

Board of Regents Meeting
Morehead State University
Riggle Room, Adron Doran University Center
9 a.m., Thursday, June 5, 2014

Agenda

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. EXECUTIVE SESSION**
- IV. PRESIDENT’S CONTRACT**
- V. ADOPT RESOLUTIONS OF COMMENDATION FOR CHERYL U. LEWIS,
RONALD D. MORRISON AND ANDREW C. ABBOTT**
- VI. REPORT ON STUDENT GOVERNMENT ASSOCIATION – BRADLEY FYFFE**
- VII. APPROVE AWARDING OF FOUNDERS AWARD FOR UNIVERSITY SERVICE
TO KEITH R. KAPPES**
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1. Work Session, Thursday, August 21, 2014
2. Quarterly Meeting, Thursday, September 25, 2014

X. ADJOURNMENT

BOR (V)
June 5, 2014

RESOLUTION HONORING CHERYL U. LEWIS

WHEREAS, Ms. Cheryl U. Lewis, a respected citizen of Hyden, has served with distinction as a member of the Board of Regents of Morehead State University since 2008; and

WHEREAS, Ms. Lewis' distinguished service on the Board of Regents consistently has exemplified her high ethical standards and strong personal commitment to institutional integrity; and

WHEREAS, Ms. Lewis' tenure as a board member has reflected her professional collegiality and dedication to academic excellence and her abiding concern for the welfare of the entire University community;

THEREFORE, be it resolved by the Board of Regents of Morehead State University that Ms. Cheryl U. Lewis be and hereby is commended for her six years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for her efforts.

Done this fifth day of June 2014.

Paul C. Goodpaster, Chair

ATTEST:

Carol Johnson, Secretary

Wayne D. Andrews, President

**RESOLUTION HONORING
DR. RONALD D. MORRISON**

**BOR (V)
June 5, 2014**

WHEREAS, Dr. Ronald D. Morrison, professor of English, has served with distinction as a member of the Board of Regents of Morehead State University since 2008; and

WHEREAS, Dr. Morrison's distinguished service on the Board of Regents consistently has exemplified his high ethical standards and strong personal commitment to institutional integrity; and

WHEREAS, Dr. Morrison's tenure as a board member has reflected his professional collegiality and dedication to academic excellence and his abiding concern for the welfare of the entire University community;

THEREFORE, be it resolved by the Board of Regents of Morehead State University that Dr. Ronald D. Morrison be and hereby is commended for his six years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for his efforts.

Done this fifth day of June 2014.

Paul C. Goodpaster, Chair

ATTEST:

Carol Johnson, Secretary

Wayne D. Andrews, President

RESOLUTION HONORING ANDREW C. ABBOTT

**BOR (V)
June 5, 2014**

WHEREAS, Andrew C. Abbott has served with distinction as the student member of the Board of Regents of Morehead State University since July 1, 2013; and

WHEREAS, Mr. Abbott also served in superior fashion during this period as president of the University's Student Government Association;

WHEREAS, Mr. Abbott's efforts resulted in improved student relationships with the Morehead community and the region; and

WHEREAS, Mr. Abbott's personal example inspired his fellow students to become more involved in the legislative budget process and in their communities; and

WHEREAS, Mr. Abbott's active engagement with the Board of Regents and his stewardship of the Student Government Association consistently have reflected his high ethical standards and his abiding commitment to student and institutional success;

THEREFORE, be it resolved by the Board of Regents of Morehead State University that Mr. Andrew C. Abbott be and hereby is commended for his year of honorable and outstanding service on the Board of Regents and for his leadership of the Student Government Association.

Done this fifth day of June 2014.

Paul C. Goodpaster, Chair

ATTEST:

Carol Johnson, Secretary

Wayne D. Andrews, President

FOUNDERS AWARD FOR UNIVERSITY SERVICE

**BOR (VII)
June 5, 2014**

Recommendation:

That the Board of Regents approve the selection of Keith R. Kappes as the recipient of the 2014 Founders Award for University Service.

Background:

The Founders Award for University Service was established by the Board of Regents in 1978 and has been presented each year to individuals with records of outstanding service to the University over a sustained period.

Previous recipients have included W. E. Crutcher, 1978; Linus A. Fair, 1979; Carl D. Perkins, 1980; Dr. Warren C. Lappin, 1981; Dr. Ted L. Crosthwait, 1982; Monroe Wicker, 1983; Lloyd Cassity, 1984; Grace Crosthwaite, 1985; Boone Logan, 1986; Dr. Rondal D. Hart, 1987; George T. Young, 1988; John E. Collis, 1989; Dr. Wilhelm Exelbirt, 1990; Dr. R. H. Playforth, 1991; Dr. Mary Northcutt Powell, 1992; Senator Woody May, 1993; Dr. J. E. Duncan, 1994; Sherman R. Arnett and Harlen L. Hamm, 1995; Dr. Adron Doran, 1996; Robert S. Bishop and Martin Huffman, 1997; Dr. Charles J. Pelfrey, 1998; Carolyn S. Flatt, 1999; Dr. Earl J. Bentley, 2000; Mrs. Mignon Doran, 2001; Dr. C. Nelson Grote, 2002; Merl F. Allen, 2003; Dr. John C. Philley, 2004; Dr. Charles M. Derrickson, 2005; Dr. John R. Duncan, 2006; Steve A. Hamilton, 2007; Dr. Marshall Banks, 2008; Dr. Randy Wells, 2009; Dr. Jack D. Ellis, 2010; Ms. Lucille Caudill Little, 2011; Rocky J. Adkins, 2012; and Clyde I. James, 2013.

The University Service Award Committee has recommended that Keith R. Kappes be the recipient of the 2014 Founders Award for University Service. Mr. Kappes retired from Morehead State University in 2008 after nearly 40 years of loyal and dedicated service. A native of Carter County, Kentucky, Mr. Kappes holds bachelor's and master's degrees from Morehead State University.

Mr. Kappes joined the staff in 1969 as a writer in the campus news bureau and has held many titles over the years, which encompass MSU's efforts in fundraising, marketing, legislative affairs, community relations, and other public relations activities, including media. He also has had oversight in other areas including Athletics, Kentucky Folk Art Center, Kentucky Center for Traditional Music, MSPR, Alumni Relations, Publications/Printing and many other outreach efforts. In addition, he served as chief executive officer of the Morehead State University Foundation, Inc.

Throughout the years, Mr. Kappes has devoted himself to advancing MSU and higher education at the local, state and national levels. He is highly respected statewide for his extensive knowledge of Kentucky's higher education system's evolution and for his insight into the workings of the state's political system.

Mr. Kappes' concern for the University extended into the community and region it serves because of his awareness of the symbiotic relationship between the two. A voice in the community, he has served on the boards of various organizations, including Morehead-Rowan County Chamber of Commerce, the Learning for Life Foundation, Morehead-Rowan County Industrial Development Authority and the Rowan County Ethics Commission. He has accepted leadership positions in many organizations, including the Chamber of Commerce and Morehead Tourism Commission, as well as the Kentucky Council for the Advancement and Support of Education.

Mr. Kappes' dedication to MSU and the greater Morehead community did not stop when he retired. He has continued to serve on the boards of various organizations, and currently is the publisher of *The Morehead News*.

It is fitting that Mr. Kappes be recognized for his outstanding service to the University.

**BOARD OF REGENTS MEETING
MOREHEAD STATE UNIVERSITY
March 13, 2014**

The Board of Regents of Morehead State University met at 9 a.m. on Thursday, March 13, 2014, in the Riggle Room of the Adron Doran University Center in Morehead, Kentucky. Chair John C. Merchant presided.

CALL TO ORDER

Chair Merchant called the meeting to order.

ROLL CALL

The following Board members were present: Paul Goodpaster, Andrew Abbott, Julie Butcher, Debbie Long, Wayne Martin, John Merchant, Ronald Morrison, Patrick Price, Kevin Pugh, and Todd Thacker. Cheryl Lewis participated via conference call.

**NOMINATING
COMMITTEE REPORT**

Mr. Price, chair of the Nominating Committee, moved that the Board elect Paul Goodpaster, Chair; Wayne Martin, Vice Chair; and reelect Carol Johnson, Secretary; and reappoint Beth Patrick, Treasurer. Ms. Butcher seconded the motion. The motion carried. (Mr. Merchant had concluded his maximum four consecutive years of service as Board Chair.)

Chair Merchant thanked Mr. Price and the other members of the Nominating Committee for their report.

**SPOTLIGHT ON
ACADEMIC AFFAIRS**

Dr. Andrews introduced the Spotlight on Academic Affairs. Gerald DeMoss, Acting Provost, presented an update on Academic Affairs. Dr. DeMoss' comments focused primarily on steps to improve retention. The first step involves a new centralized advising model implemented during the current spring semester. A new position has been created to coordinate all advising activities across the University. Beginning with the fall 2014 semester, freshmen will be assigned an academic advisor (faculty member) and a general advisor. The general advisor will focus on first and second year students and serve as the front-line "concierge" for student needs. All advisors will utilize the same tools and processes.

The next step involves surveys of first year seminar students. During 2013-14, 1,607 first year seminar students were surveyed at the start and again at the end of the fall 2013 semester. The last survey will be conducted during the spring 2014 semester. A series of focus groups are planned during March and April based upon the findings of the first two surveys. Also, a survey/process is being developed to contact students who came to MSU in the fall of 2013 but do not plan to return in the fall of 2014.

Third, beginning with the 2015 fall semester, the University will implement a new class schedule. The new schedule (1) Meets the needs of a diverse student body, (2) Increases engagement of students and faculty, and (3) Increases technology tools available to students and administrators to improve planning. During the fall of 2012,

only 65 percent of face-to-face courses followed the current schedule. The other 35 percent met on different days and at different times ranging from 60 minutes to 270 minutes for a three-credit hour course. Under the new system, Monday/Wednesday/Friday classes will meet for 50 minutes on each of the three days; Tuesday/Thursday classes will meet for an hour and 15 minutes on each of the two days; and other classes meeting on Monday/Tuesday/Wednesday/Thursday/Friday will meet for 50 minutes on each of the five days.

Extensive discussion followed.

CONSENT AGENDA

Chair Merchant 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: Mr. Goodpaster moved that the Board approve the items in the Consent Agenda that include the following:

1. Approve the Minutes of December 5, 2013, Meeting (V-A-1)
2. Approve Personnel Actions (V-A-2)
3. Approve Contracts for Banking Services (V-A-3)

Mr. Price seconded the motion.

Dr. Morrison noted that Jacklynn Darling, who passed away earlier this year and is listed in the terminations, was a fantastic faculty member and colleague.

VOTE: The motion carried with Mr. Goodpaster abstaining from voting on the Contracts for Banking Services.

**PRESIDENT'S
RECOMMENDATIONS*****Granting of Tenure and
Promotion***

The President recommended:

RECOMMENDATION: That the Board of Regents approve the granting of tenure and promotion to those who are assistant professors to the associate professor rank for the following faculty members with the issuance of their contracts for the 2014-15 year:

Dr. Jody Fernandez, Assistant Professor of Education (MGSE)
Dr. Sarah Hawkins-Lear, Assistant Professor of Education (ECES)
Dr. Lee Nabb, Assistant Professor of Adult and Higher Education (FGSE)
Dr. Kelly Collinsworth, Assistant Professor of Legal Studies
Ms. Natasha Davis, Assistant Professor of Dance
Dr. Itza Zavala-Garrett, Assistant Professor of Spanish
Dr. Sanjeev Adhikari, Assistant Professor of Applied Engineering and Technology
Dr. David Butz, Assistant Professor of Psychology
Dr. R. Duane Skaggs, Assistant Professor of Mathematics
Dr. Nilesh Joshi, Assistant Professor of Applied Engineering and Technology

(Additional background information attached to these minutes and marked V-B-1)

Sabbatical Leaves

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

VOTE: The motion carried.

The President recommended:

RECOMMENDATION: That the Board of Regents approve the granting of sabbatical leaves for the following faculty:

Dr. Thomas Pannuti, Associate Professor of Astrophysics and Space Science – 2014-15 academic year

Dr. Kristina DuRocher, Associate Professor of History, Spring 2015 semester

Dr. Chien-Chih Peng, Associate Professor of Finance, Spring 2015 semester

Dr. DeMoss noted that one application is pending and will come forward at the next Board meeting.

(Additional background information attached to these minutes and marked V-B-2)

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

VOTE: The motion carried.

The President recommended:

RECOMMENDATION: That the Board approve the proposal by the MSU Department of Earth and Space Sciences for the Master of Science in Space Systems Engineering (MSSE) degree.

(Additional background information attached to these minutes and marked V-A-3)

Dr. DeMoss said that a significant need exists in the workforce for the type of engineer that this program will produce. Fifteen percent of the US GDP is now related to aerospace, and the aerospace industry supports more than 15 million high quality American jobs. The aerospace industry has experienced eight consecutive years of growth. As of 2013, aerospace is the number one manufactured export in Kentucky. The job market for all areas of the space sector, including aerospace engineers, electrical and mechanical engineers, technicians, earth station operators, and micro-nanotechnology engineers, is robust—all epitomizing 21st century jobs. The MSSE has the potential to increase the University's applied research and technology to create new knowledge and ultimately regional economic growth.

**Master of Science in
Space Systems
Engineering (MSSE)
degree**

Dr. Ben Malphrus, Chair of the Department of Earth and Space Sciences, and Dr. Roger McNeil, Dean of the College of Science and Technology, were present to respond to questions. Discussion followed.

Following a ten-minute recess, the meeting reconvened at 10:50. Ms. Lewis left the meeting at 10:40 a.m.

The President recommended:

Campus Master Plan

RECOMMENDATION: That the Board of Regents approve the proposed Campus Master Plan.

(Additional background information attached to these minutes and marked V-B-4)

The proposed Campus Master Plan was discussed in great detail at a Board retreat held in February. Ms. Patrick noted that the Campus Master Plan will guide the University in future property acquisitions and capital planning and prioritization.

MOTION: Mr. Thacker moved that the Board approve the President's recommendation. Mr. Goodpaster seconded the motion.

VOTE: The motion carried.

The President recommended:

Financial Statements

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

(Second Quarter Financial Statements and additional background information attached to these minutes and marked V-B)

Teresa Lindgren, Executive Director of Budgets and Financial Planning, and Kelli Owen, Director of Accounting and Financial Services, presented the financial statements as of December 31, 2013, the second quarter of the fiscal year ending June 30, 2014.

Ms. Owen reported that the University's financial picture has remained stable through the second quarter of the 2013-2014 fiscal year. During the period July 1, 2013, through December 31, 2013, the University operated with a surplus of revenues over expenditures and transfers in the amount of \$36,616,281. This level of operating surplus is expected at this time, since most of the billings for the Spring 2014 semester are reflected in the tuition and fees revenue and only expenditures through December 31, 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.

Ms. Lindgren reported on budget amendments and significant adjustments to revenue and other additions for the period of October 1, 2013, to December 31, 2013. These adjustments included unbudgeted support from the MSU Foundation totaling \$87,767; endowment income allocations totaling \$87,719; and other miscellaneous revenue totaling \$17,153. These revenues were allocated primarily to the Division of Academic Affairs.

She also noted that budget allocations from fund balance for educational and general purposes totaled \$867,872 and \$88,853 for auxiliary purposes. In addition, an allocation of \$672,216 of fund balance was made to carry forward 2012-2013 funds budgeted for capital renewal and maintenance projects.

Discussion followed.

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

VOTE: The motion carried.

The President recommended:

RECOMMENDATION: That the Board approve the Order to Dispose of Property relating to the razing of Brass Eagle Apartments, Derrickson Agricultural Complex duplexes and farm house, Normal Hall, Garred House, and the Allie Young Law Office building.

(Additional background information and Order to Dispose of Property attached to these minutes and marked V-B-6)

Ms. Patrick said that several buildings have become surplus to the needs of the University. Renovation of these buildings is not economically feasible, and it is in the best interest of the University to raze the structures and use the land for future development in accordance with the University's Campus Master Plan.

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

VOTE: The motion carried.

*Order to Dispose of
Property*

**Reimbursement
Resolution**

The President recommended:

RECOMMENDATION: That the Board adopt the Reimbursement Resolution.

(Additional background information and Reimbursement Resolution attached to these minutes and marked V-B-7)

Ms. Patrick said that in order for the University to be in compliance with the Internal Revenue Code relating to the issuance 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 reimbursement resolution has been reviewed by bond counsel and will satisfy the Internal Revenue Code requirements.

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

VOTE: The motion carried.

REPORTS*Enrollment Report*

Jeffrey Liles, Assistant Vice President for Enrollment Services, presented a preliminary enrollment report for Spring 2014. Mr. Liles said that total enrollment increased by 233 when compared to the Spring of 2013. *(Complete enrollment report attached to these minute and marked V-C-1)*

Personal Service Contracts

Ms. Patrick reported on Personal Service Contracts for the period of November 16, 2013, through February 15, 2014. Only one contract was issued to Carson Consulting & Training to develop and facilitate an online mathematics course for the Adult Education Academy in the amount of \$20,420 for the period beginning January 2, 2014, and ending June 30, 2014.

In response to a question on the Adult Education Academy, Ms. Patrick said that the adult education centers are located in various counties and the contract is administered through the Council on Postsecondary Education.

Mr. Martin moved that the Board accept the reports. Ms. Long seconded the motion. The motion carried.

PRESIDENT'S REPORT

President Andrews reported that:

- The Kentucky House of Representatives is expected to vote on the Executive Budget today. It is essentially the same budget that the Governor proposed, which includes a 2.5 percent cut to the state's appropriation for higher education.
- The Provost Search is on schedule. Video interviews have been conducted with 12 candidates. Three to five candidates will be invited to visit the campus in April. Plans are to have a person on board by the start of the academic year.

- The Eagles advanced to the semi-finals of the Ohio Valley Conference (OVC) basketball tournament where the team was defeated by Belmont University.
- Morehead State University had 26 students who presented posters at this year's Posters-at-the-Capitol event. These student projects, completed in collaboration with faculty members outside the traditional classroom setting, represent the personal, value added educational opportunities available at Morehead State University. The involvement of undergraduate students with faculty in research, scholarship, and other creative endeavors provides the type of rich academic environment necessary for the development of leaders with the intellectual skills and vision to guide the future social and economic development of our Commonwealth and the nation. MSU is committed to the continued expansion of these scholarly opportunities for students in all academic programs through initiatives such as our unique Undergraduate Research Fellows program and our Celebration of Student Scholarship Week.

**RECOGNITION OF
CHAIR MERCHANT**

The President and Board presented Regent John C. Merchant a plaque recognizing him for his outstanding leadership as Board Chair during the past four years, 2010-2014. (The Chair is elected annually and is limited to no more than four consecutive terms.) Mr. Merchant said that it had been a great experience and that he looked forward to continuing his service on the Board during the coming year.

OTHER BUSINESS

Chair Merchant reminded the Board of future meetings:

- Audit Committee, Thursday, May 8, 2014, 8 a.m.
- Work Session, Thursday, May 8, 2014, 9 a.m.
- Spring Commencement Programs, May 10, 2014, 10 a.m. and 2 p.m.
- Quarterly Meeting, Thursday, June 5, 2014, 9 a.m.

ADJOURNMENT

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

Respectfully submitted,

Carol Johnson, Secretary
Board of Regents

2014 SPRING GRADUATES

BOR (VIII-A-2)
June 5, 2014

Recommendation:

That the awarding of degrees to the candidates who successfully completed all degree requirements as approved by the faculty of the University at the 2014 Spring Commencement on May 10, 2014, be ratified.

Background:

At the May 10, 2014, Spring Commencement, students were awarded 1,157 degrees from Morehead State University. This included 20 doctoral degrees, 10 education specialist degrees, 228 master degrees, 781 bachelor degrees and 118 associate degrees.

RATIFY PERSONNEL ACTIONS

**BOR (VIII-A-3)
June 5, 2014**

Recommendation:

That the Board ratify the Personnel Actions for the period February 19, 2014, through May 13, 2014.

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
 05/13/14

	July 1 Authorized Positions	Current Authorized Positions	+/- Position Adjustments	Current Position Strength	% Current Strength
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	108.88	93.96
Facilities Management	151.00	151.00	0.00	146.00	96.69
Division of Student Life	124.06	124.06	0.00	117.06	94.36
Division of Academic Affairs	41.00	41.00	0.00	38.00	92.68
Caudill College of Arts, Humanities & Social Sciences	149.75	152.50	2.75	140.50	92.13
College of Business and Public Affairs	59.50	59.50	0.00	55.50	93.28
College of Education	89.02	88.02	-1.00	75.53	85.81
College of Science and Technology	175.66	178.66	3.00	160.66	89.92
Academic Programs and University Outreach	86.77	87.92	1.15	81.92	93.18
Camden-Carroll Library	37.00	37.00	0.00	32.00	86.49
	<u>1081.49</u>	<u>1088.79</u>	<u>7.30</u>	<u>1006.30</u>	<u>92.42</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.

APPROVE REAPPOINTMENT OF AUDITING FIRM

**BOR (VIII-A-4)
June 5, 2014**

Recommendation:

That, based on the recommendation of the Audit Committee, the Board approve the extension of the auditing services contract with Dean Dorton Allen Ford PLLC in Lexington to conduct the required annual audits for Morehead State University for the fiscal year that will end on June 30, 2014.

Background:

KRS 164A.570 requires an annual audit to be conducted for all universities in the state system. The bylaws of the Board of Regents provide that the Audit Committee will review, evaluate, and recommend to the full Board, an accounting firm to conduct the University's required annual audits. State statutes specify that the auditing firm must be selected through a request for proposal process, and that a personal services contract be issued to engage the firm.

On February 1, 2011, the University issued a request for proposals from qualified public accounting firms to perform the auditing services. As a result of that process, the Audit Committee recommended and the Board approved the appointment of Dean Dorton Allen Ford PLLC to conduct the annual audits. The contract with the firm was for the fiscal year that ended on June 30, 2011 with the option to extend the contract for four additional one year periods. The audit fee adjustments for the extension periods will be based on the consumer price index.

The services rendered by Dean Dorton Allen Ford PLLC for the 2012-2013 fiscal year were satisfactory and in compliance with the terms of the contract. The fee for the 2013-2014 fiscal year will not exceed \$81,425.

The Audit Committee met on May 8, 2014. The Committee approved the extension of the audit contract.

**APPROVE MINIMUM SCOPE
OF THE ANNUAL AUDIT**

**BOR (VIII-A-5)
June 5, 2014**

Recommendation:

That, based on the recommendation of the Audit Committee, the Board approve the minimum scope of the University's audit for the year ending June 30, 2014.

Background:

The University is required to have an annual audit conducted of its financial activities. The bylaws of the Board of Regents specify that the Audit Committee will review, evaluate, advise and recommend to the full Board the minimum scope of the annual audit.

The Director of Accounting and Financial Services and the Director of Internal Audits have outlined the scope of the audit that will comply with all local, state, and federal audit requirements. A summary of the audit scope is attached.

The Audit Committee met on May 8, 2014. The Committee approved the minimum scope of the audit.

**MOREHEAD STATE UNIVERSITY
MINIMUM SCOPE OF THE ANNUAL AUDIT
FOR THE YEAR ENDING JUNE 30, 2014**

June 5, 2014

This document outlines the minimum scope of the annual audit of Morehead State University (MSU), and any applicable related entities, to be conducted by the University's auditors (the Firm) for the year ending June 30, 2014. Additional audit requirements and procedures may be added as situations warrant.

Internal Controls

The audit will include a review and evaluation of the existing internal control structure. The evaluation will provide a basis for reliance thereon in determining the nature, timing and extent of selective audit tests to be applied to recorded transactions and data for certain periods of the year.

General Purpose Financial Statements

The Firm will perform an audit of and issue its independent auditor's report on the financial statements of MSU as of June 30, 2014 and the results of its operations for the fiscal year then ended. The audit will be performed in accordance with auditing standards generally accepted in the United States of America; the standards for financial and compliance audits contained in *Government Auditing Standards* (GAGAS), issued by the United States General Accounting Office. The audit should include a determination as to whether Morehead State University's federal expenditures have met the Single Audit threshold established by the Single Audit Act and the provisions of Office of Management and Budgets (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations Receiving Federal Awards*, and the performance of a single audit in accordance with these standards, if required. The report will also include an independent auditor's report on supplemental information covering those supplemental schedules suggested to be reported on by the AICPA Audit Guide *Audits of Colleges and Universities*.

Federal Awards Programs

The audit will include a Schedule of Expenditures of Federal Awards, which will be subjected to the auditing procedures applied in the audit of the financial statements. An opinion will be rendered on whether the Schedule is presented fairly in all material respects in relation to the financial statements taken as a whole.

The audit will report on the internal controls over financial reporting and on compliance with laws, regulations, and provisions of contracts or grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts in accordance with *Government Auditing Standards*. A report will also be issued on compliance with requirements applicable to each major program and internal control over compliance with requirements of laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Kentucky Lease Law Compliance Audit

The Firm will issue a separate report on compliance with the Kentucky Lease Law. This report should include documentation of testing procedures performed, sample selection methods, and summary of the auditor's result in accordance with KRS 56.800 through 56.823, and KRS 48.190.

Intercollegiate Athletics Department:

The Firm will perform certain agreed-upon procedures and issue a separate report covering the limited examination of the Intercollegiate Athletics Department and its related booster organization, for the year ending June 30, 2014. These procedures will be performed in accordance with the latest version of the *NCAA Financial Audit Guidelines*.

Corporation for Public Broadcasting (CPB):

The Firm will issue its independent auditor's report on the financial statements of WMKY-FM for the year ending June 30, 2014. The audit will be performed in accordance with auditing standards generally accepted in the United States of America and the *Public Telecommunications Audit Guide and Requirements* as they relate to the CPB Annual Financial Report for the year ending June 30, 2014.

Compliance Report Under KRS 164A.555 to 164A.630 (House Bill 622):

The Firm will also issue a separate letter covering its study of MSU's internal accounting controls and administrative control procedures considered relevant to the criteria established by the Commonwealth of Kentucky Finance and Administration Cabinet as set forth in the latest version of the Cabinet's *Minimum Audit Scope for Compliance*.

Management Letter:

As required by generally accepted auditing standards (*Statement on Auditing Standards No. 60*), the Firm will prepare a letter of reportable conditions noted during the audit related to inherent weaknesses of controls, procedures, policies or noncompliance with governmental laws or regulations and suggest possible improvements. The Firm will comment and discuss those or other matters with the Director of Accounting and Financial Services, the Internal Auditor, the Vice President for Administration and Fiscal Services, and the President and the University Board of Regents. The Firm also will submit ideas or observations that will help achieve the University's objectives or improve efficiency in operations. As required by the Commonwealth of Kentucky Auditor of Public Accounts, all such matters conveyed to management will be documented in writing to be forwarded to the Auditor of Public Accounts.

Recommendations to management will be in the format prescribed by the Auditor of Public Accounts. The Firm will document the resolution status of prior year recommendations.

Closing Package:

In accordance with the directive from the Commonwealth of Kentucky Auditor of Public Accounts, the Firm will provide a copy of the comprehensive financial statements and management letter to the Auditor of Public Accounts. In addition, a report issued under *Codification of*

Statements on Auditing Standards AU 623.11 through 623.17 applicable to the “closing package” furnished by the University to the Finance and Administration Cabinet will be provided to the Auditor of Public Accounts by September 30, 2014 (or date specified by the Commonwealth). If requested by the Auditor of Public Accounts and approved by the University, all working papers prepared by the audit team will be made available for review.

Audit of Subsequent Events:

In accordance with the directive from the Auditor of Public Accounts, the Firm will update the audit procedures related to events subsequent to June 30, 2014 from the last day of field work (projected for late September 2014) to December 15, 2014. The Firm will report the results of these updated procedures in a separate letter, which shall be delivered to the Auditor of Public Accounts and to the University, no later than noon on December 16, 2014.

Other Reports:

The Firm will issue any other letter reports as may be required by the Finance and Administration Cabinet or the Auditor of Public Accounts of the Commonwealth of Kentucky.

Exit Conferences:

Separate exit conferences may be required to be held with the MSU Board of Regents, the Board of Regents Audit Committee, the MSU President and other members of the administration. Also, it is expected that exit conferences will be held with major unit heads as appropriate to the areas or functions audited.

Timing of Reports:

1. The audited financial statements and management letter shall be furnished to the Auditor of Public Accounts no later than October 1 (or other such date as specified by the Commonwealth). If final reports are not available as of October 1 (or other such date as specified by the Commonwealth), drafts will be submitted by that date. The reports will contain the following items:
 - (a) Audited financial statements and an opinion thereon.
 - (b) A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*. Where applicable, this report must refer to a separate schedule of findings and questioned costs.
 - (c) A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133. Where applicable, this report must refer to a separate schedule of findings and questioned costs.
 - (d) A report on compliance in accordance with KRS 164A.555 through 164A.630 (House Bill 622) based on the audit of financial statements.

- (e) The closing package forms, in accordance with *Codification of Statements on Auditing Standards*, AU 623.11 through 623.17.
 - (f) If applicable, the Firm shall also obtain and submit management's summary schedule of prior audit findings and corrective action plan for current year audit findings.
 - (g) The reports described above should be presented in a manner prescribed by the AICPA Audit and Accounting Guide and OMB A-133. Notwithstanding the provisions of the AICPA Audit Guide, any "other matter" conveyed to management should be in writing, and a copy of that correspondence forwarded to the Auditor of Public Accounts.
- 2. The Firm will certify, on line, the CPB audit report by November 30 of each year.
 - 4. The Firm will prepare the KFAC form 990 & 990-T by November 30 of each year.
 - 5. The Firm will provide a representation letter by August 1st (or other such date as specified by the Commonwealth) to the Auditor of Public Accounts stating that the Firm is in compliance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards* concerning continuing education requirements, independence and internal quality control system and peer review requirements. The representation letter should be prepared in accordance with the provisions of the Auditor of Public Accounts related to independence.
 - 6. The Firm shall notify the Auditor of Public Accounts of matters which come to its attention which may have a significant impact on the Commonwealth's financial statements. The Firm shall be available to the Auditor of Public Accounts to address questions about the University's financial statements.
 - 7. The Firm will provide, by the date requested, a letter to the Auditor of Public Accounts reporting the results of the application of subsequent events audit procedures.
 - 8. The Firm will provide a copy, in Adobe (pdf) format, each of the audited financial statements to the University (both including and excluding the report on Federal Awards Program (A-133)), in electronic form to be used when required by outside agencies for reporting purposes.
 - 9. The Firm will prepare the University's form 990-T by February 15th of each year and provide consulting services related to unrelated business income.

PROMOTION, 2014

BOR (VIII-B-1)
June 5, 2014

Recommendation:

That the Board of Regents approve the granting of promotions to the following faculty with the issuance of their contracts for the 2014-2015 year:

Professor

Mee-Ryoung Shon, education (ECES)

Jeffrey Hill, mass communication

Greg Detweiler, music

Jennifer Birriel, physics

Vivian Cyrus, mathematics

Monica Magner, health, wellness and human performance

Teresa Howell, nursing ADN

Librarian III

Sandy Craft

Background:

In accordance with personnel policies, faculty members and librarians desiring promotion are responsible for developing their portfolios for submission to their peers and administrative supervisors for analysis and review. Recommendations from these peer groups and administrators are forwarded to the Provost. The President, based upon recommendations from the Provost, submits his recommendations to the Board of Regents.

EMERITUS STATUS, 2014

**BOR (VIII-B-2)
June 5, 2014**

Recommendation:

That the Board of Regents approve the granting of Emeritus Status to the following:

Sharon Walters, associate professor of accounting
Frank Oddis, associate professor of music
Janet Kenney, associate professor of Radio-TV
Gerd Fricke, professor of mathematics

Background:

In accordance with PAc-3 and UAR 116.04, the faculty members listed above were recommended for emeritus status by their peers and immediate supervisors to the Provost. The President, based upon recommendations from the Provost, submits his recommendations to the Board of Regents. The emeritus status will become effective upon the date of retirement.

TENURE, ACADEMIC ADMINISTRATORS

**BOR (VIII-B-3)
June 5, 2014**

Recommendation:

That the Board of Regents approve the granting of tenure and the rank of Professor of Imaging Sciences to Dr. Donna Wright, Chair, Department of Imaging Sciences.

Background:

Morehead State University's personnel policy, PAc-27, provides a procedure for employing academic administrators with tenure. The search committee, the Department of Imaging Sciences faculty, and the Dean of Science and Technology recommended that Dr. Wright be employed with tenure and the rank of professor. The Provost and the President support these recommendations.

SABBATICAL LEAVE, 2014-2015

BOR (VIII-B-4)
June 5, 2014

Recommendation:

That the Board of Regents approve the granting of sabbatical leave for the following faculty:

Dr. Beverly Klecker, professor of education (FGSE), Fall 2014 semester

Background:

Faculty members desiring sabbatical leaves submit their application to be evaluated by their departmental committee, department chair, college dean, and the Professional Development Committee. These committee evaluations are forwarded to the Provost who recommends to the President for his recommendation to the Board of Regents.

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

**BOR (VIII-B-5)
June 5, 2014**

Recommendation:

That the Board accept the financial statements and amend the operating budget for the third 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 March 31, 2014, the third 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
Third Quarter Financial Statements
March 31, 2014**

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the nine months that ended on March 31, 2014. 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 third quarter of the 2013-2014 fiscal year. During the period July 1, 2013 through March 31, 2014 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$14,113,538. This level of operating surplus is expected at this time, since most of the billings for the Spring 2014 semester are reflected in the tuition and fees revenue and only expenditures through March 31, 2014 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 nine months are summarized as follows:

- Total revenues increased \$1.7 million over last year to \$125.3 million. The majority of this increase was due to an increase in tuition and housing revenue. Tuition revenue increased \$850 thousand due to a 2.9% increase in the undergraduate resident full time rate and an increase in undergraduate student enrollment. Housing revenue increased \$1.3 million due to a 4% increase in housing rates and an increase in housing occupancy.
- The percent of actual total revenue to budget was 84.69% at March 31, 2014 and 89.50% at March 31, 2013. This percentage would be expected at this time, since most of the billings for the Spring 2014 semester are reflected in revenue.
- Total expenses were approximately \$111.2 million at March 31, 2014 and \$102.3 million at March 31, 2013. The \$8.9 million increase in actual expenses is related to budgeted increases in fixed costs such as utilities, scholarship commitments, debt service, employee retirement benefits, and the implementation of a new employee compensation model. Construction and renovation costs have also contributed to the increase in expenses.
- Net change in net position decreased \$7.2 million to \$14.1 million as compared to \$21.3 million at March 31, 2013. 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 Nine Months Ended March 31, 2014 and 2013

	2013-2014			2012-2013		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
Revenues						
Educational and General						
Tuition and Fees	\$72,065,530	\$67,978,643	94.33%	\$67,458,975	\$67,128,580	99.51%
Govt Appropriations	41,560,200	33,546,142	80.72%	41,564,500	33,835,777	81.41%
Indirect Cost Reimbursement	585,000	584,846	99.97%	595,000	534,573	89.84%
Sales & Services Ed Activities	1,869,262	1,755,749	93.93%	1,896,784	1,917,591	101.10%
Other Sources	2,713,514	2,885,601	106.34%	3,033,146	3,285,676	108.33%
Budgeted Fund Balance-E&G	9,778,231	-	0.00%	6,843,661	-	0.00%
Total Educational and General	\$128,571,737	\$106,750,981	83.03%	\$121,392,066	\$106,702,197	87.90%
Auxiliary Enterprises						
Housing	\$11,391,300	\$12,021,195	105.53%	\$9,828,400	\$10,759,607	109.47%
University Store	4,883,179	4,762,561	97.53%	4,464,033	4,558,632	102.12%
Food Services	814,500	681,742	83.70%	818,859	682,421	83.34%
Other	1,351,546	1,058,375	78.31%	1,045,795	891,646	85.26%
Budgeted Fund Balance - Auxiliary	903,205	-	0.00%	540,718	-	0.00%
Total Auxiliary Enterprises	\$19,343,730	\$18,523,873	95.76%	\$16,697,805	\$16,892,306	101.16%
Total Revenues	\$147,915,467	\$125,274,854	84.69%	\$138,089,871	\$123,594,503	89.50%

Morehead State University
Unrestricted Current Funds
Statements of Revenues, Expenditures & Changes in Net Position
For the Nine Months Ended March 31, 2014 and 2013

	2013-2014			2012-2013		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
Expenditures and Transfers by Division						
Educational & General						
President & Administration	\$1,003,151	\$714,835	71.26%	\$905,933	\$629,375	69.47%
University Advancement	5,053,337	3,557,920	70.41%	4,605,126	3,487,298	75.73%
Administration & Fiscal Services	21,221,357	16,774,325	79.04%	19,496,546	14,662,733	75.21%
Student Life	13,237,645	10,829,007	81.80%	12,697,662	10,339,208	81.43%
Academic Affairs	80,603,297	61,053,308	75.75%	74,817,843	57,667,062	77.08%
Other	8,880,808	6,338,079	71.37%	8,899,508	5,523,231	62.06%
Total Educational & General	\$129,999,595	\$99,267,474	76.36%	\$121,422,618	\$92,308,907	76.02%
Auxiliary Enterprises						
Housing	\$11,476,492	\$6,584,417	57.37%	\$10,473,709	\$4,635,718	44.26%
University Store	4,381,306	3,940,569	89.94%	4,247,827	4,001,516	94.20%
Food Services	525,230	362,063	68.93%	550,520	380,790	69.17%
Other	1,532,844	1,006,793	65.68%	1,395,197	951,858	68.22%
Total Auxiliary Enterprises	\$17,915,872	\$11,893,842	66.39%	\$16,667,253	\$9,969,882	59.82%
Total Expenditures and Transfers by Division	\$147,915,467	\$111,161,316	75.15%	\$138,089,871	\$102,278,789	74.07%
Net Change in Net Position		\$14,113,538			\$21,315,714	

Morehead State University
Statements of Net Position
March 31, 2014 and 2013

Assets	2014	2013
Current assets:		
Cash and cash equivalents	\$44,372,651	\$43,080,857
Accounts, grants and loans receivable, net	13,305,552	13,904,651
Prepaid interest	102,192	124,649
Inventories	1,624,643	1,571,687
Total current assets	<u>59,405,038</u>	<u>58,681,844</u>
Noncurrent assets:		
Accounts, grants and loans receivable, net	3,792,503	3,737,050
Prepaid interest	-	102,191
Investments	13,124,666	14,067,945
Capital assets, net	<u>203,742,274</u>	<u>198,452,420</u>
Total noncurrent assets	<u>220,659,443</u>	<u>216,359,606</u>
Total assets	<u><u>\$280,064,481</u></u>	<u><u>\$275,041,450</u></u>
Liabilities and net position		
Current liabilities:		
Accounts payable and accrued liabilities	\$5,170,595	\$4,691,298
Unearned revenue	2,047,320	2,308,547
Bonds, notes and capital lease obligations, current portion	<u>4,826,040</u>	<u>4,066,315</u>
Total current liabilities	<u>12,043,955</u>	<u>11,066,160</u>
Long-term liabilities:		
Bonds, notes and capital lease obligations, noncurrent portion	65,115,709	61,794,931
Advances from federal government for student loans	3,416,142	3,233,892
Unearned revenue	<u>290,235</u>	<u>290,235</u>
Total long-term liabilities	<u>68,822,086</u>	<u>65,319,058</u>
Total liabilities	<u>80,866,041</u>	<u>76,385,218</u>
Net position		
Net investment in capital assets	133,902,714	132,818,014
Restricted:		
Expendable	10,081,382	10,609,518
Nonexpendable	12,850,878	12,757,511
Unrestricted	<u>42,363,466</u>	<u>42,471,189</u>
Total net position	<u>199,198,440</u>	<u>198,656,232</u>
Total liabilities and net position	<u><u>\$280,064,481</u></u>	<u><u>\$275,041,450</u></u>

See attached notes to Statements of Net Position

Morehead State University
Notes to the Statements of Net Position
March 31, 2014 and 2013

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 \$3,156,833 at March 31, 2014 and \$3,003,122 at March 31, 2013. Also, included in this category is \$6.4 million in receivables from federal and state grant agencies at March 31, 2014 and \$7.6 million at March 31, 2013.
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 \$82,483 at March 31, 2014 and \$85,710 at March 31, 2013.
4. Prepaid interest represents interest paid to advance refund the University's Housing and Dining System Revenue Bonds.
5. Capital Assets, net increased approximately \$5.3 million from the previous year. This increase is primarily related to the capitalization of expenses incurred for residence hall renovations, soccer practice/intramural field, relocation of the athletics facility access road and the guaranteed energy savings project. Accumulated depreciation on buildings and equipment was \$158,043,051 at March 31, 2014 and \$150,606,012 at March 31, 2013.
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 \$5.5 million.
9. The net investment in capital assets 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 January 1, 2014 to March 31, 2014

Description	Opening Budget As of 1/1/2014	Adjustments	Amended Budget As of 3/31/2014
Revenues and Other Additions			
Tuition and Fees	\$ 71,922,958	\$ 142,572	\$ 72,065,530
Government Appropriations	41,560,200	-	41,560,200
Indirect Cost Reimbursement	585,000	-	585,000
Sales and Services of Ed. Activities	1,694,852	174,410	1,869,262
Other Sources	2,531,301	182,213	2,713,514
Budgeted Fund Balance - E&G	9,199,700	578,531	9,778,231
Auxiliary Enterprises	18,386,681	53,844	18,440,525
Budgeted Fund Balance - AUX	876,168	27,037	903,205
Total Revenues and Other Additions	\$ 146,756,860	\$ 1,158,607	\$ 147,915,467
Expenditure Authorizations by Division			
Educational & General			
President & Administration	\$ 996,057	\$ 7,094	\$ 1,003,151
University Advancement	5,012,380	40,957	5,053,337
Administration & Fiscal Services	20,711,422	509,935	21,221,357
Student Life	13,061,202	176,443	13,237,645
Academic Affairs	79,912,510	690,787	80,603,297
Debt Service & Mandatory Transfers	4,157,613	-	4,157,613
Other	5,227,360	(504,165)	4,723,195
Total Educational & General	\$ 129,078,544	\$ 921,051	\$ 129,999,595
Auxiliary Enterprises			
Administration & Fiscal Services	\$ 13,651,277	\$ 237,556	\$ 13,888,833
Student Life	991,743	-	991,743
Academic Affairs	13,296	-	13,296
Debt Service	2,959,510	-	2,959,510
Other	62,490	-	62,490
Total Auxiliary Enterprises	\$ 17,678,316	\$ 237,556	\$ 17,915,872
Total Expenditure Authorizations	\$ 146,756,860	\$ 1,158,607	\$ 147,915,467

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period January 1, 2014 to March 31, 2014
Notes of Significant Adjustments to Revenue and Other Additions

Tuition and Fees

Unbudgeted revenue allocated to Academic Affairs during the third quarter totaled \$142,572

Sales and Services of Educational Activities

Unbudgeted revenue allocated during the third quarter totaled \$174,410

- Eagle Excellence Fund (EEF) support from the MSU Foundation totaled \$45,042
- Basketball Guarantees totaled \$49,020
- Other athletic revenue totaled \$16,085
- Other miscellaneous revenue totaling \$64,263 was allocated primarily to Academic Affairs

Other Sources

Unbudgeted revenue allocated during the third quarter totaled \$182,213

- Unbudgeted support from the MSU Foundation totaled \$150,413
 - \$104,912 Administration and Fiscal Services
 - \$ 27,501 Academic Affairs
 - \$ 17,830 University Advancement
 - \$ 170 Student Life
- Endowment Income allocations totaled a negative balance of (\$12,889)
 - \$ 31,227 Transferred to various Academic Affairs units
 - (\$ 44,116) Unused funds from the Booth Endowment for the Energy Development in Eastern Kentucky program were returned to the Foundation
- Other miscellaneous revenue allocated during the third quarter totaled \$44,689
 - \$ 25,120 Student Life
 - \$ 17,546 Academic Affairs
 - \$ 1,104 University Advancement
 - \$ 919 Administration and Fiscal Services

Fund Balance – E&G

Budget allocations from fund balance for educational and general purposes totaled \$578,531

- \$ 195,880 Allocation to partially fund purchase of document management system (*total cost of \$295,880*); \$100,000 funded from Foundation; \$25,859 to be reimbursed from IT Technology Project funds in 2014-15
- \$ 97,460 Six new Academic Advisor positions (*most with hire date of 3/1/14*)
- \$ 70,268 Faculty salary adjustments for Assistant Professors to 50% of experienced market based on their assigned CIP code
- \$ 38,489 Salary adjustments due to the exempt position classification status review (changed from exempt to non-exempt status), per HR evaluation
- \$ 27,546 Faculty Athletic Representative from School of Business Administration
- \$ 25,416 Fire alarm system repairs and halon systems inspections
- \$ 22,462 Professional development funds for faculty participating in Quality Enhancement Program (QEP)
- \$ 18,126 Compliance Manager/Health Educator for Counseling & Health Services Center
- \$ 16,350 Medical Office Associate for Counseling & Health Services Center
- \$ 15,000 Governor's Scholars Program summer 2014 start up funds
- \$ 13,489 Recycling containers for the Recycling Program
- \$ 10,500 Advance of 2014-15 funds to Football to purchase helmets
- \$ 10,000 Relocation expenses for COE Dean
- \$ 6,147 Earth and Space Sciences classroom furnishings
- \$ 5,500 Allocation of EagleCard contingency reserve for ID card stock and supplies for SOAR and GSP
- \$ 4,114 Salary adjustment for Head Women's Volleyball Coach
- \$ 3,124 Registered Nurse in Counseling & Health Center hire above budget
- \$ (1,340) Rebate from radios purchased for University Police originally funded from Fund Balance allocation

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period January 1, 2014 to March 31, 2014

From:	To:		
Revenue and Other Additions	Division/ Budget Unit	Amount	Description

None.

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of January 1, 2014 to March 31, 2014

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
I. Equipment Purchases \$200,000 or Greater			
None			
II. Capital Construction Projects, Information Technology Systems or Land Acquisitions \$600,000 or Greater			
West Mignon Hall Renovation	\$ 5,624,600	August, 2013	Completed
Mignon Hall Renovation	\$ 9,268,000		In Progress
Intramural/Soccer Practice Field	\$ 898,000	November, 2013	Completed
Land Acquisition - Mabry Property (Brass Eagle) <i>(payments begin January 2014 and end December 2020)</i>	\$ 875,000	December, 2013	Property Conveyed

**APPROVE THE 2014/2015 OPERATING BUDGET,
FEE SCHEDULE AND PERSONNEL ROSTER**

**BOR (VIII-B-6)
June 5, 2014**

Recommendation:

That the Board approve the recommended 2014/2015 Operating Budget, which totals \$153,196,000, the 2014/2015 Personnel Roster, and the 2014/2015 Fee Schedule.

Summary:

The 2014/2015 Operating Budget totals \$153.2 million, an increase of \$9.2 million (6.4 percent) compared to the current fiscal year. The two primary fund sources in the operating budget are student tuition and fee revenue and state appropriations. New revenue from a combination of a 4.9 percent increase in student tuition and fees and a 5.1 percent increase in residence hall rates is included in the operating budget. There is minimal net change in the amount of state support in 2014/2015 from the current fiscal year. The recommended budget demonstrates the University's commitment to student success and fiscal responsibility by including support for strategic investments and covering fixed and unavoidable costs.

In addition to covering increases in fixed costs such as scholarship commitments, health insurance premiums, and employee retirement benefits, the proposed budget includes investment in employees with the second year of a three year implementation plan of an employee compensation model. The proposed budget also includes investment of one-time reserve funds to improve a number of instructional and student support facilities.

Background:

The budget reflects the continued commitment to advance the University's mission by focusing on the goals and objectives as defined in the *ASPIRE 2010-2014 Strategic Plan*. The budget preparation process was inclusive of campus input and representation and resulted in the proposed \$153.2 million budget.

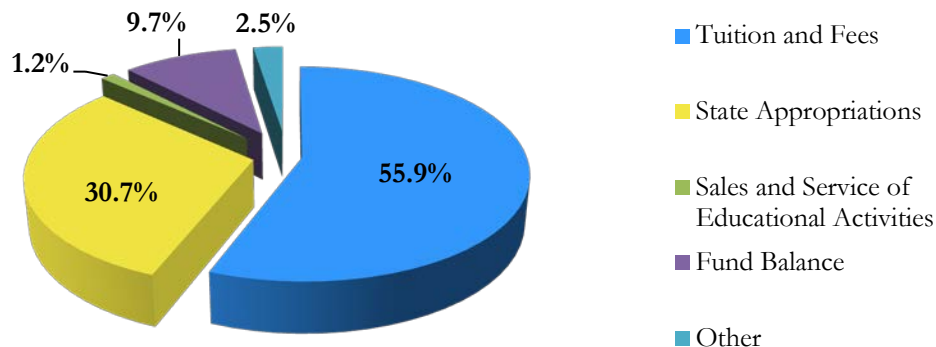
The parameters outlining the administration's management responsibilities related to the 2014/2015 Operating Budget and periodic reporting requirements to the Board of Regents are specified in the Budget Adoption Resolution on pages A-11 and A-12 of the separately bound 2014/2015 Operating Budget.

Analysis – Operating Budget:

Educational and General Funds (E&G) represent 87.3 percent of the total unrestricted Operating Budget and are the primary source of funds for the instructional and engagement missions of the University. The primary sources of the E&G budget include tuition and fee revenue of \$74.8 million (55.9 percent) and state appropriations for operating of \$41.0 million (30.7 percent) as displayed on the following chart. The total reflects an increase in tuition and fee revenue of \$2.9 million (4.0 percent) and an increase of \$23,100 in state operating

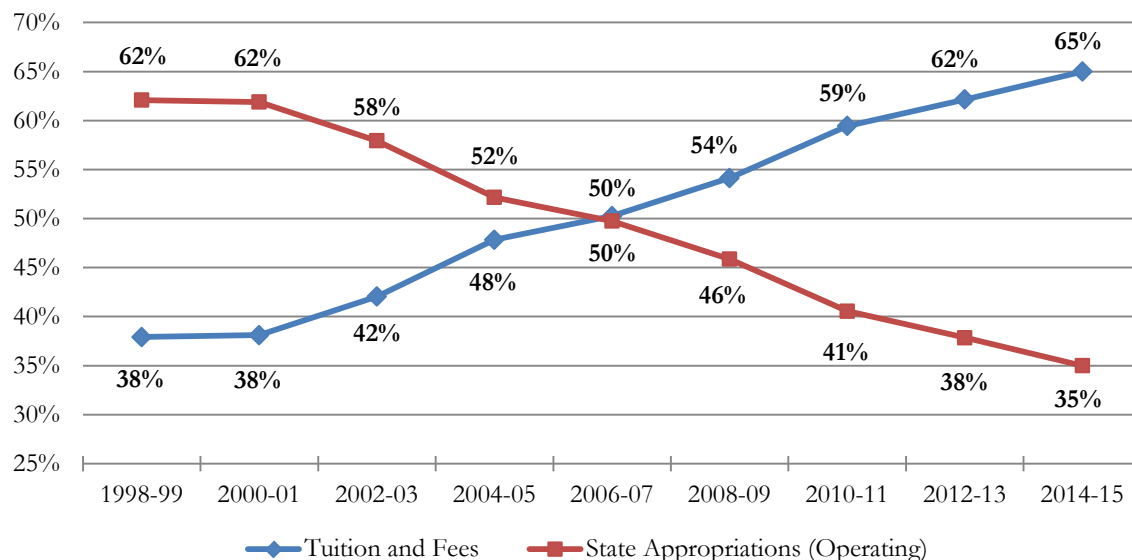
appropriations over the current year budget. The net \$23,100 increase in state appropriation operating funds is a result of two offsetting factors. The state imposed a 1.5 percent budget reduction totaling \$625,000 for 2014/2015. This reduction is offset by \$648,100 in state funding which represents half of the increased expense in required employer contribution for KERS retirement benefits. The University's contribution rate for KERS will be increasing from 26.79 percent to 38.77 percent of employee salary and wages on July 1, 2014.

Educational & General Revenues 2014-2015 Operating Budget



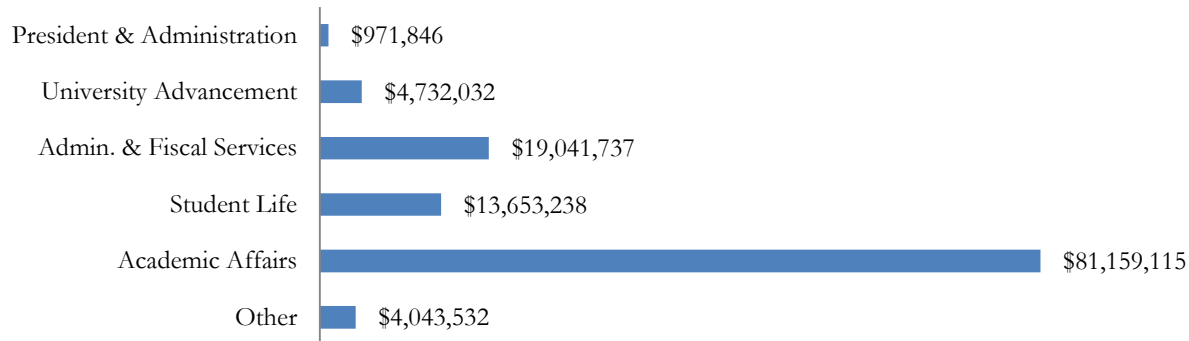
The 2014/2015 E&G Operating Budget reflects a continuation of the multi-year trend of the institution's growing dependency on tuition and fee revenue as state support continues to decline as illustrated below.

Student Share vs. State Share



The following chart summarizes the 2014/2015 budgeted unrestricted E&G expenditures by organizational area.

2014-2015 E&G Operating Budget by Division



Note: President and Administration includes President's Office, Board of Regents and Chief Diversity Officer

There is a notable increase in the percentage of the E&G budget supported from **Fund Balance** included in the budget. Fund balance reserves are generally budgeted within the unrestricted operating budget to address strategic needs of a non-recurring nature such as renovation projects or investments in property and equipment. The \$5.3 million (69.2 percent) increase in E&G resources supported by fund balance is primarily needed for additional capital construction and capital renewal projects planned for 2014/2015. Since implementation of reserved parking registration in 2008/2009, the additional unallocated revenue has been collected to contribute toward the cost of constructing a new parking structure. Accumulated parking revenue of \$1.2 million is now being allocated from fund balance to partially fund the scheduled construction of a new parking structure in the student residential area of campus. Additionally, approximately \$1.1 million of the increased allocation is funded by a sweep of unexpended project account balances held in Frankfort.

Auxiliary Funds are generated by enterprises that are generally self-supporting through charging fees to students and others external to the institution. Auxiliary enterprises generate approximately 12.7 percent of the University's operating revenues and include services for student housing, dining, concessions and vending, document services, the University's bookstore operation and the Eagle Trace Golf Course. The budget includes an increase of \$842,500 (4.5 percent) in revenue over the current year budget for auxiliary enterprises and is primarily attributed to an increase in student housing rates effective in the fall 2014 semester and increased student housing occupancy.

The following chart aligns the various sources of funds with the University's use of funds to illustrate where University resources originate and what they support.

Funds	Source of Funds	Use of Funds
Recurring E&G Revenues	<ul style="list-style-type: none"> ▪ State Appropriations ▪ Tuition and Mandatory Fees ▪ Investment Income ▪ Course and Program Fees ▪ Athletic Revenues ▪ Endowment Income ▪ Transfers ▪ Student Service Fees 	<ul style="list-style-type: none"> ▪ Instruction ▪ Public Service ▪ Administrative Support ▪ Student Financial Aid ▪ Instructional Support ▪ Student Services ▪ Operations & Maintenance of E&G Facilities ▪ Research
Fund Balance	Savings and reserves from prior years	<ul style="list-style-type: none"> ▪ Capital Projects ▪ Non-recurring Strategic Investments
Auxiliary Enterprise Revenues	<ul style="list-style-type: none"> ▪ Rental of Housing Facilities ▪ Dining Revenue ▪ University Bookstore ▪ Eagle Trace Golf Course ▪ Concessions and Vending ▪ Document Printing Services 	<i>Self-supporting auxiliary units pay all their expenses and receive no taxpayer or tuition support</i>

Analysis – Fee Schedule:

A comprehensive review of the University's fee schedule is conducted annually and recommended changes are presented to the Board for approval. The recommended 2014/2015 Fee Schedule is presented on pages C-1 through C-24 of the Operating Budget. A summary of the recommended rate changes for tuition and residence hall occupancy follows:

	Fall 2013	Fall 2014	Increase
TUITION and FEES			
Resident Undergraduate Base Tuition (12-18 hours)	\$3,683	\$3,867	\$184
Special Use Fee (Student Recreation Fee)	\$66	\$66	\$0
Total Tuition & Fees (Resident Undergraduate 12-18 hours)	\$3,749	\$3,933	\$184
HOUSING			
Average Residence Hall Rate per Semester	\$2,058	\$2,164	\$106

Tuition and Mandatory Fees:

On April 29, 2014, the Council on Postsecondary Education (CPE) approved a 2014/2015 resident, undergraduate tuition and mandatory fee ceiling that equates to a maximum base rate increase of no more than 5 percent for all public universities. The base rate excludes CPE approved Special Use Fees. On June 10, 2011, CPE approved a Special Use Fee for MSU to assess a \$5 per credit hour (equivalent of \$66 for 15 credit hours under current rate structure) student-endorsed fee dedicated to pay construction costs of the new Student Recreation Center. The recommended 2014/2015 tuition rate schedule includes a 5 percent increase in the undergraduate resident full-time base rate. Non-resident undergraduate rates are recommended at 2.5 times the resident rate.

The proposed rate schedule listed below is within the tuition increase parameters set by the Council on Postsecondary Education for Kentucky Comprehensive Universities for 2014/2015.

<p style="text-align: center;">Morehead State University Tuition and Mandatory Fee Schedule Effective Fall Semester 2014</p>		
Tuition & Mandatory Fees	Undergraduate Full-Time Rate (12-18 Credit Hours)	Per Credit Hour Rate
Undergraduate		
Resident	\$3,933	\$328
Non-Resident	\$9,833	\$820
Graduate		\$562
<p><i>Notes:</i></p> <ol style="list-style-type: none"> <i>1. Full-time status is achieved for undergraduate students when enrolled in at least 12 credit hours per semester.</i> <i>2. Undergraduate students enrolled in more than 18 credit hours will be charged the Full-Time Rate plus the additional Per Credit Hour Rate for each credit hour above 18.</i> <i>3. The Full-Time Rate does not apply to graduate students. All graduate students are charged on a per credit hour basis.</i> <i>4. Resident and Non-resident graduate students will be charged at the same per credit hour rate.</i> <i>5. Per credit hour rates also apply to students enrolled in a summer term.</i> <i>6. Non-resident undergraduate students enrolled exclusively in internet courses and/or enrolled exclusively at a regional campus center will be assessed tuition and fees at the undergraduate resident rate. Academic courses delivered with at least 50% of the instruction online are categorized as internet courses.</i> 		

Housing:

Recommendations made by Brailsford & Dunlavey in the Comprehensive Housing Master Plan completed for Morehead State University in April 2006 included a 5 percent increase for residence halls and apartment housing for the 2014/2015 academic year. However, to remain competitive with local housing rental rates, the rate increase recommended in the 2014/2015 Operating Budget is 4 percent on most residence halls. A 7 percent increase is recommended for the newly renovated Mignon Hall. The average weighted cost of a residence hall in 2014/2015 is \$2,164 per semester—an increase of 5.1 percent. Revenue generated from the increase in housing rates will be used to cover debt service associated with the ongoing renovation of the housing facilities as identified in the Comprehensive Housing Master Plan.

Analysis – Personnel Roster:

Salary and Benefit Increase:

In response to a charge from the MSU Board of Regents, a new employee compensation model has been developed to ensure salary competitiveness. Implementation of the model is planned over a three year period with Phase I in 2013/2014 and Phase II to begin in 2014/2015. In Phase I, base salary adjustments for faculty and non-exempt staff were included in the current year operating budget to bring salaries up to entry market salary of their position's pay range and halfway to the experienced market salary of their pay range based on time in rank (faculty) or time in position (non-exempt staff). Likewise, Phase II calls for base salary adjustments for exempt staff to bring salaries up to entry market salary of their position's pay range and halfway to the experienced market salary of their pay range based on time in position. Phase II also includes base adjustments for faculty and non-exempt staff to bring salaries up to the full experienced market salaries of their positions pay range based on time in rank (faculty) or time in position (non-exempt staff). The cost of Phase II base salary adjustments is \$2,455,183. Contractual obligations for salary increases associated with faculty promotion and tenure policies, education attainment policies, career ladders or other policy or employment agreements have been honored and are included in the 2014/2015 Operating Budget recommendation at a cost of \$316,499.

An increase of \$1,460,489 is included in the employee benefit accounts in the 2014/2015 Operating Budget to cover mandatory increases in the employer contribution rates for state employee retirement systems (KERS and KTRS). Additionally, an increase of \$198,000 (3 percent) in employee health insurance benefit expenses is included in the budget.

A significant expense in the University's budget is the cost of the employee insurance programs. The 2014/2015 Operating Budget includes \$7,325,757 for the cost of the health insurance program, \$344,006 for the dental insurance program, and \$59,951 for the life insurance program. The University's health insurance program is fully insured with Anthem Blue Cross/Blue Shield. The University's emphasis on wellness programs, combined with Anthem's similar approach

to providing employees with information to better manage their health care, resulted in a rate hold for the previous two calendar years (2012 and 2013). Nationwide, health insurance premiums have increased by an average of 8.5 percent during that time period. Implementation of the Patient Protection and Affordable Care Act combined with 2013 claim activity has resulted in a premium rate increase of 7.78% in calendar year 2014. Premiums for the 2015 calendar year will be established in fall 2014 and will be based primarily on claims experience in calendar year 2014.

The 2014/2015 Personnel Roster contains a listing of the recommended authorized positions as of July 1, 2014. Funding for each position listed in the roster has been included in the proposed 2014/2015 Operating Budget. A total of 1,112 positions are recommended for 2014/2015 with an estimated 1,035 positions contracted to be filled as of July 1, 2014. Total personnel expenditures represent 54.9 percent of the total expenditure budget.

The personnel roster is organized by division, with exempt (salary) and non-exempt (hourly) positions listed separately. The following information is shown for each position:

- Position ID number
- Employee currently holding the position
- Position title
- Appointment status if not a regular, full-time appointment
- Recommended salary at the start of the 2014/2015 contract period
- Contract months for exempt employees

Analysis – Student Financial Aid:

The 2014/2015 Operating Budget demonstrates the University's continued commitment to student financial aid with an increase of \$852,576 (4.2 percent) in scholarship expense budgets. The increases are attributed to the cost of increasing existing scholarships to cover the recommended tuition rate increase and scholarship participation level changes. Additionally, athletic scholarship budgets were increased by \$381,108 to support the tuition and housing rate increases, changes in enrollment mix, and participation levels.

2014-2015 Operating Budget Highlights

Development of the 2014/2015 Operating Budget to include funding fixed cost increases and support strategic needs with minimal increase in state appropriation has required significant analysis and prioritization from all divisions. The primary fixed cost increase and strategic investment categories are summarized below:

Primary Fixed Cost Increases/Decreases and Strategic Investments	
Academic Advisor Positions (six new positions)	302,220
Employee Compensation Model (Phase I additional adjustments)	162,741
Employee Compensation Model (Phase II implementation)	2,455,183
Health Insurance Premium Increase	198,000
Housing Debt Service	563,566
KTRS & KERS Retirement Contributions	1,460,489
Personnel Commitments (contractual)	316,498
Scholarships (participation level increases)	477,317
Scholarships (proportionate to tuition/housing rate increase)	592,395
State Mandated Tuition Waivers	141,800
Strategic Capital Projects	859,161
Utilities & Facility Maintenance Expenses (net savings)	-1,201,007
Workers Compensation Insurance (savings)	-140,000
Other Strategic Investments & Changes in Fixed Costs	254,176
Total Fixed Cost Increases and Strategic Investments	6,442,539

The recommended revenue sources to address the fixed cost increases and strategic investments planned for 2014/2015 are included in the listing below:

Revenue Sources	
State Appropriation - Operating	
Reduction (1.5% of 2013/14 Appropriation)	-625,000
50% of KERS Matching Rate Increase	<u>648,100</u>
<i>State Appropriation – Operating Increase</i>	23,100
Tuition	
Rate Increase (4.9%)	3,103,301
Enrollment Growth (Undergraduate)	995,129
Enrollment Decline (Graduate)	<u>-1,192,741</u>
<i>Tuition Revenue Increase</i>	2,905,689
Housing	
Rate Increase (5.1%)	1,012,100
Other Housing Revenue	<u>150,000</u>
<i>Housing Revenue Increase</i>	1,162,100
Other Sources	-18,350
Total New Revenue Sources	4,072,539

The additional \$2.3 million needed to balance the budget is being funded from a cost savings initiative to reduce personnel expenditures in 2014/2015. A voluntary employee buyout program has been implemented in the current year to incentivize employees to separate from the University and create opportunities for reduced personnel expenditure. The goal of this initiative is to generate a gross savings of \$8 million (10 percent of current personnel budget) with a net savings of around \$4 million after critical rehires are made.

The 2014/2015 Operating Budget development process maintained focus on the commitment to preserve the core values of the University and to align our resources with our preferred future.

**ADOPT RESOLUTION AUTHORIZING A TRUST
AGREEMENT FOR THE ISSUANCE OF
MOREHEAD STATE UNIVERSITY GENERAL
RECEIPTS OBLIGATIONS, 2014 SERIES**

**BOR (VIII-B-7)
June 5, 2014**

Recommendation:

That the Board adopt the following resolution relating to the sale of the University's General Receipts Obligations:

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF APPROXIMATELY \$32,000,000 GENERAL RECEIPTS OBLIGATIONS (NEW RESIDENCE HALL PROJECT) OF MOREHEAD STATE UNIVERSITY, PURSUANT TO THE TRUST AGREEMENT DATED AS JULY 1, 2007.

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF APPROXIMATELY \$33,000,000 GENERAL RECEIPTS REFUNDING OBLIGATIONS OF MOREHEAD STATE UNIVERSITY, PURSUANT TO THE TRUST AGREEMENT DATED AS JULY 1, 2007.

FURTHERMORE, IN ACCORDANCE WITH THE PROVISION OF HOUSE BILL 7 OF THE 2014 REGULAR SESSION OF THE KENTUCKY GENERAL ASSEMBLY, THE BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY HEREBY CERTIFIES THAT THE ISSUANCE OF THESE GENERAL RECEIPTS OBLIGATIONS WILL NOT RESULT IN INCREASES IN TUITION RATES.

Background (New Residence Hall Project):

The University has completed a Comprehensive Housing Master Plan. The plan outlines a 10-year phased approach for enhancing and expanding the University's student housing facilities by renovating existing residence halls and constructing new resident hall facilities—a 400+ bed facility on the main campus and a 50 bed facility at the University's Derrickson Agricultural Complex. The following chart summarizes the plan schedule and status of each phase.

Phase	Project Title	Student Beds	Project Scope	Construction Status	Online Year
1	Nunn Hall Renovation	400	\$5,900,000	Completed	Fall 2009
2	Alumni Tower Renovation	384	\$4,500,000	Completed	Fall 2010
3	Mignon Tower Renovation	296	\$5,790,000	Completed	Fall 2011
4	East Mignon Renovation	196	\$5,200,000	Completed	Fall 2012
5	West Mignon Renovation	196	\$5,200,000	Completed	Fall 2013
6	Mignon Hall Renovation	296	\$9,200,000	In Progress	Fall 2014
7	Construct Residence Hall – campus	400+	\$28,000,000	Planned	Fall 2016
	Construct Residence Hall - farm	50	\$2,700,000	Planned	Fall 2015
8	Cartmell Hall	508		Planned	Fall 2017

The next facility project scheduled in the 10-year plan is construction of new residence halls. That project is in the planning and design phase and will be ready to bid in summer of 2014. The estimated scope of the construction project is \$30.7 million.

The project will be financed through the issuance of the University's General Receipts Obligations, 2014 Series A. The new residence hall will generate sufficient funds to retire the bonded indebtedness and pay for ongoing operating expenses. The bonds are scheduled to be sold in late summer 2014.

Background (Refunding Project):

Current market rates indicate that the University has an opportunity to achieve debt service savings in all or a portion of a collection of prior bonds through the issuance of one or more series of the University's General Receipts Refunding Bonds. The University has previously issued the following bonds that have been identified for refunding:

1. Morehead State University Consolidated Educational Building Refunding and Improvement Revenue Bonds, Series M, dated January 1, 2004
2. Morehead State University General Receipts, Taxable Build America Bonds 2009 Series A; dated July 29, 2009; and
3. Morehead State University General Receipts, Taxable Build America Bonds 2010 Series A, dated June 29, 2010

The refunding of these prior bonds will be financed through the issuance of the University's General Receipts Obligations, 2014 Series B, and scheduled to be sold in July 2014.

In order to proceed with the sale of the General Receipts Obligations for both the New Residence Hall Construction and the Refunding Project, the Board must adopt the following resolutions:

SERIES RESOLUTION

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF APPROXIMATELY \$32,000,000 GENERAL RECEIPTS OBLIGATIONS (NEW RESIDENCE HALL PROJECT) OF MOREHEAD STATE UNIVERSITY, PURSUANT TO THE TRUST AGREEMENT DATED AS JULY 1, 2007.

WHEREAS, Morehead State University (herein called the "University"), a public body corporate and an educational institution and agency of the Commonwealth of Kentucky, by resolution adopted by the Board of Regents of the University on June 15, 2007 (herein called the "General Bond Resolution"), and by a Trust Agreement, dated as of July 1, 2007, as supplemented (herein called the "Trust Agreement"), comprised in part of the General Bond Resolution, has provided for the issuance from time to time of Obligations (as defined in the Trust Agreement) of the University secured by a pledge of the University's "General Receipts" (as defined in the Trust Agreement), each such issue to be authorized by a Series Resolution, as required by the Trust Agreement; and

WHEREAS, the Board has determined that it is necessary to finance the costs of the constructing and equipping of a certain authorized project identified as construction of a new Residence Hall (the "Project"); and

WHEREAS, by authority of Sections 162.340 to 162.380 of the Kentucky Revised Statutes, Chapter 56 of the Kentucky Revised Statutes and Sections 58.010 to 58.140 of the Kentucky Revised Statutes (collectively, the "Act"), the University is authorized to construct educational building facilities, to issue its obligations to pay all or part of the costs of such facilities, and to secure said obligations by a pledge of and lien on all or such part of the revenues and receipts of the University; and

WHEREAS, the Board of Regents desires to provide for issuance and sale of Morehead State University General Receipts Bonds and for other matters in connection therewith, by the adoption of this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY, AS FOLLOWS:

Section 1. Definitions and Interpretations. All words and terms defined in Section 1 of the Trust Agreement and all interpretations therein provided shall have the same meanings, respectively, and be subject to the same interpretations as therein provided where used in this Resolution, unless the context or use clearly indicates another or different meaning or intent, except that this Resolution is sometimes herein called and may be known as the "New Residence Hall Resolution," the Obligations authorized by this Resolution are referred to herein and in the Supplemental Trust Agreement hereby authorized as the "New Residence Hall Project Obligations," and the terms "hereof," "hereby," "hereto," "herein," and "hereunder," and similar terms, mean this Resolution.

Section 2. Authority. This Resolution is adopted pursuant to the General Bond Resolution, the Trust Agreement, and the Act.

Section 3. Authorization, Designation and Purpose of New Residence Hall Project Obligations. It is hereby declared to be necessary to, and the Board shall, issue, sell and deliver, as provided and authorized herein, approximately \$32,000,000 principal amount of General Receipts Obligations which shall be issued as General Receipts Bonds (the "Bonds"). Such Obligations shall be designated "Morehead State University General Receipts Bonds" and shall bear such further series designations as the Fiscal Officer (as defined in the Trust Agreement) deems appropriate. Such Obligations shall be issued for the purpose of (i) financing the costs of the Project; and (ii) paying costs of issuance in connection with such Obligations. The proceeds from the sale of such Obligations shall be deposited and allocated as provided in Section 6 hereof.

Section 4. Terms and Provisions Applicable to the New Residence Hall Project Obligations.

(a) Form, Numbering and Designation. The New Residence Hall Project Obligations shall be issued in the form of fully registered Obligations as approved by the Fiscal Officer, shall be numbered from 1 upwards, and shall bear such series designation as the Fiscal Officer deems appropriate.

(b) Denomination and Dates. The New Residence Hall Project Obligations shall be in such denominations as requested by the Original Purchaser (hereafter defined), and shall be dated on the date determined by the Fiscal Officer and may be issued in installments (each installment being a part of the New Residence Hall Project Obligations herein authorized) with maturity dates approved by the Fiscal Officer, having a final maturity that is no later than twenty years from the date the New Residence Hall Project Obligations are issued.

(c) Interest. The New Residence Hall Project Obligations shall bear interest from their respective dates payable on dates approved by the Fiscal Officer, beginning on a date approved by the Fiscal Officer, at the rate or rates per annum determined pursuant to Section 5 hereof.

(d) Maturities. The New Residence Hall Project Obligations shall mature on such dates, in the years and in the principal amounts set forth in the maturity schedule approved by the Fiscal Officer pursuant to Section 5 hereof.

(e) Redemption Terms and Prices. The New Residence Hall Project Obligations shall be subject to optional and mandatory redemption on such dates and terms as approved by the Fiscal Officer, with the advice of the Financial Advisor (hereinafter identified) and set forth in the Supplemental Trust Agreement. If less than all of the outstanding New Residence Hall Project Obligations are called for redemption at one time, they shall be called in the order of the maturities as directed by the Fiscal Officer. If less than all of the outstanding New Residence Hall Project Obligations of one maturity are to be called, the selection of such New Residence Hall Project Obligations or portions of New Residence Hall Project Obligations of such maturity to be called

shall be made by lot in the manner provided in the Trust Agreement. Notice of call for redemption of New Residence Hall Project Obligations shall be given in the manner provided in the Trust Agreement.

(f) Other Provisions. The New Residence Hall Project Obligations may, at the option of the Fiscal Officer, be secured by municipal bond insurance or similar instrument issued by a financial or insurance institution acceptable to the Fiscal Officer.

(g) Place of Payment and Paying Agents. The principal, interest and any redemption premium on registered New Residence Hall Project Obligations shall be payable by check or draft, as provided in the Trust Agreement

(h) Execution. The New Residence Hall Project Obligations shall be executed in the manner provided in the General Bond Resolution.

Section 5. Award and Sale of New Residence Hall Project Obligations. The New Residence Hall Project Obligations shall be offered publicly for sale upon the basis of competitive bids at such time as the Fiscal Officer, upon advice of the Financial Advisor to the University, shall designate.

The Fiscal Officer is hereby authorized and directed to cause an appropriate form or forms of a Notice of Sale of Bonds to be published in The Morehead News, a legal newspaper published in the City of Morehead, Kentucky, which will afford local notice of the sale, the Courier Journal, a legal newspaper published in the City of Louisville, Kentucky, which will afford statewide notice of the sale, and, to the extent required by law, in The Bond Buyer, a financial journal published in the City of New York, New York, which is a publication having general circulation among bond buyers; and said newspapers and financial journal are hereby declared to be qualified to publish such notice for the Board within the meaning and provisions of Chapter 424 of the Kentucky Revised Statutes. Such notice shall be published in said newspapers and financial journal at least once not less than seven nor more than twenty-one days prior to the scheduled date of sale of the New Residence Hall Project Obligations.

The forms of Notice of Bond Sale, Official Terms and Conditions of Sale of Bonds, Bid Form and Official Statement, shall be in such form as approved by Bond Counsel for the University, by the Financial Advisor, by the General Counsel of the University and by the Fiscal Officer.

Bidders shall be advised that the fee of the Financial Advisor for services rendered with respect to the sale of the New Residence Hall Project Obligations is contingent upon the issuance and delivery of the New Residence Hall Project Obligations, and that the Financial Advisor may not submit a bid for the purchase of the New Residence Hall Project Obligations at the time of the advertised public sale of the New Residence Hall Project Obligations, either individually or as the member of a syndicate organized to submit a bid for the purchase of the New Residence Hall Project Obligations.

Upon the date and at the respective hour set forth for the submission and consideration of purchase bids, as provided in the instruments hereinabove approved, bids shall be reviewed as provided in such instruments. If there shall be one or more bids which conform in all respects to the prescribed terms and conditions, such bids shall be compared, and the Fiscal Officer, upon the advice of the Financial Advisor, is authorized to accept the best of such bids, as measured in terms of the lowest interest cost to the Board, as calculated in the manner prescribed in the Official Terms and Conditions of Sale of Bonds. Calculations shall be performed as are necessary to determine the exact amount of New Residence Hall Project Obligations that are required to be issued in order to (i) pay the budgeted costs of the Project and (ii) pay the costs of issuing the New Residence Hall Project Obligations and the final principal amount, interest rates and maturities of the New Residence Hall Project Obligations shall thereupon be established, as prescribed in the Official Terms and Conditions of Sale of Bonds.

Section 6. Allocation of Proceeds of New Residence Hall Project Obligations. All of the proceeds from the sale of the New Residence Hall Project Obligations and other lawfully available funds of the University shall be received and receipted for by the Fiscal Officer and shall be deposited and allocated as set forth in the Supplemental Trust Agreement approved hereby.

Section 7. Additional Covenants with Respect to Internal Revenue Code of 1986, as Amended. This Board hereby finds and determines that all of the proceeds from the sale of the New Residence Hall Project Obligations will be needed for the purposes set forth in Section 6 hereof. This Board hereby covenants for and on behalf of the University, that it will restrict the use of the proceeds of the New Residence Hall Project Obligations in such manner and to such extent, if any, and take such other actions as may be necessary, in view of reasonable expectations at the time of issuance of the New Residence Hall Project Obligations so that the New Residence Hall Project Obligations will not constitute obligations the interest on which is subject to federal income taxation or "arbitrage bonds" under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations prescribed under such Sections. The Fiscal Officer or any other officer of the University having responsibility with respect to issuance of the New Residence Hall Project Obligations is hereby authorized and directed to give an appropriate certificate for inclusion in the transcript of proceedings with respect to the New Residence Hall Project Obligations, setting forth the facts, estimates and reasonable expectations pertinent under said Sections 103(b)(2) and 148 of the Code and an election, if appropriate, with respect to Section 148(f)(4)(B)(iv)(IV) of the Code. The Fiscal Officer is hereby authorized and directed to create a Rebate Account (which shall be held by either the University or the Trustee, at the discretion of the Fiscal Officer) if the Fiscal Officer determines such account is necessary so that the University complies with the rules concerning "rebate" as set forth in the Code, as they apply to the New Residence Hall Project Obligations.

Section 8. Supplemental Trust Agreement. The Chairman of the Board is authorized and directed to execute, acknowledge and deliver to the Trustee, in the name of and on behalf of the University, a Supplemental Trust Agreement pursuant to the Trust Agreement and in connection with the issuance of the New Residence Hall Project Obligations, in substantially the form submitted to this Board with such changes therein not substantially adverse to the University as may be

permitted by the Act and the Trust Agreement and approved by the officer executing the same on behalf of the University. The approval of such changes, and that such changes are not substantially adverse to the University, shall be conclusively evidenced by the execution of such Supplemental Trust Agreement by such officer.

Section 9. Official Statement. The Chairman is hereby authorized and directed to execute and deliver an Official Statement with respect to the New Residence Hall Project Obligations for the purpose of making available to potential investors the information therein contained, which describes the interest rates and other terms to be borne by and the price to be paid for the New Residence Hall Project Obligations, and such other information with respect to the University and the New Residence Hall Project Obligations, necessary in the judgment of the Chairman with the advice of the Fiscal Officer and the Financial Advisor. The Chairman and the Fiscal Officer are each hereby authorized to deem the Preliminary Official Statement and final Official Statement "near final" and "final" for purposes of Securities Exchange Commission Rule 15c2-12, as amended and interpreted from time to time, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule").

Section 10. Compliance With Rule 15c2-12. The Board of Regents hereby agrees, to comply with the provisions of the Rule. In order to comply with the Rule, a Continuing Disclosure Agreement in the usual and customary form is hereby authorized and approved, with such modifications and additions as may be approved by the officer of the University executing the same. The Chairman and the Fiscal Officer are each hereby authorized to execute and deliver such Continuing Disclosure Agreement.

Section 11. Open Meetings. This Board hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Board, and that all deliberations of this Board and of its committees, if any, which resulted in formal action, were taken in meetings open to the public, in full compliance with applicable legal requirements.

Section 12. Further Authorization. That the proper and appropriate officers of the Board and of the University, to the extent authorized by law, are hereby authorized to execute and deliver the closing certificates, if any, with such modifications thereto as may be required by the purchasers of the New Residence Hall Project Obligations and approved by special bond counsel to the University as well as such other documents, certificates and statements as may be so required and so approved in connection with sale and delivery of the New Residence Hall Project Obligations.

Section 13. Provisions in Conflict are Repealed. All resolutions or parts thereof in conflict with the provisions of this Resolution are hereby rescinded to the extent of such conflict.

Section 14. Effective Date. This resolution shall take effect from and after its passage.

Section 15. Copy to be Filed with Trustee. A certified copy of this Resolution shall be filed with the Trustee.

Adopted June ____, 2014

Chairman, Board of Regents
Morehead State University

Attest:

Secretary, Board of Regents
Morehead State University

CERTIFICATION

The undersigned, Secretary of the Board of Regents of Morehead State University, hereby certifies that the foregoing is a true copy of a Resolution adopted by the Board of Regents of said University at a meeting held on June ___, 2014, as recorded in the official Minute Book of said Board of Regents, which is in my custody and under my control, that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.823, that a quorum was present at said meeting, and that the aforesaid Resolution is of record in the office of the Board, has not been modified, amended, or rescinded, and is in full force and effect at this date.

WITNESS my signature this _____ day of _____, 2014.

Secretary, Board of Regents
Morehead State University

SERIES RESOLUTION

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF APPROXIMATELY \$33,000,000 GENERAL RECEIPTS REFUNDING OBLIGATIONS OF MOREHEAD STATE UNIVERSITY, PURSUANT TO THE TRUST AGREEMENT DATED AS JULY 1, 2007.

WHEREAS, Morehead State University (herein called the "University"), a public body corporate and an educational institution and agency of the Commonwealth of Kentucky, by resolution adopted by the Board of Regents of the University on June 15, 2007 (herein called the "General Bond Resolution"), and by a Trust Agreement, dated as of July 1, 2007, as supplemented (herein called the "Trust Agreement"), comprised in part of the General Bond Resolution, has provided for the issuance from time to time of Obligations (as defined in the Trust Agreement) of the University secured by a pledge of the University's "General Receipts" (as defined in the Trust Agreement), each such issue to be authorized by a Series Resolution, as required by the Trust Agreement; and

WHEREAS, the University has previously issued its (i) Morehead State University Consolidated Educational Buildings Refunding and Improvement Revenue Bonds, Series M, dated January 1, 2004; (ii) Morehead State University General Receipts, Taxable Build America Bonds 2009 Series A; dated July 29, 2009; and (iii) Morehead State University General Receipts, Taxable Build America Bonds 2010 Series A, dated June 29, 2010 (collectively the "Prior Bonds"); and

WHEREAS, the Board has been advised that it may achieve debt service savings in all or a portion of the Prior Bonds for the University through the issuance of one or more series of the University's General Receipts Refunding Bonds (the "Refunding Program"); and

WHEREAS, by authority of Sections 162.340 to 162.380 of the Kentucky Revised Statutes, Chapter 56 of the Kentucky Revised Statutes and Sections 58.010 to 58.140 of the Kentucky Revised Statutes (collectively, the "Act"), the University is authorized to construct educational building facilities, to issue its obligations to pay all or part of the costs of such facilities, and to secure said obligations by a pledge of and lien on all or such part of the revenues and receipts of the University; and

WHEREAS, the Board of Regents desires to provide for issuance and sale of Morehead State University General Receipts Refunding Bonds and for other matters in connection therewith, by the adoption of this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY, AS FOLLOWS:

Section 1. Definitions and Interpretations. All words and terms defined in Section 1 of the Trust Agreement and all interpretations therein provided shall have the same meanings, respectively, and be subject to the same interpretations as therein provided where used in this Resolution, unless the context or use clearly indicates another or different meaning or intent, except that this Resolution is sometimes herein called and may be known as the "2014 Refunding

Resolution," the Obligations authorized by this Resolution are referred to herein and in the Supplemental Trust Agreement hereby authorized as the "2014 Refunding Obligations," and the terms "hereof," "hereby," "hereto," "herein," and "hereunder," and similar terms, mean this Resolution.

Section 2. Authority. This Resolution is adopted pursuant to the General Bond Resolution, the Trust Agreement, and the Act.

Section 3. Authorization, Designation and Purpose of 2014 Refunding Obligations. It is hereby declared to be necessary to, and the Board shall, issue, sell and deliver, as provided and authorized herein, approximately \$33,000,000 principal amount of General Receipts Obligations which shall be issued as General Receipts Refunding Bonds, in one or more series (the "Bonds"). Such Obligations shall be designated "Morehead State University General Receipts Refunding Bonds" and shall bear such further series designations as the Fiscal Officer (as defined in the Trust Agreement) deems appropriate. Such Obligations shall be issued for the purpose of (i) financing the costs of the Refunding Program; and (ii) paying costs of issuance in connection with such Obligations. The proceeds from the sale of such Obligations shall be deposited and allocated as provided in Section 6 hereof.

Section 4. Terms and Provisions Applicable to the 2014 Refunding Obligations.

(a) Form, Numbering and Designation. The 2014 Refunding Obligations shall be issued in the form of fully registered Obligations as approved by the Fiscal Officer, shall be numbered from 1 upwards, and shall bear such series designation as the Fiscal Officer deems appropriate.

(b) Denomination and Dates. The 2014 Refunding Obligations shall be in such denominations as requested by the Original Purchaser (hereafter defined), and shall be dated on the date determined by the Fiscal Officer and may be issued in installments (each installment being a part of the 2014 Refunding Obligations herein authorized) with maturity dates approved by the Fiscal Officer, having a final maturity that is no later than twenty years from the date the 2014 Refunding Obligations are issued.

(c) Interest. The 2014 Refunding Obligations shall bear interest from their respective dates payable on dates approved by the Fiscal Officer, beginning on a date approved by the Fiscal Officer, at the rate or rates per annum determined pursuant to Section 5 hereof.

(d) Maturities. The 2014 Refunding Obligations shall mature on such dates, in the years and in the principal amounts set forth in the maturity schedule approved by the Fiscal Officer pursuant to Section 5 hereof.

(e) Redemption Terms and Prices. The 2014 Refunding Obligations shall be subject to optional and mandatory redemption on such dates and terms as approved by the Fiscal Officer, with the advice of the Financial Advisor (hereinafter identified) and set forth in the Supplemental Trust Agreement. If less than all of the outstanding 2014 Refunding Obligations are called for redemption

at one time, they shall be called in the order of the maturities as directed by the Fiscal Officer. If less than all of the outstanding 2014 Refunding Obligations of one maturity are to be called, the selection of such 2014 Refunding Obligations or portions of 2014 Refunding Obligations of such maturity to be called shall be made by lot in the manner provided in the Trust Agreement. Notice of call for redemption of 2014 Refunding Obligations shall be given in the manner provided in the Trust Agreement.

(f) Other Provisions. The 2014 Refunding Obligations may, at the option of the Fiscal Officer, be secured by municipal bond insurance or similar instrument issued by a financial or insurance institution acceptable to the Fiscal Officer.

(g) Place of Payment and Paying Agents. The principal, interest and any redemption premium on registered 2014 Refunding Obligations shall be payable by check or draft, as provided in the Trust Agreement

(h) Execution. The 2014 Refunding Obligations shall be executed in the manner provided in the General Bond Resolution.

Section 5. Award and Sale of 2014 Refunding Obligations. The 2014 Refunding Obligations shall be offered publicly for sale upon the basis of competitive bids at such time as the Fiscal Officer, upon advice of the Financial Advisor to the University, shall designate.

The Fiscal Officer is hereby authorized and directed to cause an appropriate form or forms of a Notice of Sale of Bonds to be published in The Morehead News, a legal newspaper published in the City of Morehead, Kentucky, which will afford local notice of the sale, the Courier Journal, a legal newspaper published in the City of Louisville, Kentucky, which will afford statewide notice of the sale, and, to the extent required by law, in The Bond Buyer, a financial journal published in the City of New York, New York, which is a publication having general circulation among bond buyers; and said newspapers and financial journal are hereby declared to be qualified to publish such notice for the Board within the meaning and provisions of Chapter 424 of the Kentucky Revised Statutes. Such notice shall be published in said newspapers and financial journal at least once not less than seven nor more than twenty-one days prior to the scheduled date of sale of the 2014 Refunding Obligations.

The forms of Notice of Bond Sale, Official Terms and Conditions of Sale of Bonds, Bid Form and Official Statement, shall be in such form as approved by Bond Counsel for the University, by the Financial Advisor, by the General Counsel of the University and by the Fiscal Officer.

Bidders shall be advised that the fee of the Financial Advisor for services rendered with respect to the sale of the 2014 Refunding Obligations is contingent upon the issuance and delivery of the 2014 Refunding Obligations, and that the Financial Advisor may not submit a bid for the purchase of the 2014 Refunding Obligations at the time of the advertised public sale of the 2014 Refunding Obligations, either individually or as the member of a syndicate organized to submit a bid for the purchase of the 2014 Refunding Obligations.

Upon the date and at the respective hour set forth for the submission and consideration of purchase bids, as provided in the instruments hereinabove approved, bids shall be reviewed as provided in such instruments. If there shall be one or more bids which conform in all respects to the prescribed terms and conditions, such bids shall be compared, and the Fiscal Officer, upon the advice of the Financial Advisor, is authorized to accept the best of such bids, as measured in terms of the lowest interest cost to the Board, as calculated in the manner prescribed in the Official Terms and Conditions of Sale of Bonds. Calculations shall be performed as are necessary to determine the exact amount of 2014 Refunding Obligations that are required to be issued in order to (i) pay the budgeted costs of the Refunding Program and (ii) pay the costs of issuing the 2014 Refunding Obligations and the final principal amount, interest rates and maturities of the 2014 Refunding Obligations shall thereupon be established, as prescribed in the Official Terms and Conditions of Sale of Bonds.

Section 6. Allocation of Proceeds of 2014 Refunding Obligations. All of the proceeds from the sale of the 2014 Refunding Obligations and other lawfully available funds of the University shall be received and receipted for by the Fiscal Officer and shall be deposited and allocated as set forth in the Supplemental Trust Agreement approved hereby.

Section 7. Additional Covenants with Respect to Internal Revenue Code of 1986, as Amended. This Board hereby finds and determines that all of the proceeds from the sale of the 2014 Refunding Obligations will be needed for the purposes set forth in Section 6 hereof. This Board hereby covenants for and on behalf of the University, that it will restrict the use of the proceeds of the 2014 Refunding Obligations in such manner and to such extent, if any, and take such other actions as may be necessary, in view of reasonable expectations at the time of issuance of the 2014 Refunding Obligations so that the 2014 Refunding Obligations will not constitute obligations the interest on which is subject to federal income taxation or "arbitrage bonds" under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations prescribed under such Sections. The Fiscal Officer or any other officer of the University having responsibility with respect to issuance of the 2014 Refunding Obligations is hereby authorized and directed to give an appropriate certificate for inclusion in the transcript of proceedings with respect to the 2014 Refunding Obligations, setting forth the facts, estimates and reasonable expectations pertinent under said Sections 103(b)(2) and 148 of the Code and an election, if appropriate, with respect to Section 148(f)(4)(B)(iv)(IV) of the Code. The Fiscal Officer is hereby authorized and directed to create a Rebate Account (which shall be held by either the University or the Trustee, at the discretion of the Fiscal Officer) if the Fiscal Officer determines such account is necessary so that the University complies with the rules concerning "rebate" as set forth in the Code, as they apply to the 2014 Refunding Obligations.

Section 8. Supplemental Trust Agreement. The Chairman of the Board is authorized and directed to execute, acknowledge and deliver to the Trustee, in the name of and on behalf of the University, a Supplemental Trust Agreement pursuant to the Trust Agreement and in connection with the issuance of the 2014 Refunding Obligations, in substantially the form submitted to this Board with such changes therein not substantially adverse to the University as may be permitted by the Act and the Trust Agreement and approved by the officer executing the same on behalf of the

University. The approval of such changes, and that such changes are not substantially adverse to the University, shall be conclusively evidenced by the execution of such Supplemental Trust Agreement by such officer.

Section 9. Official Statement. The Chairman is hereby authorized and directed to execute and deliver an Official Statement with respect to the 2014 Refunding Obligations for the purpose of making available to potential investors the information therein contained, which describes the interest rates and other terms to be borne by and the price to be paid for the 2014 Refunding Obligations, and such other information with respect to the University and the 2014 Refunding Obligations, necessary in the judgment of the Chairman with the advice of the Fiscal Officer and the Financial Advisor. The Chairman and the Fiscal Officer are each hereby authorized to deem the Preliminary Official Statement and final Official Statement "near final" and "final" for purposes of Securities Exchange Commission Rule 15c2-12, as amended and interpreted from time to time, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule").

Section 10. Compliance With Rule 15c2-12. The Board of Regents hereby agrees, to comply with the provisions of the Rule. In order to comply with the Rule, a Continuing Disclosure Agreement in the usual and customary form is hereby authorized and approved, with such modifications and additions as may be approved by the officer of the University executing the same. The Chairman and the Fiscal Officer are each hereby authorized to execute and deliver such Continuing Disclosure Agreement.

Section 11. Open Meetings. This Board hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Board, and that all deliberations of this Board and of its committees, if any, which resulted in formal action, were taken in meetings open to the public, in full compliance with applicable legal requirements.

Section 12. Further Authorization. That the proper and appropriate officers of the Board and of the University, to the extent authorized by law, are hereby authorized to execute and deliver the closing certificates, if any, with such modifications thereto as may be required by the purchasers of the 2014 Refunding Obligations and approved by special bond counsel to the University as well as such other documents, certificates and statements as may be so required and so approved in connection with sale and delivery of the 2014 Refunding Obligations.

Section 13. Provisions in Conflict are Repealed. All resolutions or parts thereof in conflict with the provisions of this Resolution are hereby rescinded to the extent of such conflict.

Section 14. Effective Date. This resolution shall take effect from and after its passage.

Section 15. Copy to be Filed with Trustee. A certified copy of this Resolution shall be filed with the Trustee.

Adopted June ____, 2014

Chairman, Board of Regents
Morehead State University

Attest:

Secretary, Board of Regents
Morehead State University

CERTIFICATION

The undersigned, Secretary of the Board of Regents of Morehead State University, hereby certifies that the foregoing is a true copy of a Resolution adopted by the Board of Regents of said University at a meeting held on June ___, 2014, as recorded in the official Minute Book of said Board of Regents, which is in my custody and under my control, that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.823, that a quorum was present at said meeting, and that the aforesaid Resolution is of record in the office of the Board, has not been modified, amended, or rescinded, and is in full force and effect at this date.

WITNESS my signature this _____ day of _____, 2014.

Secretary, Board of Regents
Morehead State University

**APPROVE REQUEST TO SEEK INTERIM
AUTHORIZATION FOR CONSTRUCTION OF A
PARKING GARAGE/FOOD SERVICE STRUCTURE**

**BOR (VIII-B-8)
June 5, 2014**

Recommendation:

That the Board approve a request to seek interim authorization from the Secretary of Finance for the construction of a parking structure with a student food service commons area.

Background:

The University has documented the need to construct a parking structure with a food service commons area in multiple Board-approved planning documents including the 2014-16 Six Year Capital Plan, the 2014-16 Executive Branch Budget Request, and the 2014 Campus Master Plan. The initial fund source identified to support the construction of this facility was a combination of agency bonds with a \$2 million capital investment by Aramark, the University's food service contractor.

The final budget passed by the General Assembly for 2014-16 did not include authorization for the University to incur debt through the sale of agency bonds to complete this project. However, in April 2014, Aramark increased their capital commitment to this facility to \$6 million. That commitment will enable the University to proceed with the construction of this facility without the need to use agency bonds as a fund source. The \$6 million capital commitment from Aramark will be combined with cash reserves to complete the project without incurring debt.

To proceed with the capital project, the University must request interim authorization to proceed with a capital project from the Secretary of Finance per KRS 45.760(7). This statute requires that more than 50 percent funding for the project will be provided from private funds and without incurring institutional debt.

NAMING OF THE CRAFT ACADEMY

**BOR (VIII-B-9)
June 5, 2014**

Recommendation:

That the Board of Regents approve naming of The Craft Academy for Excellence in Science and Mathematics.

Background:

The naming of facilities or components of the University requires a recommendation from the President and approval of the Board of Regents. Traditionally, naming of components or facilities is a permanent means of recognizing those who have provided outstanding support to the institution or given exemplary personal service over a sustained period.

The Academy for Excellence in Science and Mathematics will be a dual-credit residential high school for academically exceptional Kentucky students. State lawmakers, led by Senator Robert Stivers and Representative Rocky Adkins, budgeted \$2.3 million to establish the academy during the 2014 Session of the General Assembly. Joe Craft, CEO of Alliance Resource Partners, pledged \$4 million over the next several years in support of the Academy. This is the single largest cash gift in the history of the University.

The Academy will meet the unique educational needs of academically gifted and talented high school juniors and seniors in the Commonwealth. A college-level curriculum will allow students to finish high school while also completing up to two years of university coursework. It will offer a residential college experience and environment that promotes excellence, innovation and creativity while developing the full potential of the state's brightest minds and most promising future leaders.

An official naming ceremony will be held in 2015 in conjunction with the opening of The Academy.

APPROVE THE UNIVERSITY STRATEGIC PLAN

BOR (VIII-B-10)
June 5, 2014

Recommendation:

That the Board approve *ASPIRE to Greatness: Morehead State University Strategic Plan 2014-2018*.

Background:

The current strategic plan, *ASPIRE to Greatness: Morehead State University Strategic Plan 2010-2014*, was adopted by the Board of Regents in June 2010. The plan built upon its predecessor which aligned MSU's planning process with the state strategic plan developed by the Council on Postsecondary Education in support of House Bill 1 – Higher Education Improvement Act of 1997. Both of the previous plans have served as the basis for decision-making and resource allocation at Morehead State as the institution moves toward the vision of becoming the best public regional university in the South.

The latest version, *ASPIRE 2014-18*, started with a Presidential Retreat on June 17, 2013, where participants engaged in a productive brainstorming session focused on creating a map for the *Road to MSU's Preferred Future*. Work began in earnest in September as key faculty and staff across campus conducted environmental scans and representatives from Academic Affairs, Student Life, Administration and Fiscal Services completed a comprehensive enrollment analysis and developed projections to guide the University through 2018. The University Planning Committee, composed of faculty and staff, facilitated six SWOT (Strength, Weaknesses, Opportunities, and Threats) sessions, which included the four major divisions, the Diversity Committee and Faculty Senate and Staff Congress. A review was conducted of the mission, vision, values and goals and changes were made based upon the feedback provided. Key strategies were identified for each goal by key leaders within each division and performance measures were selected. Formal requests for campus and alumni feedback occurred in the fall and spring semesters. The President's Cabinet revised the plan with consideration given to all of the feedback received on the drafts.

Analysis:

The 2014-18 plan includes revisions to the mission statement and core values. While the broad areas identified by the goals remained the same, revisions were made to the statements that define the goal as well as the objectives and key strategies identified for each goal. The vision statement from the current plan remained the same. *ASPIRE* will continue to inform resource allocation and administrative decisions through 2018 and serve as the foundation for the University's other essential plans:

- Enrollment Management Plan
- Technology Plan

- Diversity Plan
- Campus Master Plan
- Athletic Facilities Plan
- Housing Master Plan
- Marketing Plan
- Six-Year Capital Plan
- MSU Business Plan

In addition to the above essential plans, all instructional and non-instructional programs and departments maintain unit plans that align with the *ASPIRE* goals and identify annual assessment strategies and outcomes to ensure continuous improvement. These unit plans are maintained electronically using the WEAVE system to facilitate comprehensive analysis of planning and assessment activities that support the University's strategic plan. The academic departments also annually conduct the Academic Program Needs Assessment (APNA), which in conjunction with *ASPIRE* will help determine programmatic decisions.

Accountability:

Implementation of *ASPIRE* will begin immediately with phase one and continue with additional phases over the life of the plan. The implementation plan will include a clearly delineated timeline, assigned responsibilities and identify the resources needed. Key performance measures will be assessed and reported on annually to conclude if the University is making meaningful progress toward its vision. Strategies that are not achieving at the desired level can be modified to address the constantly shifting environment of higher education today. This type of methodical approach is necessary as Morehead State moves closer to its vision of becoming the best public regional university in the South.

Morehead State University
Official Enrollment Report, Spring 2014

Table 1: Spring Enrollment, Credit Hours, and FTE as a Percentage of Fall Numbers

Term	Headcount	Spring as a % of Fall	Credit Hours Generated	Spring as a % of Fall	FTE	Spring as a % of Fall
Fall 2009	9,046		99,917		6,803	
Spring 2010	8,279	91.5%	90,950	91.0%	6,206	91.2%
Fall 2010	8,842		97,492		6,641	
Spring 2011	8,167	92.4%	90,151	92.5%	6,150	92.6%
Fall 2011	10,971		106,315		7,241	
Spring 2012	9,424	85.9%	95,232	89.6%	6,498	89.7%
Fall 2012	11,172		110,859		7,537	
Spring 2013	9,516	85.2%	96,994	87.5%	6,603	87.6%
Fall 2013	11,358		114,224		7,741	
Spring 2014	9,728	85.6%	101,387	88.8%	6,876	88.8%

Table 2: Enrollment by Classification

Classification	Fall 2013	Spring 2014	Spring as a % of Fall
High School	2,523	1,703	67.5%
Freshman	2,330	1,529	65.6%
Sophomore	1,448	1,521	105.0%
Junior	1,387	1,368	98.6%
Senior	2,051	2,094	102.1%
UnderGrad-Nondegree	209	199	95.2%
PostBacc UG Degree Seeking	128	105	82.0%
Auditor	0	4	N/A
Undergraduate Total	10,076	8,523	84.6%
Masters	1,011	933	92.3%
Specialist	75	78	104.0%
Doctor's Degree Prof. Practice	75	74	98.7%
PostBacc Certificate	15	7	46.7%
Graduate-Nondegree	106	113	106.6%
Graduate Total	1,282	1,205	94.0%
Grand Total	11,358	9,728	85.6%

REPORT ON PERSONAL SERVICE CONTRACTS

BOR (VIII-C-2)
June 5, 2014

The attached list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between February 16, 2014 and May 30, 2014.

PERSONAL SERVICE CONTRACTS**February 15, 2014 through May 30, 2014**

Individual/Firm	Contract Description	Contract Beginning Date	Contract Ending Date	Contract Amount	Method of Selection
Maximus Higher Education, Inc.	F&A Rate Consultant	4/7/14	6/30/14	\$24,500.00	Request for Proposal
Dean Dorton Allen Ford PLLC	Preliminary audit services FY 13-14	5/1/14	6/30/14	\$11,000.00	Request for Proposal
Stamats	Increase for purchase of list of parents and prospective students	7/1/13	6/30/14	Increase \$3,113.63; New Total not to Exceed \$224,958.63	Request for Proposal
CG&B Marketing LLC	Athletic media guides	7/1/14	6/30/15	\$16,000.00	Request for Proposal

**DESIGNATE BOARD SECRETARY TO
ADMINISTER POLICE OATH**

**BOR (IV)
June 5, 2014**

Recommendation:

That the Secretary to the Morehead State University Board of Regents shall administer the oath of office to Morehead State University Police Officers.

Background:

On December 15, 1984, the Morehead State University Board of Regents ordered that Carol Johnson administer the oath of office to Morehead State University Police Officers. Ms. Johnson was in the position of Board Secretary at the time. In light of Ms. Johnson's retirement, the Board needs to designate a replacement. It is recommended that the designee be named by position rather than specific person.