

AGENDA BOOK
Board of Regents



MEETING SCHEDULE

Saturday, June 1, 2002

9 a.m.

Board of Regents Meeting

Riggle Room

Immediately following

Lunch

Heritage Room

Members, Morehead State University Board of Regents

Buckner Hinkle, Jr. (*Chair*)

Juanita Mills (*Vice Chair*)

James Booth

Gene Caudill (*Staff Member*)

Lynne Fitzgerald (*Faculty Member*)

Sylvia Lovely

Brian Martin (*Student Member*)

Helen Pennington

Charles Rhodes

Jerry Umberger

AGENDA
Board of Regents
Morehead State University
9 a.m., Saturday, June 1, 2002
Riggle Room, ADUC
Morehead, Kentucky

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June 1,
2002

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVE MARCH 16, 2002, MINUTES
- IV. ADOPT RESOLUTIONS HONORING LYNNE FITZGERALD
AND BRIAN MARTIN

V. PRESIDENT'S RECOMMENDATIONS AND REPORTS

A. Recommendations

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- 10. Approve Disposal of Real Property 73-75
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- 12. Recognize Kentucky Center for Traditional Music, Inc.
as an Affiliated Corporation 91-99
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B. Reports

- 1. Final Report on Spring Enrollment, 2002 102
- 2. Sabbatical Leave Reports (Pritchard & Caric to make
oral presentations)
- 3. Report of Gift Income 103
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VI. OTHER BUSINESS

A. Next Meeting

- Work Session -- Saturday, September 7
- BOR Meeting -- Saturday, September 21

B. Other

- President's Contract

VII. ADJOURNMENT

**BOARD OF REGENTS
MOREHEAD STATE UNIVERSITY**

March 16, 2002

The Board of Regents of Morehead State University met on Friday, March 16, 2002, in the Riggle Room of the Adron Doran University Center in Morehead, Kentucky.

CALL TO ORDER

Chair Buckner Hinkle, Jr. convened the meeting at 9 a.m.

ROLL CALL

The following members were present: Jim Booth, Gene Caudill, Lynne Fitzgerald, Buckner Hinkle, Jr., Sylvia Lovely, Brian Martin, and Jerry Umberger. Juanita Mills, Helen Pennington, and Charles Rhodes were not present.

Others present: President Ronald G. Eaglin; Provost and Executive Vice President Michael Moore; Vice Presidents Porter Dailey, Michael Mincey, Keith Kappes, and Barbara Ender; and other members of the faculty, staff, and administration.

Pauline Young, Director of University Communications, introduced Megan George, reporter with WMKY, who was present for the meeting.

**NOVEMBER 30,
2001, MINUTES**

Mr. Caudill moved, seconded by Dr. Fitzgerald, to approve the minutes of the November 30, 2001, meeting as distributed. The motion carried.

**ELECTION OF
OFFICERS**

Mr. Caudill moved, seconded by Mr. Booth, that the current officers (Chair Hinkle, Vice Chair Mills, and Secretary Johnson) be re-elected. The motion carried.

**APPOINTMENT
OF TREASURER**

Chair Hinkle appointed Porter Dailey to serve as treasurer.

The President recommended:

**RECIPIENT OF
FOUNDERS DAY**

RECOMMENDATION: That the Board approve the selection of Dr. C. Nelson Grote as the recipient of the 2002 Founders Day Award for University Service.

(Background information attached to these minutes and marked V)

MOTION: Mr. Caudill moved, seconded by Dr. Fitzgerald, that the Board approve the President's recommendation.

VOTE: The motion carried.

**RESOLUTION IN
MEMORY OF
PRESIDENT
EMERITUS
ADRON DORAN**

Chair Hinkle read the following resolution in memory of President Emeritus Adron Doran, who passed away on November 22, 2001.

A MEMORIAL RESOLUTION

WHEREAS, Dr. Adron Doran served honorably and with distinction as the seventh President of Morehead State University from April 1954 through December 1977; and

WHEREAS, Dr. Doran's dynamic leadership resulted in the institution achieving unprecedented growth and state university status; and

WHEREAS, Dr. Doran's monumental contributions to the University were recognized in the naming of the University Center and in him receiving an honorary doctoral degree and the Founders Day Award for University Service; and

WHEREAS, President Emeritus Doran continued to be active in the life of the University and maintained interest in the well being of its students, faculty, staff and alumni throughout the balance of his life which ended November 22, 2001, at the age of 92;

THEREFORE, the distinguished life and notable professional career of President Emeritus Adron Doran be and hereby are remembered with eternal and heartfelt gratitude by the Board of Regents of Morehead State University, and sincerest condolences are extended to his wife, Mignon Doran, and other family members.

Adopted this 16th day of March 2002.

Buckner Hinkle, Jr., Chair

ATTEST:

Carol Johnson, Secretary

Ronald G. Eaglin, President

Dr. Fitzgerald moved, seconded by Mr. Umberger, to approve the Resolution in Memory of President Emeritus Doran. The motion carried.

**SABBATICAL
LEAVE REPORTS**

Dr. Michael Moore, Provost, stated that two years ago, the Board asked that recipients of sabbatical leaves present reports on how their leaves benefited the University. Two of the four recipients of sabbatical leaves last year shared their experiences with the Board.

- Dr. Suzanne E. Tallichet, Associate Professor of Sociology, continued research begun at Penn State on women coal miners. She is working on a book titled Daughters of the Mountain.
- George Eklund, Associate Professor of English, went to New York to write poetry. He said that he believes the time allowed him to do creative writing. Two poems he completed on leave have been published in professional journals.

The other two sabbatical leave recipients will present their reports at the June 1 Board meeting.

**EXECUTIVE
SESSION**

Mr. Hinkle stated that the Board needed to go into executive session for the purpose of discussing some personnel issues and potential litigation.

MOTION: Mr. Martin moved that the Board go into executive session at 9:30 a.m. Mr. Umberger seconded the motion.

VOTE: The motion passed.

MOTION: Dr. Fitzgerald moved that the Board reconvene at approximately 11:15 a.m.

VOTE: The motion passed.

Chair Hinkle reported that the Board discussed personnel matters and pending litigation during executive session. The Board took no action.

**PRESIDENT'S
RECOMMENDA-
TIONS***Tenure, 2002*

The President recommended:

RECOMMENDATION: That the Board approve the granting of tenure and promotion to the associate professor rank for the following faculty members with the issuance of their contracts for the 2002-2003 year:

Dr. Stacy Baker, Music
Dr. Paul Becker, Sociology
Dr. Laurie Couch, Psychology
Dr. Thomas Creahan, Economics
Dr. Susan Creasap, Music
Dr. Darrin DeMoss, Biology

Ms. Yan Duan, Nursing
Dr. Claire Foley, English
Dr. Joy Gritton, Art
Dr. John Hennen, History
Dr. Brenda Malinauskas, Nutrition/Dietetics
Dr. Adele Moriarty, Education
Dr. Dianna Murphy, Government
Dr. Eric Swank, Social Work
Dr. Stacy Vollmers, Marketing

(Additional background information attached to these minutes and marked VIII-A-1)

Dr. Moore stated that assistant professors that successfully gain tenure are automatically promoted to the rank of associate professor. These faculty members develop portfolios, which are submitted to their peers and administrative supervisors for review. The University Tenure Committee receives and reviews the recommendations from these groups and forwards its recommendations to the Provost. The President, based upon recommendations from the Provost, submits his recommendations to the Board of Regents.

MOTION: Mr. Caudill moved, seconded by Dr. Fitzgerald, that the Board approve the President's recommendation.

VOTE: The motion carried.

The President recommended:

*Tenure for Dr.
Gerd Fricke*

RECOMMENDATION: That the Board approve the granting of tenure for the following faculty member with the issuance of his contract for the 2002-2003 year:

Dr. Gerd Fricke, Associate Professor of Mathematics

Dr. Moore stated that Dr. Fricke came to Morehead State University as an associate professor after having a distinguished career at Wright State University. Thus, he is being recommended for tenure with the issuance of his contract for the 2002-2003 year.

(Additional background information attached to these minutes and marked VIII-A-2)

MOTION: Dr. Fitzgerald moved, seconded by Mr. Caudill, that the Board approve the President's recommendation.

VOTE: The motion carried.

Sabbatical Leaves

The President recommended:

RECOMMENDATION: That the Board approve the granting of sabbatical leaves to the following faculty members contingent upon funding being available within academic affairs.

Fall 2002

John Ernst, Associate Professor of History
Stephen Tirone, Associate Professor of Art

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

MOTION: Mr. Booth moved, seconded by Mr. Umberger, to approve the President's recommendation.

VOTE: The motion carried.

Dr. Eaglin asked Board members if they would like to continue the practice of allowing faculty members to share their sabbatical leave experiences with the Board. Chair Hinkle said that it is a good practice that should be continued.

The President recommended:

Program Deletion

RECOMMENDATION: That the Board approve the deletion of the Bachelor of Arts in Parks, Recreation and Leisure (CIP 31.0301).

(Additional background information attached to these minutes and marked VIII-A-4)

Dr. Moore stated that the Board is being asked to approve the deletion of the Bachelor of Arts in Parks, Recreation and Leisure primarily for two reasons:

- This degree program provides limited options related only to outdoor and recreation employment; and
- The new degree program, BA in Sport Management approved by the Board in March 2001, is a more comprehensive and multi-disciplinary program that provides a variety of sport/recreation employment venues.

Further, Dr. Moore stated that the Council on Postsecondary Education approved the new BA in Sport Management, which will replace the BA in Parks, Recreation and Leisure, at its meeting on February 4, 2002.

*Personnel Policy,
PAc-34*

MOTION: Dr. Fitzgerald moved, seconded by Mr. Booth, to approve the President's recommendation.

VOTE: The motion passed.

The President recommended:

RECOMMENDATION: That the Board approve Personnel Policy, PAc-34, Alternative Career-Track Faculty.

(Personnel Policy PAc-34 and additional background information attached to these minutes and marked VIII-A-5)

Dr. Moore stated that PAc-34 is a new policy that establishes the conditions for hiring and retaining non-tenure track faculty. Generally, three conditions necessitate this proposal:

- **Large number of developmental and introductory courses.** The proposal permits hiring and retaining faculty with appropriate preparation for developmental and introductory courses without the demands of meeting tenure criteria.
- **Shortage of applicants with terminal degrees (particularly in education).** A few of the difficult-to-fill positions are ones for which non-terminally degreed public school teachers and/or administrators are highly qualified to fill, at least on a short-term basis, if not permanently.
- **Changes in externally accredited professional programs.** Some externally accredited programs, e.g., education and business, have made it desirable to augment traditional faculty with a limited number of experienced professionals and practitioners.

The new proposed policy addresses these issues and establishes guidelines for evaluation and reappointment/non-reappointment of faculty in the instructor position.

Dr. Eaglin noted that the Faculty Senate, department chairs, Deans' Council, and provost have approved the policy.

MOTION: Mr. Caudill moved, seconded by Mr. Booth, to approve the President's recommendation.

VOTE: The motion passed.

Personnel Actions

The President recommended:

RECOMMENDATION: That the Board ratify the Personnel Actions for the period November 5, 2001, through February 15, 2002.

(Personnel Actions and additional background information attached to these minutes and marked VIII-A-6)

Roger Barker, Director of Human Resources, presented the Personnel Actions' report and described a new component of the report— Comparison Chart for Covered Roster Appointments. This chart shows the current quarter roster appointments as compared to the same period the previous year.

MOTION: Mr. Caudill moved, seconded by Mr. Booth, to approve the President's recommendation.

VOTE: The motion passed.

The President recommended:

**Second Quarter
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, 2002.

(Second Quarter Financial Report and additional background information attached to these minutes and marked VIII-A-7)

James Fluty, Director of Accounting and Budgetary Control, presented highlights of the financial statements for the six months that ended on December 31, 2001.

Mr. Fluty stated that MSU's financial picture remained stable through the second quarter of the 2001-2002 fiscal year. During this period the University operated with a surplus of revenues over expenditures and transfers in the amount of \$17,405,748. He noted that this level of surplus is expected at this time since most of the billings for the Spring 2002 semester are reflected in the tuition and fees revenue and only expenditures are reflected through December 31, 2001. As the year progresses, the variance between revenues and expenditures will decrease and should reflect a more appropriate operating surplus or deficit.

Further, Mr. Fluty noted that since the Board ratified the University's 2002-2004 Biennial Budget request in November 2001, the University has been

informed of the following reductions in state appropriations, as proposed by the Council on Postsecondary Education:

	2001-2002	2002-2003
Base Operating Budget (2 percent)	\$768,600	\$768,600
Operations & Maintenance Funding	101,800	0
Incentive Trust Funds (2 percent)	35,110	0
TOTAL	\$905,510	\$768,600

Mr. Fluty discussed other significant trends:

- Investments increased approximately \$1.4 million from the second quarter of the previous year.
- Accounts receivable have remained stable compared to December 31, 2000.
- Net investment in capital assets has increased about \$15.3 million since December 31, 2000. (Increase relates to Breckinridge Hall renovation, MSU at West Liberty Center, Life Safety projects, and Renovation of Family Housing, and internally managed projects such as E & G Facilities, elevators, roof repairs, etc.
- Percentage of revenue assessments appears to be in line with expectations through the second quarter of the fiscal year.
- Expenditure trends also appear to be proceeding according to the budget plan.

Teresa Johnson, Director of Budgets, discussed the budget amendment relating to health insurance increases and the utilization of excess tuition revenue to cover those costs.

Chair Hinkle asked about the relationship between the Lakewood Terrace renovation and the site of the Space Science Center support building. Dr. Eaglin said that two of the existing duplexes would be modified to serve as temporary support facilities for the antenna system. State and/or federal funding would be sought for a permanent building, also in the Lakewood Terrace area. He noted that the support facility must have line-of-sight to the antenna system.

Dr. Eaglin stated that the events of 9/11 had created major problems with the federal budget and that congressional earmarks would be more difficult to fund in the next year or so. As a result, he said the scope of the Space Science Center project had been changed to make it more compatible with the federal budget situation. For instance, we will be working with NASA to use the electronic components of the Wallops Island antenna and then

hopefully purchase a new superstructure instead of relocating all of the existing facility. Dr. Eaglin said the new approach could reduce the overall cost of the project and make it operational earlier than originally planned. He also said the University expects the Kentucky Transportation Cabinet to provide additional state funding for the access road.

MOTION: Mr. Caudill moved, seconded by Ms. Lovely, to approve the President's recommendation.

VOTE: The motion carried.

The President recommended:

**Series L Revenue
Bonds**

RECOMMENDATION: That the Board ratify the actions taken by the Vice President for Administration and Fiscal Services and the Associate Vice President for Fiscal Services on December 11, 2001, related to the sale of the Consolidated Educational Buildings Revenue Bonds, Series L.

(Additional background information attached to these minutes and marked VIII-A-8)

Michael Walters, Associate Vice President for Fiscal Services, stated that the sale of the Consolidated Educational Buildings Revenue Bonds, Series L., was conducted on December 11, 2001. Five bids were received for the bonds. Upon review of the bids, recommendation of the bond fiscal agent, and concurrence by the Commonwealth of Kentucky Office of Financial Management, the Board's designees accepted the bid of J. J. B. Hilliard-W. L. Lyons, Inc., at a net interest cost of 4.2009 percent. The refinancing of the Series H and I bonds resulted in a net present value debt service savings of just over \$213,000.

MOTION: Mr. Caudill moved, seconded by Mr. Umberger, to approve the President's recommendation.

VOTE: The motion passed.

The President recommended:

**Series Q Revenue
Bonds**

RECOMMENDATION: That the Board authorize the sale of Housing and Dining System Revenue Bonds, Series Q, in the spring of 2003, and adopt the attached reimbursement resolution.

(Reimbursement Resolution and additional background information attached to these minutes and marked VIII-A-9)

Mr. Walters stated that the final segment of the residence hall sprinkler program, Phase V, would be conducted in the summer of 2003. The cost estimates for Phase IV and V will be approximately \$3.85 million. To minimize issuance costs, we have to wait until spring 2003 to sell the bonds. We will finance the Phase IV project that will be conducted this year with University funds. In order to reimburse the University, the Board needs to adopt a reimbursement resolution to comply with IRS regulations. The Board will be asked to do two things: authorize the sale of the Housing and Dining System Revenue Bonds, Series Q, and adopt the reimbursement resolution.

MOTION: Mr. Booth moved, seconded by Mr. Caudill, to approve the President's recommendation.

VOTE: The motion carried.

The President recommended:

*Banking Service
Contracts*

RECOMMENDATION: That the Board designate Firststar Bank as the depository for all funds collected at the main campus location and designate the Heritage Bank in Ashland, Commercial Bank in West Liberty, Citizens National Bank in Prestonsburg, and the Citizens Bank in Jackson to serve as depositories for funds collected at the extended campus centers.

(Additional background information attached to these minutes and marked VIII-A-10)

Mr. Walters stated that the University is required by statute to designate depository banks for all funds collected. Using KRS guidelines for competitive bidding of contracts, bids for banking services were requested from the four banks having a presence in Morehead. A pre-bid hearing was held to discuss the terms of the bid and the banking requirements of the University. Bids were opened in February 2002. Based on the published evaluation criteria, Firststar Bank submitted the best bid for banking services.

Similarly, bids also were solicited from banks in Ashland, West Liberty, Prestonsburg, and Jackson for banking services for the extended campus centers. Based on the bids submitted, contracts are recommended for the Heritage Bank in Ashland, Commercial Bank in West Liberty, Citizens National Bank in Prestonsburg, and Citizens Bank in Jackson.

All contracts will be effective from July 1, 2002, to June 30, 2003, with options to extend the contracts for four additional one-year periods.

Real Property Lease

MOTION: Dr. Fitzgerald moved, seconded by Mr. Umberger, to approve the President's recommendation.

VOTE: The motion passed.

The President recommended:

RECOMMENDATION: That the Board approve the real property lease with the Morehead State University Foundation, Inc., in regard to property located at 149 East Main Street, Morehead, Kentucky.

(Additional background information attached to these minutes and marked VIII-A-11)

Porter Dailey, Vice President for Administration and Fiscal Services, stated that the renovation and expansion of the University Center would begin this summer. As a result, the major functions located in the facility will be relocated during the initial phase. While most of the student service functions will be relocated to other temporary quarters on campus, a suitable location for the bookstore was difficult to find. Thus, the University initiated a request for proposal process to find suitable off-campus space for the bookstore.

The best proposal came from the MSU Foundation, Inc., which has property located at 149 East Main Street in Morehead. The University has negotiated a \$6 per square foot or \$31,308 annual rental rate for the space, which is slightly less than other rental space the University has in the community.

MOTION: Dr. Fitzgerald moved, seconded by Mr. Caudill, to approve the President's recommendation.

Dr. Eaglin stated that this is an excellent opportunity for cooperation between the University and City and for the University to have a presence on Main Street.

VOTE: The motion passed.

The President recommended:

***KFAC Board
Members/
Operating
Agreement***

RECOMMENDATION: That the Board confirm the appointment of three new and five returning members of the Board of Directors of the Kentucky Folk Art Center, Inc., as identified herein, and that the Board approve revision of the operating agreement with the KFAC to reflect administrative oversight by the Vice President for University Relations and gift management by the MSU Foundation, Inc.

(Revised Operating Agreement and additional background information attached to these minutes and marked VIII-A-12)

Keith Kappes, Vice President for University Relations, stated that the Kentucky Folk Art Center, Inc. was declared an affiliated corporation of Morehead State University in September 1998. As such, the Board of Regents of the University must confirm the appointment of members of the KFAC Board of Directors. At the KFAC meeting in December 2001, the Board appointed three new board members – Stephen D. Jones of Maysville, Emma Perkins of Morehead, and Gail H. Hart of Lexington. The Board also reappointed six members – Jean Dorton of Paintsville, Gwenda Adkins of Sandy Hook, Connie Collis of Lexington, O. Leonard Press of Lexington, Jean Sandifer of Lexington and Teresa Unseld of Winston-Salem, North Carolina.

Also, the relationship between the University and the KFAC is governed by an operating agreement approved by both boards. The current operating agreement between the University and KFAC specifies that the Vice President for Administration and Fiscal Services shall provide administrative oversight and that the KFAC staff shall manage private gifts. In accordance with the changes in the University's administrative structure, it is proposed that the operating agreement be revised to assign oversight responsibility for KFAC to the Vice President for University Relations. Further, to assure compliance with the University's fund raising procedures, it is further proposed that acknowledgement and record keeping of gifts to KFAC be managed by the MSU Foundation, Inc.

MOTION: Mr. Caudill moved, seconded by Mr. Umberger, to approve the President's recommendation.

VOTE: The motion carried.

The President recommended:

***CPE Endowment
Match Program***

RECOMMENDATION: That the Board approve the submission of new gifts eligible to be matched in the Regional University Excellence Trust Fund program.

(Potential Gifts for Submission to CPE and additional background information attached to these minutes and marked VIII-A-13)

Barbara Ender, Vice President for Development, noted that the 1997 Higher Education Improvement Act created the Regional University Excellence Trust Fund. In 1998, the General Assembly appropriated \$1.475 million to

match eligible endowments, and the University was successful in securing the entire amount. In 2000, \$2.95 million was appropriated to be matched by gifts and pledges secured by June 30, 2002. To date, MSU has received \$1,744,866 toward this goal.

Recently, the Council on Postsecondary Education made two significant revisions to the guidelines governing the administration and operation of the Endowment Match Program. First, the role of the governing boards was expanded to require board review and approval of all donations, gifts and pledges that will be used to establish new endowments or expand existing endowments. Second, the universities' or foundations' audited financial reports are now required to include pledge payment schedules.

The University has \$299,009 in potential gifts that will be submitted to the Council on Postsecondary Education in the "Bucks for Brains" Program. This list is found on page 80 of the agenda book.

MOTION: Dr. Fitzgerald moved, seconded by Mr. Caudill, to approve the President's recommendation.

VOTE: The motion carried.

The President recommended:

*Naming
Opportunities in
Breckinridge Hall*

RECOMMENDATION: That the Board approve the naming of Capt. Michael K. Gallagher Audio Studio, Larry Netherton News Production Booth, and Lucille Caudill Little Theatre in connection with the renovation of Breckinridge Hall and authorize the President to approve future naming opportunities related to this project.

(Additional background information attached to these minutes and marked VIII-A-14)

Dr. Eaglin stated that as a result of the renovation of Breckinridge Hall, individuals and families have been given the opportunity to name areas of the new building. Currently, campaigns are underway to name the following areas:

W. David Brown Seminar Room	Goal of \$15,000
Capt. Michael K. Gallagher Audio Studio	Goal of \$15,000
Kozy Hamilton Costume Shop	Goal of \$20,000
Harlan Hamm Speech Suite	Goal of \$15,000
Larry Netherton News Production Booth	Goal of \$10,000
Thom Yancy Television Seminar Room	Goal of \$15,000
Mary Jo Netherton Foreign Language Lab	Goal of \$15,000

Breckinridge Hall will be rededicated on Founders Day, April 4, 2002. Since funding for two of the areas will be secured by that time, we are recommending that the Board approve naming of the Capt. Michael K. Gallagher Audio Studio and Larry Netherton News Production Booth. Also, we are recommending that the theatre be named in honor of Lucille Caudill Little, who was the first member of the theatre faculty. If approved, permanent signage will be unveiled for the two rooms and the theatre on Founders Day. Further, it is recommended that the President be authorized to approve future naming opportunities related to this project.

MOTION: Dr. Fitzgerald moved, seconded by Mr. Martin, to approve the President's recommendation.

VOTE: The motion passed.

The President recommended:

Martindale Estate

RECOMMENDATION: That the Board approve the Order authorizing the acquisition of the Elizabeth Martindale estate located north of Vaughn Drive, City of Morehead, Rowan County, Kentucky, by Eminent Domain proceedings, if necessary.

(Order and additional background information attached to these minutes and marked VIII-A-15)

Mr. Dailey stated that at the November 2001 Board meeting, the administration briefed the Board on the University's attempt to acquire the Elizabeth Martindale estate. At the same time, it was recommended and the Board approved an expansion of the Campus Master Plan, which incorporated all of the Martindale property. He said that the University's attempts to acquire this piece of property have failed. Thus, if further negotiations are unsuccessful, it is recommended that the Board authorize acquisition of the estate in accordance with the Eminent Domain Provisions of KRS 416.550-670.

MOTION: Mr. Booth moved, seconded by Mr. Umberger, to approve the President's recommendation.

VOTE: The motion passed.

**BOARD
RESOLUTION
RELATING TO
HB 507**

Chair Hinkle stated that the last action item is a resolution of the Board in connection with House Bill 507 and the hardship that the amended bill would place upon the University in terms of the money being appropriated in the second year of the biennium. Mr. Hinkle said he had met with the

author of the amendment and that it was apparent that the General Assembly would have to undo it.

Ms. Lovely moved to adopt the resolution to support the Board Chair and President in their continuing actions to oppose the budget changes in the General Assembly. She said that the resolution is to encourage the lawmakers to undo the language in HB 507. Mr. Booth seconded the motion. The motion passed.

Following is the Resolution adopted by the Board:

A RESOLUTION

WHEREAS, the Board of Regents of Morehead State University recognizes and respects the constitutional duties and responsibilities of the Kentucky General Assembly in developing public policy for the Commonwealth and in funding state government, including public postsecondary education; and

WHEREAS, the Board of Regents acknowledges that its statutory authority is delegated by the General Assembly and that the citizen members of the Board are appointed by the governor of the Commonwealth and are responsible for the governance of the institution; and

WHEREAS, the relationship between institutional governing boards and state government is a delicate balance between public policy considerations and academic self-governance; and

WHEREAS, the institutional autonomy of Kentucky's public universities is an important factor in gaining and maintaining accreditation and in winning broad public support and achieving national prestige in teaching, public service and research; and

WHEREAS, the authority of the Board of Regents of Morehead State University to govern the institution has been imperiled by the approval by the House of Representatives of certain language in House Bill 507, the 2002-2004 biennial executive budget;

WHEREAS, this action not only erodes the authority of the Board of Regents but also threatens the autonomy of all public postsecondary institutions, thereby damaging the reform movement which the General Assembly enacted as public policy in 1997; and

THEREFORE, be it resolved by the Board of Regents of Morehead State University that the members of the Kentucky General Assembly are

respectfully and urgently requested to delete the language in House Bill 507 which supersedes or weakens the authority of this or any other Board of Regents or Board of Trustees to govern our public postsecondary institutions.

Adopted this 16th day of March 2002.

Buckner Hinkle Jr., Chair

MEMBERS OF THE BOARD OF REGENTS

Buckner Hinkle Jr., Lexington, Chair
James H. Booth, Inez
Juanita Mills, Lakeside Park, Vice Chair
Jerry Umberger, Ashland
Helen Pennington, West Liberty
Dr. Lynne Fitzgerald, Faculty
Sylvia L. Lovely, Lexington
Gene Caudill, Staff
Dr. Charles Rhodes, Ashland
Brian Martin, Student

PRESIDENT'S REPORTS

Spring Enrollment

Dr. Moore presented a preliminary report on spring enrollment, 2002. He reported that:

- Headcount enrollment is 8,586 for a 9.4 percent increase
- Full-time equivalency is 6,365 for a 7.5 percent increase
- Credit-hour production is 98,534 for a 7.4 percent increase

Dr. Moore also noted that based on preliminary information, enrollment for the fall 2002 semester looks good. In addition, retention rates continue to increase. (*Enrollment report attached to these minutes and marked VIII-B-1*)

2002-2004 Executive Budget Request and Preliminary 2002- 2003 Operating Budget

Beth Patrick, Associate Vice President for Planning and Technology, presented a report on the 2002-2004 Executive Branch Budget Request and Preliminary 2002-2003 Operating Budget. She noted that the University had been notified of a 2 percent, or \$748,000 reduction in this year's budget.

Based on enrollment of 8,772, Ms. Patrick outlined the plan for 2002-2003 that included an 8 percent increase in tuition and fees. Additional revenue would come from a \$50 per credit hour increase in graduate tuition for the Master of Business Administration program and a \$50 housing surcharge to aid in putting sprinklers in the residence halls.

	<p>Other items impacting the budget are a 2 percent salary pool allotment; 27 percent increase in tuition waiver expense; 43.4 percent increase in health insurance for 2002; 10 percent increase in health insurance for 2003; and 7.3 percent increase in postage expenses. (<i>Report attached to these minutes and marked VIII-B-2</i>)</p>
<i>Strategic Plan Report Card</i>	<p>Ms. Patrick also presented a report on the Strategic Plan Report Card 2001. The Report Card for 2001 included 29 performance indicators of which 17 have been measured and scored. Measurement processes and baseline data for the remaining 11 indicators are being developed. (<i>Report attached to these minutes and marked VIII-B-3</i>).</p>
<i>KCTM</i>	<p>Mr. Kappes presented a status report on the Kentucky Center for Traditional Music and introduced Don Rigsby, newly appointed Director of the KCTM. Mr. Kappes noted that the center had hosted a number of high school vocal groups, nearly 30 students were enrolled in traditional music classes, and negotiations were underway to appoint the first traditional music artists-in-residence. He also discussed upcoming activities as collaborations between KCTM, Morehead Tourism Commission, and Kentucky Folk Art Center. Grant and gift requests have been submitted to support artists-in-residence, a summer festival, additional staff, and permanent facilities. (<i>Status Report on KCTM attached to these minutes and marked VIII-B-4</i>)</p>
<i>Major Gifts</i>	<p>Ms. Ender reported on major gifts of \$10,000 or more that have been recorded since November 15, 2001. The report included ten entries totaling \$253,900. These monies have been designated for special projects, gifts-in-kind, endowments and scholarships. (<i>Major Gifts Report attached to these minutes and marked VIII-B-5</i>)</p> <p>Dr. Eaglin stated that as a result of 9/11, the University has lost many gift opportunities.</p>
<i>Board Briefs</i>	<p>Dr. Eaglin encouraged the Board members to read <i>Board Briefs</i>. This issue contains information concerning significant accomplishments of MSU's faculty and staff.</p>
<i>Environment Survey</i>	<p>Dr. Eaglin asked the Regents to complete and return the Campus and Community Environment Survey form that is in their Board packets. The purpose of this survey is to assess the social and psychological environment for MSU employees and students on campus and in the Morehead community.</p>
<i>President's Report for 2000-2001</i>	<p>Jeffrey Liles, Assistant Vice President for University Relations, distributed copies of the <i>President's Report</i> for the 2000-2001 year. He noted that the report is in a new format that is condensed and easier to read. Also, the</p>

report integrates the five goals found in *Pride & Promise: Morehead State University Strategic Plan 2001-2006*. Additionally, he shared copies of materials related to the *President's Report* that appear on the University's Web site.

Mr. Kappes stated that with the new format we are able to print and mail these reports at a third of the cost of the traditional *President's Report* and are reaching a greater audience.

Upcoming Events

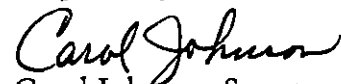
Dr. Eaglin asked Board members to mark their schedules for the following upcoming events:

- Founders Day – April 4
- “Musicians on the Loose” faculty showcase at Shawnee State University – April 18
- Spring Gala – April 27
- BOR Work Session – May 10
- Spring Commencement – May 11
- BOR Meeting – June 1

ADJOURNMENT

There being no further business to conduct, Dr. Fitzgerald moved, seconded by Mr. Caudill, to adjourn at approximately 1:30 p.m.

Respectfully submitted,


Carol Johnson, Secretary
Board of Regents

BOR IV

RESOLUTION HONORING LYNNE E. FITZGERALD June 1, 2002

WHEREAS, Dr. Lynne E. Fitzgerald, professor of health, physical education and recreation, has served with distinction as a member of the Board of Regents of Morehead State University since 1999; and

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

WHEREAS, Dr. Fitzgerald's service has reflected great credit upon the faculty of the University by demonstrating 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 Dr. Lynne E. Fitzgerald be and hereby is commended for her three 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 first day of June, 2002.

ATTEST:

Buckner Hinkle Jr., Chair

Carol Johnson, Secretary

Ronald G. Eaglin, President

RESOLUTION HONORING BRIAN S. MARTIN

BOR IV
June 1, 2002

WHEREAS, Mr. Brian S. Martin of Grethel, Floyd County, Kentucky, has served with distinction as a member of the Board of Regents of Morehead State University since July 1, 2001; and

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

WHEREAS, Mr. Martin's distinguished service on the Board of Regents and in the leadership of the Student Government Association consistently has reflected his high ethical standards and deep, personal commitment to academic excellence; and

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

Done this first day of June, 2002.

Buckner Hinkle Jr., Chair

ATTEST:

Carol Johnson, Secretary

Ronald G. Eaglin, President

APPROVE PROMOTIONS, 2002

BOR (V-A-1)
June 1, 2002

Background:

In accordance with personnel policies, faculty members 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.

Recommendation:

That the Board of Regents approve the granting of promotions to the following faculty with the issuance of their contracts for the 2002-03 year:

Professor

Dr. Robert Boram, science
Dr. Gerd Fricke, mathematics
Dr. Geoffrey Gearner, biology

APPROVE EMERITUS STATUS, 2002

**BOR(V-A-2)
June 1, 2002**

Background:

In accordance with PAc-3, the faculty members listed below 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.

Recommendation:

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

Palmer Adkins, Assistant Professor of HPER
Ronald Fiel, Professor of Science
Nancy Graham, Assistant Professor of Human Sciences
Robert Hayes, Associate Professor of Industrial Education
Mark Minor, Professor of English
Gordon Nolen, Associate Professor of Mathematics
Ted Pass, Professor of Biology
Joyce Saxon, Associate Professor of Mathematics
William Weikel, Professor of Education

RATIFY 2002 SPRING GRADUATES

BOR (V-A-3)
June 1, 2002

Background:

At the May 11, 2002, Spring Commencement, 870 students were awarded degrees from Morehead State University. This included 102 associate degrees, 628 bachelor degrees, 136 master degrees and four education specialist degrees.

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 2002 Spring Commencement on May 11, 2002, be ratified.

APPROVE TENURE, 2002

BOR (V-A-4)

June 1, 2002

Background:

Morehead State University's personnel policy, PAc-27, provides a procedure for employing academic administrators with tenure. The search committee for the chair of the Department of English, Foreign Languages and Philosophy has recommended Dr. Philip Krummrich for employment with tenure. The departmental tenure committee, the college dean, and the Provost have supported this recommendation.

In addition, the search committee for the chair of the Department of Communication and Theatre recommended Dr. Robert Willenbrink for employment with tenure. The departmental tenure committee, the college dean, the university tenure committee and the provost have supported this recommendation.

Recommendation:

That the Board of Regents approve the granting of tenure to Dr. Philip Krummrich as professor of comparative literature and the granting of tenure to Dr. Robert Willenbrink as professor of theatre.

RATIFY PERSONNEL ACTIONS

**BOR (V-A-5)
June 1, 2002**

Background:

The Personnel Action Request Report includes actions related to:

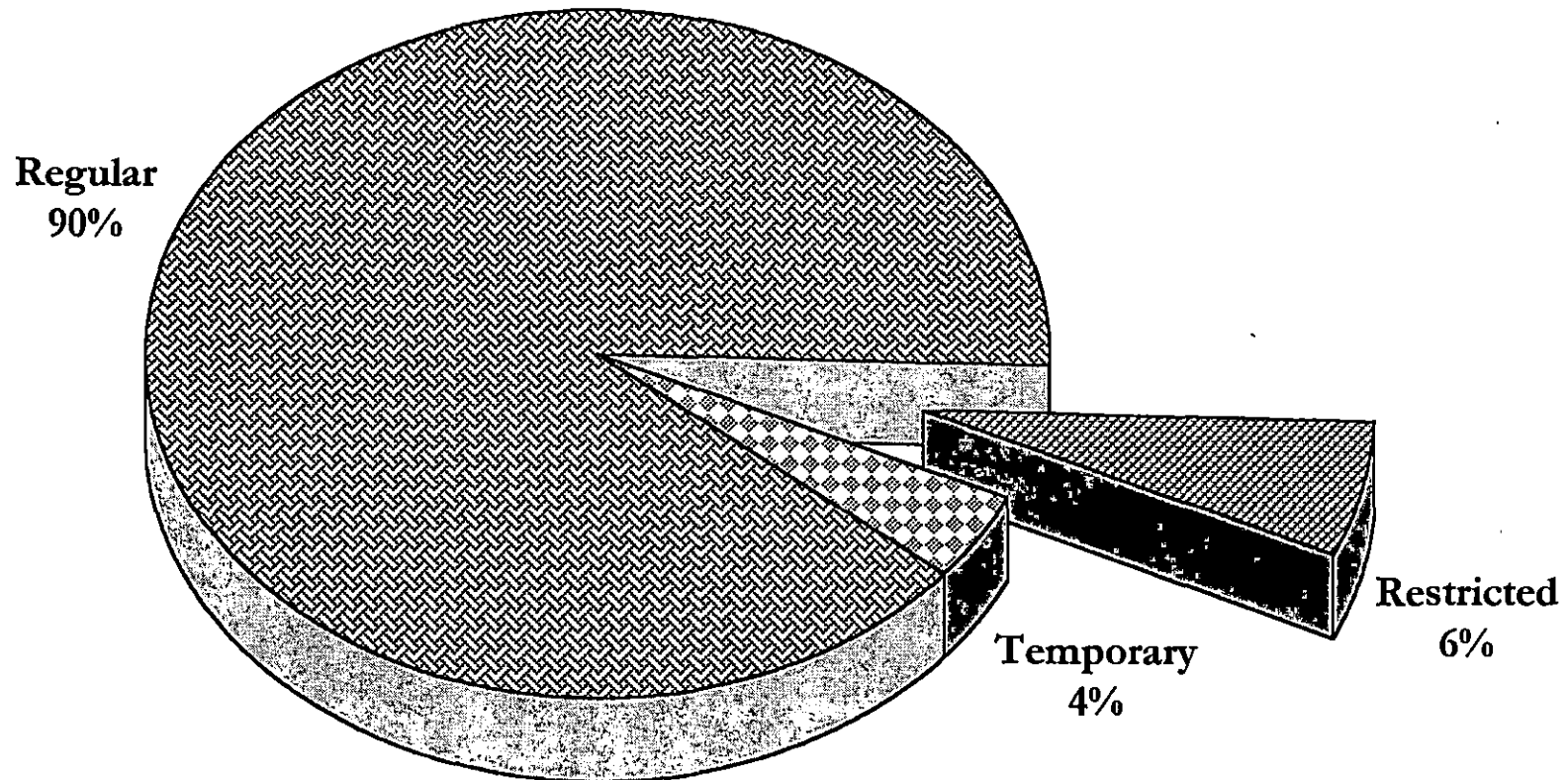
- 1) full-time and continuing part-time faculty, librarians and Executive, Administrative and Managerial employees, excluding supplemental actions not listed under Item 3, below;
- 2) full-time and continuing part-time non-classified Executive, Administrative and Managerial and Professional Staff positions (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.

Recommendation:

That the Board ratify the Personnel Actions for the period February 18, 2002, through May 10, 2002.

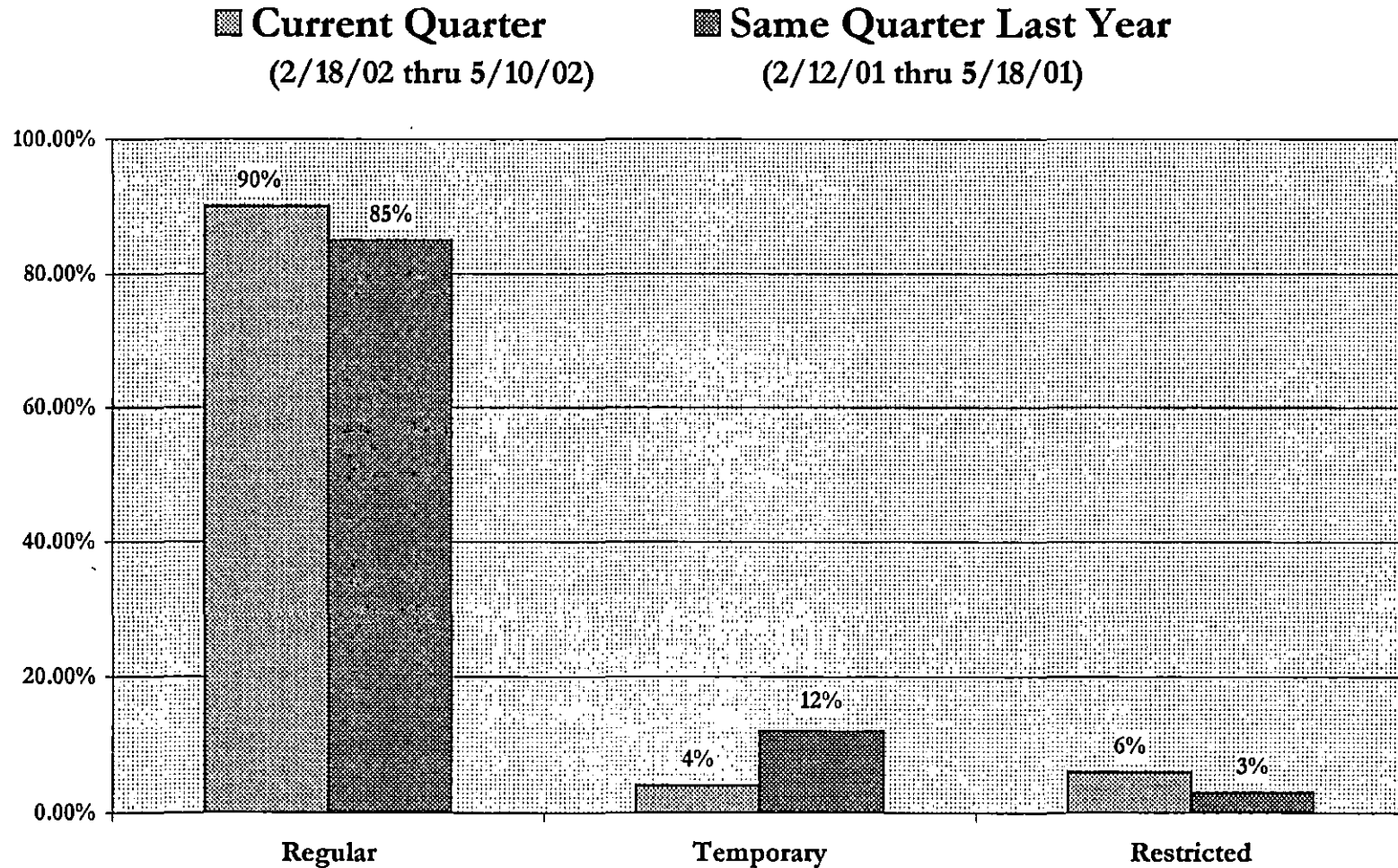
PERSONNEL ACTION REQUEST

2/18/02 thru 5/10/02



Total Number of PARs = 47

COMPARISON CHART FOR PERSONNEL ACTION REQUEST



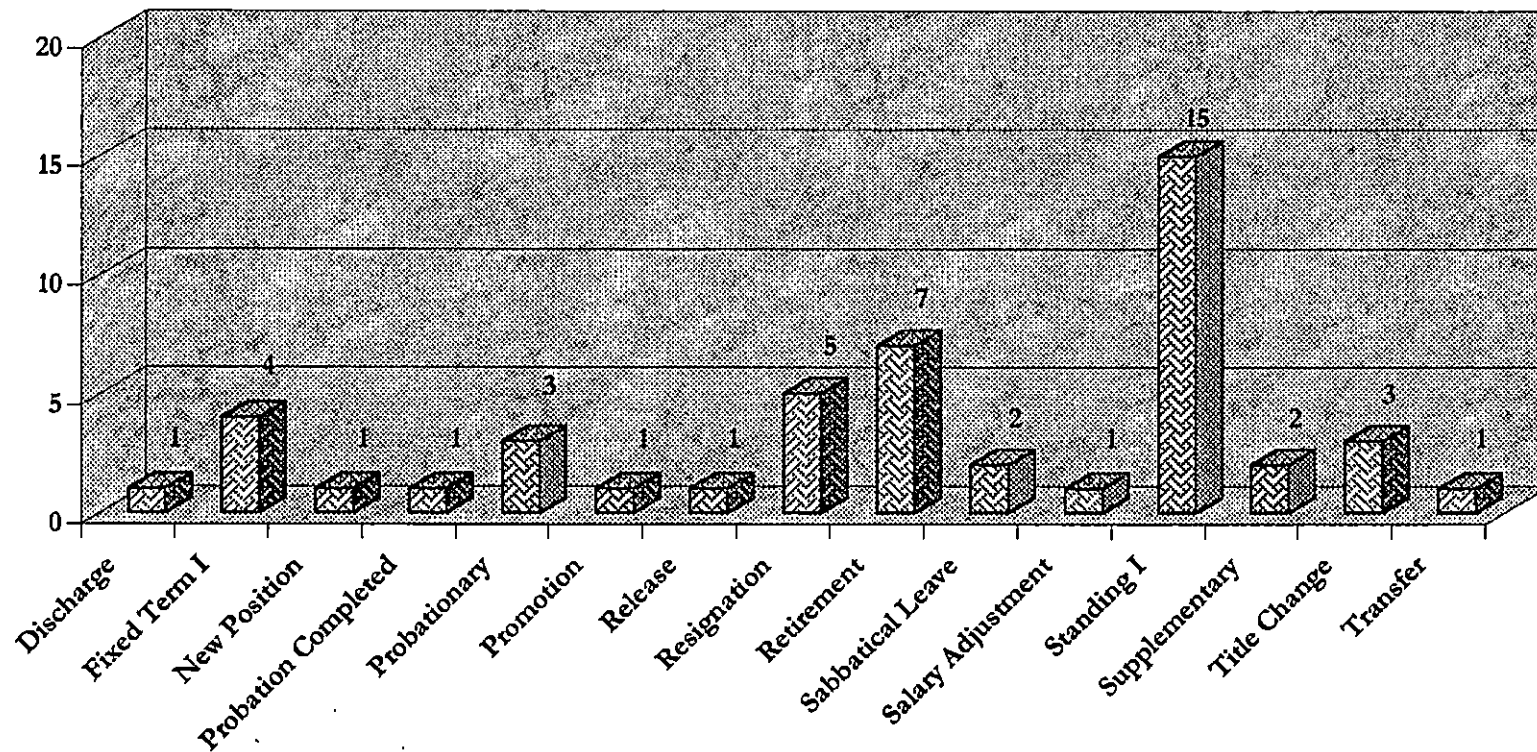
Total Number of PARs

Current Quarter = 47

Same Quarter Last Year = 121

PERSONNEL ACTIONS FOR COVERED ROSTER APPOINTMENTS

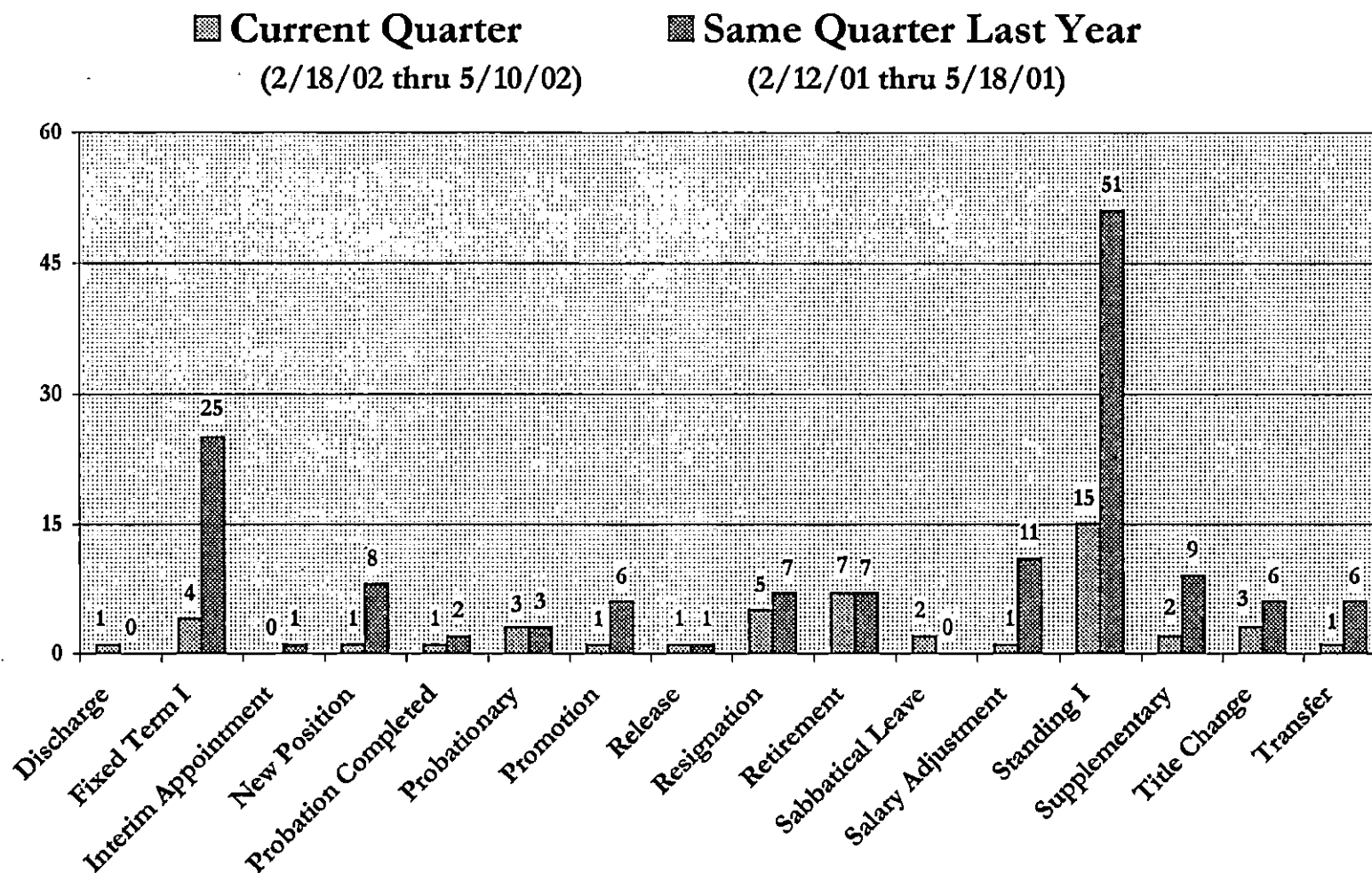
2/18/02 thru 5/10/02



Total Number of PARs = 42

Total Number of Actions = 48

COMPARISON CHART FOR COVERED ROSTER APPOINTMENTS



Total Number of PARs

Current Quarter = 42

Same Quarter Last Year = 103

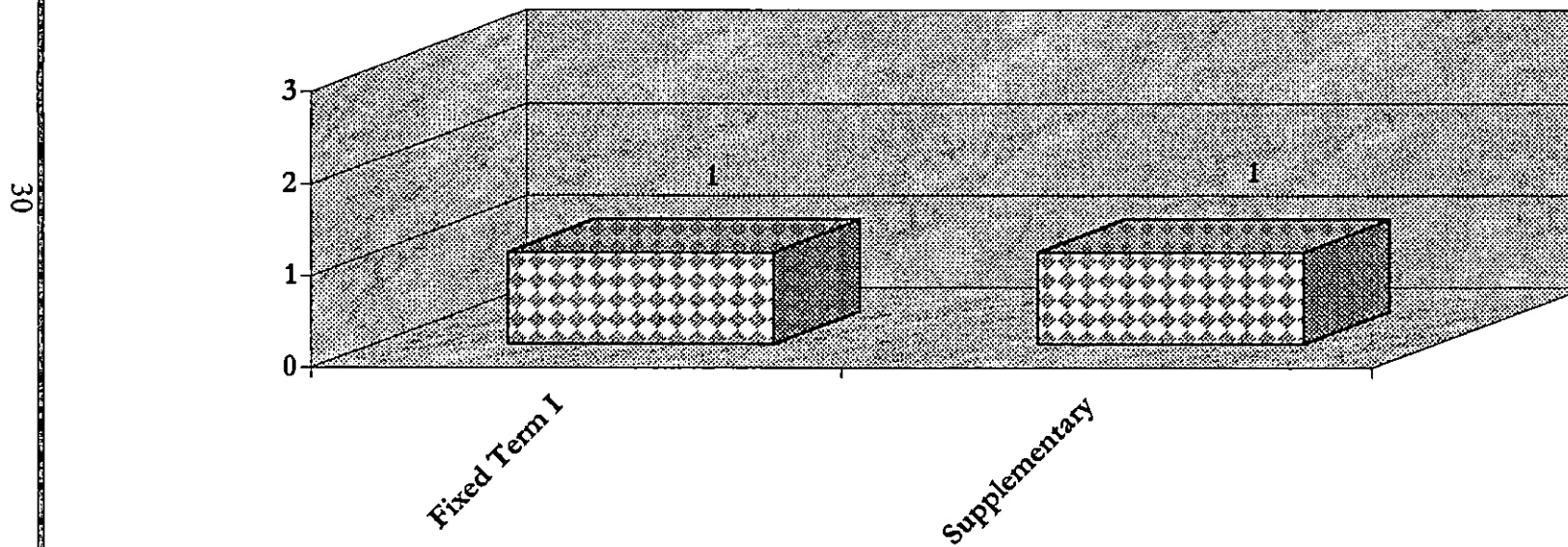
Total Number of Actions

Current Quarter = 48

Same Quarter Last Year = 143

PERSONNEL ACTIONS FOR NON-ROSTERED TEMPORARY APPOINTMENTS

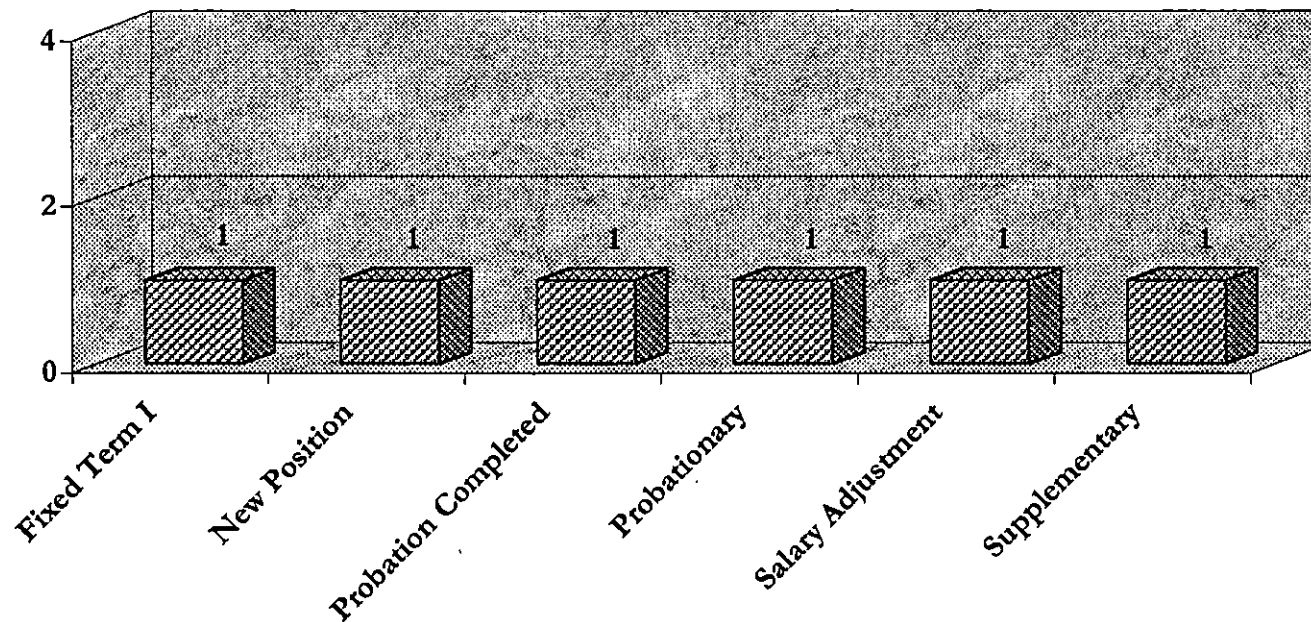
2/18/02 thru 5/10/02



Total Number of PARs = 2

Total Number of Actions = 2

PERSONNEL ACTIONS FOR RESTRICTED APPOINTMENTS
2/18/02 thru 5/10/02



Total Number of PARs = 3

Total Number of Actions = 6

MOREHEAD STATE UNIVERSITY
STANDING I AND STANDING II POSITIONS SUMMARY
05/10/02

32

<u>DEPARTMENT NAME</u>	<u>July 1 Authorized Positions</u>	<u>Current Authorized Positions</u>	<u>+/- Position Adjustments</u>	<u>Current Position Strength</u>	<u>% Current Strength</u>
OFFICE OF THE PRESIDENT	7.00	6.00	-1.00	5.00	83.33
DIVISION OF UNIVERSITY RELATIONS	29.50	32.50	3.00	32.50	100.00
DIVISION OF DEVELOPMENT	13.00	15.00	2.00	12.00	80.00
DIVISION OF ADMINISTRATION AND FISCAL SERVICES	110.00	110.00	0.00	104.00	94.55
PHYSICAL PLANT	155.70	155.70	0.00	152.70	98.07
DIVISION OF STUDENT LIFE	119.30	126.80	7.50	125.80	99.21
DIVISION OF ACADEMIC AFFAIRS	29.00	28.00	-1.00	27.00	96.43
CAUDILL COLLEGE OF HUMANITIES	144.75	143.61	-1.14	128.61	89.56
COLLEGE OF BUSINESS	54.50	56.50	2.00	49.50	87.61
COLLEGE OF EDUCATION	81.00	88.00	7.00	73.50	83.52
COLLEGE OF SCIENCE AND TECHNOLOGY	152.60	152.60	0.00	146.60	96.07
INSTITUTE FOR REGIONAL ANALYSIS & PUBLIC POLICY	14.50	14.50	0.00	10.00	68.97
GRADUATE AND UNDERGRADUATE PROGRAMS	41.50	44.14	2.64	44.14	100.00
CAMDEN-CARROLL LIBRARY	39.50	39.50	0.00	37.00	93.67
	991.85	1012.85	21.00	948.35	93.63

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

DEFINITIONS OF THE DIFFERENT KINDS OF APPOINTMENTS

- Standing I:** Appointment to a continuing full-time faculty, administrative or staff (exempt or non-exempt) position with benefits fully covered. No ending date. Appointment may be terminated, if for cause.
- Standing II:** Appointment to a continuing part-time faculty, administrative or staff (exempt or non-exempt) position with prorated sick and vacation leave. No ending date. Appointment may be terminated, if for cause.
- Fixed Term I:** Appointment to a full-time faculty, administrative or staff (exempt or non-exempt) position for at least six calendar months but not to exceed one year and with benefits fully covered. Non-faculty appointments may be renewed from year to year. Faculty appointments may be renewed from year to year but cannot exceed five academic years. Terminable on specified ending date of appointment, or earlier, if for cause.
- Fixed Term II:** Appointment to a full-time (up to six calendar months) or part-time (up to one year) faculty, administrative or staff exempt position with only mandated benefits. Terminable on specified ending date of appointment, or earlier, if for cause.
- Supplementary:** Supplementary appointment to original employment agreement. For example, Summer I & II faculty appointments or 9 month appointment extended to 10, 11, or 12 month appointment. Also used for additional responsibilities as supplement to Standing or Fixed Term appointments. For example, an administrator teaching a class or compensation for over-the-road pay. Not to be used for regular overtime pay. A supplemental appointment does not change an employee's base pay or employment status.

**THE FOLLOWING ARE TYPES OF APPOINTMENTS & PERSONNEL ACTIONS
REPORTED IN THE APPOINTMENT STATUS ACTIONS SECTION:**

DISCHARGE

RETIREMENT

FIXED TERM I

SABBATICAL LEAVE

NEW POSITION

SALARY ADJUSTMENT

PROBATION COMPLETED

STANDING I

PROBATIONARY

SUPPLEMENTARY

PROMOTION

TITLE CHANGE

RELEASE

TRANSFER

RESIGNATION

Appointment Status Actions
02/18/2002 - 05/10/2002

Name
Title
Department
Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
AAGAARD-BORAM, LOLA JEAN Assistant Professor Education Leadership & Secondary Educ. 3077 \$41,500.00		\$38,000.00	Standing I	08/12/2002	
BALDWIN, ALAN ROMANS Assistant to the Provost Office of the Provost 3166 \$57,121.00		\$57,121.00	Title Change (From Assistant to EVPAA to Assistant to the Provost)	09/22/2001	
BECKER, PAUL J. Asst. Professor of Sociology Sociology, Social Work & Crim. 3176 \$39,770.00		\$39,770.00	Resignation	06/28/2002	
BINION, CHARLES DAVID Building Services Technician Building Services 773 \$6.74/hr.		\$6.74/hr.	Release	02/20/2002	

Appointment Status Actions
02/18/2002 - 05/10/2002

Name
 Title
 Department
 Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
BREEDEN, WAYNE T. Assistant Basketball Coach Men's Basketball 2219 \$45,185.00		\$45,185.00/11 mon.	Fixed Term I	04/01/2002 - 03/31/2003	
CRAIG, VERDIE ANNE Instructor of Geography Geog., Government & History 606 \$37,000.00		\$32,000.00	Fixed Term I	08/12/2002 - 05/10/2003	
CRANDALL, KENNETH JASON Asst. Professor of HPER Health, P.E. & Sport Science 429 \$43,427.00		\$40,000.00	Standing I	08/12/2002	
DERBY, SANDRA ELIZABETH Asst. Prof. of Music Education Music 522 \$39,721.00		\$39,721.00	Resignation	05/10/2002	

Appointment Status Actions
02/18/2002 - 05/10/2002

Name
Title
Department
Roster ID

<u>Position</u>	<u>Base Salary</u>	<u>Salary</u>	<u>Description</u>	<u>Effective Date</u>	<u>Fund Source</u>
ERNST, JOHN P. Assoc. Professor of History Geog., Government & History 609 \$42,051.00		\$42,051.00	Sabbatical Leave	08/14/2002 - 12/13/2002	
GAMBILL, BETTY L. Purchasing Specialist Office of Physical Plant 700 \$13.63/hr.		\$13.63/hr.	Retirement	03/29/2002	
GHIRMAY, TEAME Assistant Professor Economics Accounting, Economics & Finan. 3327 \$40,000.00		\$50,000.00	Standing I	08/12/2002	Roster ID # 002996
GRAHAM, NANCY K. Dir., Inst. Foods Lab Agricultural & Human Sciences 280 \$41,819.00		\$41,819.00	Retirement	06/14/2002	

Appointment Status Actions
02/18/2002 - 05/10/2002

Name
Title
Department
Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
GRIGSBY, CORBETT Assoc. Women Basketball Coach Women's Basketball 3127 \$40,949.00		\$40,949.00/11 mon.	Fixed Term I	04/01/2002 - 03/31/2003	
HAZLER, KITTY YVONE Assistant Professor Education Elem. Read. & Spec. Education 3111 \$38,707.00		\$40,000.00	Standing I	08/12/2002	Roster ID # 002996
HILL, JEFFERY Asst. Prof. of Mass Commun. Communication and Theatre 484 \$43,553.00		\$42,000.00	Standing I	08/12/2002	
HUNT, CLIFFORD STEVEN Professor, Infor. Systems Information Systems 334 \$75,086.00		\$75,086.00	Title Change (From Prof., Inf. Scien/Bus. Ed. to Prof., Information Systems)	02/18/2002	

Appointment Status Actions
02/18/2002 - 05/10/2002

Name
Title
Department
Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
JOHNSON, DELLA MAE Admissions Specialist Office of Admissions 147 \$11.69/hr.		\$11.69/hr.	Retirement	04/30/2002	
KOZIELSKI, PAWEL J. Assistant Professor of Art Art 452 \$35,000.00		\$35,000.00	Resignation	05/10/2002	
KRUMMRICH, PHILIP Dept. Chair, Eng. For. Lang. English, Foreign Lang. & Phil. 2820 \$74,773.00		\$82,000.00	Standing I	07/01/2002	Roster ID # 002996
MARSHALL, DAVID WESLEY Assistant Basketball Coach Men's Basketball 2218 \$35,000.00		\$35,000.00	Probation (Extension of probationary period)	01/05/2002 - 03/31/2002	

Appointment Status Actions
02/18/2002 - 05/10/2002

Name
 Title
 Department
 Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
MARSHALL, DAVID WESLEY Assistant Basketball Coach Men's Basketball 2218 \$35,000.00		\$35,000.00	Probation (Additional extension of probationary period)	04/01/2002 - 06/30/2002	
MEISEL, SCOTT I. Asst. Professor of Accounting Accounting, Economics & Finan. 2096 \$55,104.00		\$79,000.00	Standing I	08/12/2002	Roster ID # 002996
MILLER, MARY MURPHY Instructor of HPER Health, P.E. & Sport Science		\$29,298.00	Fixed Term I	08/14/2002 - 05/10/2003	Roster ID # 002996
NOLEN, GORDON Assoc. Professor Mathematics Mathematics 581 \$58,598.00		\$58,598.00	Retirement	06/14/2002	
PASS, II, TED Professor of Biology Biological & Environmental Sci 564 \$76,466.00		\$76,466.00	Retirement	06/30/2002	

Appointment Status Actions
02/18/2002 - 05/10/2002

Name
 Title
 Department
 Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
PLANCK, LARRY JOE Dir., Physical Plant Office of Physical Plant 698 \$76,100.00		\$76,100.00	Retirement	06/28/2002	
REILLEY, SEAN PATRICK Asst. Professor of Psychology Psychology 3307 \$41,000.00		\$41,000.00	Standing I	08/12/2002	
RIGSBY, DONALD GLEN Dir., Ky. Center for Trad. Mus Center for Traditional Music 3357 \$40,000.00		\$40,000.00	Standing I Probation New Position	12/03/2001	Unbudgeted Revenues
ROBINSON, LEA Assistant Basketball Coach Women's Basketball 650 \$35,000.00		\$35,000.00/11 mon.	Fixed Term I	04/01/2002 - 03/31/2003	

Appointment Status Actions
02/18/2002 - 05/10/2002

Name				
Title				
Department				
Roster ID				
Position Base Salary	Salary	Description	Effective Date	Fund Source
SAXON, JOYCE FAYE	\$56,810.00	Retirement	06/14/2002	
Assoc. Professor Mathematics				
Mathematics				
582				
\$56,810.00				
SCHROEDER, WAYNE CHRISTOPHER	\$41,000.00	Standing I	08/12/2002	Roster ID # 002996
Asst. Professor of Mathematics				
Mathematics				
2676				
\$37,518.00				
SEELEY, JANEL MARIE	\$41,500.00/11 mon.	Probation	03/11/2002 - 06/30/2002	Restricted
Professional Development Spec.		Fixed Term I		
Adult Education Academy		New Position		
THOMAS, ERIC TODD	\$45,000.00	Resignation	05/31/2002	
Instructor of Science				
Physical Sciences				
136				
\$45,000.00				
TIRONE, STEPHEN JOHN	\$49,528.00	Sabbatical Leave	08/14/2002 - 12/13/2002	
Assoc. Professor of Art				
Art				
460				
\$49,528.00				

Appointment Status Actions
02/18/2002 - 05/10/2002

Name	Title	Department	Roster ID	Position	Base Salary	Salary	Description	Effective Date	Fund Source
VEST, DAVID ASHLEY	Head Tennis Coach	Tennis	1207		\$23,500.00	\$23,500.00	Probation Completed	03/23/2002	
WALLACE, MICHAEL L.	Asst. Professor of Science	Physical Sciences	136		\$42,000.00	\$42,000.00	Standing I	08/12/2002	
WALTERS, MICHELE ANN	Asst. Professor of Nursing	Nursing & All. Health-ADN Prog	297		\$41,000.00	\$47,918.00	Standing I	08/12/2002	
WELLS, TERESA DANIELS	External Degree Prog. Eval.	CDPCRC			\$34,359.00		Probation Completed Salary Adjustment (From \$32,723 to \$34,359. \$1,636 incr.)	01/12/2002	Restricted
WHALEY, KERMIT CYRUS	Dept. Chair, Nursing	Nursing & All. Health-BSN Prog	3063		\$74,571.00	\$74,571.00	Resignation	05/31/2002	

Appointment Status Actions
02/18/2002 - 05/10/2002

Title

Roster ID

Salary

Effective Date

WILLENBRINK, ROBERT H.

\$82,000.00

Standing I

08/01/2002

Roster ID # 002996

Dept. Chair, Communications

Communication and Theatre

3099

\$63,765.00

WING, GREGORY HOWARD

\$35,500.00

Standing I

08/12/2002

Assistant Professor of Music

Music

532

\$35,500.00

YOUNG, TIM

\$59,212.00

Discharge

03/11/2002

Director of Distance Learning

Office of Distance Learning

159

\$59,212.00

ZARGARI, AHMAD

\$82,000.00

Standing I

07/01/2002

Roster ID # 002996

Assoc. Prof. Industrial Educ.

Ind. Educ. & Technology

258

\$65,298.00

Transfer

Salary Adjustment

Title Change

Promotion

(From Assoc. Prof. of

Ind. Ed. to Dept. Chair.

From \$51,909 to \$82,000.

\$30,091 incr.)

THE FOLLOWING IS THE TYPE OF PERSONNEL ACTION REPORT
IN THE SUPPLEMENTAL ACTIONS SECTION:

SUPPLEMENTARY

Total for this report = \$741.00

Other	\$741.00
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Supplemental Actions
2/18/2002 - 05/10/2002

Name

Title

Current Salary

Supplement

Description

Effective Date

Fund Source

Elem. Read. & Spec. Education

SWAN, MICHAEL LYNN Women's Volleyball Coach \$31,338.00	\$300.00	Consultant	08/20/2001 - 12/14/2001	Operating Expenses
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TIERNEY, LELANA GRAVES Program Consultant \$34,988.00	\$909.00	IECE grant	08/20/2001 - 09/30/2001	Restricted
	\$150.00	IECE grant	01/14/2002 - 05/10/2002	Restricted

Educational Services Unit

46

BALDWIN, ALAN ROMANS Assistant to the Provost \$57,121.00	\$2,000.00	Duties as Director of ELC	06/01/2001 - 06/30/2001	Unbudgeted Revenues
	\$1,000.00	Duties as Director of ELC	07/01/2001 - 07/15/2001	Temporary Wages
	\$1,000.00	Duties as Director of ELC	07/16/2001 - 07/31/2001	Temporary Wages
	\$200.00	TEP Writing	09/20/2001 - 09/20/2001	Operating Expenses
	\$200.00	TEP Writing	02/15/2002 - 02/15/2002	Operating Expenses

Beg. TIP (Educat. Serv. Unit)

BLAIR, SHIRLEY S. Dir., Educational Service Unit \$62,891.00	\$5,000.00	PT3 Grant	06/11/2001 - 05/31/2002	Restricted
	\$248.00	KTIP trainings	06/21/2001 - 06/21/2001	Restricted
	\$1,239.00	5 KTIP trainings	07/11/2001 - 07/23/2001	Restricted
	\$744.00	Lead Trainers training	07/22/2001 - 07/27/2001	Restricted
	\$496.00	2 KTIP trainings	08/02/2001 - 08/06/2001	Restricted
	\$248.00	1 KTIP training	08/09/2001 - 08/09/2001	Restricted
	\$700.00	Teach MSU 101	08/20/2001 - 11/15/2001	Lecturer Acct.
	\$248.00	1 KTIP training	10/13/2001 - 10/13/2001	Restricted
	\$55.00	Over the Road	08/20/2001 - 12/14/2001	Over The Road Acct.
	\$227.00	5 KTIP visits	11/05/2001 - 02/07/2002	Restricted
	\$91.00	2 KTIP visits	04/10/2002 - 04/10/2002	Restricted

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

**BOR (V-A-6)
June 1, 2002**

Background:

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared for the third quarter of the fiscal year that will end on June 30, 2002. The statements, along with management's discussion and analysis and budget amendment information are attached.

Recommendation:

That the Board accept the financial statements and amend the operating budget for the third quarter of the fiscal year that will end on June 30, 2002.

Management's Discussion and Analysis
Third Quarter Financial Statements
Morehead State University
March 31, 2002

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, 2002. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

Using These Financial Statements

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides 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.

Financial Highlights

Morehead State University's financial picture remains stable through the third quarter of the 2001-2002 fiscal year. During the period July 1, 2001 through March 31, 2002 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$11,076,488. This level of operating surplus is still expected at this time, since most of the billings for the Spring 2002 semester are reflected in the tuition and fees revenue and only expenditures through March 31, 2002 are reflected, and will continue to be more evenly reflected during the fiscal year. As the year concludes, the variance between revenues and expenditures will decrease and should reflect a more appropriate operating surplus or deficit.

As presented in the December 31, 2001 financial statements, since the Board ratified the University's 2002-2004 Biennial Budget request in November 2001, as proposed by the Council on Postsecondary Education, we have been officially apprised of the following reduction in state appropriations:

	2001/2002	2002/2003
Base Operating Budget (2%)	\$768,600	\$768,600
Operations and Maintenance Funding	\$101,800	0
Incentive Trust Funds (2%)	\$35,110	0
Total	\$905,510	\$768,600

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

- As can be seen from the Statements of Net Assets, investments increased approximately \$26 million from the third quarter of the previous year and the reflected cash has decreased by approximately \$15 million, for a net increase of \$11 million. However, the investments have increased approximately \$7.6 million since June 30, 2001. This is a result mainly of funds transferred in for construction projects. This amount is made up of approximately \$2 million for renovation of

family housing, \$10 million for renovation of ADUC, \$1 million for life safety and various other projects, less amounts expended for projects.

- Accounts receivable have remained stable as a whole compared to March 31, 2001, with the increase due to timing for billing for financial aid credits to student accounts.
- The net investment in capital assets has increased about \$14.6 million since March 31, 2001 but for the fiscal year the increase has been approximately \$10.5 million. This fiscal year increase relates to the Breckinridge Hall renovation (about \$3.1 million), MSU at West Liberty Center (about \$2.6 million), ADUC (about \$1.1 million), Life Safety projects and Renovation of Family Housing (about \$2 million), and internally managed projects such as E & G Facilities, elevators, roof repairs, etc. (about \$4.0 million) and equipment additions (about \$.8 million) less estimated depreciation (about \$3.1 million), for a net increase of about \$10.5 million.
- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the third quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of March 31, 2002. Budgets for the major revenue categories of tuition and housing were based on projections of enrollment and residence hall occupancy. Fall semester projections for both these categories were exceeded.
- Expenditure trends also appear to be proceeding according to the budget plan, considering normal cyclical and timing differences.

MOREHEAD STATE UNIVERSITY

Statements of Net Assets

March 31, 2002 And 2001

ASSETS	2002	2001
Cash	\$27,016,629	\$41,609,230
Investments in US government obligations-at cost	34,823,901	8,378,995
Accounts Receivable	4,884,159	3,741,056
Inventories	2,004,609	1,861,365
Notes Receivable	3,547,810	3,627,290
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>111,862,458</u>	<u>97,187,195</u>
TOTAL ASSETS	<u>\$184,139,566</u>	<u>\$156,405,131</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$1,654,098	\$649,721
Accrued salaries and other liabilities	558,172	415,609
Unearned revenues-state and federal grants	1,396,763	603,270
Deposits	562,044	441,876
Accrued vacation pay	1,371,072	1,485,757
Bonds and notes payable	<u>27,530,755</u>	<u>30,617,544</u>
Total Liabilities	<u>\$33,072,904</u>	<u>\$34,213,777</u>
 Net Assets		
Capital	\$84,331,703	\$66,569,651
Non-capital		
Restricted	38,819,089	29,349,716
Non-restricted	<u>27,915,870</u>	<u>26,271,987</u>
Total Net Assets	<u>\$151,066,662</u>	<u>\$122,191,354</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$184,139,566</u>	<u>\$156,405,131</u>
 ANALYSIS OF NON-RESTRICTED FUND BALANCE		
Allocations		
Working Capital		
Accounts Receivable	\$1,719,511	\$1,324,666
Inventories	2,004,609	1,861,365
Cashier's Operating Funds	107,000	105,000
Budgeted Fund Balance-Capital Projects	5,545,355	4,849,207
Budgeted Fund Balance-Non-capital Projects	<u>4,267,447</u>	<u>2,620,115</u>
Total Working Capital	<u>\$13,643,922</u>	<u>\$10,760,353</u>
Funded Reserves	<u>\$1,394,900</u>	<u>\$1,648,200</u>
Total Allocated Fund Balance	\$15,038,822	\$12,408,553
Unallocated Fund Balance	<u>12,877,048</u>	<u>13,863,434</u>
Total Unrestricted Fund Balance	<u>\$27,915,870</u>	<u>\$26,271,987</u>

See Attached Notes To Statements of Net Assets

NOTES TO STATEMENTS OF NET ASSETS
MOREHEAD STATE UNIVERSITY
MARCH 31, 2002 AND 2001

1. These Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts receivable are shown net of allowance for uncollectible student accounts of \$718,591 at March 31, 2002 and \$363,185 at March 31, 2001. Also included in this category is the sum of \$1,944,149 receivable from federal and state grant agencies at March 31, 2002 and \$1,385,142 at March 31, 2001.
3. Notes receivable represent balances owed 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 \$151,885 at March 31, 2002 and \$96,377 at March 31, 2001.
4. Accumulated depreciation on buildings and equipment was \$88,625,002 at March 31, 2002 and \$85,045,731 at March 31, 2001.
5. Accrued salaries and other liabilities include amounts due for withheld and matching portions of payroll taxes and estimated claims payable but unsubmitted to the University's health insurance program.
6. Unearned revenues from federal and state grants represent amounts received but not expended at the balance sheet dates.
7. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets.
8. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
9. Restricted net assets include the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Nine Months Ended March 31, 2002 and 2001

	2001-2002			2000-2001		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
REVENUES						
Educational and General						
Tuition and Fees	\$ 25,399,085	\$25,159,593	99.06%	\$ 21,798,826	\$ 21,648,034	99.31%
Gov't Appropriations	41,943,199	34,565,968	82.41%	40,514,375	34,019,589	83.97%
City Grants	50,000	50,000		0	0	
Unrestricted Gifts	0	0		0	0	
Indirect Cost Reimbursement	346,000	406,805	117.57%	306,492	287,129	93.68%
Sales & Services of Ed. Activities	1,223,146	975,297	79.74%	1,178,115	1,138,500	96.64%
Other Sources	1,588,075	1,329,935	83.75%	1,677,671	1,723,197	102.71%
Budgeted Fund Balance - E & G	8,090,722	0		6,040,222	0	
Total Educational and General	<u>\$ 78,640,227</u>	<u>\$62,487,598</u>	<u>79.46%</u>	<u>\$ 71,515,701</u>	<u>\$ 58,816,449</u>	<u>82.24%</u>
Auxiliary Enterprises						
Housing	\$ 8,637,150	\$ 6,626,137	76.72%	\$ 7,875,400	\$ 6,061,576	76.97%
University Store	3,150,000	3,553,147	112.80%	2,925,000	3,135,669	107.20%
Food Services	608,500	552,933	90.87%	594,000	514,405	86.60%
Other	207,600	140,044	67.46%	170,000	138,558	81.50%
Total Auxiliary Enterprises	<u>\$ 12,603,250</u>	<u>\$10,872,261</u>	<u>86.27%</u>	<u>\$ 11,564,400</u>	<u>\$ 9,850,208</u>	<u>85.18%</u>
TOTAL REVENUES	<u>\$ 91,243,477</u>	<u>\$73,359,859</u>	<u>80.40%</u>	<u>\$ 83,080,101</u>	<u>\$ 68,666,657</u>	<u>82.65%</u>

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Nine Months Ended March 31, 2002 and 2001

	2001-2002			2000-2001		
	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	\$ 674,801	\$ 488,356	72.37%	\$ 1,406,431	\$ 974,657	69.30%
University Relations	1,969,983	1,384,718	70.29%	1,424,908	969,195	68.02%
Development	922,200	483,248	52.40%	0	0	
Administration & Fiscal Services	12,008,914	9,823,565	81.80%	10,646,084	8,462,635	79.49%
Student Life	11,844,407	10,393,308	87.75%	10,913,221	9,453,460	86.62%
Academic Affairs	40,306,469	26,798,315	66.49%	36,730,977	23,755,645	64.67%
Other	10,425,685	5,095,212	48.87%	10,267,991	6,032,768	58.75%
Total Educational & General	\$ 78,152,459	\$54,466,722	69.69%	\$ 71,389,612	\$ 49,648,360	69.55%
Auxiliary Enterprises						
Housing	\$ 9,371,164	\$ 4,203,116	44.85%	\$ 8,191,986	\$ 3,904,170	47.66%
University Store	2,850,609	2,986,751	104.78%	2,643,266	2,758,629	104.36%
Food Services	420,276	310,334	73.84%	433,682	286,973	66.17%
Other	448,969	316,448	70.48%	421,555	270,854	64.25%
Total Auxiliary Enterprises	\$ 13,091,018	\$ 7,816,649	59.71%	\$ 11,690,489	\$ 7,220,626	61.76%
TOTAL EXPENDITURES AND TRANSFERS BY DIVISION	\$ 91,243,477	\$62,283,371	68.26%	\$ 83,080,101	\$ 56,868,986	68.45%
NET CHANGE IN FUND BALANCE		\$11,076,488			\$ 11,797,671	

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period January 1, 2002 to March 31, 2002

Description	Opening Budget	Amended Budget As Of 01/01/2002	Adjustments	Amended Budget As Of 03/31/2002
Revenues and Other Additions				
Tuition and Fees	\$24,013,500	\$24,516,815	\$ 882,270	\$25,399,085
Government Appropriations	41,420,900	42,717,448	(774,249)	41,943,199
Government Grants & Contracts	50,000	50,000	-	50,000
Indirect Cost Reimbursement	346,000	346,000	-	346,000
Sales and Services of Ed. Activities	1,063,000	1,165,888	57,258	1,223,146
Other Sources	1,408,200	1,510,120	77,955	1,588,075
Budgeted Fund Balance - E&G	6,702,100	8,013,287	77,435	8,090,722
Auxiliary Enterprises	10,723,300	10,736,300	-	10,736,300
Budgeted Fund Balance - AUX	1,670,000	1,866,950	-	1,866,950
Total Revenues and Other Additions	\$87,397,000	\$90,922,808	\$ 320,669	\$91,243,477
Expenditure Authorizations by Division				
Educational & General				
President & Administration	\$ 679,207	\$ 759,270	\$ (84,469)	\$ 674,801
University Relations	1,673,182	1,940,735	29,248	1,969,983
Development	728,041	834,743	87,457	922,200
Administration & Fiscal Services	11,093,427	11,891,472	117,442	12,008,914
Student Life	11,669,470	11,725,305	119,102	11,844,407
Academic Affairs	38,293,534	40,227,492	78,977	40,306,469
Debt Service & Mandatory Transfers	2,326,666	2,331,574	158,850	2,490,424
Other	8,262,742	8,148,123	(212,862)	7,935,261
Total Educational & General	\$74,726,269	\$77,858,714	\$ 293,745	\$78,152,459
Auxiliary Enterprises				
Administration & Fiscal Services	\$ 7,310,711	\$ 7,322,809	\$ 9,462	\$ 7,332,271
Student Life	750,256	926,536	178	926,714
Debt Service	2,639,764	2,639,764	-	2,639,764
Other	1,970,000	2,174,985	17,284	2,192,269
Total Auxiliary Enterprises	\$12,670,731	\$13,064,094	\$ 26,924	\$13,091,018
Total Expenditure Authorizations	\$87,397,000	\$90,922,808	\$ 320,669	\$91,243,477

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period January 1, 2002 to March 31, 2002
Notes of Significant Adjustments to Revenue and Other Additions

Tuition and Fees

Excess unbudgeted revenue totalling \$870,400 was utilized to cover the FY 02 state appropriation budget reduction.

Government Appropriations

- The state imposed a reduction of operating appropriations for FY 02 totalling \$870,400. This included a non-recurring appropriation of \$101,800 that we were to receive for maintenance and operations of new square footage coming on-line in FY 02. The recurring state appropriation reduction totalled \$768,600.
- Unbudgeted revenue totalling \$35,825 from Kentucky Law Enforcement Foundation Program Fund (KLEFPF) was allocated to Public Safety for incentive pay to police officers.
- MSU is to receive \$1,435,000 in FY 02 from the CPE Action Agenda Trust Fund. During the third quarter, \$60,327 was allocated as follows:
 - \$57,957 to Academic Affairs
 - \$2,370 to Student Life

Sales and Services of Educational Activities

Unbudgeted revenue allocated during the third quarter totalled \$57,258.

- Eagle Athletic Fund (EAF) support from the MSU Foundation totalled \$34,592. The funds were budgeted in various athletic programs.
- \$4,250 allocated from Baseball guarantee income
- \$2,844 allocated from Football gate receipts
- \$4,719 allocated from Basketball gate receipts
- \$3,660 allocated from career services fees

Other Sources

Budget allocations from other sources increased by \$77,955 in the third quarter.

- Unbudgeted support from the MSU Foundation totalled \$44,225
 - \$24,567 allocated to WMKY and \$2,400 allocated to WOCS
 - \$10,758 allocated to the Division of Academic Affairs for various academic programs
 - \$6,500 allocated to Development

Budgeted Fund Balance – E&G

Budget allocations from fund balance for E&G purposes totalled \$77,435 in the third quarter.

- \$5,000 was allocated to athletics for the golf team as per the donation agreement with Greg Palmer
- \$120,000 was allocated to cover expenses associated with painting and seat replacement at Jayne Stadium
- (\$47,565) reduction adjustment was made to reflect the actual 00/01 carry forward of Enrollment Growth & Retention funds

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period January 1, 2002 to March 31, 2002

From: Revenue and Other Additions	To: Division/ Budget Unit	Amount	Description
State Appropriations - Operating	Tuition and Fees	\$ 870,400	In December, 2001, the state imposed a reduction of appropriations for FY 02 in the amount of \$905,510. This included a non-recurring \$101,800 reduction in funding for maintenance and operating costs of new facilities coming on-line, and a 2% non recurring reduction in incentive funds totalling \$35,110. The incentive fund reduction was covered by interest earnings maintained by CPE and therefore did not directly effect our FY 02 operating budget. Thus, the net reduction to our FY 02 state appropriation is \$870,400.

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of January 1, 2002 to March 31, 2002

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
I Equipment Purchases Greater than \$100,000			
None			
II Capital Construction Projects/ Land Acquisitions Greater than \$200,000			
1998-00 Deferred Maintenance and Government Mandates Pool			
(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Elevator Upgrades/Installation (RH, LC, CY)	\$ 350,000	March, 2001	Completed
Fire Alarm Upgrades/Replacement	150,000	October, 2000	Completed
Mechanical System Replacements (AA, ADUC)	250,000	January, 2001	Completed
Window Replacement (BM)	150,000	August, 2001	Completed
Window Replacement (CB)	300,000	July, 2000	Completed
Window Replacement (LC)	150,000	August, 2000	Completed
Dam Restoration	800,000		In Progress
	<u>\$ 2,150,000</u>		
Lakewood Terrace Family Housing Complex	\$ 4,000,000		In Progress
MSU Network Project Phase VI (FY 01/02)	\$ 250,000		In Progress
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
Project II - 2000	\$ 1,580,000		In Progress
Project III - 2001	980,000	August, 2001	Completed
Project IV - 2002	800,000		In Design
Project V - 2003	3,000,000		Scheduled
	<u>\$ 6,360,000</u>		

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of January 1, 2002 to March 31, 2002

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
2000-02 Capital Renewal and Maintenance Pool			
(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Life Safety - E&G	\$ 200,000		In Progress
1990 Clean Air Act Compliance - E&G			
Claypool-Young Chiller Replacement	135,000	August, 2000	Completed
Ginger Hall, Reed Hall, Laughlin Chiller Replacement	566,000		In Progress
Roof Replacement - Button, Rice Maint. Bldg., Claypool-Young, Combs	397,000	October, 2001	Completed
Roof Replacement - Baird	150,000		In Design
Mechanical Systems Replacements	556,800		In Progress
Mechanical Systems/HVAC	350,000		In Design
Ceiling Tile Replacement (Rader & Laughlin)	88,400	October, 2001	Completed
Window Replacement (Rader)	107,000	September, 2001	Completed
Gas Fired Boiler Installation	399,000		In Progress
Central Campus Reconstruction	300,800		In Progress
	<u>\$ 3,250,000</u>		
Residence Hall Repairs (ME, CO, WI, AT)	\$ 300,000	October, 2001	Completed

**APPROVE REAPPOINTMENT
OF AUDITING FIRM**

**BOR (V-A-7)
June 1, 2002**

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.

In the spring of 2001, the University requested proposals from qualified public accounting firms for the auditing services. As a result of that process, the Audit Committee recommended and the Board approved, the firm of Crowe, Chizek, and Company to provide the auditing services. The contract with the firm was for the fiscal year that ended June 30, 2001 with options to renew the contract for four additional one-year periods. The audit fee for the extension periods will be the fixed fee quoted for the original contract adjusted by the annual consumer price index.

The services rendered by Crowe, Chizek, and Company for the 2000-2001 fiscal year were satisfactory and in compliance with the terms of the contract. The fee for the 2001-2002 fiscal year will be \$42,600.

Recommendation:

That based on the recommendation of the Audit Committee, the Board approve the extension of the auditing services contract with Crowe, Chizek, and Company for the 2001-2002 fiscal year audits.

**APPROVE MINIMUM SCOPE
OF THE ANNUAL AUDIT**

**BOR (V-A-8)
June 1, 2002**

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 Associate Vice President for Fiscal Services, the Director of Accounting and Budgetary Control 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.

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, 2002.

**MOREHEAD STATE UNIVERSITY
MINIMUM SCOPE OF THE ANNUAL AUDIT
FOR THE YEAR ENDING JUNE 30, 2002**

June 1, 2002

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, 2002. 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, 2002 and the results of its operations for the fiscal year then ended. The audit will be performed in accordance with audit 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 Single Audit Act Amendments of 1996; and the provisions of Office of Management and Budgets (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 related to the financial statements and compliance with laws, regulations, and provisions of contracts or grant agreements, non-compliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*. A report will also be issued on the internal controls related to major programs and the compliance with 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*.

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, 2002. These procedures will be performed in accordance with the *NCAA Financial Audit Guidelines*, dated April 1989, or any subsequent revisions.

Corporation for Public Broadcasting (CPB):

The Firm will issue its independent auditor's report on the financial statements of WMKY for the year ending June 30, 2002. The audit will be performed in accordance with generally accepted auditing standards and the *Public Telecommunications Audit Guide and Requirements* as they relate to the CPB Annual Financial Report for the year ending June 30, 2002.

Compliance Report Under KRS 164A.550 to 164A.630:

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 Cabinet's *Minimum Audit Scope for Compliance*, dated August, 1983, or any subsequent revisions.

Kentucky Folk Art Center, Inc:

The Kentucky Folk Art Center, Inc. is a corporation affiliated with the University as defined in KRS 164A.610. As such, the financial statements of the Kentucky Folk Art Center, Inc. will be included in the scope of the audit, as appropriate. The Firm will issue a separate report on the financial statements of the Kentucky Folk Art Center, Inc.

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 Associate Vice President for Fiscal Services, the Director of Accounting and Budgetary Control, Internal Auditor, the Vice President for Administration and Fiscal Services, 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 October 1, 2002. 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, 2002 from the last day of field work (projected for late September, 2002) to a date to be directed by the Auditor of Public Accounts. The Firm will report the results of these updated procedures in a separate letter, which shall be delivered to the Auditor of Public Accounts no later than the date to be designated.

Timing of Reports:

1. Two copies of the audit report, management letter, and audit of the closing package forms, will be forwarded to the Auditor of Public Accounts no later than October 1, 2002.
2. The report on MSU's financial statements is required to be delivered to the University by October 1, 2002.
3. The Firm will provide to the Auditor of Public Accounts by October 1, 2002, a confirmation of whether Agency Revenue Fund Receipts (per FAC Report 2151) and expenditures and transfers out for the General Fund and Agency Revenue Fund (per FAC Report 2120), were included in populations considered in the June 30, 2002 audit.
4. The Firm will provide a representation letter by October 1, 2002 to the Auditor of Public Accounts stating that the Firm is in compliance with generally accepted auditing standards and *Government Auditing Standards* concerning continuing education requirements, independence and internal quality control system and peer review requirements.

5. The Firm will 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.
6. The Firm will provide to the Auditor of Public Accounts by December 27, 2002 a letter reporting the results of the application of subsequent events audit procedures.

APPROVE 2002/2003 OPERATING BUDGET AND FEE SCHEDULE

BOR (V-A-9)
June 1, 2002

Background:

The proposed 2002/2003 Operating Budget reflects Morehead State University's continued efforts to further the goals and objectives identified in the *Pride & Promise: Morehead State University's Strategic Plan 2001-2006*. The proposed budget reflects the University's commitment to improve compensation for faculty and staff and the continued advancement of numerous academic and student support initiatives.

This year's budget preparation process was inclusive of campus input and representation. The University Planning Committee developed budget priorities based on results of the 2001 Annual Strategic Report Card. The Planning Committee also completed a comprehensive review and prioritization of 64 strategic budget proposals developed by the academic and administrative operating units to advance the institution in accordance with unit plans and the University Strategic Plan. A budget workshop was once again conducted with the Board of Regents on May 10, 2002. The result is a proposed \$92.1 million budget that advances the University's mission by focusing on the most important goals and objectives.

The parameters outlining the administration's management responsibilities related to the 2002/2003 Operating Budget and periodic reporting requirements to the Board of Regents are specified in the Budget Adoption Resolution on pages A-9 and A-10 of the separately bound Operating Budget.

Analysis – Operating Budget:

The University Strategic Plan adopted by the Board of Regents in June 2001 proudly reflects the *Pride & Promise* of Morehead State University as the institution aggressively moves into the 21st Century with new and innovative academic programs. The Plan aligns the institution with the Council on Postsecondary Education's 2020 Vision and Action Agenda that calls for enrollment growth, retention and graduation goals as high priorities for the state's higher education institutions. The Morehead State University 2002/2003 Operating Budget relies primarily upon increases in revenue generated from student tuition and fees to continue support of the key initiatives defined in the Plan.

Morehead State University achieved an 8.4 percent enrollment growth in the 2001/2002 academic year with a Fall 2001 student headcount of 9,027. The recommended budget reflects the institution's priority to maintain quality academic instruction and student support services to this growing student body during a budget year when external state appropriations for operating are being reduced. The proposed 2002/2003 Operating Budget is built on a Fall 2002 headcount enrollment objective of 8,872, an increase of 3.2% over the budgeted headcount for Fall 2001.

Strategic Budget Initiatives:

Strategic budget initiative proposals have again been recommended for funding in the 2002/2003 Operating Budget. Academic and administrative budget units submitted proposals to the Planning Committee that, if funded, would position the unit to advance the goals and objectives defined in their Unit Plan and the University's Strategic Plan.

Twenty strategic budget initiatives totaling \$463,179 are funded in the proposed Operating Budget. Of that total, \$218,990 is allocated toward recurring initiatives that will strengthen the linkage between the University Strategic Plan and the Operating Budget. Strategic initiatives funded in the 2002/2003 opening budget include:

Initiative Description	Amount
Instructional Equipment Replacement Pool	\$150,000
CCH - 1 st year funding/4yr strategic plan	\$ 20,000
Increase Instructor Salaries	\$ 60,000
Harris On-Line Directory (Alumni Relations)	\$ 15,000
Transfer Student Enrollment Management Plan	\$ 28,800
Summer Research Fellowships for Faculty	\$ 24,298
Emergency Phone Replacement-Phase III	\$ 20,000
Upgrade Claypool Young Rm 111 with Multimedia	\$ 11,191
Student media Equipment	\$ 6,500
Lappin Rm 224 Multimedia Projector	\$ 7,000
Lloyd Cassity Multimedia Rooms 303, 304 & 308	\$ 30,000
Equip 2 business classrooms with multimedia	\$ 18,000
Adobe Framemaker Software	\$ 2,900
Medication Management Position - contract	\$ 5,000
RN Position (10-month)	\$ 24,070
Swimming Pool Budget and Equipment	\$ 2,020
Upgrade Fire Alarm System	\$ 2,500
Residence Education/Wellness - Campus TV	\$ 12,000
Closed Circuit Television Security System	\$ 5,000
Student Support and Success Initiative	\$ 8,900
Academic / Instruction Software	<u>\$ 10,000</u>
Total	<u>\$463,179</u>

Fee Schedule:

A comprehensive review of University fees is conducted annually and recommended changes are presented to the Board for approval. The recommended 2002/2003 Fee Schedule is presented on pages C-1 through C-18 of the Operating Budget. A summary of the significant recommended changes follows:

Tuition and Mandatory Fees:

In accordance with 13 KAR 2:050, the Council on Postsecondary Education determines tuition for all students enrolled in Kentucky public postsecondary institutions. On April 12, 1999, the Council delegated this authority to the governing boards of each institution. On September 22, 2001 the Morehead State University Board of Regents approved tuition and mandatory fees for 2002/2003. The approved rates reflect an eight percent increase in tuition rates and mandatory student fees for 2002/2003.

In Fall 1999, the University migrated the delivery of the Masters of Business Administration (MBA) program to an on-line format. The demand for this on-line degree program has continued to exceed available program capacity. Therefore, the 2002/2003 fee schedule recommends an increase in the tuition rate for the on-line MBA program to create resources that will enable the University to expand the program capacity. The MBA tuition is recommended as follows:

	<u>Full-Time</u>	<u>Part-Time</u>
Resident MBA	\$1,917	\$213 / credit hour
Non-resident MBA	\$2,817	\$313 / credit hour

Note: Resident rates will continue to apply to current non-resident students admitted to the program prior to July 1, 2002.

Housing:

The University continues its multi-year plan to install sprinkler systems and upgrade other fire safety systems in student residence halls. As presented on page C-2 of the Fee Schedule, a \$32 increase to the housing surcharge is recommended to fund the fourth (of five) phase of the Fire Safety project bringing the total Fire Safety surcharge for 2002/2003 to \$97.

The University has also identified other residence hall improvement projects including the continued funding of a housing depreciation fund for the continuous upgrade and improvement of residence hall facilities and furnishings that will increase to \$400,000 in the new budget. In addition to the Fire Safety Surcharge, an average 4.2 percent increase is recommended for all residence halls to address general operating increases in housing.

Tuition, Student Activity Fee and Residence Hall Rates:

	Fall 2001	Fall 2002
Resident Undergraduate Tuition	\$1,123	\$1,213
Student Activity Fee	<u>\$ 232</u>	<u>\$ 250</u>
Total Tuition and Mandatory Fees	\$1,355	\$1,463
Average Residence Hall Rate	\$ 990	\$1,079

Analysis – Faculty and Staff Compensation:

Salary Pool:

A 3.2 percent general salary increase pool totaling \$1,157,588 has been included in the 2002/2003 Operating Budget. An additional 0.6 percent pool for promotions, position reclassifications and career ladder salary adjustment effective in the new fiscal year totaling \$229,611 is to be distributed as follows:

Faculty and Librarians

A 3.2 percent general salary increase pool was distributed to faculty and librarians based on performance. Pursuant to the faculty merit system, faculty and librarians must meet minimum expectations to receive any salary increase. In addition to the 3.2 percent general salary increase distributed through the merit system, 86 faculty members qualifying for the highest level of merit within the defined faculty merit system shared an additional merit pool of \$28,810. An additional \$38,000 was distributed to 16 faculty and librarians qualifying for promotion in accordance with the University Faculty Promotion Review policy (PAc-2).

Exempt and Non-Exempt Staff

A 3.2 percent general salary increase pool for exempt staff is also included in the proposed 2002/2003 Operating Budget. Regular, full-time exempt staff members were allocated a 2.4 percent across-the-board salary increase with an additional 0.8 percent increase pool distributed through a staff merit distribution process. Non-Exempt staff shared a 3.2 percent general salary increase pool distributed in total through an across-the-board distribution.

In addition to the general salary increase pool, select exempt and non-exempt staff members received salary increments through position reclassifications and, in limited circumstances, career ladder programs as defined by Staff Job Classification Wage and Salary Administration policy (PG-44). Other salary funds were reallocated within the Divisions to fund promotions and address specific retention and equity concerns.

Notification and Reporting:

Upon approval of the 2002/2003 Operating Budget by the Board, the President is authorized to notify employees of their respective 2002/2003 salary or wage. A report that reflects the July 1, 2002 authorized complement of regular faculty and staff positions, the name of the individual who holds the position, the salary or wage of each, and contract term shall be provided to the Board at the first quarterly meeting following the approval of the Operating Budget.

Medical Insurance:

Guided by the overall philosophy of the University administration that employee health insurance is a vitally important part of the total employee compensation package, the following increases in employer contribution toward employee medical insurance premiums have been included in the proposed 2002/2003 Operating Budget. In December 2001, the University elected to increase its average contribution to each faculty and staff medical insurance contract by \$1,056 (annualized), effective January 1, 2002. The increase is incorporated in the proposed new-year budget along with an additional \$360 (annualized) per regular full-time employee to cover anticipated rate increases on January 1, 2003.

The decision to increase the average medical contribution by \$1,056 per year affects every regular full-time faculty and staff member. The University thus continues its longstanding practice of paying the full premium for the single base plan for each regular full-time faculty and staff member. For the first time, employees electing a 2-person and family coverage plan will benefit from additional contribution assistance. The University recognizes that the increased cost pressure on employees attempting to insure families is an important factor in employee recruitment and retention. This non-taxable compensation for each regular full-time employee averages \$3,576/year (\$298/month).

The total increase in University contribution for medical and dental insurance alone from Unrestricted Educational and General Revenues is budgeted at \$1,161,474. This represents an additional compensation increase of 3.2% of the base salary budget for 2002/2003.

The proposed budget includes a total employee compensation package increase of 7.8% or \$2,830,818 to be distributed as follows:

2002/2003 Employee Compensation Increases		
	<u>Amount</u>	<u>% Increase</u>
Base Salary (\$36,174,616 – 1,050 positions)		
Salary Pool Increase	\$1,157,588	3.2%
Faculty Promotions/Merit/Career Ladders, etc.	\$ 229,611	0.6%
Total Base Increase	\$1,387,199	3.8%
Other Benefits:		
Medical & Dental Insurance	\$1,161,474	3.2%
Other Fringe Benefits	\$ 282,145	0.8%
Total Increase – Benefits/Fringe	\$1,443,619	4.0%
Total Compensation Increase	\$2,830,818	7.8%

Recommendation:

That the Board approve the recommended 2002/2003 Operating Budget, which totals \$92,133,200, and the 2002/2003 Fee Schedule.

APPROVE DISPOSAL OF REAL PROPERTY

BOR (V-A-10)

June 1, 2002

Written Request to Dispose of Property

In the early 1970s, the City of Morehead acquired property south of Triplet Creek for the purposes of developing recreational facilities. In 1972, Morehead State University granted the City an easement for the use of an approximate 3.4-acre tract owned by the University, along the south side of Triplet Creek, that the city could have access for the further development of its property. MSU had acquired its property in 1935 to support the construction of its heating and water plant and the construction of a dam on Triplet Creek. *Exhibit 1* is the surveyed tract owned by MSU.

The City of Morehead has expressed an interest in obtaining this property from the University. At the same time, Morehead State University has requested that a portion of University Street from in front of the Adron Doran University Center east to Nickell Alley be closed to permit expansion of the Student Center. Additionally, the University has requested that four other streets, all currently owned and controlled by the City of Morehead, and within the campus boundaries, be closed with the property reverting to the University and other adjoining owners along the closed streets. The Morehead City Council unanimously and favorably supported the University's request on March 11, 2002. Other actions must occur by the City and adjacent non-public landowners and are proceeding. The other four streets are:

- Third Street
- Fourth Street
- Battson Avenue and
- Locust Street

According to Kentucky Revised Statute, the controlling public body must officially close a public street. Upon closing, the property reverts to the property owners on either side of the street's centerline. *Exhibit 2* indicates the streets and property that would revert to the University, or other public or private entities, at the point the City of Morehead officially closes the streets.

An appraisal is being obtained to establish that the value of the real property being transferred by the Commonwealth is not greater than the value of the real property being obtained.

Statutory Authority

KRS 164A.575 (5) The governing board shall have the power to salvage, to exchange, and to condemn supplies, equipment and real property.

KRS 164A.575 (7) The governing board shall sell or otherwise dispose of all real or personal property of the institution that is not needed for the institution's use, or would be more suitable consistent with the public interest for some other use, as determined by the board. The determination of the board shall be set forth in an order, and shall be reached only after review of a written request by the institution desiring to dispose of the property. Such request shall describe the property and state the reasons why the institution believes disposal shall be effected.

The Secretary Finance and Administration Cabinet has final approval authority regarding the disposal of real property.

Description of Property

A certain track or parcel of land lying and being in Rowan County, Kentucky, being just across Triplett Creek, South of the City of Morehead, and bounded as follows: Beginning at a stake on the South bank of Triplett Creek just West of the bridge that crosses said Triplett Creek from the mouth of Burns Avenue and thence running S. 62 degrees 51 minutes East a distance of 356.8 feet to a stake opposite the corner of Norman Bowling's orchard; thence running North 15 degrees 39 minutes East a distance of 730 feet to Triplett Creek; thence with the meanders of Triplett Creek to the beginning corner, containing 3.4 acres, more or less.

Being the same property conveyed to the Commonwealth of Kentucky for the use and benefit of Morehead State Teacher's College, by Norman Bowling and wife, Bessie Bowling, by Deed dated June 10, 1935, recorded in Deed Book 48, page 2, Rowan County Records.

[Morehead State University shall retain an amount of property from the above referenced tract, or retain a perpetual easement in order to construct and/or maintain its dam on Triplett Creek. The precise land area to be retained by MSU shall be determined pending the final survey of the property.]

Administrative Procedure

That the Board of Regents approve the *Order to Dispose of Property* in regard to the above referenced real property.

ORDER TO DISPOSE OF PROPERTY

WHEREAS, upon the recommendation of the President on June 1, 2002, the Board of Regents has reviewed the Written Request to Dispose of Property in reference to the following:

- A certain track or parcel of land lying and being in Rowan County, Kentucky, being just across Triplett Creek, South of the City of Morehead, and bounded as follows: Beginning at a stake on the South bank of Triplett Creek just West of the bridge that crosses said Triplett Creek from the mouth of Burns Avenue and thence running S. 62 degrees 51 minutes East a distance of 356.8 feet to a stake opposite the corner of Norman Bowling's orchard; thence running North 15 degrees 39 minutes East a distance of 730 feet to Triplett Creek; thence with the meanders of Triplett Creek to the beginning corner, containing 3.4 acres, more or less.

Being the same property conveyed to the Commonwealth of Kentucky for the use and benefit of Morehead State Teacher's College, by Norman Bowling and wife, Bessie Bowling, by Deed dated June 10, 1935, recorded in Deed Book 48, page 2, Rowan County Records.

[Morehead State University shall retain an amount of property from the above referenced tract, or retain a perpetual easement related to the maintenance and construction of the Triplet Creek dam.]

THAT, the President of Morehead State University recommends that the referenced property is surplus to the needs of the University and may be disposed and exchanged,

WHEREAS, the exchange of the aforementioned University property for City of Morehead property that lies within the boundaries of the approved Campus Master Plan is in the best public interest of the Commonwealth,

WHEREAS, an independent appraisal on the real properties shall be obtained for the purpose of establishing that the value of the real property being transferred by the Commonwealth is not greater than the value of the following real properties being obtained from the City: Third Street, Fourth Street, Battison Avenue, Locus Street and a portion of University Street,

BE IT RESOLVED, by the Morehead State University Board of Regents that the President may recommend to the Secretary, Finance and Administration Cabinet, that the referenced University real property be exchanged for the City of Morehead real properties.

RECOMMENDED:

Ronald G. Eaglin, President

Date

APPROVAL:

Buckner Hinkle, Chair
MSU Board of Regents

Date

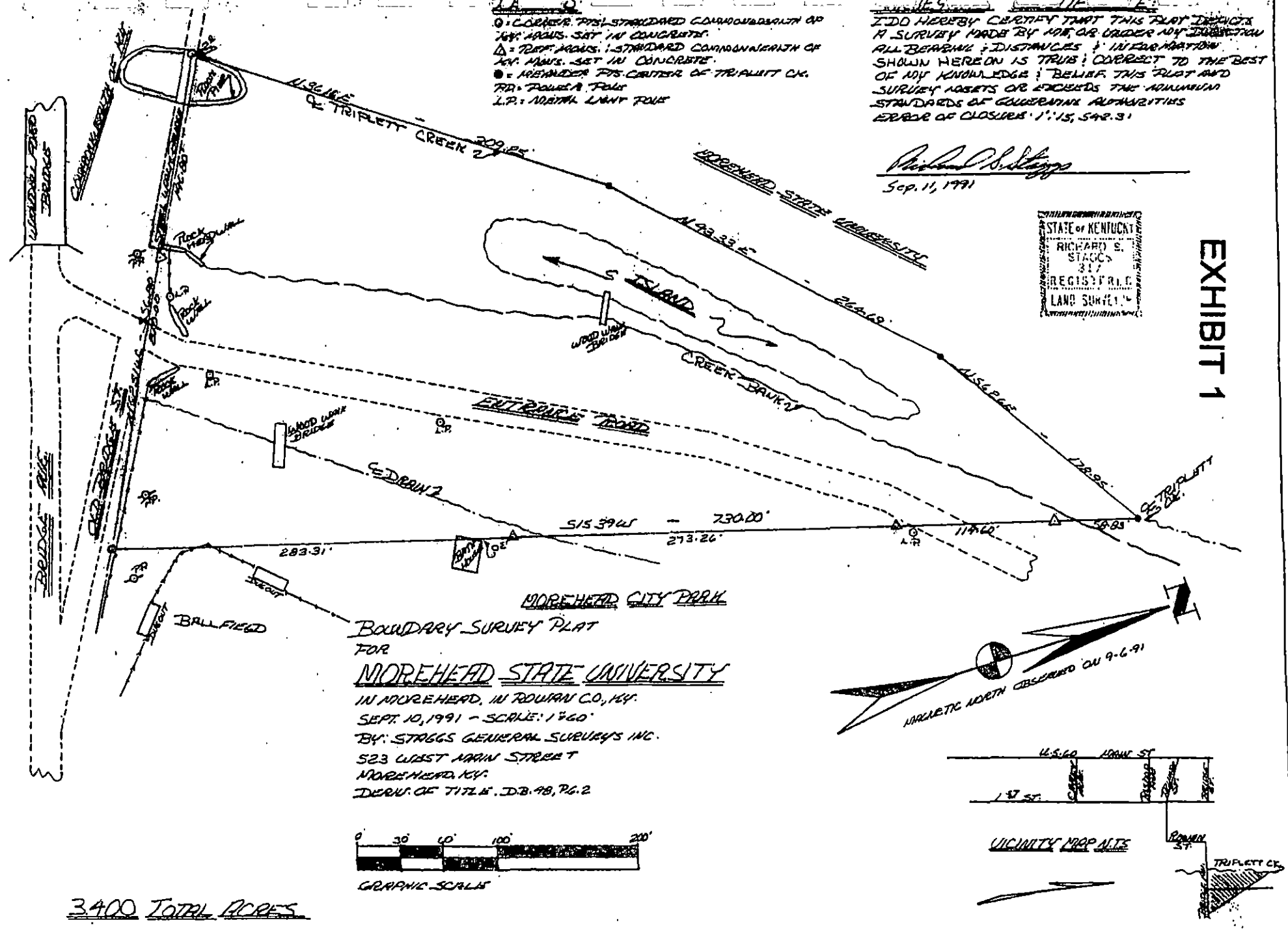
0 = CORNER, 7 1/2" STANDARD CONDUIT, 18" DIA. OR
 4" DIA. SET IN CONCRETE.
 Δ = TRIPLET, 1" STANDARD CONDUIT, 18" DIA. OR
 4" DIA. SET IN CONCRETE.
 ● = MEASURED PTS. CENTER OF TRIPLET CK.
 TRIPLET POWER A. POINT
 L.P. = NORTH LIGHT POLE

I DO HEREBY CERTIFY THAT THIS PLAT INDICATES
 A SURVEY MADE BY ME OR UNDER MY DIRECTION
 ALL BEARINGS & DISTANCES & INFERENCES
 SHOWN HEREON IS TRUE & CORRECT TO THE BEST
 OF MY KNOWLEDGE & BELIEF. THIS PLAT AND
 SURVEY ASSETS OR EXCEEDS THE ADJUDICATED
 STANDARDS OF GOVERNMENT AUTHORITY
 ERROR OF CLOSURE: 1" = 15, 548.3'

Richard S. Staggs
 Sep. 11, 1991

STATE OF KENTUCKY
 RICHARD S. STAGGS
 312
 REGISTERED
 LAND SURVEYOR

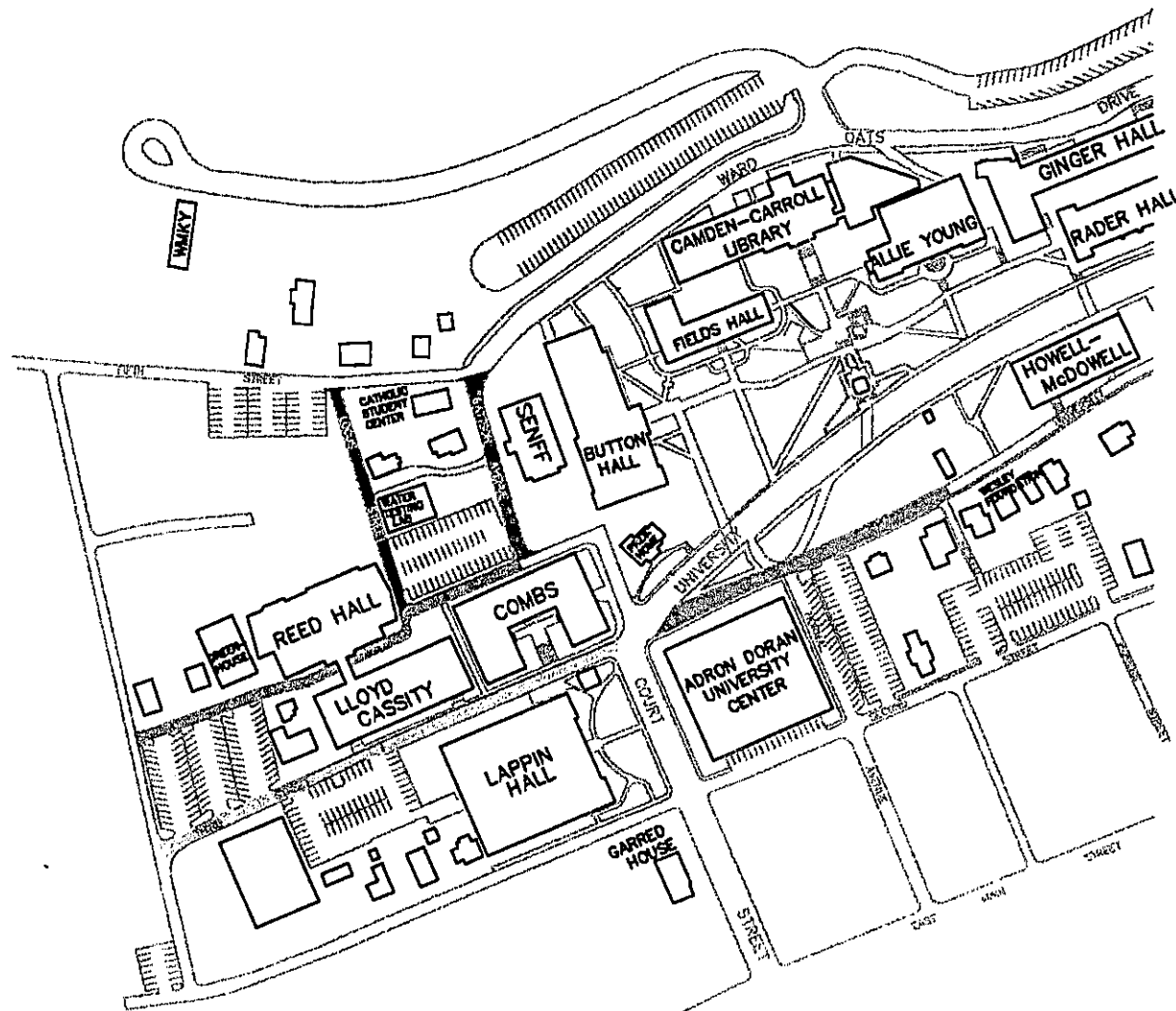
EXHIBIT 1






3400 TOTAL ACRES

MOREHEAD / CITY STREETS

EXHIBIT 2



LEGEND:

-  UNIVERSITY STREET
-  THIRD STREET
-  FOURTH STREET
-  BATTSON AVE.
-  LOCUS STREET



MOREHEAD STATE UNIVERSITY
Office of Planning and Development
Campus Planning and Development
1000 University Street
Morehead, KY 40351

DATE: 12/05/01
PROJECT: CAMPUS MAP
DRAWN BY: [Name]
CHECKED BY: [Name]
APPROVED BY: [Name]

MOREHEAD STATE UNIVERSITY
Campus Map

DATE: 12/05/01
PAGE: 1 of 1

UPDATE AND AMEND CAMPUS MASTER PLAN

**BOR (V-A-11)
June 1, 2002**

Background:

Since 1990, the University has relied on a Board approved Campus Master Plan to guide decisions related to the short and long range development of the campus. The develop of a comprehensive, long-range Campus Master Plan was first authorized by the Board of Regents in 1988 to address land use planning and facility needs of the University. The State Finance and Administration Cabinet appointed the firm of Burgess & Niple, Limited, to serve as the project consultant for the development of the Plan.

The Kentucky General Assembly and the Council on Postsecondary Education require an approved Campus Master Plan for use in the Commonwealth's capital planning process. The Campus Master Plan is used as the basis for the formulation of the institution's Six-Year Capital Plan and Biennial Capital Budget Request, serving as the short and intermediate planning document for the campus's decision making related to real property acquisitions and campus development.

The approval of a Master Plan by the Board of Regents in 1990 followed significant involvement by the University Community. Committees of the Staff Congress, Faculty Senate and Student Government Association reviewed and commented on the proposed Plan. The 1990 proposed Plan was also reviewed by the University Council and was discussed with the Steering Committee of the Morehead/Rowan County/Lakewood Heights Planning Commission. A series of informational meetings was held with landowners and residents in the immediate vicinity of the University. The consultants also met with District Highway Engineers from the Flemingsburg office to discuss compatibility issues with the then planned U.S. 60 (By-Pass) project.

The Plan was updated and amended by the Board of Regents in 1997. Since 1997 the Board has amended the Plan on two occasions to incorporate property into the Plan to meet the long-range needs of the University.

2002 Plan Update:

The Campus Master Plan update, to include a review of the Plan's goals and objectives, was undertaken by the administration and coordinated by the University Planning Committee. Several factors prompted the review:

- The Council on Postsecondary Education's Vision 2020 and Action Agenda
- The development and approval of the University's 2001-2006 Strategic Plan (approved by the Board in 2001)
- Enrollment growth resulting from the University's response to the Action Agenda.

The University's review process was comprehensive and encompassed various campus constituencies. The Board of Regents was briefed on the Campus Master Plan at its workshops on November 11 and May 10. President Eaglin initiated the broader institutional dialogue regarding the Plan with a presentation during the Spring 2002 Convocation. Presentations were also made by the administration to the Planning Committee, University Council, Faculty Senate, Executive Council of the Student Government Association, the Executive Council of the Baptist Student Union and other interested students during an open student forum in April. The Plan was posted on the University's web site and comments solicited via e-mail to the Planning Committee.

SUMMARY OF SIGNIFICANT PLAN ADJUSTMENTS AND RESTATED OBJECTIVES

- The University's enrollment objectives have been adjusted significantly upward.
- Using the Council on Postsecondary Education's Space Planning Model, additional new and traditional classroom or support space is not a priority. Current standards can be maintained via continued capital renewal and major renovation of existing facilities.
- New specialized space is necessary to support the Space Science Center and the Library.
- Reaffirmation of the University's commitment to the campus ministries.
- Reaffirmation of the University's desire to provide perimeter parking to students, faculty and staff.
- Reaffirmation of the University's commitment to preserve green space, the architectural integrity of the campus and access to the disabled.
- Incorporation into the Plan of the Expanded Adron Doran University Center footprint and the proposed redesign of the Athletic Complex area for parking, pedestrian and vehicular traffic flow.

IMPLEMENTATION

Carrying out the development of the Campus Master Plan over time will require a substantial commitment of energy, spirit and fiscal resources by Morehead State University and the Commonwealth of Kentucky. Major buildings are easy to appreciate and support; changes in traffic circulation pattern, landscaping, lighting, and signage which may cause temporary inconveniences are often unappreciated or unrecognized. The incremental changes in the physical environment of the campus, however, provide the aesthetic character that gives identity to the University and stimulates pride in its appearance.

Continued implementation of the Plan will help Morehead State University achieve the planning objectives and provide a campus capable of better serving its students. Substantial perseverance on the part of the administration, faculty, students, alumni, residents and local government planners and policy makes continues to be important to the success of the Plan and the benefit of the University community.

Upon approval by the Board of Regents of the amendments and updates to the Campus Master Plan presented in the agenda, the administration shall have printed and

distributed the updated and comprehensive plan to the appropriate state government offices, local government and planning agencies and the campus.

Recommendation:

That the Board of Regents approve the updates and amendments to the Campus Master Plan.

Introduction

Morehead State University is required by the Kentucky General Assembly and the Council on Postsecondary Education (CPE) to maintain an approved Campus Master Plan for use in the Commonwealth's capital planning process. The Campus Master Plan is used in formulating the institution's Six-Year Capital Plan and Biennial Capital Budget Request. The Campus Master Plan also serves as a primary supporting document in MSU's strategic planning process by detailing a design strategy for the physical campus to support the University's short and long-range goals defined in the University's Strategic Plan.

The Morehead State University Campus Master Plan was initially adopted by the Board of Regents in September 1990 and updated by the Board of Regents in June 1997. This 2002 Update to the Campus Master Plan has been developed by the 2002 Master Planning Team with input from the 2002 Planning Committee to be presented to the MSU Board of Regents for consideration at their June 1, 2002 meeting. The Update incorporates the following University and state-level planning documents:

- *Pride & Promise: Morehead State University Strategic Plan 2001-2006*
- Enrollment and retention goals set by the CPE to support the Vision 2020 Action Agenda for the Commonwealth
- Council on Postsecondary Education's Space Planning Guidelines

The Board of Regents agenda item requesting approval of the amended Campus Master Plan, **Update and Amend Campus Master Plan**, is provided in its entirety in the Appendix along with the University's Mission Statement, the Vision Statement, the University Goals and Objectives from the *Pride & Promise: Morehead State University Strategic Plan 2001-2006* and the 2002-2008 Capital Plan.

MASTER PLAN GOALS AND DESIGN OBJECTIVES

Master Plan Goals and Design Objectives listed below identify the priorities for the University administration to follow in addressing its physical needs during the next decade. Refinements to individual objectives may be necessary as conditions change or as changes in academic programs offerings, service initiatives or mission refinements are implemented in the University Strategic Plan.

1. DEVELOP A MASTER PLAN THAT REFLECTS IN A PHYSICAL SENSE THE MISSION AND LONG-RANGE GOALS OF THE UNIVERSITY.
2. MAINTAIN THE MASTER PLAN WITH INPUT FROM THE UNIVERSITY PLANNING COMMITTEE AND CAMPUS COMMUNITY.
3. BASE THE PHYSICAL PARAMETERS OF THE MASTER PLAN ON AN ANTICIPATED ENROLLMENT THAT WILL RANGE FROM 9,000 – 9,500 STUDENTS BY THE YEAR 2006 AND SUPPORT THE UNIVERSITY'S STRATEGIC PLAN, THE COMMONWEALTH'S ACTION AGENDA AND 2020 VISION.

Anticipated Headcount Enrollment			
	Percentage	Headcount Range	
Full-Time Students	72%	6,480	6,840
Part-Time Students	28%	2,520	2,660
Total	100%	9,000	9,500
On-Campus Students	68%	6,120	6,460
Off-Campus Students	32%	2,880	3,040
Total	100%	9,000	9,500

- Approximately 3,625 residential students can be accommodated in campus housing within standard design capacities for the residence hall system.
- The University currently achieves a desired 200 Gross Square Footage (GSF) per student ratio in residence hall living.
- Appropriate Assignable Square Footage (ASF) ratios per student will follow GSF ratios for residence hall living.
- Maintain ASF of academic space per student in accordance with The Council on Postsecondary Education's Space Planning Guidelines 2002-2006.

4. MAINTAIN PHYSICAL DEVELOPMENT STRATEGIES THAT ARTICULATE THE RELATIONSHIP BETWEEN THE UNIVERSITY AND MOREHEAD/ROWAN COUNTY.
 - Maintain a combination of readily identifiable campus boundaries with casual transition to the adjacent neighborhoods.
 - Use a mix of gateways, landscaping, and appropriate signage to identify the University.
 - Participate and coordinate with the City of Morehead and Rowan County to implement community development plans.
5. ENHANCE THE SENSE OF ARRIVAL AND ENTRY TO THE CAMPUS BY DEVELOPING VISUALLY STRONG, FORMAL "GATEWAYS".
 - Utilize architectural elements and open space treatments.
 - Strengthen the major entrance at Main Street and University Boulevard and improve secondary entrances as appropriate.
6. ESTABLISH CONCEPTS THAT PROMOTE UNITY OF SPACE AND FUNCTION ON THE CAMPUS.
 - Identify academic, administrative, athletic and housing functions and integrate those having complementary purposes.
 - Increase the availability of quality open spaces on campus.
7. PROVIDE AREAS WITHIN THE CAMPUS THAT PROMOTE ACTIVE AND PASSIVE ASSEMBLY.
 - Use architectural features and passive spaces for indoor and outdoor environments.
8. PROTECT AND ENHANCE THE INTEGRITY AND AMBIENCE OF THE CENTRAL CAMPUS AREA ALONG UNIVERSITY BOULEVARD.
 - Discourage use of the campus as vehicular thruway while maintaining convenience for students and employees.
9. DEVELOP WELL-DEFINED PATTERNS FOR VEHICULAR TRAFFIC TO ALLOW SAFE AND EASY INGRESS, EGRESS, CIRCULATION, AND PARKING.
 - Emphasize the pedestrian orientation of the central campus area.
 - Develop a vehicular traffic pattern that best accommodates the interests of students and employees, contiguous residential neighborhoods, ADA compliance objectives, safety and emergency response efforts.

10. PROVIDE ADEQUATE PARKING IN CLOSE PROXIMITY TO CAMPUS FUNCTIONS WITHOUT SACRIFICING THE CHARACTER OF THOSE FUNCTIONS.

- Maintain adequate handicap parking spaces.
- Faculty and staff should retain priority parking status.
- Emphasize off-street parking facilities.
- Limit on-street parking along University Boulevard.
- Use reserved/assigned parking spaces or lots where appropriate.
- Facilitate use of bicycles in areas not accessible to vehicular traffic through designated bike-ways and bicycle storage racks.

11. CREATE SUITABLE LOCATIONS ON CAMPUS FOR GROUP, SPECIAL AND INSTITUTIONAL HOUSING NEEDS.

12. PRESERVE THE ARCHITECTURAL CHARACTER AND THE UNIQUE NATURAL ENVIRONMENT OF THE UNIVERSITY CAMPUS.

- Renovate buildings and landmarks where practical and efficient use can be made.
- Retain original architectural design of building exteriors when practical and cost-effective during renovation efforts.
- Maintain respect for and focus development around the natural terrain and landscape of the campus
- Develop and protect natural green space and trees

13. DEVELOP CONCEPTS FOR LANDSCAPING, SIGNAGE, LIGHTING, AND WALKWAYS THAT SUPPORT A COHERENT DEVELOPMENT PLAN.

- Incorporate in planning strategies those elements that are simple in detail, easy to maintain, reinforce safety, and of a quality to endure the intense use of the University campus
- Emphasize informal open spaces, paths, and landscaping.

14. USE LANDSCAPING MATERIALS TO DEFINE AND CREATE SPACES, SCREEN CERTAIN LAND USES, AND REINFORCE PEDESTRIAN AND VEHICULAR MOVEMENT PATTERNS.

- Provide landscaped pedestrian ways to connect parking facilities with high-use functions.
- Reduce pedestrian and vehicle conflicts by creating pedestrian precincts separated and protected from vehicular traffic and bicycle pathways.

PROJECTED ENROLLMENT AND STAFFING

On-campus physical facility needs are dependent on projections of student enrollments, faculty/staff employment, and housing occupancies. Off-campus physical facility needs are dependent on projection of student enrollments and faculty/staff employment needs at those locations. The following enrollment data for Fall 2001, Council on Postsecondary Education Enrollment and Retention Goals, the Council on Postsecondary Education Space Planning Guidelines, and present ratios of housing and parking per student are used to establish the physical parameters for the Campus Master Plan and identify the physical parameters for the three Extended Campus Centers.

Enrollment Fall 2001

Total On and Off-Campus Headcount (HC)	9,027 Students
On-Campus HC (68%)	6,126 Students
Off-Campus and Distance Learning HC (32%)	2,901 Students
Full-Time HC (72%)	6,461 Students
Part-Time HC (28%)	2,566 Students
Full-Time Equivalent (FTE)	7,316 Students
On-Campus FTE (88%)	6,433 Students
Off-Campus FTE (12%)	882 Students

Projected Fall 2006 Enrollment*

Total On and Off-Campus Headcount (HC)	9,500 Students
On-Campus HC (68%)	6,460 Students
Off-Campus and Distance Learning HC (32%)	3,040 Students
Full-Time HC (72%)	6,840 Students
Part-Time HC (28%)	2,660 Students
Full-Time Equivalent (FTE)	7,727 Students
On-Campus FTE (88%)	6,800 Students
Off-Campus FTE (12%)	927 Students

* Key performance indicators that define enrollment and retention goals for Morehead State University are set by the Council on Postsecondary Education to measure progress toward Kentucky's Action Agenda and 2020 Vision. Those goals are subject to periodic revisions by the CPE and could impact the related space needs projected in this Campus Master Plan.

Staff*

Staff (full and part-time) is currently 12.5% of FTE.

Assume 12% of FTE for the projected 2001-2006 FTE range
Staff

878 - 927

Faculty*

Faculty (full and part time) is currently 6.4% of FTE.

Assume 6.7% for the 2001-2006 projected FTE range
Faculty

490 - 518

Total Faculty and Staff

1,368 - 1,445

* Staff and Faculty projections subject to adjust as enrollment projections are updated based on periodic revisions of the CPE performance indicator enrollment and retention goals.

HOUSING ANALYSIS

Single Student Residential Housing

The occupancy of residential student housing for the year 2006 is predicted upon the following assumptions:

1. A total headcount enrollment that would not exceed 9,500 students
2. A continuation of the historical single student occupancy average for the year 1996-2000, which is approximately 35.89% of the actual enrollment.

Using this data as a basis, the housing occupancy through the year 2006 should not exceed 3,409.

The total available spaces in traditional residence halls and single student apartments are 3,625. This number includes spaces in double occupancy rooms, 4 person suites, and 2, 3 and 4-person apartments (Mays Hall Apartments and Gilley Apartments).

Family Housing

The availability of affordable family housing within the community has allowed the University to reduce the number of campus family housing units. Three Lakewood Terrace units have been razed; plans are for other Lakewood units to be removed. Replacement units will be considered based on demand. A 26-unit family apartment building is currently being constructed for occupancy for the Fall 2002. The number of family housing units available in the Fall 2002 will be 110.

Renovation of Normal Hall will be a priority. The Campus Master Plan has been amended to reflect the potential new land use for the area.

Greek, Group or Other Institutional Need Facilities

An area within the Campus Master Plan has been identified as a potential site for Greek or other group housing opportunities. Though the University does not expect the Greek population to significantly grow over the next few years, Greek organizations with the ability and desire to construct their own residence on University property may do so within the area defined for group housing. The area defined for group housing is the zone north of Vaughn Drive known as the "Martindale" property. This area may also be used to construct facilities for other student or university needs.

A renovated Gilley Apartment Complex will continue to be used for Greek housing.

Campus Ministries

Morehead State University recognizes the important and positive role that the various campus ministries play in the lives of many of our students. The ministries are located along University Street and Battson Avenue. The properties on which the ministries are located lie within the future development plans for the University. In order to provide a suitable campus presence for the ministries, an area within the Campus Master Plan has been identified as potential building sites for their relocation. The designated zone may also be used to accommodate other student groups in need of special facilities to support their unique missions to the University.

The area designated for this purpose is the frontage property along the south side of University Boulevard from the intersection of Elizabeth Avenue east, to approximately 200 yards north of Main Street.

As part of the University's future development plan, the University will acquire the property along University Boulevard and offer it to the campus ministries as building sites. The ministries would be given the opportunity to relocate and rebuild prior to the University displacing the ministries. As is common at many public universities, long-term land use agreements with the campus ministries would be provided.

EXTENDED CAMPUS CENTERS

Morehead State University currently operates three (3) Extended Campus Centers. The Centers are located at Ashland, Prestonsburg and West Liberty.

MSU at Ashland

The MSU at Ashland Center currently occupies two (2) floors of the G.B. Johnson Community and Economic Development Center, on Winchester Avenue, in downtown Ashland, Kentucky. The University leases 28,200 gross square feet of space from the

Kentucky Appalachian Foundation. Full-time equivalent enrollment in the Fall 2001 was 117. Unduplicated headcount enrollment was 348. The Center is a site for the delivery of interactive television instruction and supports the Kentucky Commonwealth Virtual University.

The quantity of space available in the Center is adequate for the current enrollment and will be adequate to meet projected growth at the Center. The quality of the space is fair. The building housing the center is 80 years old and in need of significant infrastructure improvements. The University collaborated with the Kentucky Community and Technical College System during the 2002-2004 state budget process to jointly request a new facility to be located at the new East Park Industrial site in southwest Boyd County. The project is a high priority of the Commonwealth. If constructed, Morehead State University would relocate the Center to the new East Park location.

MSU at West Liberty

The MSU at West Liberty Center will occupy a new 36,000 square foot building in the Spring 2002. Fall 2001 FTE enrollment was 117. Unduplicated headcount enrollment was 457. The new facility will have 13 classrooms, 10 faculty and staff offices, 3 distance-learning classrooms, 3 computer labs/classrooms and a 260-seat auditorium for University and community use. The new facility will be adequate for future growth and expansion of academic program offerings in the area. The Center is a site for the delivery of interactive television instruction and supports the Kentucky Commonwealth Virtual University.

MSU at Prestonsburg

The MSU at Prestonsburg Center is currently located in 14,250 square feet of lease space in a Prestonsburg shopping center. By the Fall 2003, the University will relocate to the new Northeast Regional Postsecondary Education Center on the Prestonsburg Community College Campus. The new 36,500 square foot Center will have 17 classrooms, 17 faculty and staff offices and 2 distance-learning classrooms. MSU will occupy approximately 90% of the space and share classroom and office space in the new Center with the Prestonsburg Community College. Fall 2001 full time equivalent enrollment was 258. Unduplicated headcount enrollment was 811.

The Center's Fall 2001 enrollment was 250. The new space will be sufficient to meet future growth projections at the Center. The Center is a site for the delivery of interactive television instruction and supports the Kentucky Commonwealth Virtual University.

MSU at Jackson

Instructional programs in Jackson, Kentucky are offered on the campus of Lees Community College. A need for more suitable office space with dedicated classroom facilities is recognized as a future need for the MSU at Jackson programs as resources

and opportunities become available. Fall 2001 full time equivalent enrollment at the Jackson site was 24. Unduplicated headcount enrollment was 110.

OTHER UNIVERSITY LAND AND FACILITIES

Derrickson Agricultural Complex

The University Farm is located approximately five (5) miles from the main campus on Kentucky 377. It is located on 320 acres of rolling cropland and wooded areas. Facilities located on this property include a 2,200 seat Horse Show Pavilion with attached classroom facilities; a modern 10,800 sq. ft. Veterinary Technology Lab with offices, classroom, and surgery facilities; horse barns; greenhouses; gestation and farrowing houses; a half-acre aquaculture shrimp pond; living accommodations for farm manager and students, and several other miscellaneous barns and shops. The facility is used in support of animal science, agronomy, and horticulture programs. It is also used for various other community and agriculture-related functions.

Sunnybrook Golf Course

The University Golf Course is located approximately five (5) miles east of campus on US 60. The nine hole course with a driving range and practice greens for putting and chipping is located on approximately 90 acres owned by the University and 62 acres leased from the Morehead State University Foundation, Inc. Last year, a regulation size soccer field with irrigation system was constructed on this property. Facilities include a Club House, and three (3) storage structures. In addition to providing a facility for faculty, staff, students, and community to play golf at very reasonable prices, the facility is used for teaching, university and high school golf team practice, and community functions.

Support Services Complex

The Support Services Complex is located at 606 West Main Street. This 42,000 sq. ft. facility, located on 2.65 acres of land within the city limits, was purchased in 1994 from Cowden Manufacturing, Co. The facility houses the purchasing, warehousing, risk management and environmental health and safety staff.

Kentucky Folk Art Center (KFAC)

The KFAC is within the city limits and is located at the intersection of West First Street and South Wilson Avenue and is only a short walking distance from the campus. The 10,000 sq. ft. facility was originally constructed in the early 1900's. After the University purchased the facility in 1996, it was renovated and modernized to provide space for a Folk Art Museum and offices. It is Kentucky's only visual arts museum dedicated to the work of self-taught artists. The Center presents regular exhibitions of paintings and sculptures. Lectures and films are scheduled on a regular basis.

Kentucky Center for Traditional Music

The Kentucky Center for Traditional Music maintains leased office space at 133 East First Street in Morehead's newly-designed arts district. The KCTM is a short walking distance from the Kentucky Folk Art Center and the campus. Established in June 2000, the KCTM supports the cultural, educational and economic development missions of MSU. MSU is partnering with Morehead Tomorrow, the Morehead Tourism Commission and the City of Morehead in seeking external funds for the acquisition and restoration of a permanent downtown home for the KCTM which will include a 500-seat theatre, a museum, offices, rehearsal rooms, a recording studio, and space for retail businesses and other facilities related to traditional music or the city's arts district.

Moonlight School

The restored one-room schoolhouse is located on property leased from the City of Morehead and is only a short walking distance from campus. It is located on First Street across from the Rowan County Public Library. It is one of the original "Moonlight" Schools, a movement launched in Rowan County by Cora Wilson Stewart. Tours are arranged through the Kentucky Folk Art Center.

NEW ACADEMIC/ADMINISTRATIVE SPACE

The Council on Postsecondary Education developed Space Planning Guidelines 2002-2006 to provide a fair way to determine space needs at all campuses. These guidelines are based on other states' guidelines that define the standard amount of space allowed per student for teaching and support, the standard amount of space allowed per faculty and staff for offices, and the standard amount of space allowed based on research expenditures.

CPE Space Planning Guidelines call for the following allocation of space by category:

Assignable Square Foot

Classrooms	10 sq ft per student FTE
Teaching Laboratories	10 sq ft per student FTE
Open Laboratories	8 sq ft per student FTE
Office Suites	170 sq ft per employee FTE
Library Space.....	Existing Space
Physical Education and Recreation Space.....	12.1 sq ft per student FTE
Special Use and General use Space	18 sq ft per student FTE
Support space.....	8 sq ft per student FTE

MSU's current assignable on-campus education and general space reported from the Council on Postsecondary Education data exceeds each of the space categories included in the above Space Planning Guidelines with a total educational and support space as follows:

Educational space	528,604 sq. ft.
Support space	<u>391,078</u> sq. ft.
	919,682 sq. ft.

The CPE has identified MSU's primary need for additional or improved space to be renovation of existing space. Projects to upgrade existing facilities such as academic labs and student housing facilities are scheduled as resources permit. The projects included in MSU's Capital Plan 2002-2008 primarily request renovation or replacement of existing space. However, MSU's planning process has also identified the need for some new and expanded facilities to meet long-range academic goals and objectives; where renovation or realignment of current space is not practical. An example of the need for new or expanded space in the 2002-2008 Capital Plan includes the request to construct a new facility for the Space Science Center to support the planned 18-meter satellite tracking and deep space research antenna. The unique physical requirements of this facility as well as the requirement that the building have line-of-site access to the antenna makes renovation of existing space unfeasible. A second example is the request for Renovation and Expansion of the Camden-Carroll Library. This project is necessary to bring the facility into compliance with current building codes expand the library's space to facilitate the growth of the computer and other technology assisted services for storage and retrieval of information.

PARKING & TRAFFIC PATTERNS

The University provides approximately 4,600 parking spaces for students, faculty, staff and visitors (in the Fall Semester 2002). Of the total 4,600 parking spaces, 138 are leased from the private sector. Over 700 University owned parking spaces have been added since the plan's last update. An additional, and approximate, 100 spaces in close proximity to the campus are leased to students, faculty and staff by private property owners.

It is anticipated that approximately 4,800 parking authorization decals will be sold to faculty, staff, residential and commuter students in the Fall 2002. This number is projected to grow over 5,000 by Fall 2006.

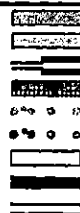
Implementation of the long-term Master Plan provision to close University Boulevard west from the area beginning at the intersection of Elizabeth Avenue is to coincide with the Phase II completion of the Adron Doran University Center Expansion and Renovation project. Phase II of the Student Center project is projected to be completed in 2007.

It is anticipated that the completion of Phase II of the Student Center project will create parking and traffic challenges that will result in a change in the transportation habits of faculty, staff and students. Closing of University Boulevard from Elizabeth Avenue will require that traffic become two-way on Ward Oates Drive. With the loss of spaces along University Boulevard and Ward Oates Drive, it is estimated that total parking spaces available will be 4,500 in 2007 (additional spaces will be provided in the current family housing area minimizing the net loss in total parking spaces). The ratio of available spaces to decals sold remains very strong and within acceptable standards even with the loss of the Boulevard and Ward Oates Drive spaces. Shuttle bus service to and from remote parking lots will continue to be a service option for improving access to parking resources.

The Master Plan calls for the development of additional surface parking in the area between Second Street and University Street to assist in replacing current parking spaces that will be lost. A parking garage in close proximity to the Student Center and central campus would provide the additional parking needed for this area of the campus. A larger or second parking garage along Ward Oates Drive would also provide ample vehicle storage for the central campus area. Cost, convenience and short-term planning and development considerations will need to be considered when determining if a parking garage is more practical than the acquisition of additional land for surface parking.

LEGEND

EXISTING BUILDINGS
 PROPOSED BUILDINGS
 VEHICULAR CIRCULATION & PARKING
 RESTRICTED ACCESS & PLAZAS
 EXISTING VEGETATION
 PROPOSED VEGETATION
 LAWNS AND OPEN SPACE
 WATER
 PEDESTRIAN WALKWAYS

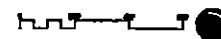
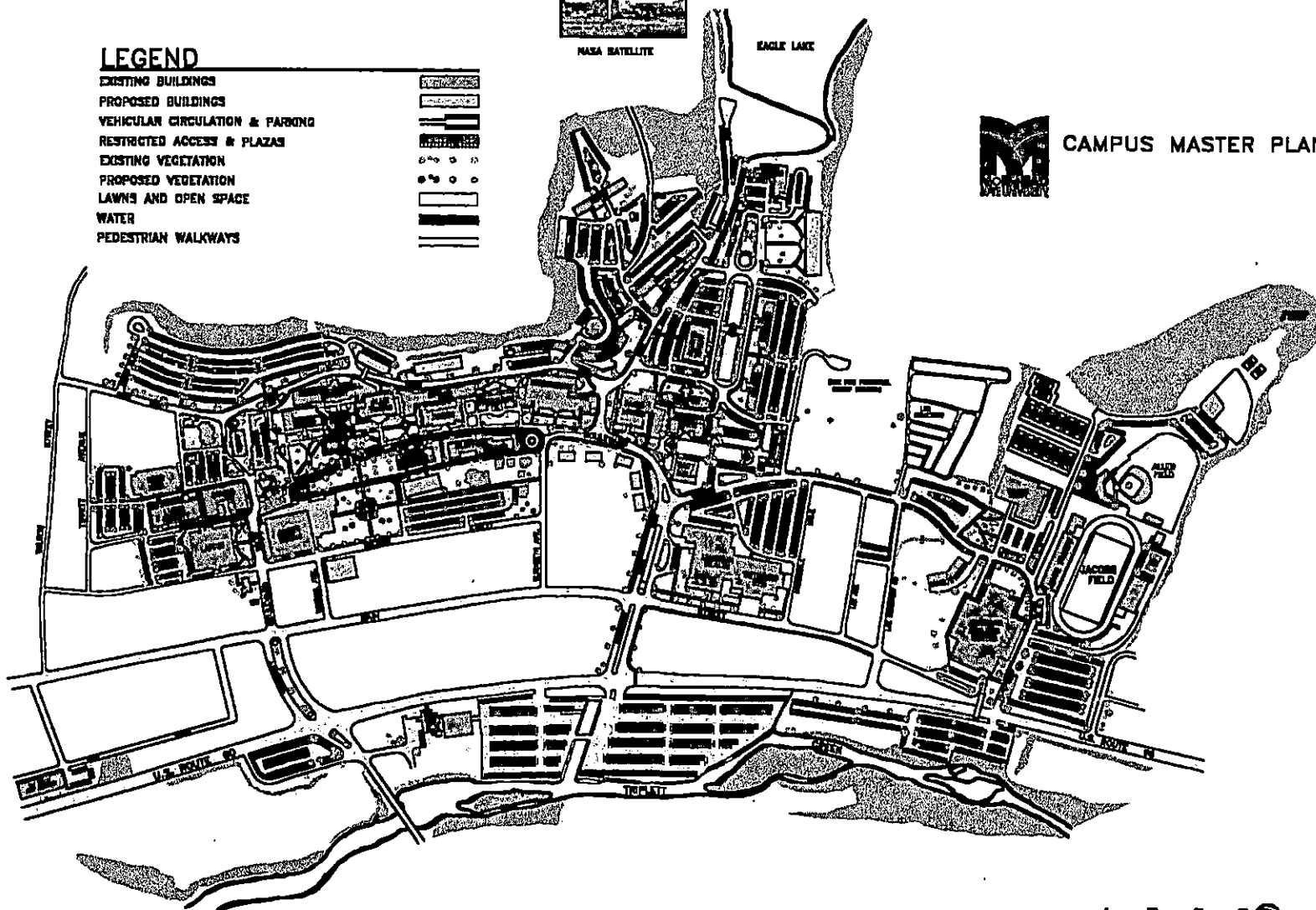


NASA SATELLITE

EAGLE LAKE



CAMPUS MASTER PLAN



**RECOGNIZE KENTUCKY CENTER
FOR TRADITIONAL MUSIC, INC.
AS AN AFFILIATED CORPORATION**

**BOR (V-A-12)
June 1, 2002**

Background:

The Kentucky Center for Traditional Music, Inc., (KCTM) operates as a non-profit corporation under Kentucky law for the purpose of assisting Morehead State University's efforts to promote and preserve traditional music in its many forms. KCTM has yet to seek federal tax exempt status.

KCTM was incorporated in May 2000 and a 13-member Board of Directors was appointed at the organizational meeting in June 2000. Dr. Eaglin was elected board chair. The board was expanded to 17 members in June 2001. The articles of incorporation and bylaws are attached. The stated purpose of the corporation is "to do and perform all things necessary for the promotion, preservation and appreciation of traditional music." The primary responsibility of KCTM, Inc., is to serve as an applicant and recipient of grants and gifts for which the University would not be eligible as a public institution, much like the Kentucky Folk Art Center, Inc., does in support of that cultural outreach and educational service of the University.

KCTM board members represent all aspects of the music business, education and the general public and serve as goodwill ambassadors for the University's efforts in traditional music. The KCTM, Inc., has been successful in attracting gifts and grants to assist in the operation of its programs and the University also provides funding support of personnel costs associated with KCTM.

KRS 164A.610 provides that an institution of postsecondary education may organize and operate affiliated corporations to assist in carrying out the institution's programs, mission or other functions. An affiliated corporation is defined in KRS 164A.550 as:

A corporate entity which is not a public agency and which is organized pursuant to the provisions of KRS Chapter 273 over which an institution exercises effective control, by means of appointments to its board of directors and which could not exist or effectively operate in the absence of substantial assistance from an institution.

It is our opinion and that of legal counsel that the KCTM, Inc., could not effectively operate in the absence of substantial assistance from Morehead State University. In order to recognize the KCTM, Inc. as an affiliated organization, the Board of Regents must elect to follow the provisions of KRS 164A.610 and file a Kentucky Administrative Regulation to document that election.

Recommendation:

That the Board approve the following Statement of Intent, and after presentation to and approval by the KCTM, Inc. Board of Directors, authorize the University staff to prepare and file with the Legislative Research Commission, a Kentucky Administrative Regulation documenting the affiliated corporation election.

STATEMENT OF INTENT

That the Morehead State University Board of Regents desires to recognize the Kentucky Center for Traditional Music (KCTM), Inc., as organized pursuant to KRS Chapter 273, as an affiliated corporation of the University in accordance with the provisions of KRS 164A.610.

That the KCTM, Inc., Board of Directors review, and if necessary, amend its bylaws and advise the University of its desire to affiliate with the University in accordance with KRS Chapter 164A.

That upon a favorable response from the KCTM, Inc. Board of Directors to affiliate with the University, the Morehead State University Board of Regents shall confirm the appointment of existing KCTM, Inc. Board members for the duration of their appointed terms.

That upon the expiration of the appointment terms of current KCTM, Inc. Board of Directors, or to fill a vacancy on the Board, the Morehead State University Board of Regents shall appoint new KCTM, Inc., Board members from recommendations made by the KCTM, Inc., Board of Directors.

That KCTM, Inc. shall adhere to the principles of accounting and purchasing used by the University and shall provide an accounting, at least quarterly, of all income and expenditures as required by KRS Chapter 164A.

The Morehead State University Board of Regents looks forward to a long and supportive relationship with the KCTM, Inc., Board of Directors in support of the respective missions of the University and Kentucky Center for Traditional Music.

0493827.09

John Y. Brown III
Secretary of State

**ARTICLES OF INCORPORATION
OF
KENTUCKY CENTER FOR TRADITIONAL MUSIC, INC.**

Received and Filed
05/01/2000 11:55 AM

Fee Receipt \$8.00

ARTICLE ONE

The name of the corporation shall be the Kentucky Center for Traditional Music, Inc. - NAOI

ARTICLE TWO

The period of duration of the corporation shall be perpetual.

ARTICLE THREE

The purpose of the corporation shall be to do and perform all things necessary for the promotion, preservation and appreciation of traditional music.

ARTICLE FOUR

The corporation shall be a nonprofit corporation under the provisions of Chapter 273 of the Kentucky Revised Statutes, with no capital stock and with no part of the income or profit of the corporation being distributable to its members, directors or officers.

ARTICLE FIVE

The initial registered office of the corporation shall be Morehead State University, Morehead, Kentucky 40351, and the initial registered agent for process at such office shall be C. Gerald Martin.

ARTICLE SIX

The mailing address of the corporation shall be Morehead State University, Morehead, Kentucky 40351.

ARTICLE SEVEN

The names and addresses of the incorporators of the corporation are:

<u>INCORPORATOR</u>	<u>ADDRESS</u>
Garry Barker	Morehead State University, Morehead, KY 40351
Ronald G. Eaglin	Morehead State University, Morehead, KY 40351
Jami Hornbuckle	Morehead State University, Morehead, KY 40351
Keith R. Kappes	Morehead State University, Morehead, KY 40351

ARTICLE EIGHT

There shall be seven (7) members of the initial Board of Directors of the corporation, and their names and addresses are:

<u>DIRECTOR</u>	<u>ADDRESS</u>
Bradley Collins	Morehead City Hall, Morehead, KY 40351
Ronald G. Eaglin	Morehead State University, Morehead, KY 40351
Georgia Grigsby	Kentucky Folk Art Center, Morehead, KY 40351
Juanita Faye King	Stanton Elementary School, Stanton, KY 40380
Sandy Knipp	Morehead State University, Morehead, KY 40351
Donald G. Rigsby	HC 75, Box 2045, Isonville, KY 41149
Sheree Winkler	Morehead Tourism Commission, Morehead, KY 40351

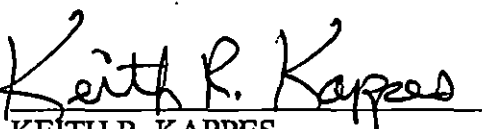
ARTICLE NINE

A director of the corporation shall not be personally liable to the corporation for monetary damages as a result of a breach of his duties as a director, except when said breach involves: (a) a transaction in which the director's personal financial interest is in conflict with the financial interests of the corporation; (b) acts or omissions not in good faith or which involve intentional misconduct or are known to the director to be a violation of law; or, (c) any transaction from which the director derived an improper personal benefit.

INCORPORATORS:


RONALD G. EAGLIN


GARRY BARKER



KEITH R. KAPPES


JAMI HORNBUCKLE

REGISTERED AGENT:


C. GERALD MARTIN

THESE ARTICLES PREPARED BY:


C. GERALD MARTIN
GENERAL COUNSEL
MOREHEAD STATE UNIVERSITY
MOREHEAD, KENTUCKY 40351
(606) 783-5473

Bylaws of Kentucky Center for Traditional Music, Inc.

Article I

Members

Section 1. The Corporation shall have two (2) classes of members, Director members and Contributing members. Director members shall be those individuals who compose the Board of Directors of the Kentucky Center for Traditional Music, Inc. Director members shall have the right to vote. Contributing members shall consist of (1) those volunteers who have given the Corporation services of such nature and extent as may be defined by resolution of the Board of Directors, which resolution may also provide for maintaining and updating a list of such other volunteers, and (2) any individual who, on an annual basis, has contributed at least \$100 or other such other amount as may be approved by resolution of the Board. Contributing members shall have no voting rights. The Corporation may have additional classes of members, as may be determined by the Board of Directors.

Article II

Board of Directors

Section 1. Appointment, Quorum, and other matters: There shall be not more than 20 members of the Board of Directors. Directors shall serve for a term of 3 years from the date of their election unless elected to fill an unexpired term. The Board of Directors shall elect directors. A vacancy on the Board of Directors shall be filled by the remaining directors. One half of the Directors serving at the time of any meeting of the Board shall constitute a quorum. A majority of all votes cast at a meeting at which a quorum is present is sufficient to approve any matter which properly comes before the meeting. Less than a quorum may adjourn the meeting to a fixed time and place with notice as provided in Section 2. The Board of Directors may by resolution establish: (a) standards for participation by a director in the work of the Board of Directors, (b) procedures to encourage or secure the observance of such standards by directors, and (c) one or more special groups, which may include former directors, and which may be named as Honorary Directors, who shall receive notice of Board meetings and shall be entitled to voice but not vote at such meetings. In the election of Directors, the Board of Directors shall give every consideration to the inclusion of those who love and appreciate traditional music in its many forms. Any director may be removed by majority vote of all the directors serving at the time of the vote.

Section 2. Meetings and Notices: The annual meeting of the Board of Directors shall be held on Monday of the last full week of June, or on such other date as the Board may provide by resolution and other meetings shall be held at times fixed by resolution of the Board or upon the call of the Chair or the Secretary or upon the call of a majority of the members of the Board.

Notice of any meeting not held at a time fixed by bylaws or resolution of the Board shall be given to each Director at his/her residence or business address by mailing the same at least 72 hours before the meeting, or by delivery at least 24 hours before the meeting, or by telephone (including leaving a message or by fax) at least 24 hours before the meeting. Any such notice shall contain the time and place of the meeting, but need not contain the purpose of any meeting except as provided in Article VII Section 5. Meetings may be held without notice if all the Directors are present or those not present waive notice before or after the meeting.

Article III

Committees

Section 1. Executive Committee: The Executive Committee shall consist of the officers of the Corporation, and such Committee chairpersons or Directors as the Board of Directors may determine. All members of the Executive Committee shall serve for one-year terms; provided, however, that members may serve for more than one term, if so elected. The Executive Committee, when the Board of Directors is not in session, may exercise all of the powers of the Directors, except to approve an amendment to the Articles of Incorporation, or a plan of merger or consolidation, or appoint or terminate a staff member, or amend the Bylaws, and may authorize the seal of the Corporation to be affixed as required. A majority of all of the members of the Executive Committee shall constitute a quorum for the transaction of business and any action taken by a majority of the members present at a meeting at which a quorum is present shall be action of the Executive Committee. The Executive Committee may make rules for the holding and conduct of its meetings, the notice thereof required, and the keeping of its records.

Section 2. Committees Generally: Committees may be established by the Board of Directors, the Executive Committee, or the Chair. Except as otherwise provided in Section 1 of this Article, actions establishing a committee may provide for its size, duration, purposes, procedures, functions, name, membership, governance, filling of vacancies, and notice and quorum. Nothing in this section shall prevent the Executive Committee or the Chair from setting up working groups within the scope of their authority.

Article IV

Officers

Section 1. Election, Removal, and Duties: The Board of Directors annually shall elect a Chair, a Vice Chair, and a Secretary-Treasurer, and may elect or appoint such other officers as it may deem proper. Each officer shall be chosen from among the Board of Directors of the Corporation.

The same person may not be both Chair and Secretary-Treasurer. All officers shall serve for term of one year, and until their respective successors are elected, but any officer may be summarily removed, with or without cause, at any time by the vote of two-thirds of all the Directors. Vacancies among the officers shall be filled by the Directors. The officers of the Corporation shall have such duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be delegated to them by the Board of Directors.

Article V

Seal

Section 1. Seal: The seal of the Corporation shall be a flatfaced circular die with the word "Seal" and the name of the Corporation engraved thereon.

Article VI

Checks, Notes, and Drafts

Section 1. Signatures: Checks, notes, drafts, and other orders for the payment of money shall be signed by such persons as the Board of Directors from time to time may authorize. The Secretary-Treasurer shall keep a current record of such authorization.

Article VII

Miscellaneous

Section 1. The Board of Directors may accept on behalf of the Corporation any contributions, gift, bequest or devise for the general purposes of or for any special purposes of the Corporation. Any gift which will impose upon the Corporation a special trust not contemplated by the purposes of the Corporation shall be accepted by the Corporation only after approval by the Board of Directors.

Section 2. Correct and complete books and records of the proceedings of the Board and Executive Committee and the Corporation's financial accounts will be kept and maintained at the principal office of the corporation and will be subject to the inspection of any Member of the Corporation at any reasonable time.

Section 3. The fiscal year of the Corporation shall be from July 1 until June 30.

Section 4. Unless otherwise required by statute, every director, officer and other volunteer of the Corporation shall be indemnified by the Corporation against costs incurred by reason of his or her civil liability arising from his or her participation in the activities of the Corporation and its related and subsidiary activities, including all reasonable expenses of the defense against or the

settlement of claims of such liability, except to the extent that any policy of insurance of the Corporation or of such volunteer shall provide payment for such costs, and except to the extent that a final judgment may be entered against such volunteer based upon a judicial determination that such volunteer intentionally and wrongfully inflicted the damages for which such volunteer is held liable. The reasonable expenses of the defense of a volunteer against a claim of civil liability may be advanced by the Corporation. In addition, the Corporation (a) may indemnify volunteers against the costs of legal defense against criminal charges arising from the volunteer's participation in the activities of the Corporation and its related and subsidiary activities, but only to the extent not paid under any policy of insurance and only upon a dismissal of such charges without a finding of the volunteer's criminal responsibility therefore, and (b) may indemnify volunteers against legal expenses in investigatory or administrative proceedings arising from the volunteer's participation in the activities of the Corporation and its related and subsidiary activities, but only to the extent not paid under any policy of insurance.

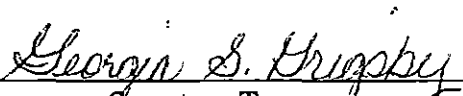
Section 5. Amendments: These bylaws may be altered, amended, or repealed by a majority vote of all the Directors currently in office at any meeting for which due notice has been given as to the time and purpose thereof.

Section 6. Exemption from Taxes. No part of the net earnings of the Corporation shall inure to the benefit of or be distributable to its members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of tax-exempt purposes under Section 501(c)(3) of the Internal Revenue Code. The Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income taxation under the Internal Revenue Code, as amended, and by a corporation, contributions to which are deductible under the Internal Revenue Code, as amended.

Adopted June 19, 2001.


Chair, Board of Directors

ATTEST:


Secretary-Treasurer

**APPROVE ENDOWMENT MATCH
PROGRAM SUBMISSION**

**BOR (V-A-13)
June 1, 2002**

Background:

The 1997 Higher Education Improvement Act created the Regional University Excellence Trust Fund for the purpose of providing state matching funds in response to private support of endowed chairs and professorships, graduate fellowships, and other academic purposes including scholarship.

In order to comply with guidelines outlined by the Council on Postsecondary Education, governing boards must approve each submission for matching dollars. A copy of the proposed next submission for matching funds is included for review and approval.

Recommendation:

That the Board of Regents approve the submission of new gifts eligible to be matched in the Regional University Excellence Trust Fund program.



BOARD OF REGENTS

201 HOWELL-MCDOWELL AD. BLDG.
MOREHEAD, KENTUCKY 40351-1689
TELEPHONE: 606-783-2022
FAX: 606-783-2216

June 1, 2002

Dr. Sue Moore, Interim President - Designate
Council on Postsecondary Education
1024 Capital Center Drive, Suite 320
Frankfort, KY 40601-8204

Dear Dr. Moore:

As chair of the Morehead State University Board of Regents, I certify that the enclosed submission was reviewed by the Board in our meeting held June 1, 2002. On behalf of the Board, I am pleased to approve this submission for matching funds from the Regional University Excellence Trust Fund in the amount of \$881,125.

Thank you for your leadership in the "Bucks for Brains" program.

Sincerely,

Buckner Hinkle, Chair
MSU Board of Regents

BOR (V-B-1)

FINAL REPORT ON SPRING ENROLLMENT, 2002 June 1, 2002

HEAD-COUNT ENROLLMENT

	Spring	% Increase/Decrease
1998	7,787	0.5
1999	7,679	-1.4
2000	7,559	-1.6
2001	7,845	3.8
2002	8,700	10.9

FULL-TIME EQUIVALENCY

	Spring	% Increase/Decrease
1998	5,901	-0.5
1999	5,791	-1.9
2000	5,705	-1.5
2001	5,920	3.8
2002	6,497	9.7

CREDIT-HOUR PRODUCTION

	Spring	% Increase/Decrease
1998	91,597	-0.6
1999	89,895	-1.9
2000	88,616	-1.4
2001	91,725	3.5
2002	100,613	9.7

REPORT OF GIFT INCOME**BOR (V-B-3)**
June 1, 2002**Gift Income Year-to-Date**

<u>01/02 Goal</u>	<u>01/02 Gifts</u>
\$1,746,424.00	\$1,478,791.06

Gift Income Comparision
July - March '99, '00, '01

Fund/Type	July 1999 – March 2000	July 2000 – March 2001	July 2001 - March 2002
Unrestricted	\$ 71,622.50	\$ 75,458.79	\$ 69,907.56
Colleges, Departments, and Other Units	\$ 173,101.67	\$ 198,831. 51	\$ 267,547.86
Eagle Athletic Fund	\$ 133,904.17	\$ 111,048.19	\$ 113,544.78
Scholarships (unendowed)	\$ 95,702.50	\$ 123,268.91	\$ 128,130.34
Endowments	\$ 1,306,733.33	\$ 728,608.37	\$ 575,478.37
Gifts-in-kind	\$ 280,205.83	\$ 194,829.44	\$ 324,182.15
Total Gifts	\$ 2,061,270.00	\$ 1,432,045.21	\$ 1,478,791.06

WMKY RADIO EVOLVING TO MOREHEAD STATE PUBLIC RADIO

**BOR (V-B-4)
June 1, 2002**

Effective July 1 – soon after its 37th anniversary as East Kentucky's first public radio station – WMKY Radio will become the flagship station of Morehead State University's new public radio network.

To be identified as Morehead State Public Radio, the hookup will include FM transmitters in Rowan, Owsley and Martin counties and will originate its programming from a new digital broadcast center at Breckinridge Hall, newly renovated and expanded home of MSU's Department of Communication and Theatre.

Station breaks at the top of each hour will identify the network members as WMKY, Morehead, 90.3 FM; WOCS Radio, Lerosé-Booneville, 88.3 FM; and translator W202BH, Inez, 88.3 FM.

"Adopting a network structure is the next logical step in our plan to provide all of East Kentucky with quality public radio programming," said Keith Kappes, MSU's vice president for university relations, in announcing the network. "With transmitters in three widely scattered areas of our service region, we truly are a public radio network and we should identify ourselves accordingly."

"It is especially fitting to make this change as we begin broadcasting from the new Breck facilities," Kappes added. "We also hope to resume full-time Webcasting about the same time."

"Operating from an academic building underscores our ongoing commitment to provide the best learning environment for the student staff members who make public radio such an important part of the University," said Dan Conti, MSPR general manager. He noted that nearly 50 students are involved with public radio each semester.

WMKY signed on the air June 15, 1965, as a 10-watt station operating from the Combs Building on the MSU campus. The station later became a charter member of National Public Radio (NPR).

Other full-time staff members of Morehead State Public Radio are James Hall, chief engineer; Paul Hitchcock, program director; Charles Compton, news director; Chuck Mraz, sports director and assistant news director; Greg Jenkins, operations director; Debbie Cline, broadcast operations specialist; and Allison Modaff, marketing assistant.

AGENDA
Board of Regents
Morehead State University
9 a.m., Saturday, June 1, 2002
Riggle Room, ADUC
Morehead, Kentucky

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVE MARCH 16, 2002, MINUTES
- IV. ADOPT RESOLUTIONS HONORING LYNNE FITZGERALD
AND BRIAN MARTIN
- V. PRESIDENT'S RECOMMENDATIONS AND REPORTS
 - A. Recommendations
 - 1. Approve Promotions, 2002 21
 - 2. Approve Emeritus Status, 2002 22
 - 3. Ratify 2002 Spring Graduates 23
 - 4. Approve Tenure, 2002 24
 - 5. Ratify Personnel Actions 25-46
 - 6. Accept Third Quarter Financial Report and
Amend Operating Budget 47-58
 - 7. Approve Reappointment of Auditing Firm 59
 - 8. Approve Minimum Scope of the Annual Audit 60-64
 - 9. Approve 2002-2003 Operating Budget and Fee Schedule 65-72
 - 10. Approve Disposal of Real Property 73-75
 - 11. Update and Amend Campus Master Plan 76-90
 - 12. Recognize Kentucky Center for Traditional Music, Inc.
as an Affiliated Corporation 91-99
 - 13. Approve Endowment Match Program Submission 100-101
 - B. Reports
 - 1. Final Report on Spring Enrollment, 2002 102
 - 2. Sabbatical Leave Reports (Pritchard & Caric to make
oral presentations)
 - 3. Report of Gift Income 103
 - 4. WMKY Radio Evolving to Morehead State Public Radio 104
- VI. OTHER BUSINESS
 - A. Next Meeting
 - Work Session -- Saturday, September 7
 - BOR Meeting -- Saturday, September 21
 - B. Other
 - President's Contract
- VII. ADJOURNMENT