

**Board of Regents Meeting
Morehead State University**
Riggle Room, Adron Doran University Center
9:30 a.m., Thursday, December 3, 2015

Agenda

- I. ORIENTATION SESSION (required for new members) 8:00 AM**
- II. CALL TO ORDER 9:30 AM**
- III. ROLL CALL**
- IV. PRESIDENT’S RECOMMENDATIONS AND REPORTS**
 - A. Consent Agenda**
 - 1. Approve Minutes of September 24, 2015..... 1-5
 - 2. Approve Honorary Doctor’s Degree for Dr. Carl Rollins 6-7
 - 3. Approve 2015 Fall Graduates..... 8
 - 4. Approve Administrator Rank 9
 - 5. Ratify Personnel Actions 10-14
 - 6. Accept 2014-15 Audit Report and Amend Operating Budget..... 15-19
 - B. Recommendations**
 - 1. Accept First Quarter Financial Report and Amend Operating Budget..... 20-29
 - 2. Ratify 2016-2018 Biennial Budget Request 30-32
 - 3. Adopt Resolution Authorizing a Trust Agreement for the Refunding of
Morehead State University General Receipts Obligations, 2007 Series A 33-39
 - C. Reports**
 - 1. Final 2015 Fall Enrollment Report 40
 - 2. Report on Health Insurance and Benefits for Plan Year 2016 41-44
 - 3. Report on Personal Service Contracts..... 45-46
 - D. President’s Report**
- V. OTHER BUSINESS**
 - A. BOR Meetings for Calendar Year 2016**

Work Session	February 18
Quarterly Meeting	March 17
Work Session	May 12
Quarterly Meeting	June 9
Work Session	August 25
Quarterly Meeting	September 29
Work Session	November 10
Quarterly Meeting	December 8
- VI. ADJOURNMENT**

Agenda materials are available online at www.moreheadstate.edu/bor

**BOARD OF REGENTS MEETING
MOREHEAD STATE UNIVERSITY
September 24, 2015**

The Board of Regents of Morehead State University met at 10:00 a.m. on Thursday, September 24, 2015, in the Riggle Room of the Adron Doran University Center in Morehead, Kentucky, following an orientation session with the new Board members.

CALL TO ORDER

Chair Goodpaster called the meeting to order.

ROLL CALL

The following Board members were present: Royal Berglee, Austin Casebolt, Paul Goodpaster, Shannon Harr, Eric Howard, Debbie Long, Wayne Martin, Craig Preece, and Patrick Price. Kathy Walker and Kevin Pugh were unable to attend the meeting.

MEDIA

Jason Blanton, Director of Media Relations, hosted Shayla Menville, reporter for The Morehead News, and Dan Conti, reporter for Morehead State Public Radio.

CONSENT AGENDA

Chair Goodpaster asked if the Board would like to discuss any item on the Consent Agenda as follows:

1. Minutes of June 4, 2015 and August 27, 2015 (V-A-1)
2. Personnel Actions (V-A-2)
3. Approve Rank, Academic Administrator (V-A-3)
4. Approve Educational Leave (V-A-4)

A correction to the Personnel Actions was suggested to indicate that Dr. Janelle Hare is a Professor of Biology in the Department of Biology.

MOTION: Mr. Price moved that the Personnel Actions be amended to include this correction. Dr. Harr seconded the motion.

VOTE: The motion carried unanimously.

MOTION: Mr. Preece moved that the items on the Consent Agenda be approved as amended. Mr. Price seconded the motion.

VOTE: The motion carried unanimously.

**PRESIDENT'S
RECOMMENDATIONS**

The President recommended:

***Personnel Policy PG-6
Sexual Misconduct Policy***

RECOMMENDATION: That the Board approve the replacement PG-6 to update the University's policy on sexual harassment and sexual misconduct.

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

General Counsel Jane Fitzpatrick explained that changes in federal law mandated that the University replace its current Sexual Harassment policy with a broader Sexual Misconduct policy. The recommended policy complies with the numerous new requirements found in Title IX and the Violence Against Women Reauthorization Act that amended the Violence Against Women Act (VAWA) and the Clery Act.

The University is required to train all employees and have had good cooperation toward that goal. A full day of training will be conducted on October 1 for the Hearing Board panel members and the Deputy Title IX coordinators.

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

VOTE: The motion carried unanimously.

Student Code of Conduct

The President recommended:

RECOMMENDATION: That the Board of Regents approve revisions to the Morehead State University Student Conduct Code, found in the Eagle Student Handbook.

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

The Student Conduct Code reinforces student behavioral expectations by providing general notice of expected and prohibited behavior. Students found responsible for misconduct are subject to disciplinary sanctions intended to promote personal growth, educate them to the consequences of their actions, and contribute to the safety and security of the larger campus community.

Dean of Students Max Ammons said the changes/updates included in this revision of the Student Conduct Code include sections on Retaliation and Sexual Misconduct. The Sexual Misconduct code revisions were also in response to changes in the federal law and to ensure agreement with the new MSU Title IX policy.

The section on retaliation is new and prohibits any retaliation by a student against another student for making an inquiry, participating in an investigation, or making a reasonable good faith report of possible non-compliance with laws and regulations.

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

VOTE: The motion carried unanimously.

**Police Standard Operating
Procedures Manual**

The President recommended:

RECOMMENDATION: That the Board approve the revisions to the Morehead State University Police Department Standard Operation Procedures Manual.

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

Vice President for Student Life Madonna Weathers indicated that the revisions to the manual were needed in response to new equipment, training, and accreditation standards.

MOTION: Mr. Preece moved that the Board approve the President's recommendation. Mr. Howard seconded the motion.

VOTE: The motion carried unanimously.

**REPORTS
Preliminary Fall
Enrollment Report
&
SPOTLIGHT
PRESENTATION
Strategic Enrollment**

Dr. Andrews presented the preliminary enrollment report for Fall 2015. Dr. Andrews reported that enrollment for Fall 2015 has declined in total headcount, credit hours, FTE, and first-time freshmen. *(Preliminary Fall 2015 Enrollment Report attached to these minutes and marked V-C-1)*

Dr. Andrews outlined plans to make adjustments in the Admissions Index and scholarship resources to recruit and retain students. He shared analysis of the Admissions Index and graduation rates and stressed the importance of enrolling more students that can be successful from both within and outside the service region.

Dr. Andrews asked for the Board's concurrence to increase the Admissions Index from 450 to 500 for unconditional admittance. The Admissions Index is calculated by multiplying the student's high school grade point average by 100, then adding that to the product of the student's composite ACT score multiplied by 10.

Chief Financial Officer and Vice President for Administration Beth Patrick discussed the provisional and conditional admittance requirements. Students with an admissions index of 475-499 would be provisionally admitted, and required to complete their required developmental education courses, a new "student success" course, and to participate in a learning community or other affinity group. Students with an admissions index of less than 475 would be admitted conditionally, and the pathways for improving their college readiness are still in the planning stages.

Ms. Patrick further discussed plans for adjusting tuition and scholarships, including plans to request that the Council on Postsecondary Education allow the University to adjust its non-resident tuition rate to just 1.5 times the in-state tuition rate (down from the required 2 times rate).

Current students receiving scholarships would not experience any changes to their awards, except for non-resident students who would see adjustments but no change in their net tuition.

The Board indicated their consensus in support of the direction of the changes discussed.

Real Property Leases

Ms. Patrick reported on real property leases in effect July 1, 2015. *(Report attached to these minutes and marked V-C-2)*

Personal Service Contracts

Ms. Patrick reported on personal service contracts, which represent all such contracts issued with amounts greater than \$10,000 between May 16, 2015 and August 31, 2015. *(Report attached to these minutes and marked V-C-3)*

Ms. Patrick noted that several of the contracts (such as the legal and sign language interpretation contracts) are authorizations to spend up to the indicated amount only if needed. The University is required to provide sign language interpreters by the Americans Disabilities Act. Reimbursement is available by the state, however the funds are limited and typically do not cover the total expenditures.

RECESS

The Board recessed at 11:47 a.m. and reconvened at 11:58 a.m.

PRESIDENT'S REPORT

Dr. Andrews provided an update on college affordability. The Southern Regional Education Board (SREB) is a policy board for the southern states, and Dr. Andrews currently is a member of the SREB Commission on College Affordability in the South. The data indicates that the percentage of what a family pays for college has increased across the nation. While MSU remains affordable, the students are paying more of the burden.

CLOSED SESSION

Chair Goodpaster stated that the Board would now retire into Closed Session pursuant to KRS 61.810(1)(f) to discuss matters relating to the future acquisition or sale of real property. The Board will take no action while in Closed Session. He opened the floor for a motion to go into Closed Session. Ms. Long moved that the Board go into Closed Session. Mr. Casebolt seconded the motion. The motion carried, and the Board retired to Closed Session.

OPEN SESSION

At 12:33 p.m., Chair Goodpaster opened the floor for a motion that the Board return to Open Session. Dr. Harr moved that the Board return to Open Session. Mr. Preece seconded the motion. The motion carried. Chair Goodpaster stated that the Board was now returned from Closed Session and is again in Open Session and that no action was taken during the Closed Session.

**Rowan County Board of
Education Property**

MOTION: Ms. Long moved that the Board allow the administration to negotiate with Rowan County Board of Education for the property located at the corner of Second Street and Tippet Avenue, otherwise known as the Board of Education building. Mr. Casebolt seconded the motion.

VOTE: The motion carried unanimously.

ANNOUNCEMENTS**Upcoming Meetings and
Events**

Chair Goodpaster announced upcoming meetings and events:

- Governor's Conference on Postsecondary Education Trusteeship, September 28-29
- Audit Committee, Thursday, November 5, 8 a.m.
- Work Session, Thursday, November 5, 9 a.m.
- Lundergan Hall Dedication, Thursday, November 5, 1:30 p.m.
- Quarterly Meeting, Thursday, December 3
- Fall Commencement, Saturday, December 12, 10:30 a.m.

Chair Goodpaster also mentioned the football game on Saturday and the Browning Orchard Festival on Sunday.

ADJOURNMENT

There being no further business to conduct, Ms. Long moved that the meeting adjourn at 12:38 p.m. Mr. Martin seconded the motion. The motion carried.

Respectfully submitted,



Sharon S. Reynolds, Secretary
Board of Regents

HONORARY DOCTORAL DEGREE

BOR (IV-A-2)
December 3, 2015

Recommendation:

That the Board of Regents ratify the awarding of the honorary degree of Doctor of Public Service to Carl P. Rollins, Ph.D. at the Fall Commencement ceremony on Saturday, December 12, 2015.

Background:

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

An advocate for education in Kentucky for many years, Carl P. Rollins of Midway, Kentucky, is a graduate of Morehead State University, earning a Bachelor of Business Administration degree in 1970. He went on to earn a MBA and Ph.D. in Education Policy Studies from the University of Kentucky. Dr. Rollins served as state representative from the 56th District (Woodford and parts of Franklin and Fayette counties) and as Chair of the House Education Committee, where he had the opportunity to improve education quality and access. He was instrumental in developing and passing legislation that made Kentucky a national leader in seamless student transfer from community college to four-year universities.

Rollins currently serves as the executive director and chief executive officer of the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation (KHESLC). KHEAA is the agency that administers state grant, scholarship and savings programs and provides free college and financial aid planning publications to Kentuckians. KHESLC provides Kentucky's only state-based private higher education loans and services federal student loans for the U.S. Department of Education.

Rollins also served on the budget review subcommittees on primary and secondary education and postsecondary education during his tenure in the state House of Representatives. Furthermore, Rollins' educational experience includes stints as director of community education for Woodford County Schools and director of admissions at Midway College.

Rollins was a recipient of the Kids First Advocacy Award from the Kentucky School Boards Association. Other honors and affiliations include: Southern Regional Education Board, board member; Education Commission of the States, commissioner; National Council of State Legislatures, Education Committee; Kentucky Adult Learner Initiative: Working Group on Financial Aid Recommendations, chair; Governor's College Access Work Group; Governor's Task Force on Assessment and Accountability; the Arc of Kentucky legislative award for significant legislation to benefit individuals with intellectual and/or developmental disabilities; Kentucky Association of

Student Financial Aid Administrators member; Kentucky Association of Student Financial Aid Administrators Legislative Committee chair, and Kentucky Community Education Association.

Rollins is a former mayor of Midway and Woodford County magistrate, is also a U.S. Air Force veteran.

Recommendation:

That the awarding of degrees to candidates who successfully complete all degree requirements as approved by the faculty of the University at the 2015 Fall Commencement on December 12, 2015, be ratified.

Background:

At the December 12, 2015, Fall Commencement, 590 students that have applied for graduation will be awarded degrees from Morehead State University. This includes 59 associate degrees, 410 bachelor degrees, 115 master degrees, 4 education specialist degrees and 2 doctor of education degrees.

Recommendation:

That the Board of Regents approve the granting of the rank of Professor of Art Education to Dr. Jeanne Petsch, Chair, Department of Art and Design.

Background:

As a result of the Academic Affairs Self-Study, Dr. Jeanne Petsch was appointed Department Chair of Art and Design and Professor of Art Education. Dr. Petsch's credentials have been reviewed consistent with PAc-27. Pursuant to PAc-24, upon consulting with the department of Art and Design faculty, the dean of the Caudill College of Arts, Humanities and Social Sciences recommended she be granted the rank of professor. The Provost and the President support this recommendation.

RATIFY PERSONNEL ACTIONS

**BOR (IV-A-5)
December 3, 2015**

Recommendation:

That the Board ratify the Personnel Actions for the period September 1, 2015, through November 6, 2015.

Background:

The Personnel Action Request Report includes actions related to:

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

MOREHEAD STATE UNIVERSITY
 ROSTER POSITIONS SUMMARY
 11/06/15

	July 1 Authorized Positions	Current Authorized Positions	+/- Position Adjustments	Current Position Strength	% Current Strength
Office of the President	4.50	4.50	0.00	4.50	100.00
Division of University Advancement	44.00	44.00	0.00	42.00	95.45
Division of Administration and Fiscal Services	128.75	128.75	0.00	122.75	95.34
Facilities Management	157.00	159.00	2.00	154.00	96.86
Division of Student Life	118.66	118.66	0.00	116.66	98.31
Division of Academic Affairs	42.33	44.33	2.00	40.33	90.98
Caudill College of Arts, Humanities & Social Sciences	154.50	150.04	-4.46	134.21	89.45
College of Business and Technology	57.50	67.50	10.00	65.50	97.04
College of Education	82.86	77.28	-5.58	70.28	90.94
College of Science	180.91	164.91	-16.00	154.91	93.94
Academic Programs and University Outreach	28.00	28.83	0.83	27.83	96.53
Student Success	39.00	38.00	-1.00	35.00	92.11
Camden-Carroll Library	33.00	33.00	0.00	31.00	93.94
	<u>1071.01</u>	<u>1058.80</u>	<u>-12.21</u>	<u>998.97</u>	<u>94.35</u>

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

**ACCEPT 2014-15 AUDIT REPORT
AND AMEND OPERATING BUDGET**

**BOR (IV-A-6)
December 3, 2015**

Recommendation:

That the Board accept the audit report for the fiscal year ended June 30, 2015 as presented by Dean Dorton Allen Ford, PLLC, accept the reports related to the fourth quarter financial information and capital outlay, and amend the operating budget for the 2014-15 fiscal year.

Background:

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. At the June 4, 2015 meeting, the Board of Regents approved the recommendation of the Audit Committee for the appointment of Dean Dorton Allen Ford, PLLC to conduct the 2014-15 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on November 5, 2015. Representatives from Dean Dorton Allen Ford, PLLC presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unmodified opinion on the financial statements.

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

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period April 1, 2015 to June 30, 2015

Description	Opening Budget As of 4/1/2015	Adjustments	Amended Budget As of 6/30/2015
Revenues and Other Additions			
Tuition and Fees	\$ 74,940,972	\$ 31,849	\$ 74,972,821
Government Appropriations	41,545,925	\$ 57,906	\$ 41,603,831
Indirect Cost Reimbursement	585,000	\$ -	\$ 585,000
Sales and Services of Ed. Activities	2,131,461	\$ 279,546	\$ 2,411,007
Other Sources	3,462,932	\$ 983,065	\$ 4,445,997
Budgeted Fund Balance - E&G	13,672,597	\$ (235,239)	\$ 13,437,358
Auxiliary Enterprises	19,548,942	\$ 48,240	\$ 19,597,182
Budgeted Fund Balance - AUX	1,033,171	\$ 60,527	\$ 1,093,698
Total Revenues and Other Additions	\$ 156,921,000	\$ 1,225,894	\$ 158,146,894
Expenditure Authorizations by Division			
Educational & General			
President & Administration	\$ 1,122,788	\$ 26,004	\$ 1,148,792
University Advancement	5,117,724	\$ (111,366)	\$ 5,006,358
Administration & Fiscal Services	22,632,659	\$ 238,514	\$ 22,871,173
Student Life	14,066,971	\$ 380,780	\$ 14,447,751
Academic Affairs	83,590,121	\$ 181,301	\$ 83,771,422
Debt Service & Mandatory Transfers	4,043,554	\$ 67,843	\$ 4,111,397
Other	7,658,827	\$ 299,671	\$ 7,958,498
Total Educational & General	\$ 138,232,644	\$ 1,082,747	\$ 139,315,391
Auxiliary Enterprises			
Administration & Fiscal Services	\$ 14,093,655	\$ 162,285	\$ 14,255,940
Student Life	931,075	\$ (34,029)	\$ 897,046
Academic Affairs	13,296	\$ -	\$ 13,296
Debt Service	3,650,330	\$ 14,891	\$ 3,665,221
Other	-	\$ -	\$ -
Total Auxiliary Enterprises	\$ 18,688,356	\$ 143,147	\$ 18,831,503
Total Expenditure Authorizations	\$ 156,921,000	\$ 1,225,894	\$ 158,146,894

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period April 1, 2015 to June 30, 2015
Notes of Significant Adjustments to Revenue and Other Additions

Sales and Services of Educational Activities

Unbudgeted revenue allocated during the fourth quarter totaled \$279,546

- Eagle Excellence Fund (EEF) support from the MSU Foundation totaled \$108,711
- Men's Basketball Guarantees allocations were \$75,500
- Women's Basketball Guarantees allocations were \$13,500
- Other athletic revenue allocations totaled \$20,237
- Other miscellaneous revenue totaling \$61,598 was allocated primarily to Academic Affairs

Other Sources

Unbudgeted revenue allocated during the fourth quarter totaled \$983,065

- Unbudgeted support from the MSU Foundation totaled \$800,634
 - \$608,252 Academic Affairs (*Includes \$107,384 for Craft Academy renovation*)
 - \$132,269 Administration & Fiscal Services
 - \$58,585 University Advancement
 - \$1,528 President
- Endowment income allocations to Academic Affairs totaled \$59,168
- Other miscellaneous revenue totaled \$123,263
 - \$23,078 Academic Affairs
 - \$14,455 Student Life
 - \$84,800 Administration & Fiscal Services
 - \$930 University Advancement

Fund Balance E&G

Budgeted allocations from Fund Balance for educational and general purposes totaled (\$235,239)

- \$46,500 Contractual benefit payment
- \$12,572 Additional allocation for Quality Enhancement Plan
- \$10,588 Procurement Services personnel adjustments
- \$5,100 Medical insurance for vision coverage amendment
- \$5,033 Additional allocation for Cerner contract for web-based software and services for wellness training
- \$3,122 Additional allocation for biometric screening supplies
- \$1,230 Athletic Director for OVC baseball championship
- (\$107,384) Reimbursement to Fund Balance with funds received from MSU Foundation for Craft Academy renovation
- (\$212,000) Reimbursement to Fund Balance from IT Infrastructure and Security Project loan for AAC sound system

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period April 1, 2015 to June 30, 2015

From:	To:		
Revenue and Other Additions	Division/ Budget Unit	Amount	Description
Fund Balance - E&G	Administration & Fiscal Services E&G Facility Remodeling	\$ (212,000)	In the previous quarter, \$212,000 was advanced from Fund Balance to cover the cost of replacing the sound system in the Academic-Athletic Center (AAC). This advance of funds was reimbursed in the fourth quarter from funds borrowed through short-term financing for Technology Infrastructure and Security projects. This project is part of our plan to improve the audible alert systems on campus.

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of April 1, 2015 to June 30, 2015

	<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			
Mignon Hall Renovation	\$ 9,268,000	August, 2014	Completed
East Parking Structure and Dining Commons	\$ 17,660,000		Under Construction
McClure Pool Renovation/Volleyball Facility <i>(Decreased project scope from \$3,800,000 to \$1,400,000)</i>	\$ 1,400,000		Under Construction
Residence Hall - Derrickson Agricultural Complex	\$ 2,735,000		Under Construction
Residence Hall - On Campus	\$ 28,000,000		Under Construction
West Campus Electrical Switchgear Replacement	\$ 970,000	February, 2015	Completed
Unified Security and Access Control	\$ 1,400,000		In Planning
IT Infrastructure/Fiber Upgrade	\$ 8,600,000		Under Construction

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

**BOR (IV-B-1)
December 3, 2015**

Recommendation:

That the Board accept the financial statements and amend the operating budget for the first quarter of the fiscal year that will end June 30, 2016, and amend the operating budget.

Background:

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of September 30, 2015, the first quarter of the fiscal year ending June 30, 2016. The statements, along with management's discussion and analysis and budget amendment information are attached.

Morehead State University
Management's Discussion and Analysis
First Quarter Financial Statements
September 30, 2015

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the three months that ended on September 30, 2015. 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, deferred inflows/outflows, and net position of the entire University. The Statements of Revenues, Expenditures and Changes in Net Position provide information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University. These financial statements have not been prepared in full accordance with *Government Accounting Standards Board Statement 35* (GASB 35). Interim statements are prepared using a fund approach to facilitate budget comparisons and management decisions. Year-end statements are prepared in the GASB 35 format.

Financial Highlights

Morehead State University's financial picture remains stable through the first quarter of the 2015-2016 fiscal year. During the period July 1, 2015 through September 30, 2015, the University operated with a surplus of revenues over expenditures and transfers in the amount of \$16,473,245. This level of operating surplus is expected at this time, since most of the billings for the Fall 2015 semester are reflected in the tuition and fees revenue and only expenditures through September 30, 2015 are reflected. As the fiscal year proceeds, the variance between revenues and expenditures will continue to decrease and should reflect a more appropriate operating surplus or deficit.

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

- Total revenues increased \$525 thousand over last year to \$63.3 million. The majority of this increase was due to a 2.9% increase in student tuition and fee rates and a 7.0% increase in residence hall rates.
- The percent of actual total revenue to budget was 39.80% at September 30, 2015 and 40.46% at September 30, 2014. This percentage would be expected at this time, since most of the billings for the Fall 2015 semester are reflected in revenue.
- Total expenses were approximately \$46.8 million at September 30, 2015 and \$44.0 million at September 30, 2014. The \$2.8 million increase in actual expenses is related to budgeted increases in fixed costs such as scholarship commitments, insurance premiums, debt service payments and expenses related to campus renovation and construction projects. The Office of Financial Aid was reorganized from Academic Affairs to the Division of Administration and Fiscal Services. As a result of this reorganization, scholarships and tuition waiver budgets were also moved from Academic Affairs to Administration and Fiscal Services.
- Net change in net position decreased \$2.2 million to \$16.5 million as compared to \$18.7 million at September 30, 2014. This is primarily related to the increase in total expenses.

Prepared by: Accounting & Financial Services Staff

Morehead State University
Unrestricted Current Funds
Statements of Revenues, Expenditures & Changes in Net Position
For the Three Months Ended September 30, 2015 and 2014

	2015-2016			2014-2015		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
Revenues						
Educational and General						
Tuition and Fees	\$74,722,836	\$37,309,488	49.93%	\$74,796,350	\$37,179,259	49.71%
Govt Appropriations	43,339,500	13,016,676	30.03%	41,545,925	12,326,555	29.67%
Indirect Cost Reimbursement	900,000	183,709	20.41%	585,000	182,698	31.23%
Sales & Services Ed Activities	1,698,335	752,469	44.31%	1,858,479	937,961	50.47%
Other Sources	2,759,927	1,626,243	58.92%	2,878,685	1,814,470	63.04%
Budgeted Fund Balance-E&G	14,345,962	-	0.00%	13,477,453	-	0.00%
Total Educational and General	\$137,766,560	\$52,888,585	38.39%	\$135,141,892	\$52,440,943	38.81%
Auxiliary Enterprises						
Housing	\$13,389,000	\$7,271,468	54.31%	\$12,553,400	\$6,777,484	53.99%
University Store	5,350,220	2,544,598	47.56%	4,858,624	2,588,322	53.28%
Food Services	771,000	280,157	36.34%	966,343	648,273	67.09%
Other	1,069,300	292,307	27.34%	1,069,300	297,475	27.82%
Budgeted Fund Balance - Auxiliary	657,041	-	0.00%	517,264	-	0.00%
Total Auxiliary Enterprises	\$21,236,561	\$10,388,530	48.92%	\$19,964,931	\$10,311,554	51.65%
Total Revenues	\$159,003,121	\$63,277,115	39.80%	\$155,106,823	\$62,752,497	40.46%

Morehead State University
Unrestricted Current Funds
Statements of Revenues, Expenditures & Changes in Net Position
For the Three Months Ended September 30, 2015 and 2014

	2015-2016			2014-2015		
	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	\$1,163,902	\$229,443	19.71%	\$1,123,472	\$234,303	20.86%
University Advancement	4,732,656	1,460,999	30.87%	5,034,926	1,698,684	33.74%
Administration & Fiscal Services	44,094,158	18,308,265	41.52%	21,478,123	7,043,661	32.80%
Student Life	14,425,266	4,505,294	31.23%	14,005,939	4,562,788	32.58%
Academic Affairs	61,036,983	13,047,391	21.38%	82,622,255	23,463,318	28.40%
Other	13,793,516	3,603,299	26.12%	12,901,335	2,997,818	23.24%
Total Educational & General	\$139,246,481	\$41,154,691	29.56%	\$137,166,050	\$40,000,572	29.17%
Auxiliary Enterprises						
Housing	\$13,230,675	\$2,585,623	19.54%	\$11,620,950	\$1,596,077	13.74%
University Store	4,635,393	2,606,934	56.24%	4,431,327	1,924,087	43.42%
Food Services	512,328	121,069	23.63%	484,446	102,920	21.25%
Other	1,378,244	335,553	24.35%	1,404,050	399,811	28.48%
Total Auxiliary Enterprises	\$19,756,640	\$5,649,179	28.59%	\$17,940,773	\$4,022,895	22.43%
Total Expenditures and Transfers by Division	\$159,003,121	\$46,803,870	29.44%	\$155,106,823	\$44,023,467	28.39%
Net Change in Net Position		\$16,473,245			\$18,729,030	

Morehead State University
Statements of Net Position
September 30, 2015 and 2014

Assets and Deferred Outflows	2015	2014
Current assets:		
Cash and cash equivalents	\$ 67,706,554	\$ 34,268,967
Accounts, grants and loans receivable, net	20,773,186	21,222,903
Inventories	1,633,940	1,671,791
Other current assets	1,252,460	-
Total current assets	91,366,140	57,163,661
Noncurrent assets:		
Accounts, grants and loans receivable, net	3,830,959	3,962,314
Investments	15,549,952	14,963,165
Capital assets, net	201,645,113	199,949,833
Total noncurrent assets	221,026,024	218,875,312
Total assets	312,392,164	276,038,973
Deferred outflows of resources:		
Pensions	8,370,393	-
Total deferred outflows of resources	8,370,393	-
Total assets and deferred outflows of resources	\$ 320,762,557	\$ 276,038,973
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,646,666	\$ 5,575,108
Unearned revenue	1,832,724	1,795,980
Bonds and capital lease obligations, current portion	4,668,602	4,850,549
Total current liabilities	12,147,992	12,221,637
Long-term liabilities:		
Bonds and capital lease obligations, noncurrent portion	94,652,521	61,344,231
Advances from federal government for student loans	3,397,769	3,507,148
Unearned revenue	290,235	290,235
Net pension liability	194,699,258	-
Total long-term liabilities	293,039,783	65,141,614
Total liabilities	305,187,775	77,363,251
Deferred inflows of resources:		
Deferred bond reoffering premium	2,526,389	2,526,389
Pensions	10,704,804	-
Total deferred inflows of resources	13,231,193	2,526,389
Net position:		
Net investment in capital assets	99,797,599	131,228,662
Restricted:		
Expendable	47,037,289	6,946,433
Nonexpendable	12,859,369	12,899,215
Unrestricted	(157,350,668)	45,075,023
Total net position	2,343,589	196,149,333
Total liabilities, deferred inflows and net position	\$ 320,762,557	\$ 276,038,973

See Attached Notes To Statements of Net Position

Morehead State University
Notes to the Statements of Net Position
September 30, 2015 and 2014

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 \$1,547,361 at September 30, 2015 and \$1,821,783 at September 30, 2014. Also, included in this category is \$9.8 million in receivables from federal and state grant agencies at September 30, 2015 and \$10 million at September 30, 2014.
3. Other current assets include financial commitments from the MSU Foundation for campus construction and renovation projects.
4. Noncurrent accounts, grants and loans receivable represent balances owed to the University from borrowers who have participated in the Federal Perkins Loan Program.
5. Capital assets, net increased approximately \$1.7 million from the previous year. This increase was due to expenditures for construction projects which include the food service/parking structure, student services facility expansion/renovation and McClure pool renovations. Accumulated depreciation on buildings and equipment was \$169,776,937 at September 30, 2015 and \$159,416,228 at September 30, 2014.
6. Deferred outflows of resources include the amount of pension contributions paid to KTRS and KERS from July 1, 2014 through June 30, 2015. These contributions were paid subsequent to the June 30, 2014 measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.
7. 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.
8. Unearned revenue from federal and state grants represent amounts received but not expended at the Statements of Net Position date.
9. Bonds and capital lease obligations include the current and long-term portions of amounts borrowed to finance the purchase of plant assets. On March 25, 2015 the University issued 2015 Series A General Receipts Bonds in the amount of \$28.2 million. These bonds were issued to construct student residential facilities on campus and at the Derrickson Agricultural Complex. Capital leases also increased by \$5 million for the IT Infrastructure project and increased by \$400 thousand to purchase the Caudill Property. The University also made principal payments on outstanding debt in the amount of \$3.6 million.
10. Net pension liability is due to the implementation of GASB 68 which required Morehead State University to record its proportionate share of the Commonwealth of Kentucky's net pension liability.
11. Deferred inflows of resources include the bond reoffering premium from the issuance of the 2014 Series A and B General Receipts Bonds. The premium will be amortized over the life of the refunded bond issuances. Also, included in this category is the projected difference between projected and actual investment earnings on pension plan investments and changes in assumptions. The pension amount will be amortized over the next five years.

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period July 1, 2015 to September 30, 2015

Description	Opening Budget As of 7/1/2015	Adjustments	Amended Budget As of 9/30/2015
Revenues and Other Additions			
Tuition and Fees	\$ 74,652,514	\$ 70,322	\$ 74,722,836
Government Appropriations	43,339,500	-	43,339,500
Indirect Cost Reimbursement	900,000	-	900,000
Sales and Services of Ed. Activities	1,680,213	18,122	1,698,335
Other Sources	2,167,513	592,414	2,759,927
Budgeted Fund Balance - E&G	13,812,730	533,232	14,345,962
Auxiliary Enterprises	20,560,100	19,420	20,579,520
Budgeted Fund Balance - AUX	653,430	3,611	657,041
Total Revenues and Other Additions	<u>\$ 157,766,000</u>	<u>\$ 1,237,121</u>	<u>\$ 159,003,121</u>
Expenditure Authorizations by Division			
Educational & General			
President & Administration	\$ 1,029,672	\$ 134,230	\$ 1,163,902
University Advancement	4,612,856	119,800	4,732,656
Administration & Fiscal Services	42,749,938	1,344,220	44,094,158
Student Life	14,109,315	315,952	14,425,267
Academic Affairs	59,001,535	2,035,448	61,036,983
Debt Service & Mandatory Transfers	3,594,642	-	3,594,642
Other	13,514,890	(3,316,016)	10,198,874
Total Educational & General	<u>\$ 138,612,848</u>	<u>\$ 633,634</u>	<u>\$ 139,246,482</u>
Auxiliary Enterprises			
Administration & Fiscal Services	\$ 12,839,341	\$ 656,359	\$ 13,495,700
Student Life	845,542	7,829	853,371
Debt Service	4,928,269	-	4,928,269
Other	540,000	(60,701)	479,299
Total Auxiliary Enterprises	<u>\$ 19,153,152</u>	<u>\$ 603,487</u>	<u>\$ 19,756,639</u>
Total Expenditure Authorizations	<u>\$ 157,766,000</u>	<u>\$ 1,237,121</u>	<u>\$ 159,003,121</u>

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period July 1, 2015 to September 30, 2015
Notes of Significant Adjustments to Revenue and Other Additions

Other Sources

Unbudgeted revenue allocated during the first quarter totaled \$592,414

- Revenue from Governor's Scholars Program (GSP) totaling \$208,343 allocated to Regional Engagement for expenses of hosting the program in summer 2015
- Unbudgeted support from the MSU Foundation totaled \$139,727
 - \$62,186 Academic Affairs
 - \$77,541 University Advancement
- Endowment income allocations to Academic Affairs totaled \$164,635
- Other miscellaneous revenue totaled \$79,709
 - \$66,380 Academic Affairs
 - \$7,930 Student Life
 - \$5,000 Administration & Fiscal Services – Auxiliary (*Eagle Trace Golf Course*)
 - \$399 Administration & Fiscal Services – E&G

Fund Balance E&G

Budgeted allocations from Fund Balance for educational and general purposes during the first quarter totaled \$533,232

- \$113,497 Academic Affairs Liaison phased retirement
- \$110,000 Contract with Sibson Consulting to provide analysis, recommendation and negotiation of healthcare program
- \$94,400 Utility and supply expenses for West Liberty campus through June 30, 2016
- \$86,500 Additional allocation for ADA services provided to deaf and hearing impaired students
- \$48,392 Additional allocation for KERS sick leave credit expense
- \$19,223 Cost of student athlete insurance above opening budget
- \$15,000 Support operating expenses of hosting GSP during summer 2015
- \$10,200 Medical insurance for vision coverage amendment
- \$10,000 President's Sustainability Committee expenses
- \$7,500 SACS accreditation software
- \$5,816 Supplemental pay to Director of Accounting and Financial Services
- \$5,640 Travel and other expenses associated with the MMLK lobbyist services contract
- \$5,005 Additional allocation for Cerner contract for web-based software and services for wellness program
- \$2,059 Supplemental pay for faculty member to serve as SACS QEP Director

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period July 1, 2015 to September 30, 2015

From:	To:		
Revenue and Other Additions	Division/ Budget Unit	Amount	Description
Other Sources	Academic Affairs		
	Regional Engagement	\$ 208,343	Reimbursement was received from the Governor's Scholars Program for meals and other expenses associated with hosting the program in summer 2015. The funds were allocated to the Office of Regional Engagement where the program expenses managed.

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of July 1, 2015 to September 30, 2015

	<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			
East Parking Structure and Dining Commons	\$ 17,660,000		Under Construction
McClure Pool Renovation/Volleyball Facility	\$ 1,400,000		Under Construction
Residence Hall - Derrickson Agricultural Complex	\$ 2,735,000		Under Construction
Residence Hall - On Campus	\$ 28,000,000		Under Construction
Unified Security and Access Control	\$ 1,400,000		In Planning
IT Infrastructure/Fiber Upgrade	\$ 8,600,000		Under Construction

**RATIFY 2016-2018
BIENNIAL BUDGET REQUEST**

**BOR (IV-B-2)
December 3, 2015**

Recommendation:

That the Board of Regents ratify the University's 2016-2018 Executive Branch Budget Request.

Background:

On November 13, 2015, the Council on Postsecondary Education approved a 2016-2018 Operating and Capital Budget recommendation for the public postsecondary education institutions to the Governor and General Assembly. Morehead State University, as well as the other public postsecondary institutions, was required to submit a 2016-2018 Executive Branch Budget Request by November 16, 2015 to the Governor's Office for Policy and Management, the Legislative Research Commission, and the Council. This submission was made in accordance with the Council's recommendation regarding the state appropriation and capital project request approved on November 13, 2015.

Operating Request:

The following is a summary of the Council's 2016-2018 operating budget request for Morehead State University:

Operating Budget	2016-17	2017-18
Prior Year Appropriation		
Operating Funds	\$43,339,500	\$45,031,300
Debt Service	\$0	\$0
<i>Total Prior Year Appropriation</i>	\$43,339,500	\$45,031,300
Requested Increase		
Strategic Investments		
Performance Funding	\$1,691,800	\$1,691,800
Percentage Increase – Operating Funds	3.90%	3.76%
Total Requested Appropriation		
Operating Funds	\$45,031,300	\$46,723,100
Debt Service	\$0	\$0
<i>Total Requested Appropriation</i>	\$45,031,300	\$46,723,100

Prepared by: Teresa Lindgren

The Council's request includes an increase to operating funds for postsecondary education institutions for restoration of half of the state funding cuts imposed since 2007-2008. In the comprehensive sector, performance funds are allocated among institutions based on a combination of total public funds share and share of budget cuts since 2007-2008 (with a \$500,000 limit up or down on the differential between the two). If authorized, the entire amount of requested restoration funds will be subject to performance criteria. Institutions will have the opportunity for the funds to become recurring in the next biennium (2018-2020) if performance targets are achieved. The Council and institution staffs will agree on metrics aligned with state priorities and negotiate goals for each metric.

Additional Funding:

The Council's 2016-2018 biennial budget recommendation includes debt service in its agency request on a \$125 million bond issue for the Bucks for Brains Program, \$100 million to be allocated to the research universities (UK and UofL), \$5 million to be allocated to KCTCS for workforce development, and \$20 million to be allocated to the comprehensive universities. The requested \$20 million to the comprehensive universities will be allocated based on each institution's share of sector net General Fund appropriations. The funds will be nonrecurring and will require a matching contribution from private gifts.

The Council's recommendation also includes debt service in its agency request on a \$60 million bond issue for technology and equipment including \$10 million for statewide initiatives and \$50 million for campus-based initiatives. Each institution would receive a fixed \$1 million base allocation, with the remaining \$41 million distributed based on each institution's share of total spending on instruction. If authorized by the General Assembly, funding for this request would be appropriated to the Technology Initiatives Trust Fund.

Capital Request:

Each biennium the Council is asked to present a recommendation to the Governor and General Assembly that identifies the capital needs of Kentucky's public postsecondary institutions. Four years ago, the Council recommended that elected leadership of the Commonwealth commit to a new capital investment strategy that provided a consistent level of funding over three biennia. The new approach aligns with the six-year capital planning process and is grounded in the results from the comprehensive facilities study conducted in 2007. For 2016-2018, the Council again recommended the multi-biennial approach which invests more heavily in asset preservation and renovation, while continuing to provide a sufficient level of new and expanded space to accommodate continuing enrollment growth of the public postsecondary system.

The chart on the following page details capital projects that were included in Morehead State University's 2016-2018 biennial budget request. Projects included were based on the University's 2016-2022 Six Year Capital Plan ratified by the Board on June 4, 2015 and capital funding recommendations made for Morehead State University in the Council's 2016-2018 biennial budget request.

**MOREHEAD STATE UNIVERSITY
CAPITAL PROJECTS REQUEST
2016-2018**

Priority	Project Title	Total Scope	State Funds	Restricted Funds	Federal Funds	Agency Bonds	Other
1	Construct Ctr for Excellence in Educ. for Perf. Arts	\$ 65,502,000	\$ 60,502,000				\$ 5,000,000
2	Construct Food Services/Retail & Parking - Additional	6,600,000				6,600,000	
3	Renovate Cartmell Residence Hall	15,200,000				15,200,000	
4	Renovate Combs Classroom Building	45,050,000	45,050,000				
5	Construct New Volleyball Facility – Phase 2	3,300,000				3,300,000	
6	Construct Vet Tech Clinical Sciences Center	13,809,000	13,809,000				
7	Reconstruct Central Campus	3,000,000	3,000,000				
8	Water Plant Sediment Basin	1,500,000	1,500,000				
9	Upgrade Campus Fire & Security Systems	2,670,000	2,670,000				
10	Enhance Network/Infrastructure Resources – Add'l	3,000,000	3,000,000				
11	Upgrade and Expand Distance Learning	1,700,000	1,700,000				
12	Replace Electrical Switchgear B	1,800,000	1,800,000				
13	Construct University Welcome Center/Alumni House	7,920,000				1,920,000	6,000,000
14	Acquire Land Related to Master Plan	9,000,000	9,000,000				
15	Purchase Equipment for Biochemistry Lab	548,000	548,000				
16	Replace Exterior Precast Panels-Nunn Hall	3,250,000				3,250,000	
17	Enhance Library Automation Resources	1,539,000	1,539,000				
18	Comply with ADA – E&G	3,767,000	3,767,000				
19	Capital Renewal and Maintenance Pool - E&G	6,259,000	6,259,000				
20	Capital Renewal and Maintenance Pool - Auxiliary	3,961,000				3,961,000	
21	Comply with ADA - Auxiliary	2,153,000				2,153,000	
22	Purchase Instructional Technology Initiatives	3,021,000	3,021,000				
23	Upgrade Administrative Office Systems	4,864,000	4,864,000				
24	Upgrade Instructional PCs/LANS/Peripherals	6,080,000	6,080,000				
25	Capital Renewal and Maintenance Pool - Univ. Farm	1,209,000	1,209,000				
26	Construct Classroom/Lab Bldg. at Browning Orchard	1,942,000	1,942,000				
27	Renovate Button Auditorium	15,999,000	15,999,000				
28	Renovate Howell-McDowell Building	1,296,000	1,296,000				
29	Renovate Jayne Stadium	39,761,000	39,761,000				
30	Guaranteed Energy Savings/Performance Contracting*	0					0
TOTAL 2016-2018 CAPITAL PROJECTS		\$ 275,700,000	\$228,316,000	\$ 0	\$ 0	\$ 36,384,000	\$ 11,000,000

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

**ADOPT RESOLUTION AUTHORIZING A TRUST
AGREEMENT FOR THE REFUNDING OF
MOREHEAD STATE UNIVERSITY GENERAL
RECEIPTS OBLIGATIONS, 2007 SERIES A**

**BOR (IV-B-3)
December 3, 2015**

Recommendation:

That the Board adopt the following resolutions relating to the sale of the University's General Receipts obligations:

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF APPROXIMATELY \$4,000,000 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:

Current market rates indicate that the University has a potential opportunity to achieve debt service savings through the issuance of University's General Receipts Refunding Bonds. The previously issued bonds that have been identified for refunding are titled Morehead State University General Receipts Bonds, 2007 Series A.

The refunding of these prior bonds will be financed through the issuance of the University's General Receipts Obligations, 2016 Series A, to be sold in the first quarter of calendar year 2016, depending on market performance.

In order to proceed with the sale of the General Receipts Obligations for the refunding, the Board must adopt the following resolution:

SERIES RESOLUTION

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF APPROXIMATELY \$4,000,000 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, in accordance with provisions 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 (the "Act"), the University may issue bonds to refund outstanding bonds upon approval of the State Property and Buildings Commission (the "Commission"); and

WHEREAS, the Board by a resolution adopted on June 15, 2007 (the "Prior Resolution"), created and established an issue of Morehead State University General Receipts Obligations, 2007 Series A (the "Prior Bonds"); and

WHEREAS, the Board of Regents of the University (the "Board") has determined, in order to achieve debt service savings, to authorize the refunding of the Prior Bonds so that the Prior Bonds will no longer be outstanding; and

WHEREAS, in order to pay the costs of refunding the Prior Bonds, the Board desires to provide for the issuance and sale of Morehead State University General Receipts Refunding Bonds, 2016 Series A 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 "Refunding Bond Resolution," the Obligations authorized by this Resolution are referred to herein and in the Supplemental Trust Agreement hereby authorized as the "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 Obligations. It is hereby declared to be necessary to, and the Board shall, issue, sell and deliver, as provided and authorized herein, approximately \$4,000,000 principal amount of General Receipts Refunding Obligations which shall be issued as General Receipts Bonds (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) refunding the Prior Bonds; 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 Refunding Obligations.

(a) Form, Numbering and Designation. The 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 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 Refunding Obligations herein authorized) with maturity dates approved by the Fiscal Officer having a final maturity that is no later than the last day of the fiscal year in which the refunded Prior Bonds are scheduled to mature.

(c) Interest. The 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 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 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 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 Refunding Obligations of one maturity are to be called, the selection of such Refunding Obligations or portions of 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 Refunding Obligations shall be given in the manner provided in the Trust Agreement.

(f) Other Provisions. The 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 Refunding Obligations shall be payable by check or draft, as provided in the Trust Agreement.

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

SECTION 5. Award and Sale of Refunding Obligations. The 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 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 Refunding Obligations is contingent upon the issuance and delivery of the Refunding Obligations, and that the Financial Advisor may not submit a bid for the purchase of the Refunding Obligations at the time of the advertised public sale of the Refunding Obligations, either individually or as the member of a syndicate organized to submit a bid for the purchase of the 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 Refunding Obligations that are required to be issued in order to (i) refund the Prior Bonds and (ii) pay the costs of issuing the Refunding Obligations and the final principal amount, interest rates and maturities of the Refunding Obligations shall thereupon be established, as prescribed in the Official Terms and Conditions of Sale of Bonds.

SECTION 6. Allocation of Proceeds of Refunding Obligations. All of the proceeds from the sale of the 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 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 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 Refunding Obligations so that the 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 Refunding Obligations is hereby authorized and directed to give an appropriate certificate for inclusion in the transcript of proceedings with respect to the 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 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 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 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 Refunding Obligations, and such other information with respect to the University and the 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 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. Escrow Trust Agreement. The Chairman of the Board and the Fiscal Officer are each separately authorized and directed, if the refunding of the Prior Bonds is determined to be economically feasible, to execute, acknowledge and deliver to the Trustee, in the name of and on behalf of the University, an Escrow Trust Agreement (if required) relating to the defeasance of the Prior Bonds under the provisions of the Trust Agreement, in substantially the form described to this Board, as may be permitted by the Act or required by the Trust Agreement, and approved by the officer executing the same on behalf of the University. The approval of the final Escrow Trust Agreement shall be conclusively evidenced by the execution of such Escrow Trust Agreement by such officer.

SECTION 12. 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 13. 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 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 Refunding Obligations.

SECTION 14. 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 15. Effective Date. This resolution shall take effect from and after its passage.

SECTION 16. Copy to be Filed with Trustee. A certified copy of this Resolution shall be filed with the Trustee

Adopted December 3, 2015

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, Morehead, Kentucky, 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 December 3, 2015, 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 3rd day of December, 2015.

Secretary, Board of Regents
Morehead State University

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5-Year Enrollment Trends

Term	Headcount		Student Credit Hours		FTE		First-Time Freshmen			
	N	% Change	N	% Change	N	% Change	N	% Change	Average ACT	% Change
Fall 2011	10,971		106,315		7,241		1,372		21.8	
Fall 2012	11,172	1.8%	110,859	4.3%	7,537	4.1%	1,649	20.2%	22.1	1.4%
Fall 2013	11,358	1.7%	114,224	3.0%	7,741	2.7%	1,685	2.2%	22.3	0.8%
Fall 2014	11,053	-2.7%	113,494	-0.6%	7,678	-0.8%	1,513	-10.2%	22.2	-0.4%
Fall 2015	10,875	-1.6%	112,282	-1.1%	7,592	-1.1%	1,461	-3.4%	22.4	0.9%

5-Year Enrollment Trends of High School Students

Term	Headcount		Student Credit Hours		FTE	
	N	% Change	N	% Change	N	% Change
Fall 2011	2,343		8,079		539	
Fall 2012	2,324	-0.8%	8,859	9.7%	591	9.7%
Fall 2013	2,523	8.6%	9,419	6.3%	628	6.3%
Fall 2014	2,508	-0.6%	9,768	3.7%	651	3.7%
Fall 2015	2,499	-0.4%	9,386	-3.9%	626	-3.9%

Note: This table does not include students enrolled in the Craft Academy.

Enrollment by Level

Undergraduate	9,784
Graduate	1,091
Grand Total	10,875

Enrollment by Race/Ethnicity

Non URM	10,305
Nonresident Alien	191
Asian	45
White	9,769
Two or More Races	190
Unknown	110
Under-Represented Minority	570
American Indian	15
Black	378
Hispanic	164
Native Hawaiian, Pacific Islander	13
Grand Total	10,875

Quick Facts about Enrollment Numbers for Fall 2015

64.8% retention of Fall 2014 first-time freshmen to Fall 2015.

58.3% retention of Fall 2014 first-time freshmen who were under-represented minorities to Fall 2015.

59.2% retention of Fall 2014 Black first-time freshmen to Fall 2015.

60 students enrolled in the Craft Academy for Fall 2015.

REPORT ON HEALTH INSURANCE AND BENEFITS FOR PLAN YEAR 2016

**BOR (IV-C-2)
December 3, 2015**

Morehead State University remains committed to providing affordable, high-quality health benefits to employees and their families and to also provide resources and tools to help and encourage employees to be actively involved in obtaining optimal health. This philosophy benefits both the employee and the University by improving our employee's overall health and wellbeing through early identification and prevention of disease thereby reducing the need for medical intervention and health claims. MSU will remain fully insured for 2016 in partnership with our health insurance provider Anthem Blue Cross Blue Shield of Kentucky. Anthem provides high quality health care coverage, a large provider network, aggressive discounts and robust tools to assist employees in improving their health.

The three primary objectives of the 2016 health plan are:

- Continue to maintain high-quality, market-competitive and affordable health care coverage so that we can maintain our ability to recruit and retain superior faculty and staff who carry out the mission of this University.
- Reaffirm our commitment for outcome based incentives through a collaborative partnership between the Office of Human Resources, MSU clinic, and the MSU Recreation & Wellness Center.
- Revise existing health plans and structure to better support our consumer driven philosophy, encourage healthy practices, and meet both the minimum value and affordability standards of the Affordable Care Act.

To meet these objectives we have contracted the services of Sibson Consulting, a reputable higher education consulting firm experienced in assisting universities and colleges to reformulate and develop benefit strategies that translate into a competitive advantage in retaining and attracting employees. With the services of Sibson and Cerner Wellness, the human resources office will engage the Health & Wellness Steering and the Employee Benefits Committees to partner in the strategy development that will focus on the behavioral health, utilization management, and wellness practices for 2016 and beyond.

Why we contracted with Sibson Consulting?

We contracted with Sibson to aid us in meeting these three primary objectives. After a mid-year review revealed the upward spike of claims and the historical trend from the two previous years, it was evident action was needed. The impact of national market increases, MSU's medical claims running just over 90% for this plan year and a \$600,000 increase in prescription drugs for the year resulted in a 9.9% renewal increase in premium for the upcoming 2016 plan year. This 9.9% increase was 3.4% above the national average, making it critical we reverse this trend.

The following chart displays MSU's health insurance premium increases for the past eight years compared to the national trend.

Year	MSU Annual Increases	National Trend
2009	6.23%	9.20%
2010	7.00%	9.00%
2011	4.36%	9.00%
2012	0.00%	8.50%
2013	0.00%	5.00%
2014	7.78%	7.00%
2015	8.43%	5.50%
2016	9.90%	6.50%

With the 9.9% increase in health care premium, how do we stabilize the plan and minimize the impact to employees?

The Human Resources Office is approaching this challenge as a stabilization and transitional year regarding the health benefit plan. Our immediate goal was twofold, we wanted to lessen the impact of premium cost to employees while achieving the 75/25 percent cost share between MSU and employees, and to continue offering as many choices as possible. We accomplished this by:

- Premium increase by 9.9% for both the “Blue” and “Gold” plans
- Balanced the total cost of premium to 75%:25% cost share
- Reduced the HRA contribution by half to lower the impact of premium cost
- Increased the Rx copay on the “Gold” plan to \$50 on Tiers II, III and IV
- Added differential \$50 premium for tobacco users

Below are the 2015 employee costs and the 2016 increases for non-tobacco and tobacco uses:

NON-TOBACCO PREMIUMS

	2015		2016			
	Employee		Total	University	Employee	Increase
	Cost		Cost	Contribution	Cost	Amount
Blue Plan						
Single	\$36		\$492	\$447	\$45	\$9
2-person	\$159		\$739	\$549	\$190	\$31
Family	\$251		\$985	\$710	\$275	\$24
2-Person H/W	\$-		\$739	\$894	\$-	\$-
Family H/W	\$72		\$985	\$894	\$91	\$19
Gold Plan						
Single	\$85		\$568	\$448	\$120	\$35
2-Person	\$227		\$852	\$572	\$280	\$53
Family	\$344		\$1,135	\$735	\$400	\$56
2-Person H/W	\$-		\$852	\$896	\$-	\$-
Family H/W	\$169		\$1,135	\$896	\$239	\$70

TOBACCO-USER PREMIUMS

	2015		2016			
	Employee		Total	University	Employee	Increase
	Cost		Cost	Contribution	Cost	Amount
Blue Plan						
Single	\$36		\$492	\$447	\$95	\$59
2-person	\$159		\$739	\$549	\$240	\$81
Family	\$251		\$985	\$710	\$325	\$74
2-Person H/W	\$-		\$739	\$894	\$-	\$-
Family H/W	\$72		\$985	\$894	\$141	\$69
Gold Plan						
Single	\$85		\$568	\$448	\$170	\$85
2-Person	\$227		\$852	\$572	\$330	\$103
Family	\$344		\$1,135	\$735	\$450	\$106
2-Person H/W	\$-		\$852	\$896	\$-	\$-
Family H/W	\$169		\$1,135	\$896	\$289	\$120

Changes in the HRA Contribution “Blue” and “Gold” Plans

	2015	2016
Single	\$500	\$250
2-Person	\$900	\$450
Family	\$1,200	\$600
2-Person H/W	\$1,000	\$500
Family	\$1,200	\$600

Other core employee benefits:

We will remain self-insured with our dental plans using Delta Dental as Third Party Administrator (TPA) with no premium increase to our employees of the University.

The employee life insurance bid in 2015 resulted in a change from The Hartford to Minnesota Life. A renewal with Hartford would have resulted in a 304% increase in basic life insurance premium. Our rate increase with Minnesota Life resulted in a 49% increase in premium for basic life. Beginning January 1, 2016, the supplemental life insurance premiums will change to an age-rated format.

Next Steps: 2016 and beyond, our challenge moving forward

Contracting with Sibson and utilizing their expert actuarial capabilities, the Human Resources Office will be poised to engage a strategic posture with the aid of the Employee Benefits and Wellness Steering Committees and other campus stakeholders. We will work toward developing a sustainable health and wellness program for 2017 and beyond that will focus on changing behaviors that drive healthcare costs up. We will continue to use those programs that prove worthy and to evaluate the following:

- How we engage employees so that they better use wellness incentives and reduce their out-of-pocket costs
- How we educate employees so they gain a better understanding on how best to utilize their HRA and FSA plans
- How we help employees make informative decisions related to their benefits
- High deductible plans with Health Savings Accounts (HSA's)
- Fully insured vs. Self-insured
- Utilize the KYRx Coalition to help us reduce prescription drug costs

In summary, our focus will be on becoming a healthy campus community. The benefits of a healthy campus community will not only impact lower premium costs to both MSU and employees, but we should see a direct benefit in regard to greater productivity. Just as important, we will see an employee who will enjoy all facets of their life.

REPORT ON PERSONAL SERVICE CONTRACTS

BOR (IV-C-3)
December 3, 2015

The attached list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between September 1, 2015 through October 31, 2015.

PERSONAL SERVICE CONTRACTS September 1, 2015 through October 31, 2015					
Individual/Firm	Contract Description	Contract Beginning Date	Contract Ending Date	Contract Amount	Method of Selection
Harris Search Associates	Search firm consulting	9/15/15	6/30/16	\$140,000.00	Request for Proposal
Murphy Graves Trimble	Strategic consultant for Baseball Stadium Improvement Study	11/16/15	6/30/16	37,000.00	Request for Proposal