637	-	4,084,637
Other	9,246,130	(4,016,903)	5,229,227
<b>Total Educational &amp; General</b>	<b>\$ 127,017,324</b>	<b>\$ 999,506</b>	<b>\$ 128,016,830</b>
<b>Auxiliary Enterprises</b>			
Administration & Fiscal Services	\$ 12,612,486	\$ 949,430	\$ 13,561,916
Student Life	878,384	33,430	911,814
Academic Affairs	13,296	-	13,296
Debt Service	2,959,510	-	2,959,510
Other	466,000	(403,510)	62,490
<b>Total Auxiliary Enterprises</b>	<b>\$ 16,929,676</b>	<b>\$ 579,350</b>	<b>\$ 17,509,026</b>
<b>Total Expenditure Authorizations</b>	<b>\$ 143,947,000</b>	<b>\$ 1,578,856</b>	<b>\$ 145,525,856</b>

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period July 1, 2013 to September 30, 2013**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Other Sources**

Unbudgeted revenue allocated during the first quarter totaled \$271,589

- Unbudgeted support from the MSU Foundation totaled \$174,856
  - \$91,221 Academic Affairs
  - \$80,168 University Advancement
  - \$ 3,467 Administration & Fiscal Services
- Endowment Income allocations to Academic Affairs totaled \$15,422
- Other miscellaneous revenue totaling \$81,311 was allocated primarily to Academic Affairs

**Fund Balance – E&G**

Budget allocations from fund balance for educational and general purposes totaled \$659,218

- \$176,172 EASS equipment and technology purchases – to be reimbursed from SSC project account in Frankfort
- \$196,495 Acting Provost and VP for Academic Affairs 8/1/13-6/30/14
- (\$80,369) Return of previously allocated Fund Balance for Academic Affairs Liaison
- \$ 80,000 Americans with Disabilities Act sign language interpreters
- \$ 19,127 Athletics/Academic Tutor Coordinator in Athletics (part-time position)
- \$ 4,522 Director of Athletics vehicle allowance 7/1/13-12/31/13
- \$ 3,185 Director of Athletics salary adjustment
- \$ 8,266 Reupholster furnishings in ADUC
- \$211,845 Personal Services Contract with Stamats for marketing research and assessment
- \$ 17,467 Asst. VP, Communications & Marketing salary adjustment
- \$ 16,148 Compensation Project Analyst (part-time temporary position)
- \$ 5,000 Campus Master Plan consultant – additional cost for aerial photos
- \$ 1,360 Advertising wrap for shuttle bus

**Auxiliary Enterprises**

Unbudgeted revenue allocated during the first quarter totaled \$310,519

- \$ 8,142 Bookstore commission revenue and other auxiliary income allocated to Bookstore promotional activities
- \$ 18,374 Reimbursement from construction company contracted for West Mignon renovation allocated to Building Services for construction clean-up
- Auxiliary revenue allocations generated by ARAMARK excess pre-tax profits totaled \$284,003
  - \$ 45,217 Annual lease payment on 2 dish machines
  - \$ 15,000 Repair & maintenance of food service equipment
  - \$ 35,000 Greens mower for Eagle Trace Golf Course
  - \$188,786 Partial funding for Phase I of Zoysia project at Eagle Trace Golf Course

**Fund Balance – Auxiliary**

Budget allocations from fund balance for auxiliary purposes totaled \$233,515

- \$200,000 Carry forward 2012-13 auxiliary funds for Phase I of Zoysia project at Eagle Trace Golf Course
- \$ 8,280 Mattress recycling
- \$ 23,260 West Mignon renovation lobby furniture and replacement mattresses - to be reimbursed from bond funds in Frankfort account
- \$ 1,975 Mignon Hall asbestos abatement

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period July 1, 2013 to September 30, 2013**

<b>From:</b>	<b>To:</b>		
<b>Revenue and Other Additions</b>	<b>Division/ Budget Unit</b>	<b>Amount</b>	<b>Description</b>
Fund Balance - E&G	University Advancement Communications & Marketing	\$ 211,845	A personal services contract was approved for Stamats, Inc. to conduct marketing research and assessment during 7/1/13-6/30/14 to include assessment of MSU's current brand, communication tools, and marketing and recruitment strategies; conduct marketing research to identify new markets; model projected enrollment opportunities, etc. Funds were allocated from fund balance for the total cost of the contract.

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of July 1, 2013 to September 30, 2013**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
<b>I. Equipment Purchases \$200,000 or Greater</b>			
None			
<b>II. Capital Construction Projects, Information Technology Systems or Land Acquisitions \$600,000 or Greater</b>			
West Mignon Hall Renovation	\$ 5,624,600	August, 2013	Completed
Mignon Hall Renovation	\$ 9,268,000		In Progress
Intramural/Soccer Practice Field	\$ 898,000		In Progress

## 2014-2016 EXECUTIVE BRANCH BUDGET REQUEST

BOR (III-B-3)  
December 5, 2013

### Recommendation:

That the Board of Regents ratify the University's 2014-2016 Executive Branch Budget Request.

### Background:

On November 7, 2013, the Council on Postsecondary Education approved a 2014-2016 Operating and Capital Budget recommendation for the public postsecondary education institutions to the Governor and General Assembly. Morehead State University, as well as the other public postsecondary institutions, was required to submit a 2014-2016 Executive Branch Budget Request by November 15, 2013 to the Governor's Office for Policy and Management, the Legislative Research Commission, and the Council. This submission was made in accordance with the Council's recommendation regarding the state appropriation and capital project request approved on November 7, 2013.

### Operating Request:

The following is a summary of the Council's 2014-2016 operating budget request for Morehead State University:

Operating Budget	2014-15	2015-16
Prior Year Appropriation		
Operating Funds	\$41,016,400	\$43,288,600
Debt Service	\$543,800	\$0
<i><b>Total Prior Year Appropriation</b></i>	<b>\$41,560,200</b>	<b>\$43,288,600</b>
<b>Requested Increase</b>		
Strategic Investments		
College and Career Readiness	\$1,482,000	\$0
Performance Funding (Degree Production)*	\$790,200	\$0
<b>Net Requested Increase – Operating Funds</b>	<b>\$2,272,200</b>	<b>\$0</b>
<b>Percentage Increase – Operating Funds</b>	<b>5.5%</b>	<b>0.0%</b>
<b>Total Requested Appropriation</b>		
Operating Funds	\$43,288,600	\$43,288,600
Debt Service	\$0	\$0
<i><b>Total Requested Appropriation</b></i>	<b>\$43,288,600</b>	<b>\$43,288,600</b>

*\*Additional 2015-16 Performance Funding (Degree Production) pending distribution to the institutions*



Performance funding for degree production in 2014-15 reflects MoSU's distribution of a recurring \$18 million pool based on a rolling three year average of degrees produced in 2010-11 through 2012-13 weighed by level and with premiums placed on degrees for STEM+H and for underrepresented and low-income students. The Council's request includes an additional recurring \$18 million pool in 2015-16 pending distribution to the institutions when academic year 2013-14 degree numbers are known.

### **Additional Funding:**

The Council's 2014-2016 biennial budget recommendation included debt service in its agency request on a \$90 million bond for the Bucks for Brains Program, \$75 million to be allocated to the research universities (UK and UofL) and \$15 million to be allocated to the comprehensive universities. The distribution guidelines for the comprehensive universities will be determined by the Council. The funds will be nonrecurring and will require a matching contribution from private gifts.

### **Capital Request:**

Each biennium the Council is asked to present a recommendation to the Governor and General Assembly that identifies the capital needs of Kentucky's public postsecondary institutions. Two years ago, the Council recommended that elected leadership of the Commonwealth commit to a new capital investment strategy that provided a consistent level of funding over three biennia. The new approach aligns with the six-year capital planning process and is grounded in the results from the comprehensive facilities study conducted in 2007. For 2014-2016, the Council again recommended the multi-biennial approach which invests more heavily in asset preservation and renovation, while continuing to provide a sufficient level of new and expanded space to accommodate continuing enrollment growth of the public postsecondary system.

The chart on the following page details capital projects that were included in Morehead State University's 2014-2016 biennial budget request. Projects included were based on the University's 2014-2020 Six Year Capital Plan ratified by the Board on June 6, 2013 and capital funding recommendations made for Morehead State University in the Council's 2014-2016 biennial budget request.

**MOREHEAD STATE UNIVERSITY  
CAPITAL PROJECTS REQUEST  
2014-2016**

Priority	Project Title	Total Scope	State Funds	Restricted Funds	Federal Funds	Agency Bonds	Other
1	Renovate & Expand Student Services Facility	\$ 49,679,000		\$ 49,679,000			
2	Plan & Design Music Academic & Performance Bldg.	1,622,000		1,622,000			
3	Construct Student Residential Apartment Complex	28,000,000				28,000,000	
4	Construct Residential Facility at University Farm	2,735,000				2,735,000	
5	Acquire Land Related to Master Plan	4,000,000		4,000,000			
6	Reconstruct Central Campus	2,810,000		2,810,000			
7	Enhance Network/Infrastructure Resources	5,945,000		5,945,000			
8	Renovate McClure Pool	3,600,000		3,600,000			
9	Capital Renewal and Maintenance Pool - E&G	6,259,000		6,259,000			
10	Capital Renewal and Maintenance Pool – Aux.	2,668,000		2,668,000			
11	Capital Renewal and Maintenance Pool - Univ. Farm	1,209,000		1,209,000			
12	Construct University Welcome Center/Alumni House	9,711,000		3,711,000			6,000,000
13	Upgrade Campus Fire & Security Systems	3,000,000		3,000,000			
14	Replace Electrical Switchgear	2,660,000		2,660,000			
15	Construct Food Service/Retail & Parking Structure	20,395,000				18,395,000	2,000,000
16	Upgrade Instructional PCs/LANS/Peripherals	5,000,000		5,000,000			
17	Upgrade Administrative Office Systems	4,000,000		4,000,000			
18	Upgrade and Expand Distance Learning	1,398,000		1,398,000			
19	Renovate Cartmell Residence Hall	12,500,000				12,500,000	
20	Replace Exterior Precast Panels-Nunn Hall	3,645,000				3,645,000	
21	Purchase Instructional Technology Initiatives	2,484,000		2,484,000			
22	Purchase Equipment for Biochemistry Lab	450,000		450,000			
23	Comply with ADA – E&G	3,877,000		3,877,000			
24	Comply with ADA - Auxiliary	3,460,000				3,460,000	
25	Water Plant Sediment Basin	1,500,000		1,500,000			
26	Construct MCTC/MSU Postsecondary Center of Excellence – Phase I	29,775,000		29,775,000			
27	Renovate Combs Classroom Building	37,048,000		37,048,000			
28	Construct Vet Tech Clinical Sciences Center	11,522,000		11,522,000			

Priority	Project Title	Total Scope	State Funds	Restricted Funds	Federal Funds	Agency Bonds	Other
29	Guaranteed Energy Savings/Performance Contracting*	0					0
30	Enhance Library Automation Resources	1,264,000		1,264,000			
31	Plan and Design Library Facility	1,640,000		1,640,000			
32	Construct Athletic Admin. & Sports Performance Bldg.	24,582,000		18,437,000			6,145,000
33	Construct Honors College Facility	2,884,000		2,884,000			
34	Construct Classroom/Lab Bldg. at Browning Orchard	1,597,000		1,597,000			
35	Renovate Button Auditorium	13,158,000		13,158,000			
<b>TOTAL 2014-2016 CAPITAL PROJECTS</b>		<b>\$ 306,077,000</b>	<b>\$ 0</b>	<b>\$ 223,197,000</b>	<b>\$ 0</b>	<b>\$ 68,735,000</b>	<b>\$ 14,145,000</b>

\*The state's Guaranteed Energy Performance Projects pool serves as a central project pool authorization for Guaranteed Energy Savings Performance Contracts in any University-owned building. These contracts will function as a lease-purchase procurement, using energy savings as payments for improvement, as provided by KRS 56.770 to 56.784.

## **ADOPT REIMBURSEMENT RESOLUTION**

**BOR (III-B-4)**  
**December 5, 2013**

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### **Recommendation:**

That the Board adopt the attached reimbursement resolution.

### **Background:**

Morehead State University has requested agency bond authorization in its 2014-2016 Biennial Budget Request in the amount of \$28 million for the construction of a student residential facility on the main campus and \$2,735,000 for construction of a student residence hall facility at the University's Derrickson Agricultural Complex.

Pending approval by the General Assembly, the projects will be bid in the summer 2014 following completion of the Phase A programming and design work which has already been initiated.

The sale of the University's General Receipts Revenue Bonds to fund the projects will take place in close proximity to the opening of the bids. In order to secure and pay for the services of the design teams prior to the bond sale, it will be necessary for the University to advance funds for that purpose. The University will be reimbursed for these advanced funds from the bond proceeds.

In order to be in compliance with the Internal Revenue Code relating to the issue of tax exempt bonds, the Board must declare its intent to seek reimbursement of funds advanced for the project through the adoption of a reimbursement resolution. The attached reimbursement resolution has been reviewed by bond counsel and will satisfy the Internal Revenue Code requirements.

A RESOLUTION OF THE BOARD OF REGENTS OF  
MOREHEAD STATE UNIVERSITY DECLARING OFFICIAL  
INTENT WITH RESPECT TO REIMBURSEMENT OF  
TEMPORARY ADVANCES MADE FOR CAPITAL  
EXPENDITURES TO BE MADE FROM SUBSEQUENT  
BORROWINGS; AND TAKING OTHER ACTIONS IN  
CONNECTION THEREWITH

WHEREAS, Treasury Regulations § 1.150-2 (the “Reimbursement Regulations”), issued pursuant to § 150 of the Internal Revenue Code of 1986, as amended, (the “Code”) prescribes certain requirements by which proceeds of tax-exempt bonds, notes, certificates or other obligations included in the meaning of “bonds” under §150 of the Code (“Obligations”) used to reimburse advances made for Capital Expenditures (as hereinafter defined) paid before the issuance of such Obligations may be deemed “spent” for purposes of §§ 103 and 141 to 150 of the Code and therefore, not further subject to any other requirements or restrictions under those sections of the Code; and

WHEREAS, such Reimbursement Regulations require that the Borrower (as hereinafter defined) make a Declaration of Official Intent (as hereinafter defined) to reimburse any Capital Expenditure paid prior to the issuance of the Obligations intended to fund such Capital Expenditure and require that such Declaration of Official Intent be made no later than sixty (60) days after payment of the Capital Expenditure and further require that the Allocation (as hereinafter defined) of the proceeds of such Obligations to reimburse such Capital Expenditures occur no later than eighteen (18) months after the later of the date of the Capital Expenditure was paid or the date the property acquired with the Capital Expenditure was placed in service, except that any such Allocation must be made no later than three years after such Capital Expenditure was paid; and

WHEREAS, Morehead State University (the “Borrower”) wishes to ensure compliance with the Reimbursement Regulations;

NOW, THEREFORE, be it resolved as follows by the Board of Regents of Morehead State University as follows:

SECTION 1. Definitions. The following definitions apply to the terms used herein:

“*Allocation*” means written evidence that proceeds of Obligations issued subsequent to the payment of a Capital Expenditure are to effect the reimbursement of the Borrower for such payments.

“*Borrower*” means Morehead State University.

“*Capital Expenditures*” means any expense for an item that is properly depreciable or amortizable or is otherwise treated as a capital expenditure for purposes of the Code, as well as any costs of issuing Reimbursement Bonds.

“*Declaration of Official Intent*” means a written declaration that the Borrower intends to fund a Capital Expenditure with an issue of Reimbursement Bonds and reasonably expects to be reimbursed from the proceeds of such an issue.

“*Reimbursement*” means the restoration to the Borrower of money temporarily advanced from other funds of the Borrower to pay for Capital Expenditures before the issuance of Obligations intended to fund such Capital Expenditures. “To reimburse” means to make such a restoration.

“*Reimbursement Bonds*” means Obligations that are issued to reimburse the Borrower for Capital Expenditures previously paid by or for the Borrower.

“*Reimbursement Regulations*” means Treasury Regulations § 1.150-2 and any amendments thereto or superseding regulations, whether in proposed, temporary or final form, as applicable, prescribing conditions under which the proceeds of Obligations when allocated or applied to a reimbursement will be treated as “spent” for purposes of §§ 103 and 141 to 150 of the Code.

## SECTION 2. Declaration of Official Intent.

- (a) The Borrower declares that it reasonably expects that the Capital Expenditures described in Section (b), which will be paid prior to the issuance of any Obligations intended to fund such Capital Expenditures, will be reimbursed with the proceeds of Obligations, representing a borrowing by the Borrower in the maximum principal amount for such reimbursements, of approximately \$30,735,000; and
- (b) The Capital Expenditures to be reimbursed are to be used for payment of initial architectural, engineering and other design fees and permits for the University’s construction of new residence hall facility on the main campus with a project scope of \$28 million and construction of a residence hall facility at the University Farm with a project scope of \$2,735,000.

SECTION 3. Reasonable Expectations. The Borrower does not expect any other funds (including the money advanced to make the Capital Expenditures that are to be reimbursed), to be reserved, allocated on a long-term basis, or otherwise set aside by the Borrower or any other entity affiliated with the Borrower, with respect to the Capital Expenditures described in 2(b).

SECTION 4. Effective Date. This Resolution shall be effective from and after its date of adoption.

## **BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY**

By: \_\_\_\_\_  
Chair

**Attest:**

\_\_\_\_\_  
Secretary

## **APPROVE PROJECT SCOPE INCREASE**

**BOR (III-B-5)**  
**December 5, 2013**

### **Recommendation:**

That the Board approve a scope of \$898,000 for the project, Construct Student Intramural Soccer Field.

### **Background:**

Morehead State University initiated a project in the spring of 2013 to construct a Student Intramural Soccer Field from revenue that had been collected through the existing student recreation fee. The initial project scope was not expected to exceed the state's capital project threshold of \$600,000 and therefore authorization for this project was not included in the University's Capital Budget Request for the biennium.

During the early construction phase of the project, drainage and soil conditions supported a decision to install artificial turn on the field instead of natural turf to increase the sustainability of the surface and maximize availability for student recreation and soccer team practice. Funding to support the scope increase was acquired from the MSU Foundation from private gift revenue. The estimated cost for adding the artificial turf increased the project scope to \$850,000, which required that the University seek interim capital project authorization from the state.

In July 2013, Morehead State University received interim authorization for a capital project, Construct Student Intramural Soccer Field, from the Secretary of Finance and Administration in the amount of \$850,000 with at least 51% to be funded from private funds and the remainder generated from the existing student recreation fee.

In September 2013, the Secretary of Finance and Administration approved a request for a \$48,000 increase the project scope which was made after receiving final competitive bids for the artificial turf. The fund sources for the revised project scope are:

	<u>Rec Fee</u>	<u>Private Funds</u>	<u>Total</u>
Authorized Scope	\$415,000	\$435,000	\$850,000
Requested Increase	<u>\$23,000</u>	<u>\$25,000</u>	<u>\$48,000</u>
Revised Project Scope	\$438,000	\$460,000	\$898,000

The Capital Project and Bond Oversight Committee approved the project on October 15, 2013 pending authorization from the Morehead State University Board for the revised project scope.



# Fall 2013 Final Enrollment Report

## 5-Year Enrollment Trends

Term	Headcount		Student Credit Hours		FTE		First-Time Freshmen			
	N	% Change	N	% Change	N	% Change	N	% Change	Average ACT	% Change
Fall 2009	9,046		99,917		6,803		1,260		21.4	
Fall 2010	8,842	-2.3%	97,492	-2.4%	6,641	-2.4%	1,180	-6.3%	21.6	0.9%
Fall 2011	10,971	24.1%	106,315	9.0%	7,241	9.0%	1,372	16.3%	21.8	1.1%
Fall 2012	11,172	1.8%	110,859	4.3%	7,537	4.1%	1,649	20.2%	22.1	1.4%
Fall 2013	11,358	1.7%	114,224	3.0%	7,741	2.7%	1,685	2.2%	22.3	0.8%

## 5-Year Enrollment Trends of High School Students

Term	Headcount		Student Credit Hours		FTE	
	N	% Change	N	% Change	N	% Change
Fall 2009	535		1,602		107	
Fall 2010	555	3.7%	1,917	19.7%	128	19.7%
Fall 2011	2,343	322.2%	8,079	321.4%	539	321.4%
Fall 2012	2,324	-0.8%	8,859	9.7%	591	9.7%
Fall 2013	2,523	8.6%	9,419	6.3%	628	6.3%

## 3-Year Breakdown of High School Enrollment by Type

Type*	Fall 2011	Fall 2012	Fall 2013
Early College Program	1,618	1,630	2,523
Transitional	725	694	0
Grand Total	2,343	2,324	2,523

\*Early College Program and Transitional students are a subset of the high school students enrolled for college credit. Early College Program students are generally those taking full credit college courses, while Transitional students are generally enrolled in developmental courses. Beginning Fall 2013, it is no longer possible for high school students to take developmental courses.

## Enrollment by Race/Ethnicity

Nonresident Alien	124
Asian	39
White	10,374
Two or More Races	126
Unknown	154
<b>Under-Represented Minority</b>	<b>541</b>
American Indian	31
Black	374
Hispanic	129
Native Hawaiian, Pacific Islander	7
<b>Grand Total</b>	<b>11,358</b>

## Enrollment by Level

Undergraduate	10,076
Graduate	1,282
<b>Grand Total</b>	<b>11,358</b>



## **REPORT ON HEALTH INSURANCE AND BENEFITS FOR PLAN YEAR 2014**

**BOR (III-C-2)  
December 5, 2013**

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Morehead State University remains committed to providing affordable, high-quality health benefits to employees and their families and to also provide resources and tools to help and encourage employees to be actively involved in obtaining optimal health. This philosophy benefits both the employee and the University. MSU will remain fully insured for 2014 in partnership with our health insurance provider Anthem Blue Cross Blue Shield of Kentucky. Anthem provides high quality health care coverage, a superior provider network, aggressive discounts and robust tools to assist employees in improving their health.

The six primary objectives of the 2014 health plan are:

- Navigate the Affordable Care Act
- Implement a program for outcome based incentives through a collaborative partnership with MSU clinic.
- Continue to maintain high-quality, market-competitive and affordable health care coverage so that we can maintain our ability to recruit and retain superior faculty and staff who carry out the mission of this University.
- Continue the passive health incentives, health education programs, health diagnostic programs, and the active wellness incentive programs that are an integral part of our strategy to improve employee health and therefore reduce health claims cost.
- Leave existing health plans and structure the same as they support our consumer driven philosophy, encourage healthy practices, and meet both the minimum value and affordability standards of the Affordable Care Act.
- Continue to incorporate Anthem's focus on chronic disease & prevention, behavioral health, patient safety, service quality, utilization management, and providing assistance to our employees in taking an active role in staying well with our own programs for wellness.

The University's emphasis on wellness while combining this philosophy with Anthem's similar approach has resulted in a history of health premium increases well below the national average, including two years with no increase in our premiums. This reflects the positive trend brought about by improved employee health. Although there will be an increase in our 2014 premium of 7.78%, this is due primarily to the 4% impact of the Affordable Healthcare Act (ACA) with additional fees, taxes, and enhancements to our mental health benefits. The remaining increase is due to a number of large claims incurred in 2013.

The following chart displays our health insurance premium increases for the past seven years compared to the national trend. We began our wellness program in 2007.

<b>Year</b>	<b>MSU Annual Increases</b>	<b>National Trend</b>	<b>Wellness Incentive</b>
2008	8.17%	9.4%	Passive
2009	6.23%	9.2%	Passive & Active
2010	7%	9.0%	Passive, Active & Education
2011	4.36%	9.0%	Passive, Active, Education & Spouse
2012	0%	8.5%	Passive, Active, Education & Spouse
2013	0%	5.0%	Passive, Active, Education & Spouse
2014	7.78%	7.0% estimated	Passive, Active, Education, Spouse, Biometric Screening & Collaboration developed for Outcome-based Incentives

Based on the preceding information, we have increased premiums for 2014 by 7.78% for both the University and our employees.

Our strategy for 2014 continues to include covered employee spouse participation in the wellness incentives. Both employee and a covered spouse can participate in two passive wellness incentives and a “well point” program (Live Well, Work Well @ MSU) that can further reduce employee premiums up to \$500 annually. The strategy engages our employees and their spouses to take a more active role in their health, encourages early detection and diagnosis of potentially serious health conditions such as hypertension and diabetes, empowers employees to choose a healthy lifestyle, provides ongoing education and resources to improve/maintain health and provides incentives for participation.

We have established a collaborative partnership with the MSU Counseling and Health Services Clinic to expand the employee biometric screening access and significantly enhance employee health counseling in order to establish reasonable health improvement goals for our employees. This program will begin during 2014 and be incorporated into our health premium incentives for 2015. The employee health objectives will provide incentives for demonstrable improvements in health such as weight reduction, cholesterol reduction, and blood pressure reduction. This will be managed using the MSU clinic through a professional nurse/health coach.

The 2014 outcome-based program direction will focus on:

- Developing targeted solutions for populations not participating.
- Providing interventions that include evidence-based programs, activities, and information designed to improve individual lifestyle habits and health status of our employees and their covered spouses.
- Creating sustainable organizational well-being.
- Further enhancing a culture of wellness at the University.

The monthly employer/employee cost breakdown for each 2014 health insurance plan is reflected in the following table and does not reflect wellness incentives or Health Reimbursement Account (HRA) contribution. MSU contributed 75% of the overall premium average cost:

Health Plan	2013 Rates				2014 Rates				
	Total Premium	University Contribution	Employee Cost		Total Premium	University Contribution	Employee Cost	%	%
								EMP	UNIV
								INC	INC
Blue Access 500									
Single	\$ 574	396	178		\$ 619	427	192	7.80%	7.86%
2-person	\$ 861	508	353		\$ 929	548	381	7.90%	7.90%
Family	\$ 1,148	597	551		\$ 1,238	644	594	7.85%	7.83%
Blue Access 1,500									
Single	\$ 453	385	68		\$ 489	416	73	7.87%	7.96%
2-Person	\$ 679	482	197		\$ 733	520	213	7.90%	7.97%
Family	\$ 905	606	299		\$ 977	655	322	7.83%	8.02%
Blue Access 2,500									
Single	\$ 383	358	25		\$ 413	386	27	7.38%	7.86%
2-person	\$ 575	437	138		\$ 620	471	149	7.83%	7.83%
Family	\$ 766	552	214		\$ 826	595	231	8.07%	7.74%

*Note: When both spouses are employed by MSU, they receive two single employer contributions toward their health plan.*

Other core employee benefits will remain the same for 2013 with no increase in cost. We will remain self-insured with our dental plans using Delta Dental as Third Party Administrator (TPA) with no premium increase to our employees or the University. We will improve dental benefits and cover dependents to age 26 and provide enhanced coverage for dentures and partials.

Employee life insurance bid in 2008 resulted in a 26% decrease in rates in 2009. Rates have remained the same since that time and will remain unchanged for 2014.

Health reimbursement account (HRA) contributions will remain unchanged for 2014 and TRISTAR, the third party administrator for the HRA and Flexible Spending Accounts, will again not increase costs for our employees or the University.

#### Summary:

- Total health care premiums will increase 7.78% for 2014.
- Employee health care for 2014 maintains our philosophy of consumer driven healthy lifestyle choices with the introduction of behavioral based program enhancements.
- Dental plan premiums will not increase for 2014 and moderate benefit improvements have been made to our plans.
- Employee life insurance rates were reduced by 26% in 2009 and have remained unchanged since that time and will remain unchanged for 2014.