

# AGENDA BOOK Board of Regents



CAMDEN-CARROLL LIBRARY  
MOREHEAD, KY 40351

## **MEETING SCHEDULE**

**Friday, December 12, 2003**

<b>11:30 a.m. – 1:30 p.m.</b>	<b>Reception for Faculty/Staff</b>	<b>Crager Room ADUC</b>
<b>2 p.m.</b>	<b>Board of Regents Meeting</b>	<b>Riggle Room ADUC</b>
<b>6:30 p.m.</b>	<b>Reception/Dinner in Honor of Congressman Harold "Hal" Rogers</b>	<b>Heritage Room ADUC</b>

### **Members, Morehead State University Board of Regents**

**Buckner Hinkle Jr. (*Chair*)**  
**James H. Booth (*Vice Chair*)**  
**Gene Caudill (*Staff Member*)**  
**Jean Dorton**  
**Virginia G. Fox**  
**Joshua R. Gruenke (*Student Member*)**  
**Sylvia L. Lovely**  
**John C. Merchant**  
**Dr. Charles H. Morgan Jr. (*Faculty Member*)**  
**Helen C. Pennington**  
**Jerry W. Umberger**

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**AGENDA**  
**Board of Regents**  
**Morehead State University**  
**2 p.m., Friday, December 12, 2003**  
**Riggle Room, Adron Doran University Center**

- I.     **CALL TO ORDER**
- II.    **ROLL CALL**
- III.   **APPROVE SEPTEMBER 19, 2003, MINUTES**
- IV.    **APPROVE AWARDING OF HONORARY DOCTOR OF PUBLIC SERVICE DEGREE TO CONGRESSMAN HAROLD ROGERS**
- V.     **ADOPT RESOLUTION HONORING TRAVECE TURNER**
- VI.    **SPOTLIGHT PRESENTATION -- *Department of Psychology***
- VII.   **RECOMMENDATIONS AND REPORTS**

**A.     Recommendations**

- 1.     Approve 2003 Winter Graduates ..... 1
- 2.     Ratify Personnel Actions ..... 2-20
- 3.     Accept 2002-2003 Audit Report and Amend Operating Report 21-26
- 4.     Accept First Quarter Financial Report and Amend Operating Budget ..... 27-37
- 5.     Adopt Resolution Authorizing the Sale of Consolidated Educational Buildings Revenue Bonds, Series M ..... 38-59
- 6.     Approve Disposal of Real Property ..... 60-64
- 7.     Approve 2004-2006 Executive Branch Budget Request ..... 65-68
- 8.     Approve Renaming of Kibbey Theatre ..... 69

**B.     Reports**

- 1.     Fall 2003 Enrollment Report ..... 70
- 2.     Final Report on Residence Hall Fire Safety Projects ..... 71-72
- 3.     Report on Health Insurance for Plan Year 2004 ..... 73-74
- 4.     Year-to-Date Comparison Gift Income Report ..... 75
- 5.     Report of Major Gifts Since October 1, 2003 ..... 76

**VIII. OTHER BUSINESS**

**A. 2004 Meeting Dates**

Work Session      February 13  
BOR Meeting      March 5

Work Session      May 17  
BOR Meeting      June 11

Work Session      August 13  
BOR Meeting      September 3

Work Session      November 5  
BOR Meeting      December 17

**B. Other**

**IX. ADJOURNMENT**

**BOARD OF REGENTS  
MOREHEAD STATE UNIVERSITY  
September 19, 2003**

The Board of Regents of Morehead State University met at 9 a.m. on Friday, September 19, 2003, in 302 Breckinridge Hall. Chair Buckner Hinkle Jr. presided.

**ROLL CALL**

The following members were present: James H. Booth, Gene Caudill, Jean Dorton, Virginia Fox, Joshua Gruenke, Buckner Hinkle Jr., Sylvia Lovely, John Merchant, Charles H. Morgan Jr., Helen Pennington, and Jerry W. Umberger.

Also, Joyce LeMaster, President of the MSU Alumni Association, attended the meeting.

Jon Woodall, Legal Counsel with McBrayer, McGinnis, Leslie & Kirkland, administered the oath of office to Jean Dorton and John Merchant who were appointed by Governor Patton for six-year terms ending June 30, 2009, and to Josh Gruenke, newly elected president of the Student Government Association, who will serve as the student member during the 2003-04 school year.

**PRESS**

Pauline Young, Director of University Communications, introduced Abigail Malik and Dustin Hawkins from *The Trail Blazer*, Kim Hamilton from *The Morehead News*, and Charles Compton, Morehead State Public Radio.

**JUNE 6, 2003,  
MINUTES**

Mr. Booth moved that the minutes of the June 6, 2003, meeting be approved as distributed. Mr. Caudill seconded the motion. The motion passed.

**SPOTLIGHT  
PRESENTATION**

President Eaglin introduced Dr. Gerald DeMoss, Dean of the College of Science and Technology, and Dr. Ben Malphrus, Director of the Space Science Center, who presented the spotlight program on the Space Science Center. Dr. Malphrus provided an update and overview of the program. He noted that the program began in 1998 when the Morehead Radio Telescope was erected from a surplus missile tracking system acquired through grants from the National Science Foundation and NASA. In 2000 the University signed an agreement with NASA to create and operate a large aperture full-motion, satellite tracking station on campus. Dr. Malphrus noted that there are only about a dozen of these satellite tracking systems nationwide.

Long-term objectives of this program are (1) to expand the University's research in radio frequency astrophysics, (2) to add new academic programs, including a joint electrical engineering degree and a degree in satellite telecommunications, and (3) to operate the antenna as a telemetry and tracking system for NASA and other entities, including commercial ventures, primarily for Low Earth Orbiting and Medium Earth Orbiting satellites, ranging from 350 to 20,000 nautical miles

above the earth. The new antenna system will allow MSU faculty and student researchers to investigate galactic and extragalactic phenomena with far greater sensitivity and resolution than is possible with the current instrument.

The benefits of this program to MSU and Kentucky include:

- ❑ World-class research in radio frequency astrophysics and satellite telecommunications becomes available on a public campus at relatively low cost.
- ❑ Space science makes a positive impact on other science, technology and teacher education curricula, including potential degrees in engineering, to bring new students to the University.
- ❑ The University gains the academic prestige of high-tech partnerships with NASA and other organizations, public and corporate.
- ❑ Morehead, Rowan County, East Kentucky, and the entire state realize the untapped potential of space-related economic development, including tourism.
- ❑ Establishment of a high-profile symbol of scientific excellence spurs interest in science and technology careers for the youth of East Kentucky.
- ❑ Learning experiences for teachers and students from K-12 schools across the state are enhanced by the high-tech world of space science.
- ❑ New technology-related jobs are created inside and outside the University.

#### **PRESIDENT'S RECOMMENDATIONS**

##### ***B. S. in Space Science***

##### ***Tenure for Patricia Stevens***

RECOMMENDATION: That the Board approve the B. S. in Space Science.

*(Additional information attached to these minutes and marked VI-A-2)*

MOTION: Ms. Dorton moved that the Board approve the President's recommendation. Ms. Fox seconded the motion.

VOTE: The motion carried.

RECOMMENDATION: That the Board approve the granting of tenure to Dr. Patricia Stevens, Professor of Education.

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

VOTE: The motion carried.

**Personnel Actions**

RECOMMENDATION: That the Board ratify the Personnel Actions for the period May 19, 2003, through August 29, 2003.

*(Personnel Actions and additional background information attached to these minutes and marked VI-A-3)*

Discussion focused on the supplemental pay policy and released/reassigned time. The administration is to report back to the Board at its December meeting.

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

VOTE: The motion carried

**2004-06 Tuition & Mandatory Fees**

RECOMMENDATION: That the Board approve annual increases in tuition and mandatory student fees for each year of the 2004-2006 biennium to be set by the administration at a rate not less than 6 percent and not greater than 9 percent above the approved 2003-2004 tuition and mandatory student fee schedule.

*(Proposed 2004-05 Tuition and Mandatory Student Fees Schedule and additional background information attached to these minutes and marked VI-A-4)*

Beth Patrick, Vice President for Planning and Technology, said that based on economic forecasts and projected state revenue shortfalls, additional reductions in state appropriations are expected in the current year. As a result, preliminary budget planning indicates that it will be necessary to increase tuition and mandatory fees from 6 to 9 percent each year of the 2004-2006 biennium. For 2004-2005, the recommended range would result in an increase in tuition and mandatory student fees for a full-time undergraduate, in-state student of \$101 to \$151 each semester, or \$202 to \$302 each year.

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

VOTE: The motion carried with Mr. Gruenke voting nay.

**Naming of Battson-Oates Drive**

RECOMMENDATION: That the Board of Regents approve the merging and renaming of Battson Avenue, Ward Oates Drive and part of University Boulevard as Battson-Oates Drive and that the Board of Regents also approve the renaming of Martindale Drive as Eagle Loop.

*(Additional background information attached to these minutes and marked VI-A-5)*

Keith Kappes, Vice President for University Relations, requested that the recommendation be amended to read:

**That the Board of Regents approve the merging and renaming of Battson Avenue, Wards Oates Drive and part of University Boulevard as Battson-Oates Drive.**

MOTION: Ms. Dorton moved that the Board approve the recommendation as amended. Dr. Morgan seconded the motion.

VOTE: The motion carried.

#### **EXECUTIVE SESSION**

Chairman Hinkle opened the floor for a motion to go into executive session to discuss pending litigation. Mr. Merchant moved that the Board go into executive session. Ms. Fox seconded the motion. The motion carried.

After reconvening in open session, Chairman Hinkle stated that the Board took no action while in closed session.

#### **PRESIDENT'S REPORTS**

##### ***Preliminary Report on 2003 Fall Enrollment***

Michael Moore, Provost, presented a preliminary report on 2003 fall enrollment. Currently, 9,213 students have registered and paid compared to 9,063 this same time last year. Dr. Moore noted that enrollment at the extended campuses was up with the exception of Prestonsburg, which was down about 32 students. At the new extended campus in Mt. Sterling, 370 students are enrolled compared to 170 last year.

##### ***Gift Income Report***

Barbara Ender, Vice President for Development, reported on private giving to the University. Total private gift income is up 10.3 percent for the 2002-2003 year. She noted that it was significant that faculty, staff, and retiree gifts totaled 5 percent of total private gifts. (*Gift Income Report attached to these minutes and marked VI-B-9.*)

Ms. Ender also reported that the Foundation's investments were looking very positive and that they had recovered 70 percent of an unrealized loss at the end of the third quarter of last year.

Ms. Ender invited Board members to two upcoming events:

- ☐ Donor/alumni reception, which will be held at the Banker's Club in Cincinnati on October 9
- ☐ MSU's Homecoming on October 17-18

***Upcoming  
Activities and  
Events***

Dr. Eaglin reported on the following activities and events:

- ☐ Fundraiser for Lady Eagles Basketball Team. Dr. Eaglin encouraged Board members to donate to the women's basketball program as a part of Mrs. Eaglin's efforts, *Bonnie's Buckets for Bucks*, to raise funds for the Lady Eagles Basketball program.
- ☐ Family Weekend on September 26-28
- ☐ CPE Governor's Trusteeship Conference on September 21-22
- ☐ BOR Work Session on November 14
- ☐ BOR Meeting on December 12
- ☐ Winter Commencement at 10:30 a.m. on December 13

**ADJOURNMENT**

There being no further business to conduct, Ms. Dorton moved that the meeting adjourn at 12:30 p.m. Ms. Pennington seconded the motion. The motion carried.

Respectfully submitted,



Carol Johnson, Secretary  
Board of Regents

## **HONORARY DOCTORAL DEGREE**

**BOR (IV)**  
**December 12, 2003**

### **Recommendation:**

That the Board of Regents approve the awarding of the honorary degree of DOCTOR OF PUBLIC SERVICE to U. S. Rep. Harold D. (Hal) Rogers at the Winter Commencement ceremony on December 13, 2003.

### **Background:**

Since 1988 the Board of Regents has awarded honorary doctoral degrees to outstanding individuals to recognize personal achievement and/or exemplary public service. The ad hoc Honorary Degree Advisory Committee screens nominations for such recognition and makes appropriate recommendations to the President and Board of Regents. The committee is composed of active and retired faculty and staff members and a representative of the MSU Alumni Association, Inc.

U. S. Rep. Harold D. (Hal) Rogers of Somerset was nominated for an honorary doctoral degree in conjunction with Winter Commencement. The Honorary Degree Advisory Committee reviewed the qualifications of Congressman Rogers and unanimously recommended that he receive the honorary degree of DOCTOR OF PUBLIC SERVICE at the Winter Commencement ceremony on December 13, 2003.

First elected to Congress in 1980, Rep. Rogers currently is serving his 12<sup>th</sup> term representing Kentucky's Fifth Congressional District, including Rowan County. In his 23<sup>rd</sup> year on Capitol Hill and a member of the House Appropriations Committee since his second term, Congressman Rogers has a reputation as a skillful insider with significant influence over federal budget policy. In January of 2003, his colleagues selected him to be the first chairman of the Subcommittee on Homeland Security, which is responsible for funding and oversight of the Department of Homeland Security, the third-largest federal cabinet agency behind the Departments of Defense and Veterans Affairs and home to more than 180,000 employees.

Rep. Rogers also is a member of the Select Committee on Homeland Security, which has legislative jurisdiction over the Homeland Security Act that established the federal department. He also serves as a senior member of the Subcommittee on Commerce, Justice, State and the Judiciary, which oversees funding for federal law enforcement, activities of the U.S. Commerce Department, U.S. diplomatic missions abroad, and other programs.

A former Commonwealth's Attorney, Congressman Rogers is a native of Wayne County. He holds bachelor's and law degrees from the University of Kentucky.

Prepared by: Keith Kappes

**RESOLUTION HONORING  
TRAVECE TURNER**

**BOR V  
December 12, 2003**

**WHEREAS**, Travece Turner , a former standout player on the University's women's basketball team, is the first MSU student-athlete to be selected as a state winner in the 12-year history of the highly-coveted NCAA Woman of the Year Award;

**WHEREAS**, Ms. Turner played three years for the Lady Eagles before graduating last May and currently is pursuing her master's degree in sports administration at the University while serving as the women's basketball administrative assistant;

**WHEREAS**, the NCAA award recognizes "outstanding female student-athletes, who have excelled in academics, athletics and community leadership, and have completed their collegiate athletics eligibility" and Ms. Turner was chosen from among 340 student-athletes;

**WHEREAS**, Ms. Turner earned First-Team All-Ohio Valley Conference honors last year, after being named to the Second Team in 2001-02 and honorable mention in 2000-01 and completed her career at MSU ranking among the all-time school leaders in points, assists, steals and three-pointers while earning three varsity letters;

**WHEREAS**, Ms. Turner earned her bachelor's degree in advertising/public relations with a 3.71 GPA, was honored as 2002-03 Outstanding Student in the Department of Communication and Theatre, and was named to the OVC Commissioner's Honor Roll all three years;

**WHEREAS**, Ms. Turner is the daughter of Ken and Jennifer Turner, both of whom are graduates of the University, and has been involved in community service and leadership activities throughout her three years at MSU;

**THEREFORE**, be it resolved by the Board of Regents of Morehead State University that Ms. Travece Turner be and hereby is commended for her exemplary achievements as a student-athlete and a citizen while at the University. Be it further resolved that the University expresses its sincere appreciation of her academic, athletic and personal standards.

Done this twelfth day of December 2003.

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Buckner Hinkle Jr., Chair

**ATTEST:**

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Carol Johnson, Secretary

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Ronald G. Eaglin, President

Prepared by: Keith Kappes

## **2003 WINTER GRADUATES**

**BOR (VII-A-1)  
December 12, 2003**

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### **Recommendation:**

That the awarding of degrees to all candidates who successfully complete all degree requirements as approved by the faculty of the University at the 2003 Winter Commencement on December 13, 2003, be approved.

### **Background:**

Four hundred fifty-nine (459) students have applied for graduation at the December 13, 2003, Winter Commencement. This includes 21 associate degrees, 345 bachelor degrees, 92 master degrees and 1 specialist degree.

Prepared by: Mike Moore

## **RATIFY PERSONNEL ACTIONS**

**BOR (VII-A-2)  
December 12, 2003**

### **Recommendation:**

That the Board ratify the Personnel Actions for the period September 1, 2003, through November 14, 2003.

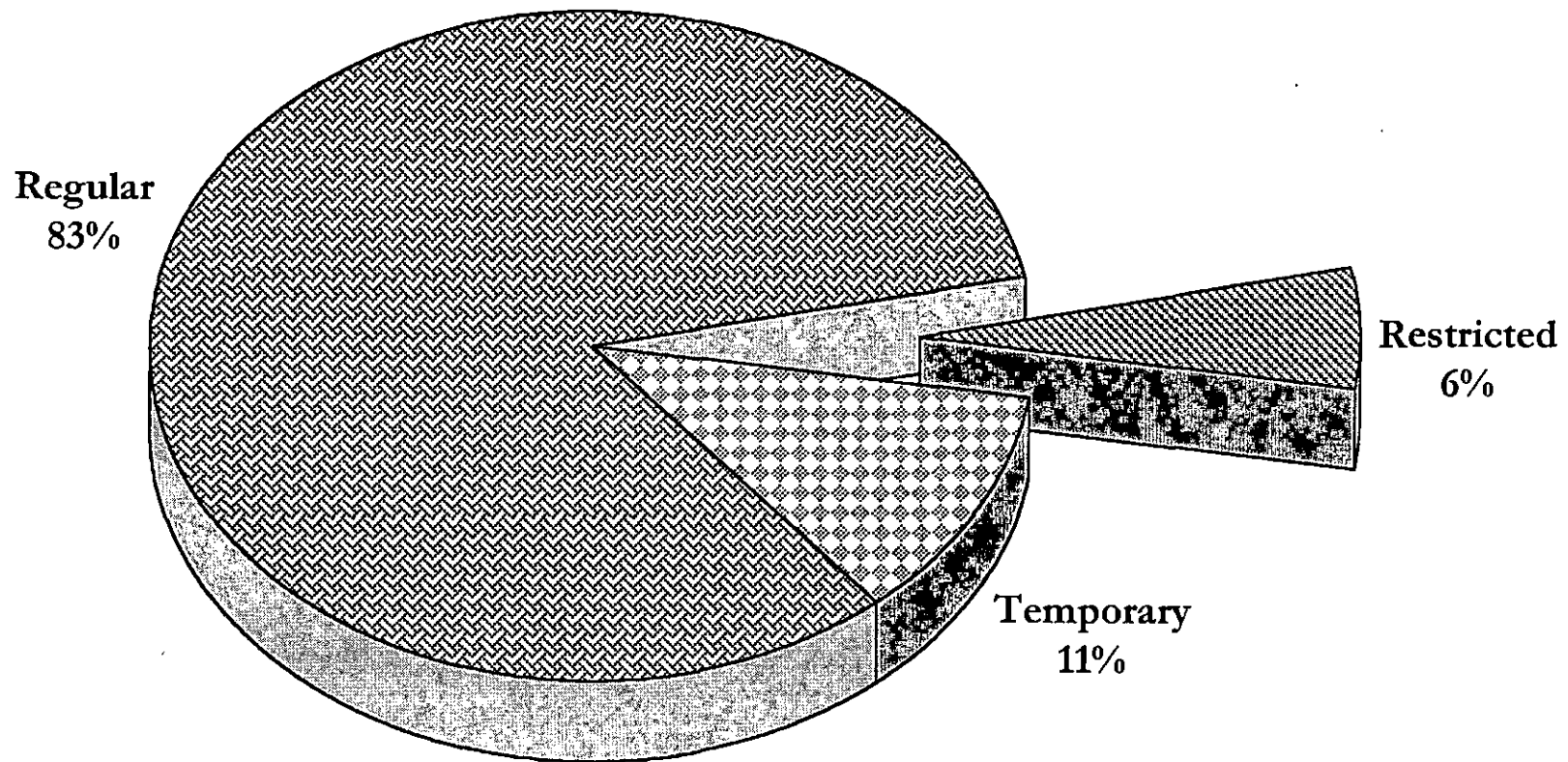
### **Background:**

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

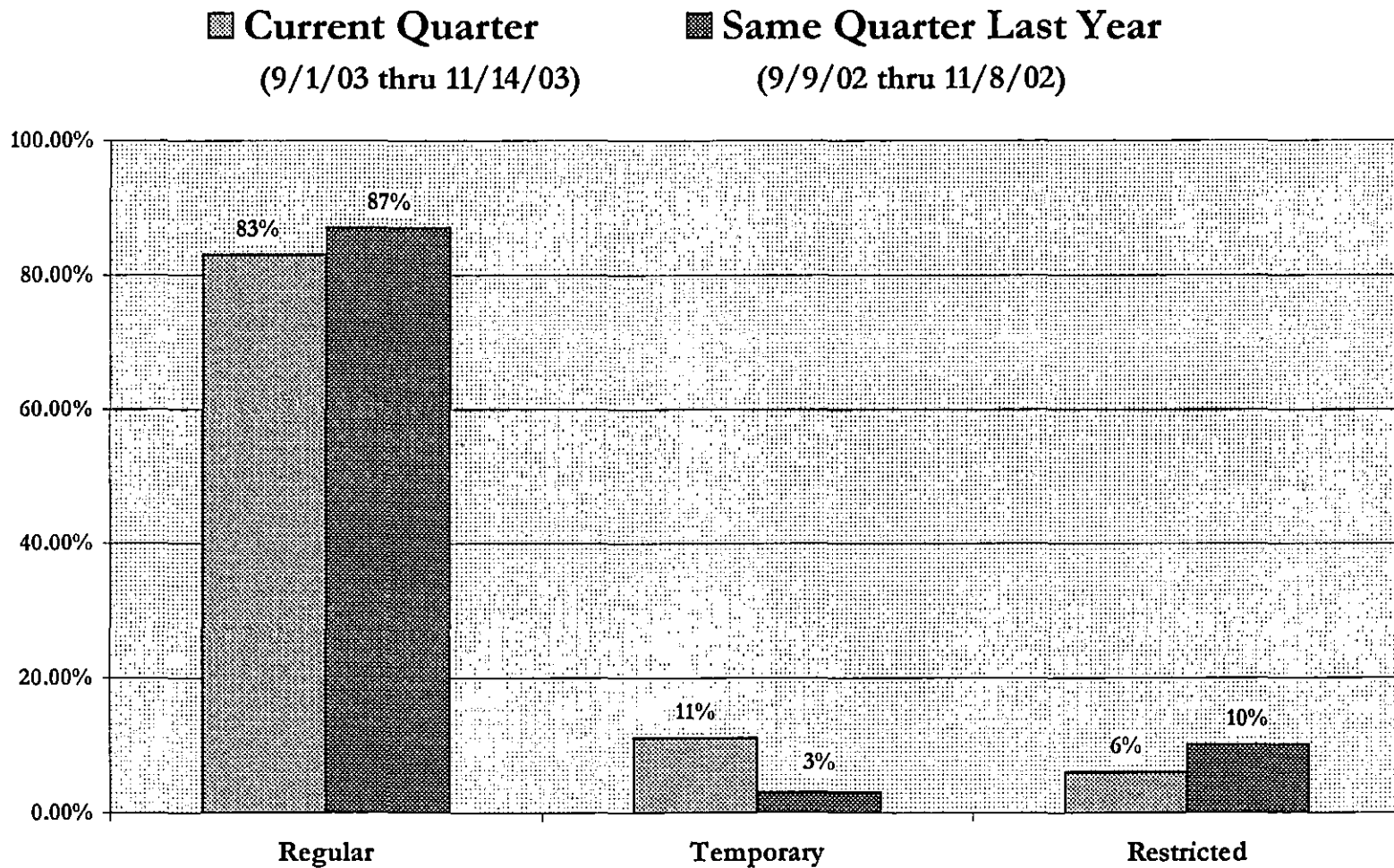
# PERSONNEL ACTION REQUEST

9/1/03 thru 11/14/03



Total Number of PARs = 35

## COMPARISON CHART FOR PERSONNEL ACTION REQUEST

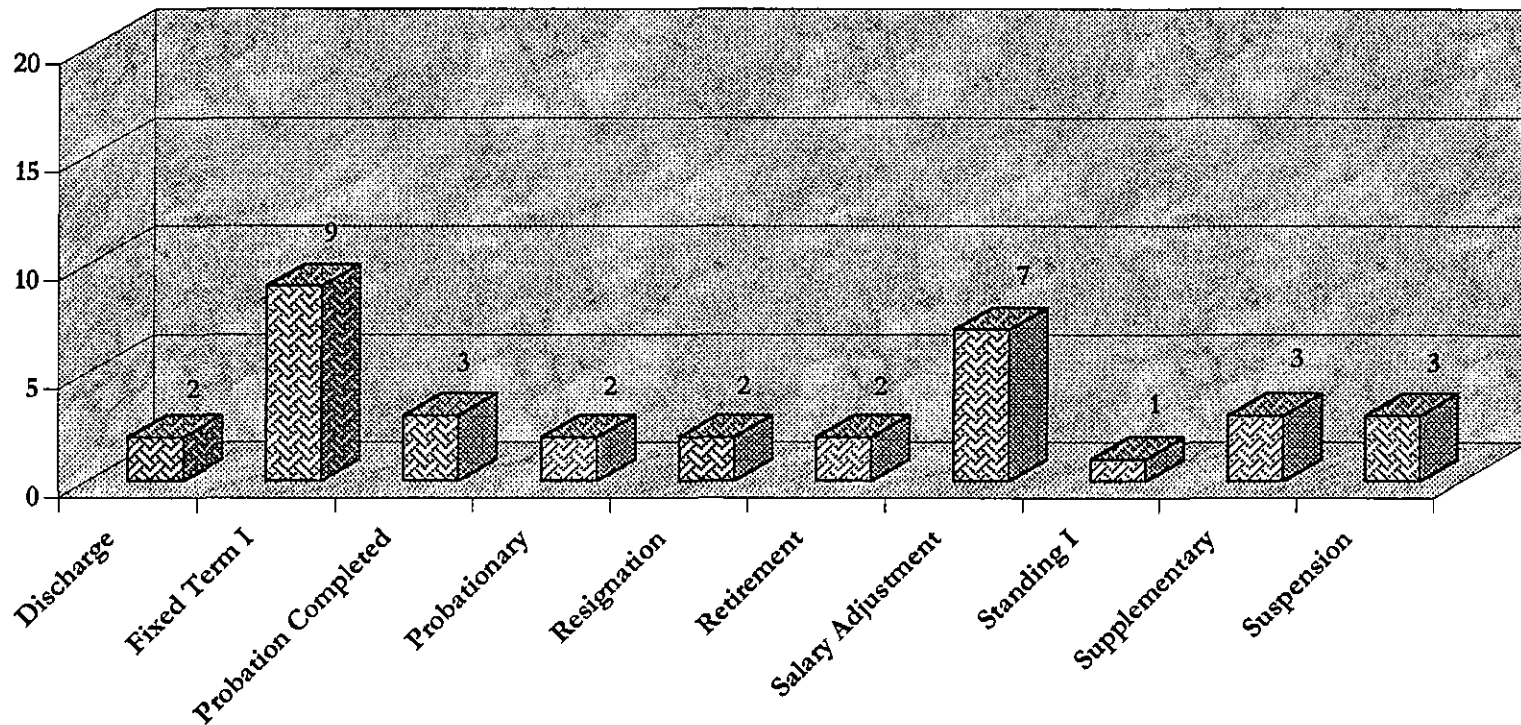


### Total Number of PARs

Current Quarter = 35

Same Quarter Last Year = 36

**PERSONNEL ACTIONS FOR COVERED ROSTER APPOINTMENTS**  
**9/1/03 thru 11/14/03**



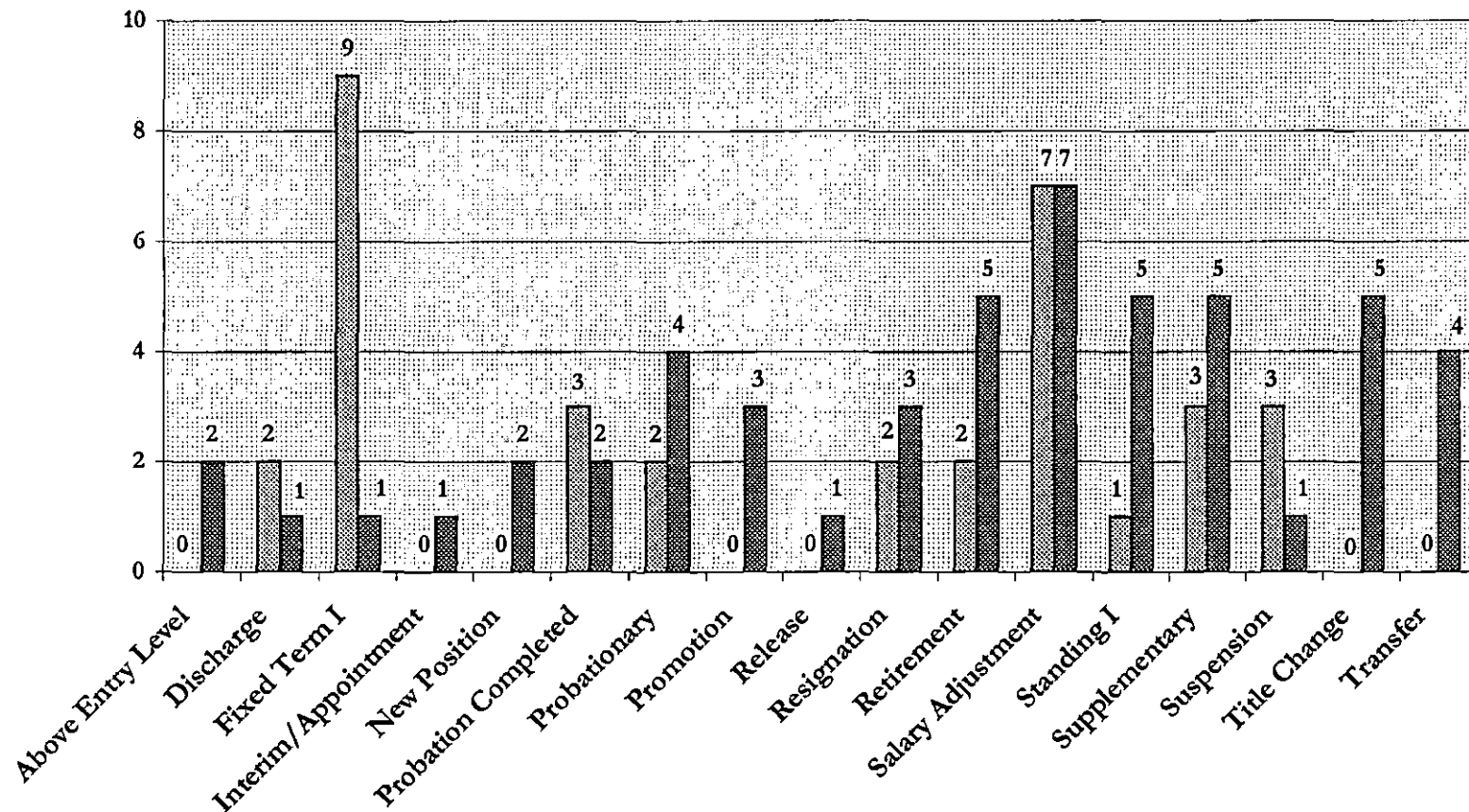
**Total Number of PARs = 29**

**Total Number of Actions = 34**

## COMPARISON CHART FOR COVERED ROSTER APPOINTMENTS

**Current Quarter**  
(9/1/03 thru 11/14/03)

**Same Quarter Last Year**  
(9/9/02 thru 11/8/02)



### Total Number of PARs

Current Quarter = 29

Same Quarter Last Year = 31

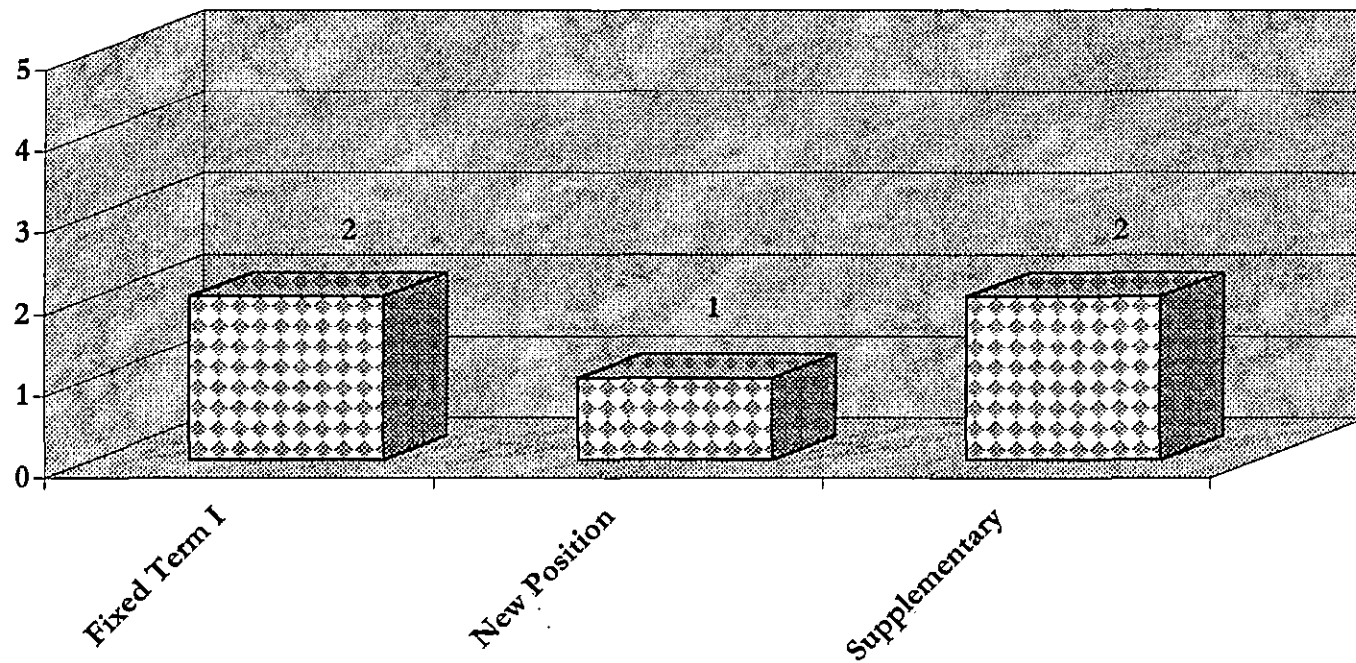
### Total Number of Actions

Current Quarter = 34

Same Quarter Last Year = 52

# PERSONNEL ACTIONS FOR NON-ROSTERED TEMPORARY APPOINTMENTS

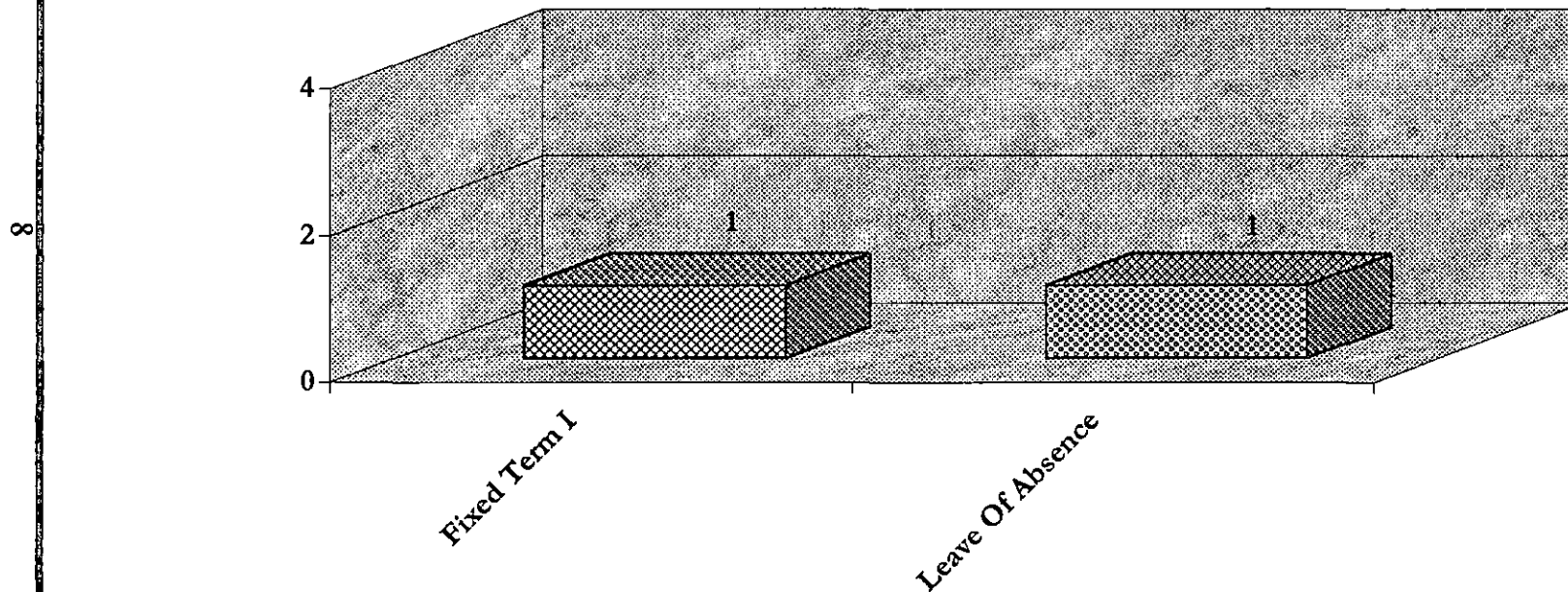
9/1/03 thru 11/14/03



Total Number of PARs = 4

Total Number of Actions = 5

# PERSONNEL ACTIONS FOR RESTRICTED APPOINTMENTS 9/1/03 thru 11/14/03



Total Number of PARs = 2

Total Number of Actions = 2

**MOREHEAD STATE UNIVERSITY**  
**STANDING I AND STANDING II POSITIONS SUMMARY**  
11/14/03

<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	6.00	6.00	0.00	6.00	100.00
DIVISION OF UNIVERSITY RELATIONS	32.50	33.50	1.00	32.50	97.01
DIVISION OF DEVELOPMENT	14.00	14.00	0.00	14.00	100.00
DIVISION OF PLANNING AND TECHNOLOGY	44.00	44.00	0.00	41.00	93.18
DIVISION OF ADMINISTRATION AND FISCAL SERVICES	67.00	68.00	1.00	68.00	100.00
PHYSICAL PLANT	155.70	155.70	0.00	148.70	95.50
DIVISION OF STUDENT LIFE	128.80	128.80	0.00	126.80	98.45
DIVISION OF ACADEMIC AFFAIRS	27.50	27.50	0.00	27.50	100.00
CAUDILL COLLEGE OF HUMANITIES	145.61	145.61	0.00	138.61	95.19
COLLEGE OF BUSINESS	54.50	54.50	0.00	50.50	92.66
COLLEGE OF EDUCATION	94.00	96.00	2.00	89.00	92.71
COLLEGE OF SCIENCE AND TECHNOLOGY	152.10	152.10	0.00	136.10	89.48
INSTITUTE FOR REGIONAL ANALYSIS & PUBLIC POLICY	19.00	19.00	0.00	18.00	94.74
GRADUATE AND UNDERGRADUATE PROGRAMS	44.64	46.64	2.00	44.64	95.71
CAMDEN-CARROLL LIBRARY	39.00	39.00	0.00	36.00	92.31
	1024.35	1030.35	6.00	977.35	94.86

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

RESIGNATION

FIXED TERM I

RETIREMENT

LEAVE OF ABSENCE

SALARY ADJUSTMENT

NEW POSITION

STANDING I

PROBATION COMPLETED

SUSPENSION

PROBATIONARY

## 12

**Position Base Salary**

### Salary

### Description

### Fund Source

Roster ID # 002996

10/31/2003

01/05/2004

11/03/2003

# Appointment Status Actions

09/01/2003 - 11/14/2003

Name

Title

Department

Roster ID

Position Base Salary

Salary

Description

Effective Date

Fund Source

COLLINSWORTH, MATT DOUGLAS

Director of Folk Art Center

Folk Art Center

3171

\$51,000.00

\$52,530.00

(\$1,530.00 incr.)

Probation Completed

Salary Adjustment

09/06/2003

Opening Bud-Undist.

COOPER, WAYSON KEITH

Police Officer

Police Department

101

\$10.53/hr.

\$10.53/hr.

Suspension

(With pay pending  
investigation)

09/25/2003

DUNN, GARY W.

Offensive Coordinator

Football

1141

\$36,834.00

\$36,834.00

Fixed Term I

01/01/2004 - 12/31/2004

EDWARDS, ALLEN EUGENE

Assistant Basketball Coach

Men's Basketball

2218

\$37,832.00

\$37,382.00/11 mo.

Fixed Term I

Probation

09/08/2003 - 03/31/2004

**Appointment Status Actions**  
09/01/2003 - 11/14/2003

Name  
Title  
Department  
Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
FABER, LESLIE M. Women's Head Soccer Coach Women's Soccer 3194 \$33,010.00		\$33,010.00/annual	Fixed Term I	01/01/2004 - 01/02/2004	
FABER, LESLIE M. Women's Head Soccer Coach Women's Soccer 3194 \$33,010.00		\$33,010.00	Resignation	01/02/2004	
GILLIAM, JOHN WILLIAM Defensive Coordinator Football 2532 \$47,271.00		\$47,271.00	Fixed Term I	01/01/2004 - 12/31/2004	
GORDON, JAMES D. Women's Head Volleyball Coach Women's Volleyball 1779 \$38,000.00		\$39,140.00 (\$1,140.00 incr.)	Probation Completed Salary Adjustment	09/27/2003	Opening Bud-Undist.

# Appointment Status Actions

09/01/2003 - 11/14/2003

Name

Title

Department

Roster ID

Position Base Salary

Salary

Description

Effective Date

Fund Source

GORDON, JAMES D.  
Women's Head Volleyball Coach  
Women's Volleyball  
1779  
\$39,140.00

\$39,140.00

Fixed Term I

01/01/2004 - 12/31/2004

HALL, KEVIN BRENT  
Director of Gear-Up  
Gear-Up Program

\$56,640.00

Fixed Term I

09/15/2003 - 09/14/2004

Restricted

HAMBLIN, DAVID L.  
Instructor of Education  
Elem. Read. & Spec. Education

\$30,000.00

Fixed Term I  
New Position

08/27/2003 - 05/07/2004

Roster ID # 000429

HASSAN, AHMAD  
Asst. Professor of Management  
Manag., Market. & Real Estate  
3324  
\$78,000.00

\$76,000.00

Salary Adjustment  
(Received doctoral  
degree. From \$75,000 to  
\$76,000. \$1,000 incr.)

08/12/2003

Roster ID # 002996

KELLEY, GEORGE  
Assistant Professor of CIS  
Information Systems  
3147  
\$81,281.00

\$81,281.00

Discharge

12/15/2003

**Appointment Status Actions**  
09/01/2003 - 11/14/2003

Name  
Title  
Department  
Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
LAMB, SUZANNE MARIE Assoc. Dir., Upward Bound I Upward Bound - TRIO		\$31,666.00	Leave of Absence (Without pay)	09/09/2003 - 10/05/2003	Restricted
MCCLEESE, CLIFTON DEAN General Serviceworker General Services 769 \$8.52/hr.		\$8.52/hr.	Suspension (Without pay)	11/04/2003 - 11/04/2003	
MOORE, ZACHARY ALAN Assistant Football Coach Football 2284 \$29,189.00		\$29,189.00	Fixed Term I	01/01/2004 - 12/31/2004	
NEHRING, DANIEL FREDRIC Instructor of Management Manag., Market. & Real Estate		\$18,720.00	Fixed Term I	01/12/2004 - 05/07/2004	Roster ID # 003134
O'DELL, GARY ANDREW Asst. Professor of Geography Geog., Government & History 605 \$39,850.00		\$40,850.00 (\$1,000.00 incr.)	Salary Adjustment (Received doctoral degree)	08/12/2003	Roster ID # 002996

# Appointment Status Actions

09/01/2003 - 11/14/2003

Name

Title

Department

Roster ID

Position Base Salary

Salary

Description

Effective Date

Fund Source

PREECE, JOSHUA EUGENE

Public Safety Assistant

Police Department

3355

\$7.62/hr.

\$7.62/hr.

Probation  
(Extension of  
probationary period)

10/08/2003 - 12/08/2003

RIDDLE, KATHY S.

Stud. Personnel Coord. & Lib.

Camden Carroll Library

676

\$15.16/hr.

\$15.16/hr.

Retirement

09/30/2003

STAFFORD, DANNY LEE

Mechanic

Motor Pool

759

\$10.42/hr.

\$10.42/hr.

Discharge

09/19/2003

TENYER, ROBERT J.

Coord., Recruiting

Football

1137

\$34,929.00

\$34,929.00

Fixed Term I

01/01/2004 - 12/31/2004

**Appointment Status Actions**  
09/01/2003 - 11/14/2003

Name  
Title  
Department  
Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
VANSICKLE, JENNIFER LOUISE Women's Softball Coach Women's Softball 654 \$38,607.00		\$38,607.00	Fixed Term I Salary Adjustment (From \$36,161 to \$38,607. \$2,446 incr.)	07/01/2003 - 06/30/2004	Opening Bud-Undist.
WAUGH, WESLEY JEFFREY Groundskeeper Landscaping & Grounds Maint. 738 \$8.17/hr.		\$8.17/hr.	Suspension (Without pay)	11/05/2003 - 11/05/2003	
WILLIAMS, BRIAN ALLEN Special Teams Coordinator Football 3392 \$43,000.00		\$44,290.00 (\$1,290.00 incr.)	Probation Completed Salary Adjustment	08/16/2003 - 12/31/2003	Opening Bud-Undist.
WILLIAMS, BRIAN ALLEN Special Teams Coordinator Football 3392 \$44,290.00		\$44,290.00	Fixed Term I	01/01/2004 - 12/31/2004	

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

SUPPLEMENTARY

Total for this report = \$17,072.00

Teaching	\$13,200.00
Other	\$3,872.00

**Supplemental Actions**  
09/01/2003 - 11/14/2003

Name Title	Current Salary	Supplement	Description	Effective Date	Fund Source
<u>Office of Athletics</u>					
FABER, LESLIE M.		\$3,600.00	Sr. Women's Administrator	07/01/2003 - 06/30/2004	Other Wages
Women's Head Soccer Coach		\$1,722.00	Supersedes \$3,600 above	07/01/2003 - 01/02/2004	Other Wages
\$33,010.00					
FREITAGER, HEIDI CATHERINE		\$1,500.00	Administration duties	09/29/2003 - 02/27/2004	Operating Expenses
Assistant Softball Coach					
\$18,000.00					
<u>Honors Res. Leader. College</u>					
MCCORMICK, BEVERLY JOYCE		\$1,400.00	Teach MSU 101	08/18/2003 - 11/30/2003	Roster ID # 002996
Asst. VP for Academic Affairs		\$700.00	Teach 1 hr.	08/18/2003 - 12/15/2003	Lecturer Acct.
\$83,282.00					
<u>Health, P.E. &amp; Sport Science</u>					
VANSICKLE, JENNIFER LOUISE		\$2,100.00	Teach 3 hrs.	08/18/2003 - 12/12/2003	Lecturer Acct.
Women's Softball Coach		\$12,500.00	Teach 12 hrs.	01/12/2004 - 05/07/2004	Roster ID # 000433
\$38,607.00					Roster ID # 000429
<u>Inst. Region. Analy. Pub. Pol.</u>					
RUDY, DAVID R.		\$3,900.00	Buffalo Trace ADD Project	02/01/2003 - 06/30/2003	Restricted
Dean Inst Reg Anal & Pub Pol.		\$650.00	Buffalo Trace ADD Project	07/01/2003 - 09/30/2003	Restricted
\$112,865.00					

**ACCEPT 2002-03 AUDIT REPORT  
AND AMEND OPERATING BUDGET**

**BOR (VII-A-3)  
December 12, 2003**

**Recommendation:**

That the Board accept the audit report for the fiscal year ended June 30, 2003 as presented by Crowe, Chizek and Company, accept the reports related to the fourth quarter financial information and capital outlay, and amend the operating budget for the 2002-03 fiscal year.

**Background:**

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. At the June 6, 2003 meeting the Board of Regents approved the recommendation of the Audit Committee for the appointment of Crowe, Chizek and Company to conduct the 2002-03 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on November 14, 2003. Ms. Laurie Haun, a CPA with Crowe, Chizek and Company, presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unqualified opinion on the financial statements. The statements in the report were presented in the new format as required by *Government Accounting Standards Board Statement 35*.

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

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period April 1, 2003 to June 30, 2003**

<b>Description</b>	<b>Opening Budget</b>	<b>Amended Budget As Of 04/01/2003</b>	<b>Adjustments</b>	<b>Amended Budget As Of 06/30/2003</b>
<b>Revenues and Other Additions</b>				
Tuition and Fees	\$27,092,365	\$27,200,741	\$ 509,768	\$27,710,509
Government Appropriations	42,747,300	43,542,652	(455,305)	43,087,347
Government Grants & Contracts	50,000	50,000	(12,800)	37,200
Indirect Cost Reimbursement	328,658	437,558	-	437,558
Sales and Services of Ed. Activities	931,375	1,258,272	106,337	1,364,609
Other Sources	1,513,714	1,874,198	155,128	2,029,326
Budgeted Fund Balance - E&G	7,216,371	7,568,311	-	7,568,311
Auxiliary Enterprises	11,323,450	11,367,198	229,373	11,596,571
Budgeted Fund Balance - AUX	929,967	696,040	-	696,040
<b>Total Revenues and Other Additions</b>	<b>\$92,133,200</b>	<b>\$93,994,970</b>	<b>\$ 532,501</b>	<b>\$94,527,471</b>
<b>Expenditure Authorizations by Division</b>				
<b>Educational &amp; General</b>				
President & Administration	\$ 547,709	\$ 646,696	\$ 75,026	\$ 721,722
University Relations	1,914,147	2,033,492	30,302	2,063,794
Development	834,806	859,995	5,583	865,578
Administration & Fiscal Services	11,901,441	12,787,970	(235,890)	12,552,080
Student Life	12,666,751	12,669,623	121,907	12,791,530
Academic Affairs	41,508,365	42,685,598	504,839	43,190,437
Debt Service & Mandatory Transfers	2,835,432	2,738,831	280,964	3,019,795
Other	7,757,302	7,476,493	(562,298)	6,914,195
<b>Total Educational &amp; General</b>	<b>\$79,965,953</b>	<b>\$81,898,698</b>	<b>\$ 220,433</b>	<b>\$82,119,131</b>
<b>Auxiliary Enterprises</b>				
Administration & Fiscal Services	\$ 7,463,859	\$ 7,913,805	\$ 731,443	\$ 8,645,248
Student Life	873,549	987,035	625	987,660
Debt Service	2,499,887	2,499,887	-	2,499,887
Other	1,329,952	695,545	(420,000)	275,545
<b>Total Auxiliary Enterprises</b>	<b>\$12,167,247</b>	<b>\$12,096,272</b>	<b>\$ 312,068</b>	<b>\$12,408,340</b>
<b>Total Expenditure Authorizations</b>	<b>\$92,133,200</b>	<b>\$93,994,970</b>	<b>\$ 532,501</b>	<b>\$94,527,471</b>

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period April 1, 2003 to June 30, 2003**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Tuition and Fees**

Excess tuition revenue totaling \$492,925 was utilized to cover approximately 48% of the total \$1,017,600 state appropriation budget reduction. In the previous quarter, a 1% non-recurring operating budget reduction plan was implemented in that \$524,675 was subtracted from operating budgets across all divisions.

**Government Appropriations**

- State appropriations allocated for operating costs were reduced by \$492,925 to reflect total state imposed budget reduction for FY 2002-003.
- Unbudgeted revenue totaling \$37,620 from Kentucky Law Enforcement Foundation Program Fund was allocated to Public Safety for incentive pay for police officers.

**Sales & Services of Educational Activities**

Unbudgeted revenue allocated during the fourth quarter totaled \$106,337.

- Eagle Athletic Fund (EAF) support from the MSU Foundation totaled \$42,361. The funds were budgeted in various athletic programs.
- The Kentucky Folk Art Center (KFAC) revenue and expense accounts are now managed in the University's unrestricted current fund. Previously, their accounts were managed as a separate entity. Revenue totaling \$19,625 was received in the fourth quarter and then transferred to KFAC expense accounts.
- Unbudgeted athletic revenue totaling \$34,266 was transferred to athletics to support operating costs.

**Other Sources**

Budget allocations from other sources increased by \$155,128 in the fourth quarter.

- Unbudgeted support from the MSU Foundation totaled \$15,638 and was allocated primarily to the divisions of Academic Affairs and University Relations.
- Unbudgeted endowment income received from the MSU Foundation totaled \$12,665.
- Unbudgeted revenue totaling \$63,182 was allocated from Child Development Program revenue to support expenditures in that program.
- Program council revenue totaling \$3,852 was allocated to Student Activities.
- Vehicle replacement revenue totaling \$21,000 was allocated to Motor Pool for vehicle purchase. These funds were generated from the sale of a bulldozer.
- Miscellaneous other income totaling \$30,570 was received and allocated primarily to the divisions of Academic Affairs and Student Life.

**Auxiliary Enterprises**

- Unbudgeted revenue from concessions and vending sales totaling \$82,381 was allocated to Concessions and Vending purchases.
- Unbudgeted revenue from general supply sales at the University Bookstore totaling \$146,992 was transferred to the University Bookstore to offset purchases.

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period April 1, 2003 to June 30, 2003**

<b>From:</b>	<b>To:</b>		
<b>Revenue and Other Additions</b>	<b>Division/ Budget Unit</b>	<b>Amount</b>	<b>Description</b>
Government Appropriations State Appropriations - Operating Base	Tuition and Fees	\$ (492,925)	In March of 2003 and with House Bill 269, the state imposed a budget reduction of state operating appropriations for MSU totaling \$1,017,600 from the amount previously indicated in House Bill 1. During the third quarter, MSU implemented a 1% non-recurring operating budget reduction plan in that \$524,675 was cut from operating budgets across all divisions. Another \$492,925 adjustment was made in the fourth quarter for the balance of the total \$1,017,600 budget cut. Excess tuition revenue was used as the fund source for the fourth quarter adjustment.

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of April 1, 2003 to June 30, 2003**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
<b>I Equipment Purchases Greater than \$100,000</b>			
None			
<b>II Capital Construction Projects/ Land Acquisitions Greater than \$400,000</b>			
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>		
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
Project II - 2000	\$ 1,580,000	September, 2000	Completed
Project III - 2001	980,000	August, 2001	Completed
Project IV - 2002	800,000	August, 2002	Completed
Project V - 2003	3,000,000		In Progress
	<u>\$ 6,360,000</u>		

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

**BOR (VII-A-4)  
December 12, 2003**

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**Recommendation:**

That the Board accept the financial statements and amend the operating budget for the first quarter of the fiscal year that will end June 30, 2004, and amend the operating budget.

**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of September 30, 2003, the first quarter of the fiscal year ending June 30, 2004. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Management's Discussion and Analysis**  
**First Quarter Financial Statements**  
**Morehead State University**  
**September 30, 2003**

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the three months that ended on September 30, 2003. 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. These financial statements have not been prepared in full accordance with *Government Accounting Standards Board Statement 35* (GASB 35). Interim statements are prepared using a fund approach to facilitate budget comparisons and management decisions. Year-end statements are prepared in the GASB 35 format.

**Financial Highlights**

Morehead State University's financial picture remains stable through the first quarter of the 2002-2003 fiscal year. During the period July 1, 2003 through September 30, 2003 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$13,428,090. This level of operating surplus is expected at this time, since most of the billings for the Fall 2003 semester are reflected in the tuition and fees revenue and only expenditures through September 30, 2003 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.

In March of 2003 and with House Bill 269, the state imposed a budget reduction of state operating appropriations for MSU totaling \$1,017,600. During the third quarter, MSU implemented a 1% non-recurring operating budget reduction plan. In that plan, \$524,675 was cut from operating budgets across all divisions. As part of this plan, Academic Affairs was held to a .5% reduction, Student Life was held to a .8% reduction, and all other divisions reduced budgets by the full 1%. Another \$492,925 adjustment was made in the fourth quarter for the balance of the total \$1,017,600 budget cut. Excess tuition revenue was used as the fund source for the fourth quarter adjustment. Further budget cuts are anticipated although their severity and effect on operations are uncertain at this time.

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

- As can be seen from the Statements of Net Assets, investments decreased approximately \$2 million from the first quarter of the previous year. The majority of the decrease in investments is due to timing issues of cash flows.
- Accounts receivable increased \$2 million as compared to September 30, 2002. The increase primarily relates to funds advanced for capital projects. The advances will be reimbursed from bond proceeds and state contracts.
- The net investment in capital assets has increased about \$7.7 million since September 30, 2002. Approximately \$4.7 million of the increase has occurred since July 1, 2003. Major projects involved in the current fiscal year increase are the Adron Doran University Center renovation (\$2.3 million), residence hall sprinkler projects (\$1 million), the Combs Theater project (\$.3 million), and various other internally managed projects and equipment purchases (\$1.1 million).
- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the first quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of September 30, 2003. 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  
September 30, 2003 and 2002**

<b>ASSETS</b>	<b><u>2003</u></b>	<b><u>2002</u></b>
Cash	\$27,281,880	\$27,353,778
Investments in US government obligations - at cost	24,371,403	26,705,450
Accounts Receivable	12,727,490	10,715,244
Inventories	1,675,081	1,841,093
Notes Receivable	3,682,367	3,479,341
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>113,336,062</u>	<u>105,635,227</u>
<b>TOTAL ASSETS</b>	<b><u>\$183,074,284</u></b>	<b><u>\$175,730,134</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$562,599	\$787,767
Accrued salaries and other liabilities	1,625,365	638,062
Unearned revenues-state and federal grants	1,979,634	1,528,823
Deposits	1,827,753	1,399,785
Accrued vacation pay	1,368,992	2,078,755
Bonds and notes payable	<u>35,219,191</u>	<u>35,812,974</u>
<b>Total Liabilities</b>	<b><u>\$42,583,535</u></b>	<b><u>\$42,246,166</u></b>
 <b>Net Assets</b>		
Capital	\$78,116,871	\$69,822,253
Non-capital		
Restricted	32,008,434	34,035,921
Non-restricted	<u>30,365,444</u>	<u>29,625,794</u>
<b>Total Net Assets</b>	<b><u>\$140,490,749</u></b>	<b><u>\$133,483,968</u></b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$183,074,284</u></b>	<b><u>\$175,730,134</u></b>

**ANALYSIS OF NON-RESTRICTED FUND BALANCE**

<b>Allocations</b>		
<b>Working Capital</b>		
Accounts Receivable	\$8,327,989	\$6,850,914
Inventories	1,675,081	1,841,093
Cashier's Operating Funds	100,000	100,000
Budgeted Fund Balance-Capital Projects	4,060,070	4,465,395
Budgeted Fund Balance-Non-capital Projects	<u>4,134,774</u>	<u>3,498,736</u>
<b>Total Working Capital</b>	<b><u>\$18,297,914</u></b>	<b><u>\$16,756,138</u></b>
<b>Funded Reserves</b>	<b><u>\$1,745,676</u></b>	<b><u>\$1,265,263</u></b>
<b>Total Allocated Fund Balance</b>	<b>\$20,043,590</b>	<b>\$18,021,401</b>
<b>Unallocated Fund Balance</b>	<b><u>10,321,854</u></b>	<b><u>11,604,393</u></b>
<b>Total Unrestricted Fund Balance</b>	<b><u>\$30,365,444</u></b>	<b><u>\$29,625,794</u></b>

See Attached Notes To Statements of Net Assets

NOTES TO STATEMENTS OF NET ASSETS  
MOREHEAD STATE UNIVERSITY  
SEPTEMBER 30, 2003 AND 2002

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 \$221,416 at September 30, 2003, and \$305,639 at September 30, 2002. Also included in this category is the sum of \$4,412,794 receivable from federal and state grant agencies at September 30, 2003 and \$4,217,861 at September 30, 2002.
3. Notes receivable represent balances owed the University from borrowers who have participated in the National Direct Student Loan Program and the Nursing Student Loan Program. The balances are presented net of allowances for uncollectible accounts in the amount of \$151,885 at September 30, 2003, and \$149,631 at September 30, 2002.
4. Accumulated depreciation on buildings and equipment was \$107,133,650 at September 30, 2003, and \$101,972,140 at September 30, 2002.
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 Three Months Ended September 30, 2003 and 2002**

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	2003-2004			2002-2003		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
REVENUES						
Educational and General						
Tuition and Fees	\$ 31,885,800	\$17,400,782	54.57%	\$ 27,092,365	\$ 14,942,435	55.15%
Gov't Appropriations	42,647,100	12,831,659	30.09%	42,747,300	13,108,025	30.66%
City Grants	50,000	0	0.00%	50,000	0	0.00%
Unrestricted Gifts	0	0		0	0	
Indirect Cost Reimbursement	356,000	140,891	39.58%	328,658	151,137	45.99%
Sales & Services of Ed. Activities	1,060,704	530,297	49.99%	1,084,001	346,670	31.98%
Other Sources	1,773,854	648,398	36.55%	1,601,662	711,393	44.42%
Budgeted Fund Balance - E & G	7,388,186	0		7,429,311	0	
Total Educational and General	\$ 85,161,644	\$31,552,027	37.05%	\$ 80,333,297	\$ 29,259,660	36.42%
Auxiliary Enterprises						
Housing	\$ 8,162,068	\$ 3,673,500	45.01%	\$ 7,787,490	\$ 3,630,612	46.62%
University Store	3,369,000	1,697,503	50.39%	3,384,000	1,472,314	43.51%
Food Services	678,750	159,029	23.43%	651,500	151,026	23.18%
Other	200,500	74,212	37.01%	196,500	75,442	38.39%
Total Auxiliary Enterprises	\$ 12,410,318	\$ 5,604,244	45.16%	\$ 12,019,490	\$ 5,329,394	44.34%
TOTAL REVENUES	\$ 97,571,962	\$37,156,271	38.08%	\$ 92,352,787	\$ 34,589,054	37.45%

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the Three Months Ended September 30, 2003 and 2002**

2003-2004				2002-2003		
	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	\$ 643,766	\$ 167,632	26.04%	\$ 596,998	\$ 171,566	28.74%
University Relations	2,257,899	610,930	27.06%	1,969,602	539,265	27.38%
Development	883,259	207,062	23.44%	855,319	172,450	20.16%
Administration & Fiscal Services	10,397,025	2,851,342	27.42%	12,536,766	3,070,776	24.49%
Planning & Technology	2,945,389	721,550	24.50%			
Student Life	13,746,133	5,285,533	38.45%	12,615,998	4,703,085	37.28%
Academic Affairs	44,894,776	9,715,991	21.64%	42,405,649	8,745,459	20.62%
Other	9,482,456	1,394,371	14.70%	9,313,809	1,766,779	18.97%
Total Educational & General	<u>\$ 85,250,703</u>	<u>\$ 20,954,411</u>	<u>24.58%</u>	<u>\$ 80,294,141</u>	<u>\$ 19,169,380</u>	<u>23.87%</u>
Auxiliary Enterprises						
Housing	\$ 8,328,760	\$ 1,172,288	14.08%	\$ 8,059,858	\$ 806,945	10.01%
University Store	3,126,069	1,382,913	44.24%	3,133,954	1,357,408	43.31%
Food Services	420,487	99,812	23.74%	443,537	129,319	29.16%
Other	445,943	118,757	26.63%	421,297	111,647	26.50%
Total Auxiliary Enterprises	<u>\$ 12,321,259</u>	<u>\$ 2,773,770</u>	<u>22.51%</u>	<u>\$ 12,058,646</u>	<u>\$ 2,405,319</u>	<u>19.95%</u>
TOTAL EXPENDITURES AND TRANSFERS BY DIVISION						
	<u>\$ 97,571,962</u>	<u>\$ 23,728,181</u>	<u>24.32%</u>	<u>\$ 92,352,787</u>	<u>\$ 21,574,699</u>	<u>23.36%</u>
NET CHANGE IN FUND BALANCE		<u>\$ 13,428,090</u>			<u>\$ 13,014,355</u>	

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period July 1, 2003 to September 30, 2003**

<b>Description</b>	<b>Opening Budget</b>	<b>Adjustments</b>	<b>Amended Budget As Of 09/30/2003</b>
<b>Revenues and Other Additions</b>			
Tuition and Fees	\$ 31,880,800	\$ 5,000	\$ 31,885,800
Government Appropriations	42,647,100	-	42,647,100
Government Grants & Contracts	50,000	-	50,000
Indirect Cost Reimbursement	356,000	-	356,000
Sales and Services of Ed. Activities	847,550	213,154	1,060,704
Other Sources	1,562,748	211,106	1,773,854
Budgeted Fund Balance - E&G	6,599,952	788,234	7,388,186
Auxiliary Enterprises	12,022,650	-	12,022,650
Budgeted Fund Balance - AUX	320,000	67,668	387,668
<b>Total Revenues and Other Additions</b>	<b>\$ 96,286,800</b>	<b>\$ 1,285,162</b>	<b>\$ 97,571,962</b>
<b>Expenditure Authorizations by Division</b>			
<b>Educational &amp; General</b>			
President & Administration	\$ 618,547	\$ 25,219	\$ 643,766
University Relations	2,058,709	199,190	2,257,899
Development	846,373	36,886	883,259
Planning & Technology	2,993,731	(48,342)	2,945,389
Administration & Fiscal Services	9,558,339	838,686	10,397,025
Student Life	13,727,801	18,332	13,746,133
Academic Affairs	43,712,816	1,181,960	44,894,776
Debt Service & Mandatory Transfers	2,871,821	(264,874)	2,606,947
Other	7,731,334	(855,825)	6,875,509
<b>Total Educational &amp; General</b>	<b>\$ 84,119,471</b>	<b>\$ 1,131,232</b>	<b>\$ 85,250,703</b>
<b>Auxiliary Enterprises</b>			
Planning & Technology	\$ 282,684	\$ -	\$ 282,684
Administration & Fiscal Services	8,131,968	359,922	8,491,890
Student Life	921,389	68,340	989,729
Debt Service	2,721,288	-	2,721,288
Other	110,000	(274,332)	(164,332)
<b>Total Auxiliary Enterprises</b>	<b>\$ 12,167,329</b>	<b>\$ 153,930</b>	<b>\$ 12,321,259</b>
<b>Total Expenditure Authorizations</b>	<b>\$ 96,286,800</b>	<b>\$ 1,285,162</b>	<b>\$ 97,571,962</b>

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period July 1, 2003 to September 30, 2003**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Sales & Services of Educational Activities**

Unbudgeted revenue allocated during the first quarter totaled \$213,154.

- Athletic guarantee income totaling \$114,500 was allocated as follows:
  - \$ 3,000 Football
  - \$20,000 Director of Athletics
  - \$77,500 Men's Basketball
  - \$10,000 Women's Basketball
  - \$ 4,000 Women's Soccer
- Eagle Athletic Fund (EAF) support from the MSU Foundation totaled \$98,541. The funds were budgeted in various athletic programs.

**Other Sources**

Budget allocations from other sources increased by \$211,106 in the first quarter.

- Unbudgeted support from the MSU Foundation totaled \$66,746
  - \$17,614 University Relations
  - \$20,387 Development
  - \$27,664 Academic Affairs
- Program council revenue totaling \$9,517 was received in the first quarter and allocated to Student Activities in the Division of Student Life. These funds were ticket sales generated from an SGA sponsored concert held during the Fall semester.
- Miscellaneous other income totaling \$134,814 was received and allocated primarily to the divisions of Academic Affairs.

**Budgeted Fund Balance – E&G**

Budget allocations from fund balance for educational and general purposes totaled \$788,234 in the first quarter.

- \$134,226 allocated to establish budget for MSU at Mt. Sterling
- (\$28,739) adjustment made to reflect actual amount needed for Space Science Center allocation.
- \$182,447 allocated to fund additional amount needed for FY 2002-03 funds carried forward for E&G facility remodeling projects.
- \$500,000 recognized funds received in FY 2002-03 from NASA grant indirect cost reimbursement. These funds are allocated for the antenna project.

**Budgeted Fund Balance – Auxiliary**

- \$67,668 allocated to fund additional amount needed for FY 2002-03 funds carried forward for residence hall capital projects.

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period July 1, 2003 to September 30, 2003**

<b>From:</b> <b>Revenue and Other Additions</b>	<b>To:</b> <b>Division/ Budget Unit</b>	<b>Amount</b>	<b>Description</b>
Auxiliary - Other Housing Transfers	Auxiliary - Admin. & Fiscal Services Auxiliary Facility Remodeling: Nunn Hall Ceiling Fans Lakewood Apartment Razing Lakewood Duplex Razing Evans Branch Piping <i>Total Aux. Facility Remodeling</i>	\$ 6,000 80,000 20,000 156,000 <u>\$ 262,000</u>	Budgets were established for the Eagle Lake projects. The housing transfer account in the unrestricted current fund will be reimbursed from bond funds in Frankfort as the expenditures occur. The deficit budget balance currently in the housing transfer account will be covered when the bond fund reimbursement is received.
Budgeted Fund Balance - E&G	E&G Non-Mandatory Transfers Transfer to Unexpended Plant	\$ 500,000	Funds to be received from indirect cost reimbursement from the 2002-03 NASA grant for the antenna project were recognized as revenue on June 30, 2003. These funds elapsed to the unrestricted fund balance on July 1, 2003 and were subsequently allocated in the first quarter to contribute toward the cost of the antenna project.

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of July 1, 2003 to September 30, 2003**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
<b>I Equipment Purchases Greater than \$100,000</b>			
None			
<b>II Capital Construction Projects/ Land Acquisitions Greater than \$400,000</b>			
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>		
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
Project II - 2000	\$ 1,580,000	September, 2000	Completed
Project III - 2001	980,000	August, 2001	Completed
Project IV - 2002	800,000	August, 2002	Completed
Project V - 2003	3,000,000		In Progress
	<u>\$ 6,360,000</u>		
Wellness Center - Phase III	\$ 450,000		Bid

**RESOLUTION AUTHORIZING THE SALE  
OF CONSOLIDATED EDUCATIONAL BUILDINGS  
REVENUE BONDS, SERIES M**

**BOR (VII-A-5)  
December 12, 2003**

**Recommendation:**

That the Board adopt:

A RESOLUTION OF THE BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY AUTHORIZING THE ISSUANCE OF CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES M IN THE APPROXIMATE AMOUNT OF \$5,240,000 (WHICH AMOUNT MAY BE INCREASED OR DECREASED BY \$520,000).

And that:

- (A) The forms of Official Terms and Conditions of the Sale of Bonds and Bid Form be approved and a copy of each be placed by the Secretary in the official record of the Board;
- (B) The Board authorize the publication of the Notice of Bond Sale in accordance with Chapter 424 of the Kentucky Revised Statutes and the Financial Advisor be authorized to disseminate copies of the Official Statement; and
- (C) Sealed bids for the purchase of the Series M bonds be opened on such date and time as designated by the Vice President for Administration and Fiscal Services, and
- (D) The Board appoint the Vice President for Administration and Fiscal Services who shall by written declaration, accept on such date the lowest and best bid as recommended by First Kentucky Securities, Inc., the Financial Advisor to the Board.

**Background:**

The University issued its Consolidated Educational Buildings Revenue Bonds (ConEd), Series K in 1995. The Series K bonds were sold to fund Phase II of the renovation of Lappin Hall.

Recent reductions in the interest rates for bonds have made it feasible to refund older issues. The University's bond fiscal agent, First Kentucky Securities, Inc. has analyzed previously issued bonds to determine if savings could be generated from refunding issues.

Based on current interest rate projections, a net present value savings of approximately \$265,000 can be realized from refunding the Series K bonds. Debt service for the ConEd bonds is funded by the state through the University's annual appropriations. Therefore, the annual debt service savings will be offset by a reduction in the amount of the state appropriation for debt service.

If approved by the Board, the refunding issue will be titled Morehead State University Consolidated Educational Buildings Revenue Bonds, Series M. The Series M bonds will be sold on January 22, 2004 at 11:00 am. With previous bond sales, the Board has appointed staff members to act in its behalf and accept bids on the sale date.

Peck, Shaffer and Williams, bond counsel for the University, has prepared the Series M resolution and other documents related to the sale of the Series M bonds.

MOREHEAD STATE UNIVERSITY  
SERIES M BOND RESOLUTION

A RESOLUTION OF THE BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY, AUTHORIZING THE ISSUANCE OF CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BONDS, SERIES M IN THE APPROXIMATE PRINCIPAL AMOUNT OF \$5,240,000 (WHICH AMOUNT MAY BE INCREASED OR DECREASED BY \$520,000).

WHEREAS, the Board of Regents of Morehead State College (now Morehead State University) (the "Board"), by Resolution entitled:

"A RESOLUTION creating and establishing a Consolidated Educational Buildings Project of the Morehead State [University]; creating and establishing an issue of Consolidated Educational Buildings Revenue Bonds of the Board of Regents of the Morehead State [University]; providing for the issuance from time to time of said bonds; providing for the payment of the principal of and interest on said bonds and repealing all resolutions or parts of resolutions in conflict with this resolution"

adopted on November 14, 1960 (the "Resolution"), has created and established an issue of Consolidated Educational Buildings Revenue Bonds of the Board of Regents of Morehead State University (the "Bonds"); and

WHEREAS, the Board has heretofore authorized, sold, issued and delivered twelve (12) prior issues of Bonds designated "Consolidated Educational Buildings Revenue Bonds, Series A, Series B, Series C, Series D, Series E, Series F, Series G, Series H, Series I, Series J, Series K, and Series L;" and

WHEREAS, the Board has determined that it is in the best interests of Morehead State University to authorize, at this time, an additional series of Bonds to be designated "Morehead State University Consolidated Educational Buildings Refunding Revenue Bonds, Series M" (the "Series M Bonds"), pursuant to the provisions of this resolution (the "Series M Resolution") for the purpose of refunding the outstanding Morehead State University Consolidated Educational Buildings Revenue Bonds, Series K (the "Prior Bonds") in order to achieve substantial debt service savings; and

WHEREAS, it has been ascertained that the average of the annual Revenues, as defined in the Resolution, from the Consolidated Educational Buildings Project, as defined in the Resolution, for the latest two Fiscal Years, as defined in the Resolution, immediately preceding the proposed issuance of the Series M Bonds, from the sources established in the Resolution, as adjusted in the authorized manner, was equal to not less than 1.25 times the maximum Aggregate Principal, Interest and Bond Fund Charges, as defined in the Resolution, in any succeeding twelve month period ending May 1, on all Series of the Consolidated Educational Buildings Revenue Bonds payable from the Revenues of the Project (including the Series M Bonds), evidenced by a statement to that effect which will be filed with the Trustee by the Treasurer of the Board prior to the time of issuance of the Series M Bonds, thereby complying with the

conditions and restrictions set forth in Section 7.10 of the Resolution permitting the issuance of bonds ranking on a basis of parity and equality with all outstanding Series of Morehead State University Consolidated Educational Buildings Revenue Bonds, as to security and source of payment, and in all other respects.

NOW, THEREFORE, THE BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY HEREBY RESOLVES AS FOLLOWS:

## **ARTICLE I. AUTHORITY AND DEFINITIONS**

**Section 1.01 Authority of Original Resolution.** This Resolution (hereinafter referred to as the "Series M Resolution") is adopted in accordance with Article II, Section 2.03 of the Resolution.

### **Section 1.02. Definitions of Resolution Reaffirmed.**

(a) All terms which are defined in Article I and elsewhere in the Resolution shall have the same meanings, respectively, in this Series M Resolution as such terms are given in the Resolution.

(b) In addition to the foregoing, the following terms, unless the context shall indicate another or different meaning, shall be construed, used and intended to have the meanings as follows:

"Agent Member" means a member of, or participant in, the Securities Depository.

"Book-Entry Form" means, with respect to the Series M Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in the Series M Bonds and bond service charges may be transferred only through a book entry, and (ii) physical Series M Bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as owner, with the physical Series M Bond certificates in the custody of a Securities Depository.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of the first day of the month in which the Series M Bonds are sold, between Morehead State University and the Trustee.

"Escrow Agreement" means the Escrow Trust Agreement dated the first date of the month in which the Series M Bonds are sold, as hereinafter provided, between Morehead State University and the Escrow Trustee.

"Escrow Fund" means the Escrow Trust Fund created by the Escrow Agreement.

"Escrow Trustee" means J.P. Morgan Trust Company, National Association.

"Memorandum of Instructions" means the Memorandum of Instructions Regarding Rebate delivered to the Board and the Trustee at the time of the issuance and delivery of the Series M Bonds as the same may be amended or supplemented in accordance with its terms.

"Prior Bonds" means the Morehead State University Consolidated Educational Buildings Revenue Bonds, Series K which are more particularly identified in the Escrow Agreement.

"Securities Depository" means any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interests in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

"Securities Depository Nominee" means any nominee of a Securities Depository and initially means Cede & Co., New York, New York, as nominee of The Depository Trust Company.

"Series M Bonds" means the Bonds authorized by Article II of this Series M Resolution.

"Series M Resolution" means this Series M Resolution.

**Section 1.03. Statutory Authority.** This Series M Resolution is adopted pursuant to the provisions of Section 162.340 through 162.380 of the Kentucky Revised Statutes and the Resolution.

## ARTICLE II. AUTHORIZATION, PURPOSE AND TERMS OF SERIES M BONDS

**Section 2.01. Authorization of Series M Bonds.** Pursuant to the provisions of the Resolution there is hereby authorized to be issued by the Board of Regents of Morehead State University, in its corporate capacity, a series of bonds in the aggregate principal amount of approximately FIVE MILLION TWO HUNDRED FORTY THOUSAND DOLLARS (\$5,240,000). Such Bonds shall be designated as "Morehead State University Consolidated Educational Buildings Refunding Revenue Bonds, Series M." The Series M Bonds are hereby declared to have been authorized under the Resolution and in conformity with the provisions of Section 7.10 of the Resolution. The Board hereby represents that the conditions prescribed in Section 7.10 of the Resolution will have been complied with before the time of issuance of the Series M Bonds, and that the Series M Bonds are issued on a basis of parity with all outstanding Series of Morehead State University Consolidated Educational Buildings Revenue Bonds. The exact principal amount of the Series M Bonds to be issued may be increased or decreased by up to \$520,000. The exact principal amount shall be established at the time of sale of the Series M Bonds as the amount required to refund the Prior Bonds, which amount shall be conclusively established by the acceptance of the best bid for the Series M Bonds in such amount.

**Section 2.02. Purpose of Series M Bonds.** Said Series M Bonds are being issued for the purpose of (i) depositing to the Escrow Fund, the amount required to refund the Prior Bonds, such amounts to thereafter be used to redeem the Prior Bonds on the dates, at the redemption prices and in the amounts set forth in the Escrow Trust Agreement and (ii) paying the costs of issuing the Series M Bonds.

**Section 2.03. Date of Bonds; Maturities; and Interest Rate.** The Series M Bonds shall be issued as fully registered bonds as to both principal and interest in denominations of \$5,000 or any multiple thereof within a single maturity, shall be dated the first day of the month in which the Series M Bonds are sold, and shall be numbered consecutively from R-1 upward. The Series M Bonds shall bear interest payable semiannually on May 1 and November 1, commencing the first such date occurring after the Series M Bonds are issued (or the second such date if the first such date is less than three months from the dated date of the Series M Bonds), at such interest rate or rates fixed as a result of the advertised sale of the Bonds, and shall mature serially on May 1 in each of the years 2004 through 2014, in the approximate principal amounts, as follows:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Maturity</u>	<u>Principal Amount</u>
May 1, 2004	\$390,000	May 1, 2010	\$485,000
May 1, 2005	440,000	May 1, 2011	500,000
May 1, 2006	440,000	May 1, 2012	515,000
May 1, 2007	450,000	May 1, 2013	535,000
May 1, 2008	460,000	May 1, 2014	550,000
May 1, 2009	475,000		

The exact maturity amounts shall be established at the time of sale of the Series M Bonds as the amounts required to amortize the Series M Bonds no later than May 1, 2014, which amounts shall be conclusively established by the acceptance of revised maturities to be set forth in the best bid for the Series M Bonds.

Each Series M Bond shall bear interest from the interest payment date to which interest has been paid next preceding the date on which such Series M Bond is authenticated by the Trustee, unless such Series M Bond is authenticated on an interest payment date to which interest has been paid, in which event it shall bear interest from such date, or if such Series M Bond is authenticated prior to the first interest payment date, such Series M Bond shall bear interest from the date of original issue.

**Section 2.04. Registration and Transfer; Payment of Principal and Interest; Authentication of Series M Bonds; Mutilated, Lost, Stolen or Destroyed Bonds.** J.P. Morgan Trust Company, National Association, Louisville, Kentucky, is hereby designated as "Registrar" and "Paying Agent" for the Series M Bonds. So long as any Series M Bonds remain outstanding, the Registrar shall keep at its principal office a Bond Register showing and recording a register of the owners of the Series M Bonds and shall provide for the registration and transfer of Series M Bonds in accordance with the terms of the Series M Resolution, subject to such reasonable regulations as the Registrar may prescribe.

The person in whose name any Series M Bond is registered on the Bond Register maintained by the Registrar, on the 15th day of the calendar month next preceding an interest payment date (the "Record Date") shall be entitled to receive the interest payable on such interest payment date (unless such Series M Bond shall have been called for redemption on a redemption date which is prior to such interest payment date) notwithstanding the cancellation of such Series M Bond upon any registration of transfer or exchange thereof subsequent to such Record Date and prior to such interest payment date.

The principal of (redemption price, if redeemed prior to maturity) and interest on the Series M Bonds shall be payable in lawful money of the United States of America as same respectively become due. The principal of each Series M Bond is payable upon surrender of same at the principal office of the Paying Agent. Interest on the Series M Bonds shall be paid by check mailed by the Paying Agent on or before each interest payment date to the owners of the Series M Bonds shown on the Bond Register as of the end of business on the Record Date, at the respective addresses appearing on the Bond Register.

The Series M Bonds shall be executed on behalf of the Board, as permitted by Section 61.390 of the Kentucky Revised Statutes, with the duly authorized reproduced facsimile signature of the Chairman, and the reproduced facsimile of its corporate seal shall be imprinted thereon and attested by the reproduced facsimile signature of the Secretary; and said officials, by the execution of appropriate certifications, shall adopt as and for their own proper signatures, their respective facsimile signatures on said Series M Bonds; provided the Authentication Certificate of Registrar must be executed by the manual signature of the Registrar on each Series M Bond before such Series M Bond shall be valid.

The Registrar shall have the right to order the preparation of whatever number of Series M Bond certificates as, in the sole discretion of the Registrar, shall be deemed necessary in order to enable the Registrar to maintain an adequate reserve supply of such Series M Bond certificates to effect properly the continuing transfers and exchanges of ownership of Series M Bond certificates as same are sold, exchanged and/or otherwise surrendered in the future. No further

action regarding the authorization or execution of additional Series M Bond certificates shall be required by the Board, and all expenses incident thereto shall be borne by the Board.

All Series M Bonds shall be exchangeable and transferable upon presentation and surrender thereof at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the owner or his authorized representative, for a Series M Bond or Series M Bonds of the same maturity and interest rate and in any authorized denomination of \$5,000 and any multiple thereof within a single maturity, in an aggregate principal amount or amounts equal to the unpaid principal amount of the Series M Bond or Series M Bonds presented for exchange and transfer. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Series M Bonds in accordance with the provisions of this Section. Each exchange Series M Bond delivered in accordance with this Section shall constitute an original contractual obligation of the Board and shall be entitled to the benefits and security of, the Resolution and this Series M Resolution to the same extent as the Series M Bond or Series M Bonds in lieu of which such exchange Series M Bond is delivered.

No Series M Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of the Resolution or this Series M Resolution unless and until such Series M Bond has been duly authenticated by the Registrar by the execution of the Authentication Certificate of Registrar appearing on such Series M Bond. Such Certificate appearing on any Series M Bond shall be deemed to have been duly executed by the Registrar if manually signed by an authorized officer of the Registrar. It shall not be required that the same officer of the Registrar sign such Certificate on all of the Series M Bonds.

If any Series M Bond shall be mutilated, lost, stolen or destroyed, the Registrar may execute, authenticate and deliver a new Series M Bond of like maturity and tenor in lieu of and in substitution for the Series M Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Series M Bond, such mutilated Series M Bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed Series M Bond, there shall be first furnished to the Board satisfactory evidence of the ownership of such Series M Bond and of such loss, theft or destruction, together with indemnity satisfactory to the Board. If any such Series M Bond shall have matured, the Registrar may pay the same instead of issuing a new Series M Bond. The Registrar, the Trustee and the Board may charge the owner of such Series M Bond their reasonable fees and expenses in this connection.

**Section 2.05. Redemption Provisions.** The Series M Bonds shall not be subject to optional redemption prior to maturity. The Series M Bonds may be subject to mandatory sinking fund redemption if the purchaser of the Series M Bonds designates term bonds in its bid for the Series M Bonds.

In the event that a Series M Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Series M Bond may be redeemed, but only in a principal amount equal to \$5,000 or an integral multiple thereof. Upon surrender of any Series M Bond for redemption in part, the Registrar, in accordance with this Series M Resolution, shall authenticate and deliver an exchange Series M Bond or Series M Bonds in an aggregate principal amount equal to the unredeemed portion of the Series M Bond so surrendered.

The Trustee shall give notice of any redemption by sending such notice by United States mail, first class, postage prepaid, not less than thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, to the registered Owner of each Series M Bond to be redeemed in whole or in part at the address shown on the Bond Register as of the date of mailing of such notice. Such notice shall state the redemption date, the place at which the Bonds are to be surrendered for payment, and, if less than all of the Series M Bonds outstanding are to be redeemed, an identification of the Series M Bonds or portions thereof to be redeemed. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the owner receives such notice.

Prior to each redemption date, the Trustee shall make provision, to the extent funds are then available therefor, for the payment of the redemption price of the Series M Bonds to be redeemed on such date by setting aside and holding in trust an amount sufficient to pay such redemption price. Upon presentation and surrender of any such Series M Bond at the main corporate trust office of the Paying Agent on or after the date fixed for redemption, the Paying Agent shall pay the Redemption Price of such Bond (plus accrued interest to the date of redemption) from the funds set aside for such purpose.

All of said Bonds as to which the Board reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

The Registrar shall not be required to transfer or exchange any Series M Bonds (i) during the period between the Record Date and the next Interest Payment Date of such Series M Bond; (ii) after notice calling such Series M Bond for redemption has been mailed; or (iii) during a period of fifteen (15) days next preceding the mailing of a notice of redemption of any Series M Bond.

No service charge shall be made for any transfer or exchange of Series M Bonds, but the Board and the Registrar may require payment of a sum sufficient to cover any tax or any other governmental charge that may be imposed in connection with any transfer or exchange of Series M Bonds, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Series M Bond surrendered for redemption.

**Section 2.06. Securities Depository; Ownership of Bonds.** Except as provided in paragraph (c) below, the Series M Bonds shall be registered in the name of the Securities Depository or the Securities Depository Nominee, and ownership thereof shall be maintained in Book-Entry Form by the Securities Depository for the account of the Agent Members of the Securities Depository. Initially, the Series M Bonds shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company. Except as provided in paragraph (c) below, the Series M Bonds may be transferred, in whole but not in part, only to the Securities Depository or the Securities Depository Nominee, or to a successor Securities Depository selected or approved by the Board or to a nominee of such successor Securities Depository. As to any Series M Bond, the person in whose name such Series M Bond shall be registered shall be the absolute owner thereof for all purposes, and payment of or on account of the principal of and premium, if any, and interest on any such Series M Bond shall be made only to or upon the order of the registered owner thereof or his legal representative.

(a) Neither the Board nor the Trustee shall have any responsibility or obligation with respect to:

(i) the accuracy of the records of the Securities Depository or any Agent Member with respect to any beneficial ownership interest in the Series M Bonds;

(ii) the delivery to any Agent Member, any beneficial owner of the Series M Bonds or any other person, other than the Securities Depository, of any notice with respect to the Series M Bonds or the Bond Resolution; or

(iii) the payment to any Agent Member, any beneficial owner of the Series M Bonds or any other person, other than the Securities Depository, of any amount with respect to the principal of, premium, if any, or interest on the Series M Bonds.

So long as any Series M Bonds are registered in Book-Entry Form, the Board and the Trustee may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such Series M Bonds for all purposes whatsoever, including without limitation:

(A) the payment of principal of, premium, if any, and interest on the Series M Bonds;

(B) giving notices of redemption and other matters with respect to the Series M Bonds;

(C) registering transfers with respect to the Series M Bonds;

(D) the selection of Series M Bonds for redemption;

(E) for purposes of obtaining consents under the Bond Resolution; and

(F) notwithstanding the definition of the terms "bondholder" or "holder" or "owner" in the Bond Resolution as referencing the registered owners of the Series M Bonds, the Trustee shall be entitled to rely upon written instructions from a majority of the beneficial owners of the Series M Bonds with reference to consent, if any, required from the owners of the Series M Bonds pursuant to the terms of the Bond Resolution.

(b) If at any time the Securities Depository notifies the Board that it is unwilling or unable to continue as Securities Depository with respect to the Series M Bonds, or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Securities Depository is not appointed by the Board within 90 days after the Board receives notice or becomes aware of such condition, as the case may be, then this Section shall no longer be applicable, and the Board shall execute and the Trustee shall authenticate and deliver certificates representing the Series M Bonds to the owners of the Series M Bonds as otherwise provided in this Article II.

(c) Payment of the principal of, premium, if any, and interest on any Series M Bonds not registered in Book-Entry Form shall be made as provided in Section 2.04 hereof.

(d) The principal of, premium, if any, and interest on the Series M Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee shall be payable by wire transfer from the Trustee to the Securities Depository or the Securities Depository Nominee, as the case may be.

**Section 2.07. Form of Bond.** The Series M Bonds and the certificate of the Registrar to be endorsed on said Series M Bonds shall be in substantially the following form, to-wit:

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
MOREHEAD STATE UNIVERSITY  
CONSOLIDATED EDUCATIONAL BUILDINGS REFUNDING REVENUE BOND  
SERIES M

NO. R-\_\_\_\_\_ \$ \_\_\_\_\_

DATE OF ORIGINAL ISSUE      INTEREST RATE      MATURITY DATE      CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the Board of Regents of Morehead State University, at Morehead, Kentucky, a public body corporate and educational institution and agency of the Commonwealth of Kentucky (hereinafter called the "Board"), for value received, hereby promises to pay to the Registered Owner named above, or registered assigns or legal representatives, as herein provided, solely from the special fund hereinafter identified, upon presentation and surrender of this Series M Bond, the Principal Amount specified above, on the

Maturity Date specified above, and to pay interest on said sum at the per annum Interest Rate specified above, from the interest payment date to which interest has been paid next preceding the date on which this Series M Bond is authenticated, unless this Series M Bond is authenticated on an interest payment date to which interest has been paid, in which event this Series M Bond shall bear interest from such date, or if this Series M Bond is authenticated prior to the first interest payment date, this Series M Bond shall bear interest from the Date of Original Issue set out above, semiannually on May 1 and November 1 of each year, commencing \_\_\_\_\_ 1, \_\_\_\_\_, until payment of the Principal Amount, except as the provisions hereinafter set forth with regard to redemption prior to maturity may be and become applicable hereto. The principal amount of this Series M Bond (or redemption price, if redeemed prior to maturity) is payable upon surrender of this Series M Bond, at maturity or at earlier redemption prior to maturity, in lawful money of the United States of America at the principal office of the Paying Agent, J.P. Morgan Trust Company, National Association, Louisville, Kentucky, or any successor appointed pursuant to the provisions of the Resolution hereinafter referred to. Interest due on this Series M Bond shall be paid by check or draft mailed by regular United States mail, postmarked no later than the due date thereof, by the Paying Agent to the Registered Owner and at the address shown as of the 15th day of the month preceding such interest payment date on the Bond Register kept by the Registrar.

This Series M Bond and the issue of which it is a part is issued under and pursuant to a Resolution adopted on November 14, 1960 (the "Resolution"), and a Series M Resolution adopted on December 12, 2003 (the "Series M Resolution"), by the Board, and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including among others, Sections 162.340 to 162.380, inclusive, of the Kentucky Revised Statutes now in full force and effect.

As provided in the Resolution, bonds may be issued from time to time pursuant to separate resolutions in one or more series, in various principal amounts, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of bonds which may be issued under the Resolution is not limited except as provided in the Resolution, and all bonds issued and to be issued under the Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Resolution. As of the date hereof, there are outstanding pursuant to the Resolution, Series K Bonds and Series L Bonds. All series of bonds heretofore and hereafter issued and outstanding, including the Series M Bonds, under and pursuant to the Resolution are hereinafter referred to as the "Bonds."

This Bond is one of a series of Bonds in the aggregate principal amount of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) principal amount of Bonds (hereinafter collectively referred to as the "Series M Bonds") authorized to be issued by the Board for the purpose of (i) depositing to an escrow fund the amount required to refund certain Bonds and (ii) paying the costs of issuing the Series M Bonds.

Copies of the Resolution and the related series resolutions are on file at the office of J.P. Morgan Trust Company, National Association, Louisville, Kentucky (as successor by acquisition to Chase Manhattan Trust Company, National Association), the Trustee. Reference is hereby made to the Resolution and the Series M Resolution pursuant to which J.P. Morgan Trust

Company, National Association, Louisville, Kentucky, has been designated as Trustee for the holders and owners of the issue of Bonds of which this Series M Bond is one and for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds; the rights, duties and obligations of said Board of Regents and of the Trustee, and the rights of the holders and owners of the Bonds; and by the acceptance of this Series M Bond, the owner hereof assents to all of the provisions of the Resolution and the Series M Resolution.

The owner of this Series M Bond shall have no right to enforce the provisions of the Resolution or the Series M Resolution, or to institute action to enforce the covenants therein, to take any action with respect to any default under the Resolution, or the Series M Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Resolution.

The Resolution provides for fixing, charging and collecting fees for the services of the Consolidated Educational Buildings Project (the "Project") consisting of all educational buildings heretofore and hereafter erected on the property of the University as more particularly defined in the Resolution, which fees will be sufficient to pay the principal of and interest on the Bonds as the same become due and to provide reserves for such purposes and also to pay the costs of operation and maintenance of the Project to the extent the same are not otherwise provided. The Resolution provides for the creation of a special account designated "Consolidated Educational Buildings Project Bond and Interest Sinking Fund" (the "Bond Fund"), and for the deposit to the credit of the Bond Fund of a fixed amount of the gross Revenues of the Project to pay interest on the Bonds as the same becomes due and to pay or retire the principal of the Bonds at or prior to the maturity thereof, and to provide a reserve for such purpose, in an amount equal to the maximum Aggregate Principal, Interest and Bond Fund Charges on the Bonds, which Bond Fund is pledged to and charged with the payment of said principal and interest.

The issue of Series M Bonds of which this Series M Bond is one, and all other Bonds heretofore issued and as may hereafter be issued and outstanding from time to time under the Resolution, are payable only from a fixed amount of the gross Revenues derived from the operation of the Project which will be set aside in said Bond Fund and other Revenues required to be paid into said Bond Fund, and this Series M Bond does not constitute an indebtedness of Morehead State University or of its Board of Regents or of the Commonwealth of Kentucky within the meaning of any provisions or limitations of the Constitution of the Commonwealth of Kentucky.

This Series M Bond may be exchanged or transferred upon presentation and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the owner or his authorized representative, for a Series M Bond or Series M Bonds of the same maturity and interest rate and in any authorized denomination of \$5,000 and/or a multiple thereof within a single maturity, in an aggregate principal amount or amounts equal to the unpaid principal amount of the Series M Bond or Series M Bonds presented for exchange and transfer.

The Series M Bonds are not subject to optional redemption prior to maturity.

[Insert mandatory sinking fund redemption provisions, if any.]

In the event that a Series M Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Series M Bond may be redeemed, but only in a principal amount equal to \$5,000 or an integral multiple thereof. Upon surrender of any Series M Bond for redemption in part, the Registrar, in accordance with the Series M Resolution, shall authenticate and deliver in exchange Series M Bonds in an aggregate principal amount equal to the unredeemed portion of the Series M Bond so surrendered.

The Trustee shall give notice of any redemption by sending such notice by United States mail, first class, postage prepaid, not less than thirty (30) and not more than sixty (60) days prior to the date fixed for redemption, to the registered Owner of each Series M Bond to be redeemed in whole or in part at the address shown on the Bond Register as of the date of mailing of such notice.

A statutory mortgage lien, which is hereby recognized as valid and binding on said Project, is created and granted to and in favor of the owners of the Series M Bonds on a parity with all outstanding Bonds, and the Project shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on the Series M Bonds.

This Series M Bond shall not be valid or become obligatory for any purpose, or be entitled to any security or benefit under the Resolution until it shall have been authenticated by the execution by the Registrar of a certificate endorsed hereon.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Series M Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series M Bond, together with all other obligations of the Board of Regents of said Morehead State University, does not violate any provision or exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky; that said Project will be continuously operated, and that a sufficient portion of the gross Revenues therefrom has been pledged to and will be set aside into said Bond Fund for the payment of the principal of and interest on the Series M Bonds, and all other Bonds, which by their terms and the terms of the Resolution are payable from said Bond Fund, as and when the same will respectively become due.

IN TESTIMONY WHEREOF, the Board of Regents of Morehead State University has caused this Series M Bond to be executed on its behalf by the reproduced facsimile signature of its Chairman and the facsimile of its corporate seal to be imprinted hereon, attested by the reproduced facsimile signature of its Secretary, dated as of the Date of Original Issue set forth above; provided, however, that this Series M Bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Series M Resolution pursuant to which it was authorized until the Authentication Certificate of Trustee printed hereon shall have been executed by the manual signature of a duly authorized representative of the Trustee.

BOARD OF REGENTS OF MOREHEAD STATE  
UNIVERSITY

### **ARTICLE III. MISCELLANEOUS PROVISIONS**

**Section 3.01. The Trustee.** For the purpose of securing the payment of both the principal of and interest on all of the outstanding Series of Bonds authorized pursuant to the Resolution, and any additional parity bonds which may hereafter be issued and outstanding pursuant to the conditions and restrictions set forth in Section 7.10 of the Resolution, and to secure for the benefit of all the holders and owners of said Bonds the faithful performance of the covenants and provisions contained in the Resolution in the manner and to the extent as permitted and provided in the Resolution and in Sections 162.340 to 162.380 of the Kentucky Revised Statutes, J.P. Morgan Trust Company, National Association, Louisville, Kentucky (as successor by acquisition to Chase Manhattan Trust Company, National Association), was designated in the Series A Resolution as Trustee under the Resolution for the holders of all of said Bonds, and such designation is now reaffirmed, with the powers and duties set forth in the Resolution and with no liability in connection with any action or omission to act under the Resolution except for its own negligence or willful breach of trust. Execution of a certificate of the Trustee in connection with the delivery of the Series M Bonds shall conclusively establish the acceptance as to such Series M Bonds by the Trustee of the trusts and provisions with respect thereto as set forth in the Resolution and in this Series M Resolution.

**Section 3.02. Conditions of Sale of Series M Bonds; Determination of Interest Rates.** The Series M Bonds shall be sold at public sale after public advertising as required by Chapter 424 of the Kentucky Revised Statutes. Bids shall be received in the office of the Vice-President for Administration and Fiscal Services of the University, until a day and hour designated by the Vice-President for Administration and Fiscal Services, but not less than seven (7), nor more than twenty-one (21) days prior to the designated sale date. The Vice-President for Administration and Fiscal Services of the University is hereby authorized to accept the lowest and best bid for the Series M Bonds and establish the final principal amount and maturities for the Series M Bonds, and the interest rates of said Series M Bonds shall be automatically fixed at the interest rates set out in said successful bid accepted by such authorized officer, without the necessity of any further action by the Board. The proceeds of the sale of said Series M Bonds shall be used only for the purposes herein described.

**Section 3.03. Delivery of Series M Bonds; Application of Proceeds.** Immediately upon the issuance, sale and delivery of the Series M Bonds, the proceeds thereof shall be applied as follows:

- (a) To the Bond Fund, accrued interest on the Series M Bonds from the date thereof to the date of delivery to be applied toward payment of interest on the Series M Bonds on the first interest payment date;
- (b) To the Escrow Fund, the amount required by the Escrow Agreement;
- (c) To a temporary account entitled, the "costs of issuance account" to be held by the Trustee, the amount necessary to pay the costs of issuance of the Series M Bonds; and
- (d) To the Bond Fund, the remaining balance, if any.

From the proceeds of the Series M Bonds deposited in the costs of issuance account, there shall be paid to First Kentucky Securities Corporation, Frankfort, Kentucky, as Financial Advisor to the Board and Peck, Shaffer & Williams LLP, Bond Counsel, the contractual compensation which shall then be due and payable, and all other costs associated with the authorization, issuance, sale and delivery of the Series M Bonds. All monies remaining in the costs of issuance account after payment of all costs of issuance shall be transferred to the Bond Fund.

**Section 3.04. Escrow Agreement.** The Board shall enter into the Escrow Agreement with the Escrow Trustee, in substantially the form set forth in Exhibit A hereto, which shall provide for the establishment of an Escrow Fund with the Trustee and the investment of the funds held therein to effect the refunding and redemption of the Prior Bonds.

**Section 3.05. Subscription to SLGS.** Authority is given to Peck, Shaffer & Williams LLP, 118 West Fifth Street, Covington, Kentucky 41011, the Financial Advisor and the Trustee, to act on behalf of the Board in signing on behalf of the Board subscriptions for the purchase and issue of United States Treasury Certificates, Notes or Bonds - State and Local Government Series, to be issued to the Trustee as Escrow Agent in connection with the investment of the proceeds of the Series M Bonds.

**Section 3.06. Compliance with Provisions of Resolution as to Parity Coverage.** It is hereby certified that prior to the issuance of the Series M Bonds, a statement will be filed by the Treasurer of the Board with the Trustee evidencing compliance with the conditions and restrictions set forth in Section 7.10 of the Resolution permitting the issuance of bonds ranking on a basis of parity and equality with all the outstanding Series of Bonds issued pursuant to the Resolution as to security and source of payment, and in all other respects, as set out in the preamble hereto.

**Section 3.07. All Provisions of the Resolution as to Revenues and Bond Fund Reaffirmed.** All of the provisions of the Resolution as to the Revenues of the Consolidated Buildings Project, the application of same, the creation of various funds and the maintenance of the reserve in the Bond Fund, are hereby readopted, ratified and confirmed.

**Section 3.08. Compliance with Federal Arbitrage Regulations.** Prior to or at the time of delivery of the Series M Bonds, the Chairman of the Board and/or the chief financial officer of the University shall execute appropriate certifications with reference to the matters referred to above, setting out all known and contemplated facts concerning Series M Bond proceeds and investments, including the execution of necessary and/or desirable certifications of the type contemplated by applicable Treasury Regulations in order to assure that interest on the Bonds will be exempt from all federal income taxes and that the Series M Bonds will not be treated as arbitrage bonds.

**Section 3.09. Compliance With All Provisions of Law.** Prior to the issuance of the Series M Bonds, all provisions of law shall be complied with, which must be complied with prior to or at that time.

**Section 3.10. Covenant of Board To Take All Action Necessary to Assure Compliance With the Internal Revenue Code of 1986.** In order to assure purchasers of the Series M Bonds that interest thereon will continue to be exempt from all federal and Kentucky income taxation (subject to certain exceptions set out below), the Board covenants to and with the owners of the Series M Bonds that (1) the Board will take all actions necessary to comply with the provisions of the Internal Revenue Code of 1986, as applicable (the "Code"), (2) the Board will take no actions which will violate any of the provisions of the Code, or would cause the Series M Bonds to become "private activity bonds" or "arbitrage bonds" within the meaning of the Code, (3) none of the proceeds of the Series M Bonds will be used for any purpose which would cause the

interest on the Series M Bonds to become subject to federal income taxation, and the Board will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Series M Bonds.

Neither the University nor the Trustee shall take any action at any time which will cause the interest on the Bonds to become subject to Federal income taxation, and, without limiting the foregoing, it is covenanted for the benefit of the owners of such Bonds that no use of the proceeds of the Series M Bonds will be made at any time which, if such use had been reasonably expected on the date of issue of such bonds, would have caused them to be "arbitrage bonds." This covenant shall impose an obligation to comply with the requirements of Section 148 of the Code, and the applicable regulations thereunder. The word "proceeds" as used herein shall have the meaning which it has under such section of the Code and such regulations and shall include all moneys on deposit in all Funds provided for herein and all Funds established in connection with the Project and the Bonds. Without limiting the generality of the foregoing, in no event shall moneys be deposited in any accounts created hereunder or invested pursuant to the provisions hereof if such deposit or investment shall cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code.

The Board certifies that on the basis of the facts, expectations, and circumstances (including covenants of the Board) in existence on the date of adoption of this Series M Resolution it is not expected that the proceeds of the Series M Bonds will be used in a manner that will cause such obligations to be "arbitrage bonds." The Chairman and the Treasurer of the Board are hereby jointly and severally designated and charged by the Board and the University with the responsibility for issuing the Series M Bonds and are hereby designated as the officers of the Board and the University to execute (by either of them) the ("no arbitrage") certification required by Section 1.103-13(a)(2)(ii) and any other provisions of the Treasury Regulations, and such certification shall set forth such facts, expectations and circumstances, which may be in brief and summary terms, and shall state that to the best of his knowledge and belief that are no other facts, expectations, or circumstances that would materially change such expectation that the proceeds of the issue of Bonds herein authorized will not be used in a manner that would cause same to be "arbitrage bonds." If, under any valid provisions of law hereafter enacted, the interest paid by the Board on the Bonds should excludable from the gross income of a recipient thereof for Federal income tax purposes without regard to compliance with the provisions of Section 148 of the Code, then the University shall not be required to comply with such provisions of the Code.

Without limiting the generality of the foregoing, the Board agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Series M Bonds from time to time. This covenant shall survive payment in full or defeasance of the Series M Bonds. The Board specifically covenants to pay or cause to be paid to the United States, the Rebate Amount, at the times and in the amounts described in the Memorandum of Instructions. The Trustee, by execution of its Acceptance attached hereto, agrees to comply with all instructions of the Board given in accordance with the Memorandum of Instructions.

The Board reserves the right to amend the Series M Resolution authorizing the Series M Bonds without obtaining the consent of the owners of the Series M Bonds (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Series M Bonds shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of the said owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Series M Bonds, or the application of such proceeds. The purchasers of these Series M Bonds are deemed to have relied fully upon these covenants and undertakings on the part of the Board as part of the consideration for the purchase of the Series M Bonds. To the extent that the Board obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Series M Resolution or referred to in this Series M Resolution would not subject interest on the Series M Bonds to federal income taxes or Kentucky income taxes, the Board shall not be required to comply with such covenants or requirements.

**Section 3.11. Compliance with SEC Rule 15c2-12 Disclosure Requirements.** The Board agrees for the benefit of the holders of the Series M Bonds to provide, or cause to be provided, continuing disclosure of the information required by Securities and Exchange Commission Rule 15c2-12 (the "Rule"). In order to comply with the requirements of the Rule, the Board hereby approves and agrees to enter into the Continuing Disclosure Agreement substantially in the form set forth in Exhibit B hereto (the "Continuing Disclosure Agreement").

**Section 3.12. Copy of Resolution To Be Filed With Trustee.** A certified copy of this Series M Resolution shall be filed with the Trustee, and this Series M Resolution shall take effect immediately upon its adoption and the filing of a certified copy hereof with the Trustee.

**Section 3.13. Authorization.** The Board hereby designates its Chairman and Secretary or their designees and the Treasurer of Morehead State University, to act as representatives of the Board in connection with the matters provided in this Series M Resolution and said representatives or their designees are authorized and directed to execute and deliver, for and on behalf of the Board, the Escrow Agreement, the Continuing Disclosure Agreement and any and all additional certificates, documents, agreements or other papers and perform all other acts necessary or desirable in connection with the issuance of the Series M Bonds, and arrangements for the investment of proceeds thereof, the necessity and desirability of such additional certificates, documents, agreements and other papers and such other acts to be established conclusively by the execution or taking thereof.

Adopted: December 12, 2003

(SEAL)

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Chairman, Board of Regents

Attest:

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Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of Regents of Morehead State University, Morehead, Kentucky, hereby certifies that the foregoing is a true copy of a Series M Resolution adopted by said Board at a meeting held on December 12, 2003, which Series M Resolution pertains to the issuance of Consolidated Educational Buildings Refunding Revenue Bonds, Series M, all as shown by the official records in my custody and under my control.

WITNESS my signature and the seal of the University this \_\_\_\_\_, 200\_.

\_\_\_\_\_  
Secretary, Board of Regents

(SEAL)

## **APPROVE DISPOSAL OF REAL PROPERTY**

**BOR (VII-A-6)**  
**December 12, 2003**

### **Recommendation**

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

### **Written Request to Dispose of Property**

In 1989, the University acquired property located at the intersection of Second Street and University Boulevard (now Battson-Oates Drive). The property has been used to house faculty offices and at one time, the Kentucky Folk Art Center. Also located on the property was a frame building approximately 18' by 33.2' in dimension that was identified as the location of the law office of Judge Allie Young. Judge Young was at one time a state senator and was an influential figure in the history of Morehead, Rowan County and Morehead State University. The building is of historical significance and some estimates place the construction date for the structure between 1840 and 1900.

The building was in poor physical condition when acquired, and that condition has worsened over the years. The structural deterioration of the building is such that restoration of the building will be costly and time consuming. Morehead State University is interested in preserving the property, but budgeted resources have not been available to allocate to the project.

The Rowan County Fiscal Court currently has a project to restore and preserve the historic Rowan County Old Courthouse square. This project will be accomplished with grant funds. The old courthouse is located across the street from the Young Law Office building. The Rowan County Fiscal Court will incorporate the Young Law Office building into the Courthouse Square Preservation Project and will restore the building to a usable state. In order to incorporate the building into the preservation project, the Fiscal Court must have title to the building and the land on which it is located.

The building has no monetary value. The lot is approximately 29' by 69', and is surplus to the University's needs. With Board approval, the building and land will be transferred to the Rowan County Fiscal Court, with the stipulation that should the building be relocated from its present site, the land will revert back to Morehead State University. According to Kentucky Revised Statutes, an appraisal will be obtained to establish the value of the property to be transferred to the Fiscal Court.

### **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.

Prepared by: Michael R. Walters

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**

The land has been surveyed by Curd Surveying, Engineering and Land Consulting, Inc. A description of the land and a plat of the area to be conveyed are attached for reference.

## ORDER TO DISPOSE OF PROPERTY

WHEREAS, upon the recommendation of the President on December 12, 2003, the Board of Regents has reviewed the Written Request to Dispose of Property in reference to the following:

A parcel of land located on the south side of Battson-Oates Drive approximately 120 feet east of the junction of Second Street in Morehead, Rowan County, Kentucky described in the attached survey document and plat prepared by Curd Surveying, Engineering, and Land Consulting, Inc.

Whereas, the President of Morehead State University recommends that the referenced property would be more suitable consistent with the public interest for use with the Rowan County Fiscal Court Courthouse Square Preservation Project and may be disposed,

WHEREAS, the transfer of the aforementioned University property to the Rowan County Fiscal Court is the best public interest of The Commonwealth,

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 transferred to the Rowan Count Fiscal Court.

**RECOMMENDED:**

\_\_\_\_\_  
Ronald G. Eaglin, President

\_\_\_\_\_  
Date

**APPROVAL:**

\_\_\_\_\_  
Buckner Hinkle, Chair  
MSU Board of Regents

\_\_\_\_\_  
Date

PROPERTY DESCRIPTION OF A SEVERANCE OF THE COMMONWEALTH OF KENTUCKY, MOREHEAD  
STATE UNIVERSITY PARCEL TO BE CONVEYED TO ROWAN COUNTY

A parcel of land located on the south side of Battson-Oates Drive approximately 120 feet east of the junction of Second Street in Morehead, Rowan County, KY and described as follows:

Beginning at a set  $\frac{1}{2}$ " rebar with aluminum cap stamped "CURD SURVEYING & ENG., INC. LS 2926" (set rebar with cap), a corner to the parcel conveyed to Maude Clay et al in Deed Book 58 Page 212 and Deed Book 58 Page 240 of the Rowan County Court Clerk's records and in the south right-of-way of Battson-Oates Drive; Said set rebar with cap is located approximately 2.0' south of and behind a 6' wide concrete sidewalk and approximately 0.3' west of the west edge of an asphalt surface parking lot;

Thence with the Clay line and with the line of the parcel conveyed to The Salt Lick Deposit Bank in Deed Book 198 Page 98 for one (1) call:

(1) SOUTH  $37^{\circ}59'27''$  WEST 68.95 feet to a found  $\frac{1}{2}$ " rebar with plastic cap stamped "LS 317" (found rebar with plastic cap);

Thence continuing with The Salt Lick Deposit Bank line for one (1) call:

(1) NORTH  $53^{\circ}17'37''$  WEST 28.12 feet to a set rebar with cap in a severance line;

Thence with a severance line for one (1) call:

(1) NORTH  $36^{\circ}36'19''$  EAST 68.72 feet to a set rebar with cap on the south right-of-way of Battson-Oates Drive located approximately 2.0 feet south of and behind a 6' wide concrete sidewalk and approximately 0.2 feet east of the east edge of a concrete surface parking area;

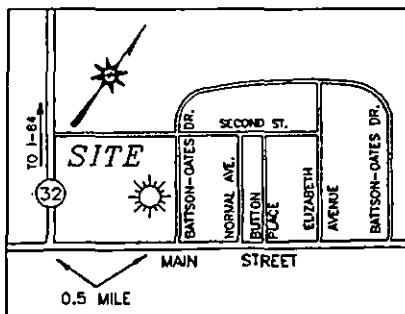
Thence with the south right-of-way of Battson-Oates Drive for one (1) call:

(1) SOUTH  $53^{\circ}43'00''$  EAST 29.79 feet to the beginning containing 1993 square feet or 0.046 Acre. The basis of bearings is assumed from the most northwesterly call of the parent tract of the subject 0.046 Acre severance parcel listed in Deed Book 144 Page 630 (NORTH  $55^{\circ}07'$  WEST 124.59 feet). This property description is based on a field survey conducted under the direction of Timothy E. Kelly, LS 2926, with CURD SURVEYING, ENGINEERING & LAND CONSULTING, INC. dated October 21, 2003 and is shown on plat of survey dated October 25, 2003 and made part of this property description.

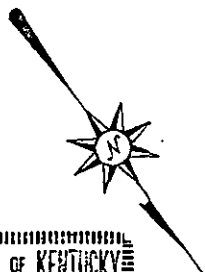
Being a portion of the parcel conveyed from Gay Garred Hardymon and James F. Hardymon to The Commonwealth of Kentucky, Morehead State University in deed dated January 17, 1989 and recorded in Deed Book 144 Page 630 of the Rowan County Court Clerk's records.



*Timothy E. Kelly 10/25/03*



VICINITY MAP (NOT TO SCALE)  
MOREHEAD, ROWAN COUNTY, KY.



THE SALT LICK  
DEPOSIT BANK  
DEED BOOK 198 PAGE 98

2 STORY  
COMMERCIAL

MAUDE CLAY et al  
DEED BOOK 58 PAGE 212  
DEED BOOK 58 PAGE 240

ASPHALT  
PARKING

POINT OF  
BEGINNING

WATER METER

CONCRETE SIDEWALK

PARALLEL PARKING

1 STORY  
COMMERCIAL

CONCRETE  
PARKING

COMMONWEALTH OF KY.  
MOREHEAD STATE U.  
DEED BOOK 144 PAGE 630

SEVERANCE  
PARCEL AREA:  
1993 SQ. FT.  
OR 0.046 ACRE

SOURCE OF TITLE:

COMMONWEALTH OF KY.  
MOREHEAD STATE U.  
DEED BOOK 144 PAGE 630  
(PORTION)

#### LEGEND

- BOUNDARY LINE (THIS SURVEY)
- SEVERANCE BOUNDARY LINE (THIS SURVEY)
- APPROXIMATE ADJOINING BOUNDARY LINE
- CABLE WIRE FENCE
- OVERHEAD ELECTRIC LINE
- OVERHEAD COMMUNICATION LINE
- 1/2" REBAR WITH ALUMINUM CAP STAMPED  
"CURD SURVEYING & ENG. INC. LS 2926"  
(SET THIS SURVEY)
- 1/2" REBAR WITH PLASTIC CAP STAMPED  
"LS 317" (FOUND THIS SURVEY)
- UTILITY POLE

#### SURVEYOR'S CERTIFICATION

I CERTIFY THAT THIS PLAT DEPICTS A SURVEY CONDUCTED UNDER MY DIRECTION USING THE METHOD OF RANDOM TRAVERSE ON 10/21/03. THE UN-ADJUSTED ERROR OF CLOSURE RATIO OF THE RANDOM TRAVERSE IS 1:128,400. THE BEARINGS AND DISTANCES HAVE NOT BEEN ADJUSTED FOR CLOSURE. THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS OF GOVERNING AUTHORITIES FOR A CLASS "A" SURVEY. THIS PARCEL IS SUBJECT TO ALL EASEMENTS OF RECORD. THE BASIS OF BEARINGS IS ASSUMED FROM THE MOST NORTHWESTERLY CALL OF THE PARENT TRACT OF THE SUBJECT SEVERANCE PARCEL LISTED IN DEED BOOK 144 PAGE 630 (NORTH 55-07 WEST 124.59').

*Timothy E. Kelly* 2926 10/25/03  
TIMOTHY E. KELLY L.S. 2926 DATE

BOUNDARY SURVEY OF A SEVERANCE OF THE  
COMMONWEALTH OF KY. - M.S.U. PARCEL  
TO BE CONVEYED TO ROWAN COUNTY  
BATTSON-OATES DRIVE  
MOREHEAD, ROWAN CO., KENTUCKY

CURD SURVEYING, ENGINEERING  
& LAND CONSULTING, INC.

450 PRESTONSBURG STREET  
WEST LIBERTY, KENTUCKY 41472  
(606) 743 - 1289

821 EAST MAIN STREET  
MOREHEAD, KENTUCKY 40351  
(606) 784 - 3799

DATE:	10/25/03	PROJ. #	2977
SCALE:	1"=20'	EDITED BY:	TEK
DRAWN BY:	TEK	SHEET:	1 OF 1

PARCEL OWNERS/CLIENT'S  
ADDRESS  
MOREHEAD STATE UNIVERSITY  
MOREHEAD, KY. 40351

**2004-2006 EXECUTIVE BRANCH  
BUDGET REQUEST**

**BOR (VII-A-7)  
December 12, 2003**

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**Recommendation:**

That the Board of Regents ratify the University's 2004-2006 Executive Branch Budget Request.

**Background:**

On November 3, 2003, the Council on Postsecondary Education approved a 2004-2006 Operating and Capital Budget recommendation for the public postsecondary education institutions to the Governor and General Assembly. Morehead State University, as well as the other public postsecondary institutions, was required to submit a 2004-2006 Executive Branch Budget Request by November 15, 2003 to the Governor's Office for Policy and Management, the Legislative Research Commission, and the Council. This submission was made in accordance with the Council's recommendation regarding the state appropriation and capital project request approved on November 3, 2003.

A summary of Morehead State University's 2004-2006 Executive Branch Budget Request is attached hereto.

**Council on Postsecondary Education  
2004-2006 Biennial Budget Request for  
Morehead State University**

**OPERATING**

	2003-2004	2004-2005	% Inc	2005-2006	% Inc
<b>FY 2003-2004 State General Fund Appropriation</b>	<b>\$ 42,738,200</b>				
Benchmark Funding		\$ 2,830,400			
Estimated Base Adjustments		\$ 313,531			
<b>FY 2004-05 State General Fund Appropriation (recommended)</b>		<b>\$ 45,882,131</b>	<b>7.4%</b>		
Benchmark Funding				\$ 2,830,400	
Estimated Base Adjustments				\$ (87,276)	
<b>FY 2005-06 State General Fund Appropriation (recommended)</b>				<b>\$ 48,625,255</b>	<b>6.0%</b>

**Benchmark Funding**

A benchmark funding model was used by the CPE to develop operating adjustments for each postsecondary education institution. The model was first developed and used in the 2000-02 biennium in cooperation with the institutions and the executive and legislative branches. It uses a measure of central tendency to determine the 2004-2006 funding objective for each institution based on peer benchmark institution funding levels, a 37% standard deduction for tuition and fee revenues and estimated fall 2003 enrollment to arrive at an institutional distribution based on a three-biennia phase-in starting in 2004-2006 with a 10% annual cap and 2% floor.

**Base Adjustments**

Base adjustments include maintenance and operation (M&O) funding for new educational and general facilities that have come into use during the 2002-2004 biennium or will come into use during the 2004-2006 biennium as well as changes in debt service obligations for state supported facilities.

**Council on Postsecondary Education  
2004-2006 Biennial Budget Request for  
Morehead State University**

**TRUST FUNDS & INCENTIVE FUNDING PROGRAMS**

The CPE's 2004-2006 budget request included \$3,607,600 in FY 2004-05 and \$120,485,000 in FY 2005-06 for five trust funds and three incentive funding programs. Below is a summary of the trust fund and incentive programs that include allocation or potential rewards for MSU in 2004-2006.

	State Pool		MSU Allocation
	2004-2005	2005-2006	2004-2006
<b>Regional University Excellence Trust Fund</b>			
Endowment Match Program (\$1 for \$1 match -- non-recurring)		\$ 10,000,000	\$ 1,413,685
Regional Stewardship Program		\$ 6,000,000	Proposal Based
<b>Technology Initiative Trust Fund</b>			
Faculty Development		\$ 50,000	To Be Determined
<b>Physical Facilities Trust Fund*</b>			
Capital Renewal & Maintenance (\$.75 for \$1 match -- debt service)		\$ 1,431,000	\$ 797,300
<b>Enrollment Growth and Productivity Incentive Funding Program</b>			
Enrollment Growth		\$ 8,700,000	To Be Determined
Productivity		\$ 870,000	To Be Determined
Systemwide Award		\$ 430,000	To Be Determined

\*Note: The \$1,431,000 requested by CPE will cover debt service on a \$15,000,000 state-wide pool of which \$797,300 is allocated for MSU in 2005-2006 on a match basis.

**Council on Postsecondary Education  
2004-2006 Biennial Budget Request for  
Morehead State University**

**CAPITAL PROJECTS**

**Eligible Capital Renewal and Maintenance Projects**

Capital Renewal & Maint Pool Projects	\$	11,745,000
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**Recommended State-Funded Projects:**

Construct MSU-NASA Space Science Ctr	\$	12,200,000
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**Agency Bond Pool Projects**

Construct Parking Structure	\$	6,500,000
Comply with ADA - Auxiliary		1,200,000
Construct Family Housing Complexes-Phase II		4,700,000
	\$	12,400,000

**Agency-Funded Projects**

Expand Life Safety: Claypool-Young Bldg	\$	500,000
Comply with ADA - E&G		1,700,000
Purchase Instructional Tech Initiatives		1,866,000
Purchase Instructional & Support Equip		1,334,000
Expand Student Wellness Center		1,000,000
Purchase HPLC-Mass Spectrometer		140,000
Enhance Network/Infrastructure Resources		2,250,000
Enhance Library Automation Resources		750,000
Enhance Distance Learning Systems		2,500,000
Expand Compressed Video Resources		2,200,000
Upgrade Instruct. PCs/LANS/Peripherals		2,500,000
Purchase Scanning Electron Microscope		173,000
Upgrade Administrative Office Systems		2,000,000
Reconstruct Central Campus		780,000
Acquire Land Related to Master Plan		2,000,000
Purchase ICP-OES		110,000
Purchase Tour Bus		400,000
Replace Steam Line		500,000
Replace Boiler Tubes		800,000
Replace Bag House		2,000,000
	\$	25,503,000

**Performance Contracting projects**

Guaranteed Energy Savings	\$	10,000,000
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Note: Capital Projects included in MSU's Six-Year Capital Plan 2004-2010 but not recommended by the Council for authorization in 2004-2006 included:

Renovate & Add to Student Ctr Phase II		6,500,000
Renovate Combs Classroom Building		6,000,000
Renovate & Expand Camden-Carroll Library-Phase I		5,500,000
Renovate Button Auditorium		3,000,000
Renovate and Align Senff Facility		4,000,000
Construct Plant Facilities		4,100,000
Replace Student Records Mngt. System		10,000,000
Renovate John Sonny Allen Field		1,800,000
Construct Ashland Area Ext. Camps Ctr		10,500,000
Construct Police Station		2,300,000
Construct KY Ctr for Traditional Music		6,500,000

## **RENAMING OF KIBBEY THEATRE**

**BOR (VII-A-8)  
December 12, 2003**

### **Recommendation:**

That the Board of Regents approve renaming of the former Kibbey Theatre in the Combs Classroom Building as the Kibbey Seminar Room.

### **Background:**

The naming or renaming of physical facilities at the University requires a recommendation from the President and approval of the Board of Regents. Traditionally, naming of facilities has been a permanent means of recognizing those who have provided outstanding support, financial or otherwise, to the institution or given exemplary personal service over a sustained period. The Kibbey Theatre in the Combs Classroom Building was named in 1976 in honor of the late Sam Fred Kibbey, who served two terms as a member of the Board of Regents. The theatre program since has relocated to new facilities at Breckinridge Hall. As a result, the Kibbey Theatre space has been converted to a seminar room for use by the College of Business, Institute for Regional Analysis and Public Policy and the Department of English, Foreign Languages and Philosophy.

Prepared by: Keith Kappes

**FALL 2003 ENROLLMENT REPORT****BOR (VII-B-1)**  
**December 12, 2003****HEAD-COUNT ENROLLMENT**

		<b>% Change</b>
1999	8,171	-1.1
2000	8,327	+1.9
2001	9,027	+8.4
2002	9,390	+4.0
2003	9,509	+1.3

**FULL-TIME EQUIVALENCY**

		<b>% Change</b>
1999	6,172	-2.1
2000	6,373	+3.3
2001	6,888	+8.1
2002	7,243	+5.2
2003	7,242	-0.0

**CREDIT-HOUR PRODUCTION**

		<b>% Change</b>
1999	96,107	-2.1
2000	99,223	+3.2
2001	107,014	+7.9
2002	112,806	+5.4
2003	112,968	+0.1

## **FINAL REPORT ON RESIDENCE HALL FIRE SAFETY PROJECTS**

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**BOR (VII-B-2)  
December 12, 2003**

In 1999, the University started a five-year, state-mandated residence hall fire safety program. The program included the design and installation of sprinklers and other fire safety requirements in residence halls.

The fire safety projects were financed with the University's Housing and Dining System Revenue Bonds, and a one-time withdrawal from the Housing and Dining System Revenue Bonds Repair and Maintenance Reserve.

The five-year program was completed in the fall of 2003. A financial summary detailing the amount of bonds sold, the withdrawal from the Repair and Maintenance Reserve, and the average annual debt service for the bonds is attached.

**FINANCIAL SUMMARY  
RESIDENCE HALL FIRE SAFETY PROJECTS  
DECEMBER 2003**

<b>Facilities</b>	<b>Floors</b>	<b>Gross Sq. Ft.</b>	<b>Completion</b>	<b>Bonds Sold</b>	<b>Repair &amp; Maintenance Reserve</b>	<b>Average Annual Debt Service</b>
<b><i>Phase I (1999)</i></b>						
Cartmell Hall	18	103,165	Fall 1999			
Alumni Tower	11	100,546	Fall 1999			
<b><i>Phase II (2000)</i></b>						
Mignon Tower	16	68,204	Fall 2000			
Mignon Hall	6	57,700	Fall 2000			
Cooper Hall	5	35,543	Fall 2000			
<b><i>Total Phases I &amp; II</i></b>				<b>\$3,066,978</b>	<b>\$400,000</b>	<b>\$253,266</b>
<b><i>Phase III (2001)</i></b>						
West Mignon Hall	5	45,113	Fall 2001			
East Mignon Hall	6	45,127	Fall 2001			
<b><i>Total Phase III</i></b>				<b>\$1,203,115</b>	<b>--</b>	<b>\$90,321</b>
<b><i>Phase IV (2002)</i></b>						
Regents Hall	5	37,464	Fall 2002			
Wilson Hall	5	37,540	Fall 2002			
<b><i>Phase V (2003)</i></b>						
Nunn Hall	10	104,822	Fall 2003			
Normal Hall	4	27,270	Fall 2003			
Waterfield Hall	5	66,774	Fall 2003			
Butler Hall	4	35,748	Fall 2003			
<b><i>Total Phase IV &amp; V</i></b>				<b>\$4,270,000</b>	<b>--</b>	<b>\$300,749</b>
<b><i>Five Year Project TOTAL</i></b>				<b>\$8,540,093</b>	<b>\$400,000</b>	<b>\$644,336</b>

## REPORT ON HEALTH INSURANCE FOR PLAN YEAR 2004

BOR (VII-B-3)  
December 12, 2003

Morehead State University is committed to providing all employees the most cost-effective health insurance coverage possible. In a December 2002 report to the Board of Regents the University stated its intent to fund on average, 75% of total health care insurance premiums. The University intends to maintain that level of support for Plan Year 2004.

Similar to other major healthcare plan sponsors, University health insurance costs have experienced double-digit inflation rates every year since 2000 and initial projections for 2004 cost increases presented no better picture. With University contributions increasing from \$1,626,000 in 2000 to the preliminary estimate of \$4.9 million for 2004, it became apparent that aggressive strategies must be established to gain cost control of the employee healthcare insurance benefit.

Within the health insurance industry, the consumer-driven health plan (CDHP) is rapidly gaining momentum and shows early promise for controlling health care costs. The CDHP is based upon the following assumptions:

1. Consumers will make more cost-effective health care decisions if they have a financial incentive to do so;
2. To make efficient use of scarce health care resources, consumers must be provided information necessary to make cost-effective decisions; and
3. Consumers must bear the primary responsibility for their own lifestyle and other health-related decisions.

Based upon these assumptions, the University will adopt the following healthcare plan strategies for 2004 and beyond:

1. The University will offer two different healthcare plans for 2004. Each of these plans will include higher deductibles and higher out of pocket maximums than previous plans. The result will be higher out of pocket costs for consumers that utilize higher levels of health care services. To minimize the effects of the higher deductibles and to provide a financial impetus for efficient utilization of healthcare services, the University will establish a Healthcare Reimbursement Arrangement (HRA) for each employee that chooses to participate in the CDHP option. The HRA is fully funded by the employer and unused funds may be "rolled-over" from year to year.
2. The University is committing significant resources to healthcare education. A healthcare website will be maintained and electronic tools provided to assist consumers in making wise healthcare decisions, both for temporary and chronic health conditions.
3. The CDHP represents a shift in healthcare insurance philosophy from individual cost being fairly independent of usage to usage driving cost for

the individual consumer. Managing one's health now becomes a financial consideration.

The shift to a consumer-driven philosophy in healthcare insurance for 2004 will result in projected plan costs actually being less than 2003 costs. Furthermore, the plan design changes inherent in the CDHP could result in cost control for both the University and individual employees throughout this decade.

The monthly employer/employee cost breakdown for each 2004 healthcare insurance plan is reflected in the following table:

**Morehead State University  
2004 Health Insurance Rates**

Plan	Actual Costs	University Contribution	University HRA Contribution	Employee Cost
<b>CHDP (Consumer Driven Health Plan)</b>				
Single:	\$297	\$187	\$ 73	\$ 37
Two-person:	\$446	\$203	\$ 127	\$ 116
Family:	\$594	\$286	\$ 127	\$ 181
MSU Husband & Wife 2-Person*	\$520	\$374	\$ 146	\$ 0
MSU Husband & Wife Family**	\$594	\$374	\$ 146	\$ 74
<b>POS (Point of Service)</b>				
Single:	\$417	\$325	N/A	\$ 92
Two-person:	\$625	\$438	N/A	\$ 187
Family:	\$834	\$550	N/A	\$ 284
MSU Husband & Wife 2-Person*	\$625	\$650	N/A	\$ 0
MSU Husband & Wife Family**	\$834	\$650	N/A	\$ 184

\* For the MSU husband and wife both employed by MSU who have no dependents on their plan, MSU will contribute two single contributions toward a 2-person plan.

\*\* For the MSU husband and wife both employed by MSU who have dependents on their plan, MSU will contribute two single contributions toward a family plan.

**YEAR-TO-DATE COMPARISON GIFT  
INCOME REPORT**

**BOR (VII-B-4)  
December 12, 2003**

**Morehead State University**  
**Year-to-Date Comparison Gift Income Report**  
*As of October 31, 2002 and 2003*

<b>Description</b>	<b>Fiscal Year 2002-03</b>	<b>Fiscal Year 2003-04</b>	<b>Variance</b>
Degreed Alumni	\$210,865.79	\$201,701.25	(\$9,164.54)
Non-degreed Alumni	587,600.00	2,201.50	(585,398.50)
Faculty/Staff	42,643.58	19,942.31	(22,701.27)
Retiree	63,890.00	8,160.00	(55,730.00)
Parent	18,345.00	13,321.66	(5,023.34)
Corporate Contributors	122,990.88	695,420.82	572,429.94
Foundations	864.08	682.52	(181.56)
MSU Organizations	50.00	2,781.90	2,731.90
Other Organizations	3,668.75	495.00	(3,173.75)
Student	170.00	640.00	470.00
Leadership Board Members	457.56	0.00	(457.56)
Sponsor	4,500.00	0.00	(4,500.00)
Friend of MSU	124,351.16	47,967.04	(76,384.12)
<b>GRAND TOTALS</b>	<b>\$1,180,396.80</b>	<b>\$993,314.00</b>	<b>(\$187,082.80)</b>

Matching Gifts Received*	\$9,095.00	\$5,250.00
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Gift-in-Kind*	\$710,462.48	\$618,113.04
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*Gifts of Stock Proceeds	\$0.00	\$19,440.00
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*\*Included in totals above*

Prepared by: Barbara Ender

**REPORT OF MAJOR GIFTS  
SINCE OCTOBER 1, 2003**

**BOR (VII-B-5)  
December 12, 2003**

The following is a list of gifts of \$10,000 or more that have been received and/or recorded since October 1, 2003, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.

<u>Donor Name</u>	<u>Type or Purpose</u>	<u>Gift Amount</u>
James & Joyce LeMaster	Scholarship	\$ 10,000
Elmer R. Smith	General	\$ 10,000
Steve and Darla Hunt	Gift-in-kind (Other)	\$ 14,829
Frances T. Edmunson	Scholarship	\$ 18,101
T. Starr and Charles Porter	Scholarship	\$ 20,000
Estate of Cloma Porter Moore	Scholarship	\$ 25,000
Ashland Inc. Foundation	Endowment	\$ 30,000
Frederick & May Lumber Co.	Gift-in-Kind (Other)	\$ 49,000
Elmer R. Smith	Endowment	\$ 50,000
	<b>Total Gifts</b>	<b>\$226,930</b>

Prepared by: Barbara Ender

**AGENDA**  
**Board of Regents**  
**Morehead State University**  
**2 p.m., Friday, December 12, 2003**  
**Riggle Room, Adron Doran University Center**

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. APPROVE SEPTEMBER 19, 2003, MINUTES**
- IV. APPROVE AWARDING OF HONORARY DOCTOR OF PUBLIC SERVICE DEGREE TO CONGRESSMAN HAROLD ROGERS**
- V. ADOPT RESOLUTION HONORING TRAVECE TURNER**
- VI. SPOTLIGHT PRESENTATION -- *Department of Psychology***
- VII. RECOMMENDATIONS AND REPORTS**

**A. Recommendations**

- 1. Approve 2003 Winter Graduates ..... 1
- 2. Ratify Personnel Actions ..... 2-20
- 3. Accept 2002-2003 Audit Report and Amend Operating Report 21-26
- 4. Accept First Quarter Financial Report and Amend Operating Budget ..... 27-37
- 5. Adopt Resolution Authorizing the Sale of Consolidated Educational Buildings Revenue Bonds, Series M ..... 38-59
- 6. Approve Disposal of Real Property ..... 60-64
- 7. Approve 2004-2006 Executive Branch Budget Request ..... 65-68
- 8. Approve Renaming of Kibbey Theatre ..... 69

**B. Reports**

- 1. Fall 2003 Enrollment Report ..... 70
- 2. Final Report on Residence Hall Fire Safety Projects ..... 71-72
- 3. Report on Health Insurance for Plan Year 2004 ..... 73-74
- 4. Year-to-Date Comparison Gift Income Report ..... 75
- 5. Report of Major Gifts Since October 1, 2003 ..... 76

**VIII. OTHER BUSINESS**

**A. 2004 Meeting Dates**

Work Session	February 13
BOR Meeting	March 5
Work Session	May 17
BOR Meeting	June 11
Work Session	August 13
BOR Meeting	September 3
Work Session	November 5
BOR Meeting	December 17

**B. Other**

**IX. ADJOURNMENT**