

**Board of Regents Meeting**  
**Morehead State University**  
Riggle Room, Adron Doran University Center  
9 a.m., Thursday, June 6, 2013

**Agenda**

- I. **CALL TO ORDER**
- II. **ROLL CALL**
- III. **ADOPT RESOLUTIONS OF COMMENDATION FOR JAMES H. BOOTH AND MARGO A. HUNT**
- IV. **REPORT ON STUDENT GOVERNMENT ASSOCIATION – Margo Hunt**
- V. **APPROVE AWARDING OF FOUNDERS AWARD FOR UNIVERSITY SERVICE TO CLYDE I. JAMES**
- VI. **PRESIDENT’S RECOMMENDATIONS AND REPORTS**
  - A. **Consent Agenda (Action)**
    - 1. Approve Minutes of March 14, 2013 .....
    - 2. Ratify 2013 Spring Graduates.....
    - 3. Ratify Personnel Actions.....
    - 4. Approve Reappointment of Auditing Firm .....
    - 5. Approve Minimum Scope of the Annual Audit.....
  - B. **Recommendations (Action)**
    - 1. Approve Promotions, 2013 .....
    - 2. Approve Emeritus Status, 2013 .....
    - 3. Approve Tenure, Academic Administrator.....
    - 4. Approve Revised PAc 2 on Promotion.....
    - 5. Accept Third Quarter Financial Report and Amend Operating Budget.....
    - 6. Approve 2013-14 Operating Budget, Fee Schedule and Personnel Roster.....
    - 7. Ratify 2014-2020 Six-Year Capital Plan .....
    - 8. Adopt Resolution Relating to the Sale of Morehead State University General Receipts Obligations, 2013 Series A.....
  - C. **Reports**
    - 1. Final 2013 Spring Enrollment Report.....
    - 2. Report on Personal Service Contracts .....
  - D. **President’s Report**

**VII. OTHER BUSINESS****A. Executive Session****B. President's Contract****C. Future Meetings**

1. Work Session, Thursday, August 15, 2013
2. Governor's Conference on Postsecondary Education  
Trusteeship, Thursday and Friday, September 12-13, 2013,  
Louisville Marriott Downtown
3. Quarterly Meeting, Thursday, September 26, 2013

**VIII. ADJOURNMENT**

**RESOLUTION HONORING  
JAMES H. BOOTH**

**BOR (III)  
June 6, 2013**

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**WHEREAS**, Mr. James H. Booth has served with distinction as a member of the Board of Regents of Morehead State University over a period of 12 years, serving four years as chair; and

**WHEREAS**, Mr. Booth's service as a board member has consistently demonstrated his high ethical standards, his professional collegiality and dedication to academic excellence, his abiding concern for the welfare of the entire University community, and his pride as an alumnus of the institution; and

**WHEREAS**, Mr. Booth's commitment to students, families and communities in the University's service region have enabled countless numbers of students to obtain a college education; and

**WHEREAS**, Mr. Booth's consistent and generous support of the University, its programs and mission has provided the impetus to help the University continue its path of success;

**THEREFORE**, be it resolved by the Board of Regents of Morehead State University that Mr. James H. Booth be and hereby is commended for his 12 years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for his efforts.

Done this sixth day of June 2013.

\_\_\_\_\_  
John C. Merchant, Chair

ATTEST:

\_\_\_\_\_  
Carol Johnson, Secretary

\_\_\_\_\_  
Wayne D. Andrews, President

**RESOLUTION HONORING MARGO A. HUNT**

**BOR (III)  
June 6, 2013**

**WHEREAS**, Ms. Margo A. Hunt has served with distinction as the student member of the Board of Regents of Morehead State University since July 1, 2012; and

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

**WHEREAS**, Ms. Hunt's efforts resulted in improved student relationships with the Morehead community; and

**WHEREAS**, Ms. Hunt's personal example inspired her fellow students to become more involved in the legislative budget process; and

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

**THEREFORE**, be it resolved by the Board of Regents of Morehead State University that Ms. Margo A. Hunt be and hereby is commended for her year of honorable and outstanding service on the Board of Regents and for her leadership of the Student Government Association.

Done this sixth day of June 2013.

\_\_\_\_\_  
John C. Merchant, Chair

ATTEST:

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Carol Johnson, Secretary

\_\_\_\_\_  
Wayne D. Andrews, President

**BOARD OF REGENTS MEETING  
MOREHEAD STATE UNIVERSITY  
March 14, 2013**

The Board of Regents of Morehead State University met at 9 a.m. on Thursday, March 14, 2013, in the Riggle Room of the Adron Doran University Center in Morehead, Kentucky. Chair John C. Merchant presided.

**CALL TO ORDER**

Chair Merchant called the meeting to order.

**ROLL CALL**

The following Board members were present: James H. Booth, Julie A. Butcher, Paul C. Goodpaster, Margo A. Hunt, Cheryl U. Lewis, Debbie H. Long, Wayne M. Martin, John C. Merchant, Ronald D. Morrison, Patrick E. Price, and Todd Q. Thacker.

**NOMINATING  
COMMITTEE REPORT**

Mr. Booth, chair of the Nominating Committee, moved that the Board reelect the current officers of the Board (John Merchant, Chair; Paul Goodpaster, Vice Chair; Beth Patrick, Treasurer; and Carol Johnson, Secretary). Mr. Price seconded the motion. The motion carried. Other members of the Nominating Committee were Pat Price and Debbie Long.

**SPOTLIGHT  
PRESENTATION**

Dr. Andrews introduced the spotlight presentation on compensation. Ms. Beth Patrick, Chief Financial Officer and Vice President for Administration, presented the report. She discussed the history of the compensation plan and the objectives of the future compensation model. These include:

- Ensuring salary competitiveness
  - Externally competitive and internally equitable
  - Comprehensive – includes all faculty and staff positions
  - Support strategic goals of MSU
- Providing a tool to manage pay
  - Attract and retain faculty and staff
  - Develop predictive modeling for comprehensive budget planning
  - Determine annual salary increases by market shifts

Following the presentation, Dr. Andrews asked Board members if the University is headed in the right direction. He said that plans are to implement the Faculty Compensation Model and staff nonexempt category in July 2013 and defer the implementation of the exempt category of the Staff Compensation Model until 2014 when work has been completed on the classification of positions. He said that the University could wait to implement both plans until all work is completed in 2014 if that is the Board's preference. Following discussion, the Board expressed its agreement on implementing the Faculty Compensation Model and the staff nonexempt category in July 2013 and wait until 2014 to implement the exempt category.

**CONSENT AGENDA**

Dr. Andrews said that an update on the plan will be presented at the May work session.

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

**MOTION:** Mr. Booth moved that the Board approve the items in the Consent Agenda that include the following:

1. Approve Minutes of December 6, 2012 (V-A-1)
2. Ratify Personnel Actions (V-A-2)
3. Approve Contracts for Banking Services (V-A-3)
4. Ratify Naming of Veterans Center (V-A-4)

Mr. Goodpaster seconded the motion.

Dr. Morrison and Mr. Thacker stated that they wholeheartedly agreed with and supported the naming of the Veterans Center in honor of LTC Alan R. Baldwin, who has had a very distinguished career and made significant contributions to Morehead State University.

**VOTE:** The motion carried.

**PRESIDENT'S  
RECOMMENDATIONS**

The President recommended:

***Tenure with Promotion***

**RECOMMENDATION:** That the Board of Regents approve the granting of tenure and promotion to those who are assistant professors to the associate professor rank for the following faculty members with the issuance of their contracts for the 2013-14 year:

Mr. Dongfeng Li, Assistant Professor of Art  
Dr. Ritta Abell, Assistant Professor of Speech Communication  
Dr. Lori Baruth, Assistant Professor of Music (clarinet)  
Dr. Roosevelt Escalante, Assistant Professor of Music  
Dr. Carole Olson, Assistant Professor of Social Work  
Dr. Joyce Stubbs, Assistant Professor of Agricultural Sciences/Applied Engineering and Technology  
Ms. Ladonna Michelle McClave, Assistant Professor of Nursing (BSN)

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

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

**VOTE:** The motion carried.

*Sabbatical Leave*

The President recommended:

RECOMMENDATION: That the Board of Regents approve the granting of a sabbatical leave to Dr. Thomas Creahan, Associate Professor of Economics, for the 2014 Spring Semester.

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

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

VOTE: The motion carried.

Provost Hughes noted that the faculty and Faculty Senate are working diligently to update the promotion and tenure policy.

The President recommended:

*Financial Statements*

RECOMMENDATION: That the Board accept the financial statements for the second quarter of the fiscal year that will end June 30, 2013, and amend the operating budget.

*(Financial Report and additional background information attached to these minutes and marked V-B-3)*

Teresa Lindgren, Executive Director of Budgets and Financial Planning, and Kelli Owen, Director of Accounting and Financial Services, presented the financial statements as of December 31, 2012, and the second quarter of the fiscal year ending June 30, 2013.

Following the briefing, Mr. Goodpaster asked to see information about debt payments. Dr. Andrews noted that Ms. Patrick is working on a debt service policy that will be submitted to the Board in the near future for its consideration and approval.

MOTION: Mr. Goodpaster moved that the Board accept the financial statements for the second quarter of the fiscal year that will end June 30, 2013, and amend the operating budget. Mr. Price seconded the motion.

VOTE: The motion carried.

**General Receipts  
Resolution**

The President recommended:

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

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE, AND SALE OF APPROXIMATELY \$9,200,000 GENERAL RECEIPTS OBLIGATIONS (RENOVATE MIGNON RESIDENCE HALL PROJECT) OF MOREHEAD STATE UNIVERSITY, PURSUANT TO THE TRUST AGREEMENT DATED AS JULY 1, 2007.

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

Ms. Patrick said that the Comprehensive Housing Master Plan includes a ten-year phased approach for enhancing and expanding the University's student housing facilities by renovating existing residence halls and constructing a new 400-bed resident facility. The next facility scheduled for renovation is Mignon Hall with an estimated scope of \$9.2 million. This project will be financed through the issuance of the University's General Receipts Obligations, 2013 Series A.

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

VOTE: The motion carried.

The President recommended:

**Reimbursement  
Resolution**

RECOMMENDATION: That the Board adopt the Reimbursement Resolution related to the sale of the University's General Receipts obligations.

*(Additional background information and Reimbursement Resolution attached to these minutes and marked V-B-5)*

MOTION: Mr. Goodpaster moved that the Board adopt the Reimbursement Resolution. Ms. Lewis seconded the motion.

VOTE: The motion carried.

**Preliminary Enrollment  
Report for Spring 2013**

Jeffrey Liles, Assistant Vice President for Enrollment Services, reported on preliminary enrollment for spring 2013. Total headcount enrollment as of March 13 was 9,468 with 96,808 credit hours generated. *(See V-C-1 for Preliminary Enrollment Report, Spring 2013)*



**Report on Personal Service Contracts**

Ms. Lewis said that she had met with nine to ten students who attend Morehead State University from Leslie County High School, and they were overwhelmingly positive about their experiences at MSU.

Ms. Patrick reported on two personal service contracts that have been issued with amounts greater than \$10,000 between December 1, 2012, and February 28, 2013. These include contracts with Strand & Associates, storm water ordinance consultant, in the amount of \$28,500; and Sign Language Network of KY, LLC, sign language interpretation, in the amount of \$21,500.

Dr. Andrews said that a future spotlight presentation would be on the services MSU provides to students with developmental needs.

**Report on 2014-2020 Six-Year Capital Plan**

Ms. Patrick provided a preliminary report on the University's 2014-2020 Six-Year Capital Plan. She said that the University is required to submit the Six-Year Capital Plan to the Capital Planning Advisory Board (CPAB) and the Council on Postsecondary Education (CPE) by April 15, 2013. This plan will include proposed capital projects with an estimated scope of \$600,000 or more and equipment purchases with an estimated scope of \$200,000 or more. Projects included in the first biennia of the plan will be used as the basis for the development of the 2014-16 Executive Budget Capital Request, which will be presented to the Board for approval in September 2013. (See V-C-3 for 2014-2020 Six-Year Capital Plan)

**Gift Income Report**

Mindy Highley, Director of Development, presented the Gift Income Report and a summary of the Comprehensive Campaign as of December 31, 2012. Ms. Highley reported that more than \$23 million had been received in the silent phase of the campaign toward the goal of \$25 million. The public phase of the campaign was announced at Homecoming in October 2012. She also reported that for the six-month period of July 1, 2012, through December 31, 2012, gift income totaled \$1,221,719. (See V-C-4 for Gift Income Report)

**Progress Report on President's 2012-13 Goals**

President Andrews presented a progress report on his goals for 2012-13.

**Presidential Evaluation Process**

Chair Merchant announced that he had asked Paul Goodpaster to chair the presidential evaluation process. Mr. Goodpaster stressed the importance of all Board members participating in the process.

**ADJOURNMENT**

There being no further business to conduct, Mr. Goodpaster moved that the meeting adjourn at 11:55 a.m. Mr. Price seconded the motion. The motion carried.

Respectfully submitted,

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Carol Johnson, Secretary

## 2013 SPRING GRADUATES

**BOR (VI-A-2)**  
**June 6, 2013**

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### **Recommendation:**

That the awarding of degrees to the candidates who successfully completed all degree requirements as approved by the faculty of the University at the 2013 Spring Commencement on May 11, 2013, be ratified.

### **Background:**

At the May 11, 2013, Spring Commencement, students were awarded 1,124 degrees from Morehead State University. This included 24 doctorate degrees, 109 associate degrees, 738 bachelor degrees, 249 master degrees and 4 education specialist degrees.

## **APPROVE REAPPOINTMENT OF AUDITING FIRM**

**BOR (VI-A-4)  
June 6, 2013**

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### **Recommendation:**

That, based on the recommendation of the Audit Committee, the Board approve the extension of the auditing services contract with Dean, Dorton, Allen, Ford, PLLC in Lexington to conduct the required annual audits for Morehead State University for the fiscal year that will end on June 30, 2013.

### **Background:**

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

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

The services rendered by Dean, Dorton, Allen, Ford, PLLC for the 2011-2012 fiscal year were satisfactory and in compliance with the terms of the contract. The fee for the 2012-2013 fiscal year will not exceed \$96,950 (\$91,950 base fee and maximum \$5,000 out of pocket expenses fee).

The Audit Committee met on May 2, 2013. The Committee approved the extension of the audit contract.

**APPROVE MINIMUM SCOPE  
OF THE ANNUAL AUDIT**

**BOR (VI-A-5)  
June 6, 2013**

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**Recommendation:**

That, based on the recommendation of the Audit Committee, the Board approve the minimum scope of the University's audit for the year ending June 30, 2013.

**Background:**

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

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

The Audit Committee met on May 2, 2013. The Committee approved the minimum scope of the audit.

**MOREHEAD STATE UNIVERSITY  
MINIMUM SCOPE OF THE ANNUAL AUDIT  
FOR THE YEAR ENDING JUNE 30, 2013**

**June 6, 2013**

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**This document outlines the minimum scope of the annual audit of Morehead State University (MSU), and any applicable related entities, to be conducted by the University's auditors (the Firm) for the year ending June 30, 2013. Additional audit requirements and procedures may be added as situations warrant.**

**Internal Controls**

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

**General Purpose Financial Statements**

The Firm will perform an audit of and issue its independent auditor's report on the financial statements of MSU as of June 30, 2013 and the results of its operations for the fiscal year then ended. The audit will be performed in accordance with auditing standards generally accepted in the United States of America; the standards for financial and compliance audits contained in *Government Auditing Standards* (GAGAS), issued by the United States General Accounting Office. The audit should include a determination as to whether Morehead State University's federal expenditures have met the Single Audit threshold established by the Single Audit Act and the provisions of Office of Management and Budgets (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations Receiving Federal Awards*, and the performance of a single audit in accordance with these standards, if required. The report will also include an independent auditor's report on supplemental information covering those supplemental schedules suggested to be reported on by the AICPA Audit Guide *Audits of Colleges and Universities*.

**Federal Awards Programs**

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

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

### **Kentucky Lease Law Compliance Audit**

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

### **Intercollegiate Athletics Department**

The Firm will perform certain agreed-upon procedures and issue a separate report covering the limited examination of the Intercollegiate Athletics Department and its related booster organization, for the year ending June 30, 2013. These procedures will be performed in accordance with the latest version of the *NCAA Financial Audit Guidelines*.

### **Corporation for Public Broadcasting (CPB)**

The Firm will issue its independent auditor's report on the financial statements of WMKY-FM for the year ending June 30, 2013. The audit will be performed in accordance with auditing standards generally accepted in the United States of America and the *Public Telecommunications Audit Guide and Requirements* as they relate to the CPB Annual Financial Report for the year ending June 30, 2013.

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

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

### **Management Letter**

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

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

### **Closing Package**

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

*Statements on Auditing Standards* AU 623.11 through 623.17 applicable to the “closing package” furnished by the University to the Finance and Administration Cabinet will be provided to the Auditor of Public Accounts by September 30, 2013 (or date specified by the Commonwealth). If requested by the Auditor of Public Accounts and approved by the University, all working papers prepared by the audit team will be made available for review.

### **Audit of Subsequent Events**

In accordance with the directive from the Auditor of Public Accounts, the Firm will update the audit procedures related to events subsequent to June 30, 2013 from the last day of field work (projected for late September 2013) to December 13, 2013. The Firm will report the results of these updated procedures in a separate letter, which shall be delivered to the Auditor of Public Accounts and to the University, no later than noon on December 16, 2013.

### **Payment Card Industry Data Security Standards**

The Firm will review MSU’s compliance with Payment Card Industry (PCI) Data Security Standards (DSS). PCI DSS is vital for all merchants who accept credit cards, online or offline, to ensure our customers’ payment card data is secure. The Firm will deliver a report that outlines an inventory of MSU’s credit card processing functions, all significant policies and procedures that support the PCI DSS standards, and a list of recommended remediation items.

### **Other Reports**

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

### **Exit Conferences**

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

### **Timing of Reports**

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



- (c) A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133. Where applicable, this report must refer to a separate schedule of findings and questioned costs.
  - (d) A report on compliance in accordance with KRS 164A.555 through 164A.630 (House Bill 622) based on the audit of financial statements.
  - (e) The closing package forms, in accordance with *Codification of Statements on Auditing Standards*, AU 623.11 through 623.17.
  - (f) If applicable, the Firm shall also obtain and submit management's summary schedule of prior audit findings and corrective action plan for current year audit findings.
  - (g) The reports described above should be presented in a manner prescribed by the AICPA Audit and Accounting Guide and OMB A-133. Notwithstanding the provisions of the AICPA Audit Guide, any "other matter" conveyed to management should be in writing, and a copy of that correspondence forwarded to the Auditor of Public Accounts.
2. The report on the University's financial statements is required to be delivered to the University by September 30th (or other such date as specified by the Commonwealth).
  3. The Firm will certify, on line, the CPB audit report to CPB by November 30 of each year.
  4. The Firm will deliver the KFAC form 990 by November 30 of each year.
  5. The Firm will provide a representation letter by August 2nd (or other such date as specified by the Commonwealth) to the Auditor of Public Accounts stating that the Firm is in compliance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards* concerning continuing education requirements, independence and internal quality control system and peer review requirements. The representation letter should be prepared in accordance with the provisions of the Auditor of Public Accounts related to independence.
  6. The Firm shall notify the Auditor of Public Accounts of matters which come to its attention which may have a significant impact on the Commonwealth's financial statements. The Firm shall be available to the Auditor of Public Accounts to address questions about the University's financial statements.
  7. The Firm will provide, by the date requested, a letter to the Auditor of Public Accounts reporting the results of the application of subsequent events audit procedures.
  8. The Firm will provide a copy, in Adobe (pdf) format, each of the audited financial statements to the University (both including and excluding the report on Federal Awards Program (A-133)), in electronic form to be used when required by outside

agencies for reporting purposes.

9. The Firm will prepare the University's form 990-T by February 15<sup>th</sup> of each year and provide consulting services related to unrelated business income.
10. The Firm will provide a report that outlines an inventory of MSU's credit card processing functions, all significant policies and procedures that support the PCI DSS standards, and a list of recommended remediation items by September 30.

**Recommendation:**

That the Board of Regents approve the granting of promotions to the following faculty with the issuance of their contracts for the 2013-2014 year:

**Professor**

Chris Miller, education

Royal Berglee, geography

Dianna Murphy, legal studies

David Oyen, music

Steven Snyder, music

Greg Wing, music

**Background:**

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

**Recommendation:**

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

David Peterson, associate professor of education

Charles Patrick, professor of applied engineering and technology

**Background:**

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

## TENURE, ACADEMIC ADMINISTRATOR

BOR (VI-B-3)  
June 6, 2013

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### **Recommendation:**

That the Board of Regents approve the granting of tenure and the rank of Professor of Communication to Dr. Keith Terry, Chair, Department of Communication, Media and Leadership Studies.

### **Background:**

Morehead State University's personnel policy, PAc-27, provides a procedure for employing academic administrators with tenure. The search committee, the Department of Communication, Media and Leadership Studies faculty and the University Tenure Committee recommended that Dr. Terry be employed with tenure and the rank of professor. The Provost and the President support these recommendations.

**PAC-2 (PROMOTION TO PROFESSOR)**

**BOR (VI-B-4)  
June 6, 2013**

**Recommendation:**

That the Board of Regents approve PAC-2(Promotion to Professor).

**Background:**

At Morehead State University, faculty evaluation is guided by academic policies, specifically PAc-35 on Faculty Evaluation Plans, PAc-2 on Promotion Review, PAc-27 on Tenure and Reappointment Review, and PAc-29 on Faculty Workload. A number of issues have been identified in the discussion of faculty compensation at Morehead State University including the policies which guide the work of faculty and contribute to the evaluation of performance for tenure and promotion to Associate Professor as well as merit compensation. Comprehensive reviews of those policies have occurred within the last two years resulting in the revision of PAc-27 (Tenure and Reappointment Review) and PAc-29 (Faculty Workload); as well as the creation of PAc-35 (Faculty Evaluation Plans). These policies have been previously approved by the Board of Regents.

PAc-2 (Promotion to Professor) was revised and approved by the Faculty Senate during the spring 2013 semester. As with the previous PAc revisions, the approval of this policy moves Academic Affairs toward closure on updating faculty personnel policies.

1 **Policy: PAc-2**

2  
3 **Subject: Promotion to Professor**

4  
5 Approval Date: 07/01/85

6 Revision Date: 03/07/94, 09/18/98, 09/22/01, 06/16/05, 5/2/13

7  
8 **PURPOSE**

9  
10 To define the criteria, procedures, and conditions for granting promotion from Associate  
11 Professor to Professor.

12  
13 **1. ACADEMIC PRINCIPLES**

14  
15 Each department, school, or college will establish standards for promotion of its Associate  
16 Professors to Professor consistent with the guidelines established in PAc-35. These standards  
17 will appear in the promotion section within the applicable Faculty Evaluation Plan (FEP).  
18 Promotion is neither an unqualified right nor an automatic consequence of having completed a  
19 certain period of service.

20  
21 The promotion process will consist of review and judgment by the Department Promotion  
22 Committee, the Department Chair/Associate Dean, the College Promotion Committee, the  
23 College Dean, the University Promotion Committee, and the Provost. At each level, the review  
24 process will be guided by the standards outlined in the candidate’s FEP. University-level reviews  
25 by the Provost and the President will bring broader administrative judgments to bear.

26  
27 Only full-time standing faculty members of Morehead State University holding the rank of  
28 Associate Professor in an academic program area can be considered for promotion to Professor.

29  
30 Annual faculty evaluations and promotion evaluations are separate processes, and consequently,  
31 meeting or exceeding annual performance criteria does not automatically ensure a favorable  
32 promotion decision.

33  
34 **2. TIME IN RANK**

35  
36 Faculty will be eligible to apply for promotion to Professor after the completion of five years of  
37 service at the rank of Associate Professor.

38  
39 A candidate's activities and accomplishments that occurred between initiation of tenure review  
40 and the granting of tenure and that were not documented in the tenure portfolio will be treated as  
41 if they had occurred during the candidate's time in rank at Associate Professor.

42  
43 | Faculty hired at the Associate Professor rank with tenure may request ~~be granted~~ up to three  
44 years of equivalent professional service to be applied to their time in rank requirements for  
45 promotion to Professor. Credit for equivalent professional service will be recommended to the  
46 Provost by the Departmental Promotion Committee, the Department Chair/**Associate Dean**, and

47 the College Dean. This decision should be made at the time of the initial appointment at  
48 Morehead State University but no later than at the end of the first year of full-time service.

49  
50 If a candidate applies previous service at another institution to the time in rank requirement, the  
51 previous service must be documented with respect to teaching excellence, scholarship, and  
52 service to that institution and community.

53

### 54 **3. PROMOTION PORTFOLIO**

55

56 The candidate's portfolio must document all qualifications, and it must be complete at the time of  
57 submission. The promotion portfolio will consist of the following items in order:

58

59 (1) a letter of intent, addressed to the Department Chair or Associate Dean, justifying the case for  
60 promotion to Professor,

61

62 (2) the applicable FEP(s) (see PAc-35) and any Flexible Workload Agreements (see PAc-29)  
63 that apply to the candidate,

64

65 (3) the annual evaluations during the time in rank of Associate Professor by the Department  
66 Chair/Associate Dean, and the College Dean as well as any responses by the candidate to those  
67 evaluations,

68

69 (4) if applicable, a statement documenting the number of years of equivalent service granted, and

70

71 (5) a copy of the report from the approved faculty activity reporting system as per PAc-35 with  
72 particular emphasis on the documentation since initiation of the tenure review.

73

### 74 **4. SUPPORTING DOCUMENTS**

75

76 Based on the criteria for promotion to Professor outlined in the candidate's FEP, the candidate  
77 will submit to the Department Chair/Associate Dean a set of documents, or appropriately  
78 presented digital materials, supporting the request for promotion. Supporting documents will  
79 remain with the Department Chair/Associate Dean and must be made available, upon request, to  
80 any person involved in the review of the promotion portfolio.

81

### 82 **5. STRUCTURE OF THE PROMOTION COMMITTEES**

83

84 No candidate for promotion, candidate's spouse, immediate family (as defined by PG-22),  
85 domestic partners, department chairs, or deans will serve on promotion committees.

86

87 A faculty member may serve on more than one promotion committee in the same year. A faculty  
88 member shall always vote at the department level when eligible to do so. A faculty member who  
89 is on the College or University Promotion Committee and who has voted on a candidate at the  
90 department level, shall neither discuss nor vote on the candidate at the college and university  
91 levels.



92 The chairperson of each promotion committee will be elected by the committee from the  
93 membership.

94  
95 The University Promotion Committee will consist of two professors from each college and one  
96 at-large professor all selected by the Faculty Senate. If there is an insufficient number of  
97 available professors in a college to serve on the committee, associate professors from the college  
98 may serve. No two committee members will be from the same department. The committee shall  
99 include both males and females. The term of service will be three years, with one-third of the  
100 committee members replaced each year. A member may not hold successive terms.

101  
102 No member of the Faculty Rights and Responsibilities Committee will serve concurrently on the  
103 University Promotion Committee.

104  
105 The College Promotion Committee will consist of one professor from each department in the  
106 college as appointed by the Dean. If there is an insufficient number of available professors in a  
107 department to serve on the committee, associate professors from the department may serve. If  
108 there are fewer than five departments in a college, the Dean will select additional professors or  
109 associate professors from the college to constitute a committee of at least five members with  
110 equal representation from each department. The committee should, if possible, include both  
111 males and females. The term of service will be three years, with one-third of the committee  
112 members replaced each year. A member may not hold successive terms.

113  
114 All professors in a department will serve on the Department Promotion Committee. If a  
115 department has five or more professors, only these individuals will serve on the committee. If a  
116 department has three or four professors, then two or one associate professors from the  
117 department, respectively, will be chosen by the tenured faculty to serve on the Department  
118 Promotion Committee thereby constituting a five-member committee. If a department has less  
119 than three professors, the tenured faculty will select two associate professors from the  
120 department to serve and will invite enough professors from outside the department to constitute a  
121 five-member Department Promotion Committee. In the event that associate professors from the  
122 department are required and there are an insufficient number, the tenured faculty will fill the  
123 vacancies by inviting professors or associate professors from outside the department to serve on  
124 the Department Promotion Committee. In all cases, the majority of Department Promotion  
125 Committee members will be professors.

## 126 127 **6. THE PROMOTION REVIEW PROCESS**

128  
129 Promotion committee deliberations must be treated confidentially.

130  
131 Each promotion committee will evaluate the candidate's promotion portfolio and produce a  
132 written evaluation of the portfolio using the department FEP as the criteria for evaluation. As  
133 part of the evaluation, each committee will recommend, in the form of a vote by secret ballot,  
134 promotion or non-promotion of the candidate. Abstentions are not allowed. Any sealed ballots  
135 submitted by absent faculty members shall be included in the vote tally with all ballots opened  
136 and counted at the same time during the committee meeting. If the vote is split, minority  
137 opinions must be included in the written evaluation and the opinions must address how the

138 candidate's performance does or does not meet the requirements of the department FEP. If the  
139 vote is unanimous, there is, by definition, no minority opinion. A recommendation for promotion  
140 requires an affirmative vote by 50% or more of the committee membership. Each committee's  
141 written evaluation will show the vote tally and will be signed by all committee members. A copy  
142 of the written evaluation will be placed in the portfolio and also delivered to the candidate.

143

144 The Department Chair/**Associate Dean** and the College Dean will each produce a written  
145 evaluation of the promotion portfolio and the written evaluation will recommend promotion or  
146 non-promotion of the candidate. A copy of the written evaluation will be placed in the portfolio  
147 and also delivered to the candidate.

148

149 Both the Department Promotion Committee and the Department Chair/**Associate Dean** must  
150 document, in their written evaluation of the promotion portfolio, the validity of the information  
151 in the portfolio. Validation will be based in part or in whole on the supporting documents.

152

153 The Department Promotion Committee will evaluate the candidate's promotion portfolio and  
154 review the candidate's supporting documents, and then forward the portfolio and supporting  
155 documents to the Department Chair/**Associate Dean**. The Department Chair/**Associate Dean** will  
156 evaluate the portfolio and review the supporting documents, and then forward the portfolio to the  
157 College Promotion Committee. The College Promotion Committee will evaluate the portfolio  
158 and then forward the portfolio to the College Dean. The College Dean will evaluate the portfolio  
159 and then forward the portfolio to the University Promotion Committee. The University  
160 Promotion Committee will evaluate the portfolio and then forward the portfolio to the Provost.

161

162 At every level of review, the candidate will receive a copy of his/her evaluation and will have  
163 five working days to respond, in writing, to the evaluation. The candidate's response, if any, will  
164 be placed in the portfolio and submitted to the next level of review.

165

166 The Provost will review all evaluations from the department, college, and university levels,  
167 including any responses to the evaluations provided by the candidate and will produce a written  
168 evaluation of the promotion portfolio. The written evaluation will recommend promotion or non-  
169 promotion of the candidate. **The Provost will meet with the University Promotion Committee to**  
170 **discuss his or her recommendation.** A copy of the evaluation will **then** be placed in the portfolio  
171 and also delivered to the candidate. The Provost will then forward his or her evaluation to the  
172 President.

173

174 The President will make the final recommendation regarding promotion to the Board of Regents.  
175 The President will inform the candidate, in writing, of the recommendation at least two weeks  
176 prior to the Board of Regents meeting with copies of the recommendation delivered to the  
177 Department Chair/**Associate Dean**, College Dean, and Provost. A candidate not recommended  
178 for promotion may request a meeting with the Provost prior to the Board of Regents meeting.

179

## 180 **7. ACADEMIC FREEDOM**

181

182 **Faculty and Administration will observe the conditions on academic freedom and responsibility**  
183 **for teaching and research as outlined in PAC 14.**

184  
185  
186  
187  
188  
189

**8. GENERAL DATES FOR THE PROMOTION REVIEW PROCESS**

Specific dates and deadlines for the promotion review process in each year will be set and distributed to the faculty in a timely manner by the Provost.

FINAL

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

**BOR (VI-B-5)  
June 6, 2013**

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**Recommendation:**

That the Board accept the financial statements and amend the operating budget for the third quarter of the fiscal year that will end June 30, 2013, and amend the operating budget.

**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of March 31, 2013, the third quarter of the fiscal year ending June 30, 2013. The statements, along with management's discussion and analysis and budget amendment information are attached.

**MOREHEAD STATE UNIVERSITY**  
**Management's Discussion and Analysis**  
**Third Quarter Financial Statements**  
**March 31, 2013**

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the nine months that ended on March 31, 2013. The statements and this discussion and analysis have been prepared by Accounting and Financial Services staff.

**Using These Financial Statements**

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

**Financial Highlights**

Morehead State University's financial picture remains stable through the third quarter of the 2012-2013 fiscal year. During the period July 1, 2012 through March 31, 2013, the University operated with a surplus of revenues over expenditures and transfers in the amount of \$21,315,714. This level of operating surplus is expected at this time, since most of the billings for the Spring 2013 semester are reflected in the tuition and fees revenue and only expenditures through March 31, 2013 are reflected. As the fiscal year proceeds, the variance between revenues and expenditures will continue to decrease and should reflect a more appropriate operating surplus or deficit.

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

- ▶ Total revenues increased \$6.1 million over last year to \$123.6 million. Tuition & fees increased \$5.1 million, primarily due to a 5% increase in student tuition and fee rates and an increase in enrollment. Housing revenue increased approximately \$1.3 million due to a 4% increase in housing rates and an increase in enrollment.
- ▶ The percent of actual total revenue to budget was 89.50% at March 31, 2013 and 84.78% at March 31, 2012. This percentage would be expected at this time, since most of the billings for the Spring 2013 semester are reflected in revenue.
- ▶ Total expenses were approximately \$102.3 million at March 31, 2013 and \$101.7 million at March 31, 2012. Administration & Fiscal Services expenses decreased approximately \$1.3 million. This was primarily due to funding allocated to several large facility remodeling projects in the prior year and due to a decrease in computer purchases for faculty and staff. Academic Affairs expenses increased approximately \$2 million. This was primarily due to more students qualifying for academic achievement scholarships.
- ▶ Net change in fund balance increased \$5.6 million to \$21.3 million as compared to \$15.7 million at March 31, 2012. This is primarily related to the increase in total revenues.

**Morehead State University**  
**Unrestricted Current Funds**  
**Statements of Revenues, Expenditures & Changes in Fund Balance**  
**For the Nine Months Ended March 31, 2013 and 2012**

	2012-2013			2011-2012		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
<b>REVENUES</b>						
<b>Educational and General</b>						
Tuition and Fees	\$67,458,975	\$67,128,580	99.51%	\$64,148,463	\$62,036,696	96.71%
Govt Appropriations	41,564,500	33,835,777	81.41%	43,486,600	35,144,545	80.82%
Indirect Cost Reimbursement	595,000	534,573	89.84%	597,000	430,077	72.04%
Sales & Services Ed Activities	1,896,784	1,917,591	101.10%	1,836,480	1,917,756	104.43%
Other Sources	3,033,146	3,285,676	108.33%	3,121,299	2,871,383	91.99%
Budgeted Fund Balance-E&G	6,843,661	-	0.00%	9,751,392	-	0.00%
<b>Total Educational and General</b>	<b>\$121,392,066</b>	<b>\$106,702,197</b>	<b>87.90%</b>	<b>\$122,941,234</b>	<b>\$102,400,457</b>	<b>83.29%</b>
<b>Auxiliary Enterprises</b>						
Housing	\$9,828,400	\$10,759,607	109.47%	\$9,267,300	\$9,481,206	102.31%
University Store	4,464,033	4,558,632	102.12%	4,203,649	4,266,350	101.49%
Food Services	818,859	682,421	83.34%	795,250	629,187	79.12%
Other	1,045,795	891,646	85.26%	949,967	689,672	72.60%
Budgeted Fund Balance-Auxiliary	540,718	-	0.00%	390,001	-	0.00%
<b>Total Auxiliary Enterprises</b>	<b>\$16,697,805</b>	<b>\$16,892,306</b>	<b>101.16%</b>	<b>\$15,606,167</b>	<b>\$15,066,415</b>	<b>96.54%</b>
<b>TOTAL REVENUES</b>	<b>\$138,089,871</b>	<b>\$123,594,503</b>	<b>89.50%</b>	<b>\$138,547,401</b>	<b>\$117,466,872</b>	<b>84.78%</b>

**Morehead State University**  
**Unrestricted Current Funds**  
**Statements of Revenues, Expenditures & Changes in Fund Balance**  
**For the Nine Months Ended March 31, 2013 and 2012**

	2012-2013			2011-2012		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
<b>EXPENDITURES AND TRANSFERS BY DIVISION</b>						
<b>Educational &amp; General</b>						
President & Administration	\$905,933	\$629,375	69.47%	\$764,484	\$583,953	76.39%
University Advancement	4,605,126	3,487,298	75.73%	4,521,354	3,339,008	73.85%
Administration & Fiscal Services	19,496,546	14,662,733	75.21%	19,501,899	15,921,466	81.64%
Planning & Budgets	-	-	0.00%	220,861	130,083	58.90%
Student Life	12,697,662	10,339,208	81.43%	13,520,879	11,007,811	81.41%
Academic Affairs	74,817,843	57,667,062	77.08%	72,839,603	55,638,816	76.39%
Other	8,899,508	5,523,231	62.06%	11,333,606	5,983,857	52.80%
<b>Total Educational &amp; General</b>	<b>\$121,422,618</b>	<b>\$92,308,907</b>	<b>76.02%</b>	<b>\$122,702,686</b>	<b>\$92,604,994</b>	<b>75.47%</b>
<b>Auxiliary Enterprises</b>						
Housing	\$10,473,709	\$4,635,718	44.26%	\$9,919,695	\$4,047,937	40.81%
University Store	4,247,827	4,001,516	94.20%	4,009,625	3,715,452	92.66%
Food Services	550,520	380,790	69.17%	515,029	391,562	76.03%
Other	1,395,197	951,858	68.22%	1,400,366	988,201	70.57%
<b>Total Auxiliary Enterprises</b>	<b>\$16,667,253</b>	<b>\$9,969,882</b>	<b>59.82%</b>	<b>\$15,844,715</b>	<b>\$9,143,152</b>	<b>57.70%</b>
<b>TOTAL EXPENDITURES AND TRANSFERS BY DIVISION</b>	<b>\$138,089,871</b>	<b>\$102,278,789</b>	<b>74.07%</b>	<b>\$138,547,401</b>	<b>\$101,748,146</b>	<b>73.44%</b>
<b>NET CHANGE IN FUND BALANCE</b>		<b>\$21,315,714</b>			<b>\$15,718,726</b>	

Morehead State University  
Statements of Net Assets  
March 31, 2013 and 2012

ASSETS	2013	2012
Current assets:		
Cash and cash equivalents	\$43,080,857	\$38,561,624
Accounts, grants and loans receivable, net	13,904,651	12,091,185
Prepaid interest	124,649	124,649
Inventories	1,571,687	1,550,106
Total current assets	\$58,681,844	\$52,327,564
Noncurrent assets:		
Accounts, grants and loans receivable, net	\$3,737,050	\$3,647,750
Prepaid interest	102,191	226,840
Investments	14,067,945	13,756,757
Capital assets, net	198,452,420	188,837,840
Total noncurrent assets	\$216,359,606	\$206,469,187
TOTAL ASSETS	\$275,041,450	\$258,796,751
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$4,691,298	\$5,250,624
Deferred revenue	2,598,782	2,682,868
Bonds, notes and capital lease obligations, current portion	4,066,315	4,307,643
Total current liabilities	\$11,356,395	\$12,241,135
Long-term liabilities:		
Bonds, notes and capital lease obligations, noncurrent portion	\$61,794,931	\$51,426,799
Advances from federal government for student loans	3,233,892	3,460,284
Total long-term liabilities	\$65,028,823	\$54,887,083
TOTAL LIABILITIES	\$76,385,218	\$67,128,218
 NET ASSETS		
Invested in capital assets, net of related debt	\$132,818,014	\$133,454,888
Restricted:		
Expendable	10,609,518	11,191,973
Nonexpendable	12,757,511	12,419,059
Unrestricted	42,471,189	34,602,613
TOTAL NET ASSETS	\$198,656,232	\$191,668,533
TOTAL LIABILITIES AND NET ASSETS	\$275,041,450	\$258,796,751

See Attached Notes To Statements of Net Assets



**MOREHEAD STATE UNIVERSITY**  
**Notes to the Statements of Net Assets**  
**March 31, 2013 and 2012**

1. The Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, loan funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts, grants, and loans receivable are shown net of allowance for uncollectible student accounts of \$3,003,122 at March 31, 2013 and \$2,456,600 at March 31, 2012. Also, included in this category is \$7.6 million in receivables from federal and state grant agencies at March 31, 2013 and \$6.2 million at March 31, 2012. The increase in federal and state grant receivables is primarily attributable to Ford Loan funds due from the Department of Education. These funds were received in April 2013.
3. Noncurrent accounts, grants and loans receivable represent balances owed to the University from borrowers who have participated in the Federal Perkins Loan Program. The balance is presented net of allowance for uncollectible accounts in the amount of \$85,710 at March 31, 2013 and \$80,990 at March 31, 2012.
4. Prepaid interest represents interest paid to advance refund the University's Housing and Dining System Revenue Bonds.
5. Capital Assets, net increased approximately \$9.6 million from the previous year. This increase primarily related to expenses incurred for residence hall renovations, Kentucky Center for Traditional Music, Guaranteed Energy Savings and for the purchase of the Rowan Fiscal Court building. Accumulated depreciation on buildings and equipment was \$150,606,012 at March 31, 2013 and \$141,343,976 at March 31, 2012.
6. Accounts payable and accrued liabilities include amounts due to vendors and amounts due for withheld and matching portions of payroll taxes and estimated claims payable, but not paid until after the Statements of Net Assets date.
7. Deferred revenue from federal and state grants represent amounts received but not expended at the Statements of Net Assets date.
8. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets. The University issued 2012 Series A General Receipts Bonds in the amount of \$5.1 million on June 15, 2012 for residence hall renovations and entered into a Guaranteed Energy Savings Lease Agreement in the amount of \$9.6 million on March 31, 2012. The University made principal payments on outstanding debt in the amount of \$4.7 million during 2012.
9. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
10. 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**  
**Budget Amendments**  
**For the Period January 1, 2013 to March 31, 2013**

Description	Opening Budget As of 1/1/2013	Adjustments	Amended Budget As of 3/31/2013
<b>Revenues and Other Additions</b>			
Tuition and Fees	\$ 67,382,952	\$ 76,023	\$ 67,458,975
Government Appropriations	41,564,500	-	41,564,500
Indirect Cost Reimbursement	595,000	-	595,000
Sales and Services of Ed. Activities	1,725,307	171,477	1,896,784
Other Sources	2,852,519	180,627	3,033,146
Budgeted Fund Balance - E&G	6,680,971	162,690	6,843,661
Auxiliary Enterprises	15,790,450	366,637	16,157,087
Budgeted Fund Balance - AUX	539,218	1,500	540,718
<b>Total Revenues and Other Additions</b>	<b><u>\$ 137,130,917</u></b>	<b><u>\$ 958,954</u></b>	<b><u>\$ 138,089,871</u></b>
<b>Expenditure Authorizations by Division</b>			
<b>Educational &amp; General</b>			
President & Administration	\$ 862,516	\$ 43,417	\$ 905,933
University Advancement	4,539,008	66,118	4,605,126
Administration & Fiscal Services	18,987,420	509,126	19,496,546
Student Life	12,523,485	174,177	12,697,662
Academic Affairs	74,524,288	293,555	74,817,843
Debt Service & Mandatory Transfers	3,115,241	-	3,115,241
Other	6,262,353	(478,086)	5,784,267
<b>Total Educational &amp; General</b>	<b><u>\$ 120,814,311</u></b>	<b><u>\$ 608,307</u></b>	<b><u>\$ 121,422,618</u></b>
<b>Auxiliary Enterprises</b>			
Administration & Fiscal Services	\$ 12,591,124	\$ 359,767	\$ 12,950,891
Student Life	845,844	(9,120)	836,724
Academic Affairs	13,296	-	13,296
Debt Service	2,866,342	-	2,866,342
Other	-	-	-
<b>Total Auxiliary Enterprises</b>	<b><u>\$ 16,316,606</u></b>	<b><u>\$ 350,647</u></b>	<b><u>\$ 16,667,253</u></b>
<b>Total Expenditure Authorizations</b>	<b><u>\$ 137,130,917</u></b>	<b><u>\$ 958,954</u></b>	<b><u>\$ 138,089,871</u></b>

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period January 1, 2013 to March 31, 2013**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Sales & Services of Educational Activities**

Unbudgeted revenue allocated during the third quarter totaled \$171,477

- Eagle Excellence Fund (EEF) support from the MSU Foundation totaled \$24,670
- NCAA Proceeds totaled \$40,852
- OVC-Men's Basketball Enrichment Fund totaled \$25,109
- Other athletic revenue totaled \$16,880
- Other miscellaneous revenue totaling \$63,966 was allocated primarily to Academic Affairs

**Other Sources**

Unbudgeted revenue allocated during the third quarter totaled \$180,627

- Unbudgeted support from the MSU Foundation totaled \$108,978
  - \$ 360 President & Administration
  - \$ 10,970 University Advancement
  - \$ 10,000 Student Life
  - \$ 87,648 Academic Affairs
- Endowment Income allocations totaled \$54,950
- Other miscellaneous revenue totaling \$16,699 was allocated to multiple divisions

**Fund Balance – E&G**

Budget allocations from fund balance for educational and general purposes totaled \$162,690

- \$ 60,000 Legal counsel services
- \$ 46,900 Downing Hall demolition
- \$ 37,797 Football personnel expense resulting from coaching changes (vacation buy-out and hiring overlap)
- \$ 17,993 Quality Enhancement Plan (QEP) Fellows and Instructors

**Auxiliary Enterprises**

Unbudgeted revenue allocated during the third quarter totaled \$366,637

- \$ 348,001 Bookstore sales revenue allocated to Bookstore purchases for additional merchandise
- \$ 12,357 Bookstore commission revenue allocated to Bookstore promotional activities
- \$ 6,279 Miscellaneous other revenues allocated to various auxiliary units

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period January 1, 2013 to March 31, 2013**

<b>From:</b> <b>Revenue and Other Additions</b>	<b>To:</b> <b>Division/ Budget Unit</b>	<b>Amount</b>	<b>Description</b>
Auxiliary Enterprises	Administration & Fiscal Services University Store (Bookstore)	\$ 348,001	Unbudgeted Univeristy Store sales revenue totaling \$348,001 was allocated to University Store purchases accounts to buy additional merchandise for re-sale.

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of January 1, 2013 to March 31, 2013**

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

**APPROVE THE 2013/2014 OPERATING BUDGET,  
FEE SCHEDULE AND PERSONNEL ROSTER**

**BOR (VI-B-6)  
June 6, 2013**

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**Recommendation:**

That the Board approve the recommended 2013/2014 Operating Budget, which totals \$143,947,000, the 2013/2014 Personnel Roster, and the 2013/2014 Fee Schedule.

**Summary:**

The 2013/2014 Operating Budget totals \$143.9 million, an increase of \$8.2 million (6.1 percent) compared to the current fiscal year. The two primary fund sources in the operating budget are student tuition and fee revenue and state appropriations. New revenue from a combination of enrollment growth and a 2.9 percent increase in student tuition and fees is included in the operating budget. There is no change in the amount of state support in 2013/2014 from the current fiscal year. The recommended budget demonstrates the University's commitment to student success and fiscal responsibility by including support for strategic investments and covering fixed and unavoidable costs.

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

**Background:**

The budget reflects the continued commitment to advance the University's mission by focusing on the goals and objectives as defined in the *ASPIRE 2010-2014 Strategic Plan*. The budget preparation process was inclusive of campus input and representation and resulted in the proposed \$143.9 million budget.

The parameters outlining the administration's management responsibilities related to the 2013/2014 Operating Budget and periodic reporting requirements to the Board of Regents are specified in the Budget Adoption Resolution on pages A-11 and A-12 of the separately bound 2013/2014 Operating Budget.

**Analysis – Operating Budget:**

**Educational and General Funds** (E&G) represent 87.1 percent of the total unrestricted Operating Budget and are the primary source of funds for the instructional and engagement missions of the University. The primary sources of the E&G budget (Chart 1) include

tuition and fee revenue of \$71.9 million (57.4 percent) and state appropriations for operating of \$41.0 million (32.7 percent). The total reflects an increase in tuition and fee revenue of \$4.5 million (6.7 percent) and no change in state operating appropriations over the current year budget.

## Educational & General Revenues 2013-2014 Operating Budget

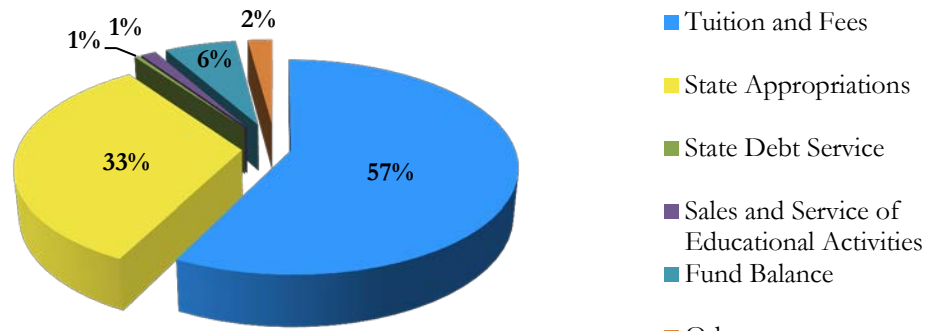


Chart 1

The 2013/2014 E&G Operating Budget reflects a continuation of the multi-year trend of the institution’s growing dependency on tuition and fee revenue as state support available through general operating appropriations continues to decline (Chart 2).

## Student Share vs. State Share

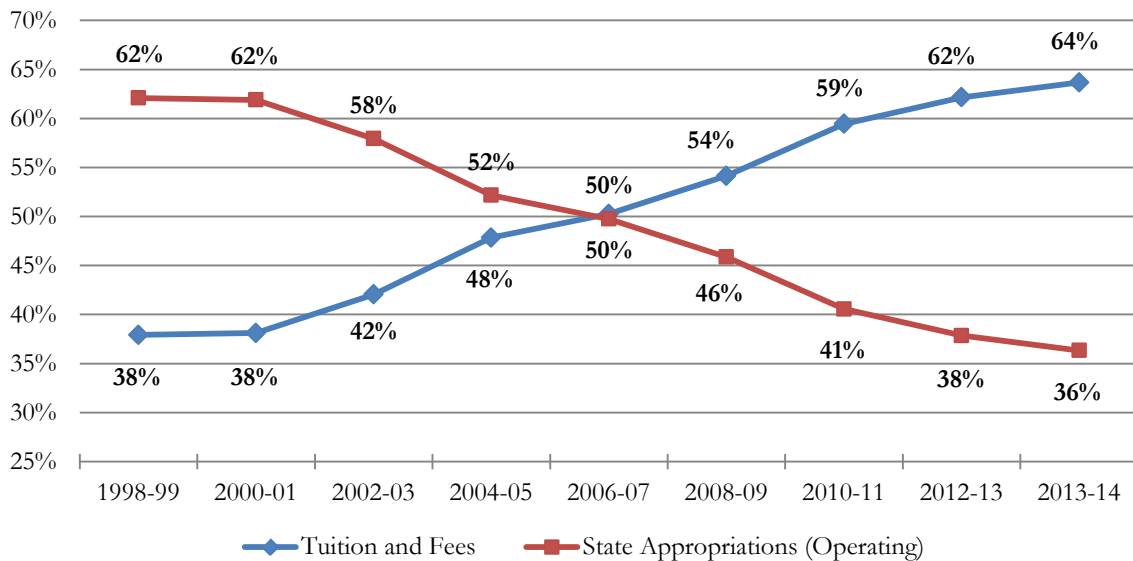
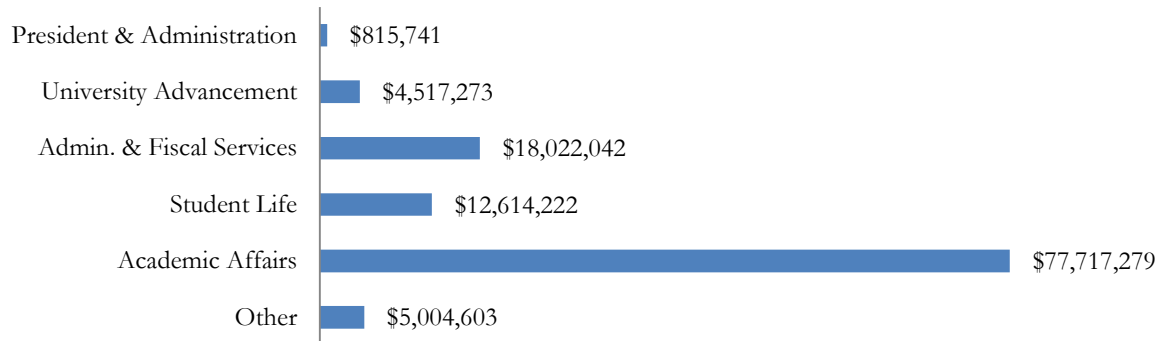


Chart 2

The following chart summarizes the 2013/2014 budgeted unrestricted E&G expenditures by organizational area.

### 2013-2014 E&G Operating Budget by Division



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

There is a notable increase in the percentage of the E&G budget supported from **Fund Balance** included in the budget. Fund balance reserves are generally budgeted within the unrestricted operating budget to address strategic needs of a non-recurring nature such as renovation projects or investments in property and equipment. The \$1.5 million (24.5 percent) increase in E&G resources supported by fund balance is a result of offsetting increases and decreases of non-recurring initiatives. The first phase of the new employee compensation model implementation plan calls for qualifying exempt staff to receive a \$1,000 non-recurring pay supplement and for 20% of all full-time faculty and staff to receive a \$2,000 non-recurring performance pay supplement. Fund balance support of \$1,037,000 for both of these pay supplements is included in the operating budget. Additionally, annual debt service payments of \$974,059 are scheduled to begin in 2013/2014 for a new guaranteed energy savings performance contract with fund balance budgeted to cover the payments. The operating budget also includes \$311,541 additional fund balance support for increased marketing efforts.

The increases in fund balance allocations listed above are offset with a decrease of \$1,081,523 from the current year budgeted fund balance. The decrease is a result of the use of student recreation fees collected prior to the construction of the new student recreation center. The fees from prior years were reserved for student recreation initiatives. The reserve was used in 2012/2013 to construct the intramural/soccer practice field and subsequent relocation of an access road to the athletic complex.



**Auxiliary Funds** are generated by enterprises that are generally self-supporting through charging fees to students and others external to the institution. Auxiliary enterprises generate approximately 12.9 percent of the University’s operating revenues and include services for student housing, dining, concessions and vending, document services, the University’s bookstore operation and the Eagle Trace Golf Course. The budget includes an increase of \$2.5 million (15.8 percent) in revenue over the current year budget for auxiliary enterprises and is primarily attributed to an increase in student housing rates effective in the fall 2013 semester, increased student housing occupancy, and increased University Store sales.

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

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

### Analysis – Fee Schedule:

A comprehensive review of the University’s fee schedule is conducted annually and recommended changes are presented to the Board for approval. The recommended 2013/2014 Fee Schedule is presented on pages C-1 through C-23 of the Operating Budget. A summary of the recommended rate changes for tuition and residence hall occupancy follows:

	Fall 2012	Fall 2013	Increase
<b>TUITION and FEES</b>			
Resident Undergraduate Base Tuition (15 hours)	\$3,576	\$3,683	\$107
Special Use Fee (Student Recreation Fee)	\$66	\$66	\$0
Total Tuition & Fees (Resident Undergraduate 15 hours)	\$3,642	\$3,749	\$107
<b>HOUSING</b>			
Average Residence Hall Rate	\$1,975	\$2,058	\$83

### **Tuition and Mandatory Fees:**

A Student Payment Plan Task Force was formed in June 2012 to carefully consider the current student payment plan process and develop improvement recommendations. The task force membership included broad campus representation from areas of fiscal management, student records, academic departments, information technology, and student financial aid. In the task force report issued in December 2012, it was recommended that MSU’s current tuition model be re-examined to explore the possibility of developing a model that is more efficient, effective and easier to communicate to prospective as well as current students. Based on the recommendation of the task force and after extensive discussion and analysis, we are proposing to transition from a per-credit hour pricing approach to a full-time flat rate pricing structure in Fall 2013 for undergraduate students. Graduate students will continue to be charged tuition on a per credit hour basis under the new tuition model. However, one single per credit hour rate of \$535 is proposed for all graduate students regardless of residency status or course delivery mode. The proposed changes are structured to be revenue neutral.

The advantages of the new tuition model are summarized below:

- Simplifies billing for our students
  - Fewer tuition rates
  - Reduces or eliminates necessity to adjust student’s bill when course schedule changes occur
  - Reduces or eliminates necessity to adjust scholarship awards and tuition waivers that are directly associated with tuition charges (i.e. Honors, Commonwealth, Non-Resident Tuition Scholarship)
  - Less confusing for current students to interpret their bill
  - Less confusing price structure for prospective students

- Maintains a financial incentive for full-time enrollment and provides a financial incentive for enrollment above 12 credit hours thus encouraging students to stay on track to graduate in four years. Standard credit hour requirement for a baccalaureate degree is 120 credit hours. A student must successfully complete an average of 15 credit hours per fall/spring term to earn 120 credit hours in a four year period.
- Allows more flexibility for students to enroll in online courses by eliminating separate rates for internet and hybrid delivery courses. The previous tuition model included internet and hybrid delivery rates at 1.35 times the resident rate.
- Reduces or eliminates inconsistency in tuition charges between semesters with different credit hour enrollments and different combinations of internet and face-to-face course delivery modes for full-time students (enrolled in 12-18 credit hours)
- Simplifies the graduate tuition structure by having only one rate for all graduate students. The new rate is more competitive for online courses and for non-resident graduate students. The rate was determined by blending the current graduate resident rate and the graduate internet rate. The non-resident rate previously set at 2.5 times the resident rate was eliminated in the proposed model. *(73% of graduate credit hour generation in Fall 2012 was from online courses)*

On April 18, 2013, the Council on Postsecondary Education (CPE) approved a 2013/2014 resident, undergraduate tuition and mandatory fee ceiling that equates to a maximum base rate increase of no more than 3 percent for all public universities. The base rate excludes CPE approved Special Use Fees. On June 10, 2011, CPE approved a Special Use Fee for MSU to assess a \$5 per credit hour (equivalent of \$66 for 15 credit hours under current rate structure) student-endorsed fee dedicated to pay construction costs of the new Student Recreation Center. The recommended 2013/2014 tuition rate schedule includes a 3 percent increase in the undergraduate resident full-time base rate. Non-resident undergraduate rates are recommended at 2.5 times the resident rate.

The proposed rate schedule listed below is within the tuition increase parameters set by the Council on Postsecondary Education for Kentucky Comprehensive Universities for 2013/2014.

<b>Morehead State University            Tuition and Mandatory Fee Schedule            Effective Fall Semester 2013</b>		
Tuition & Mandatory Fees	Undergraduate Full-Time Rate (12-18 Credit Hours)	Per Credit Hour Rate
Undergraduate		
Resident	\$3,749	\$320
Non-Resident	\$9,373	\$800
Graduate		\$535
<p><i>Notes:</i></p> <ol style="list-style-type: none"> <li>1. <i>Full-time status is achieved for undergraduate students when enrolled in at least 12 credit hours per semester.</i></li> <li>2. <i>Undergraduate students enrolled in more than 18 credit hours will be charged the Full-Time Rate plus the additional Per Credit Hour Rate for each credit hour above 18.</i></li> <li>3. <i>The Full-Time Rate does not apply to graduate students. All graduate students are charged on a per credit hour basis.</i></li> <li>4. <i>Resident and Non-resident graduate students will be charged at the same per credit hour rate.</i></li> <li>5. <i>Per credit hour rates also apply to students enrolled in a summer term.</i></li> <li>6. <i>Non-resident undergraduate students enrolled exclusively in internet courses and/or enrolled exclusively at a regional campus center will be assessed tuition and fees at the undergraduate resident rate. Academic courses delivered with at least 50% of the instruction online are categorized as internet courses.</i></li> </ol>		

## **Housing:**

Recommendations made by Brailsford & Dunlavey in the Comprehensive Housing Master Plan completed for Morehead State University in April 2006 included a 5 percent increase for residence halls and apartment housing for the 2013/2014 academic year. However, to remain competitive with local housing rental rates, the rate increase recommended in the 2013/2014 Operating Budget is 4 percent. A 7 percent increase is recommended for the newly renovated West Mignon Hall. The average weighted cost of a residence hall in 2013/2014 is \$2,058 per semester—an increase of 4.2 percent. Revenue generated from the increase in housing rates will be used to cover debt service associated with the ongoing renovation of the housing facilities as identified in the Comprehensive Housing Master Plan.

## **Analysis – Personnel Roster:**

### **Salary and Benefit Increase:**

In response to a charge from the MSU Board of Regents, a new employee compensation model has been developed to ensure salary competitiveness. Implementation of the model is planned over a three year period with Phase I to begin in 2013/2014. Base salary adjustments for faculty and non-exempt staff are included in the operating budget to bring salaries up to entry market salary of their position's pay range and halfway to the experienced market salary of their pay range based on time in rank (faculty) or time in position (non-exempt staff). The cost of Phase I base salary adjustments is \$1,235,076. Contractual obligations for salary increases associated with faculty promotion and tenure policies, education attainment policies, career ladders or other policy or employment agreements have been honored and are included in the 2013/2014 Operating Budget recommendation at a cost of \$142,668.

An increase of \$465,883 is included in the employee benefit accounts in the 2013/2014 Operating Budget to cover mandatory increases in the employer contribution rates for state employee retirement systems (KERS and KTRS). Additionally, a \$25,680 increase (8 percent) in employee dental benefit expenses is included in the budget.

A significant expense in the University's budget is the cost of the employee health insurance program. The 2013/14 Operating Budget includes \$7.0 million for the cost of the health insurance program. The University's health insurance program is fully insured with Anthem Blue Cross/Blue Shield. The University's emphasis on wellness programs, combined with Anthem's similar approach to providing employees with information to better manage their health care, resulted in a rate hold for the 2013 calendar year. Nationwide, health insurance premiums have increased by an average of 8.5 percent. Premiums for the 2014 calendar year will be established in fall 2013 and will be based primarily on claims experience from calendar year 2013. Claims experience through the first few months of 2013 continues to be favorable. As future premium rates are established, the University will continue to manage the targeted rebalance of the share of

total premiums paid by the University. The objective is to return the ratio balance to 75:25, where the University pays 75 percent of the total annual premium cost. For calendar years 2012 and 2013, the ratio was approximately 77:23. This has been gradually reduced from a high of 82:18 over the past four years.

The 2013/2014 Personnel Roster contains a listing of the recommended authorized positions as of July 1, 2013. Funding for each position listed in the roster has been included in the proposed 2013/2014 Operating Budget. A total of 1,098 positions are recommended for 2013/2014 with an estimated 1,012 positions contracted to be filled as of July 1, 2013. Total personnel expenditures represent 56.0 percent of the total expenditure budget.

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

- Position ID number
- Employee currently holding the position
- Position title
- Appointment status if not a regular, full-time appointment
- Recommended salary at the start of the 2013/2014 contract period
- Contract months for exempt employees

#### **Analysis – Student Financial Aid:**

The 2013/2014 Operating Budget demonstrates the University's continued commitment to student financial aid with an increase of \$3.5 million (20.4 percent) in scholarship and tuition waiver expense budgets. The increases are attributed to the cost of increasing existing scholarships to cover the recommended tuition rate increase, scholarship participation level increases, and an increase in the budget for unfunded state mandated tuition waivers. A reallocation of existing financial aid budget is also recommended to support the third year implementation of the Eagle Excellence Scholarship which offers to double a first-time freshman's Kentucky Educational Excellence Scholarship (KEES) award if they enter MSU with an ACT composite of 21 or above and do not receive any other full-tuition scholarship award from MSU. This change was implemented in fall 2011 to distribute aid across a wider group of students in more efficient amounts and improve affordability for all Kentucky residents. Participation levels in guaranteed scholarship awards (i.e. Commonwealth Scholarship) and tuition waivers have increased significantly in recent years. An increase of \$1,182,843 is recommended for the Commonwealth Scholarship and \$269,765 for state mandated tuition waiver budgets. Additionally, an increase of \$336,893 is recommended for the fourth year implementation of the George M. Luckey, Jr. Academic Honors Scholarship. In fall 2013, thirty new freshmen will receive the University's most competitive and prestigious scholarship.

## 2013/2014 Operating Budget Highlights

Development of the 2013/2014 Operating Budget to include funding fixed cost increases and support strategic needs with no increase in state appropriation has required significant analysis and prioritization from all divisions. The primary fixed cost increase and strategic investment categories are summarized below:

<b>Primary Fixed Cost Increases and Strategic Investments</b>	
Athletic Operating (travel & uniforms)	\$100,000
Employee Compensation Model (Phase I implementation)	1,235,076
Housing Debt Service	93,168
KTRS & KERS Retirement Contributions	465,883
Personnel Commitments (contractual)	142,668
Scholarships (participation level increases)	3,001,056
Scholarships (proportionate to tuition increase)	248,327
State Mandated Tuition Waivers	269,765
Student Housing Positions	100,122
Student Recruitment & Retention	120,463
Utilities & Facility Maintenance Expenses	416,870
Other Strategic Investments	237,102
<b>Total Fixed Cost Increases and Strategic Investments</b>	<b>\$6,430,500</b>

The recommended revenue sources to address the fixed cost increases and strategic investments planned for 2013/2014 are included in the listing below:

<b>Revenue Sources</b>	
Tuition	
Rate Increase (2.9%)	\$1,199,700
Enrollment Growth	<u>3,311,800</u>
<b><i>Tuition Revenue Increase</i></b>	<b>4,511,500</b>
Housing	
Rate Increase (4.2%)	503,200
Enrollment Growth	<u>1,050,700</u>
<b><i>Housing Revenue Increase</i></b>	<b>1,553,900</b>
Bookstore (Net Revenue)	311,500
Other Sources	53,600
<b>Total Revenue Sources</b>	<b>\$6,430,500</b>

The 2013/2014 Operating Budget development process maintained focus on the commitment of preserving the core values of the University.

## **RATIFY THE 2014-2020 SIX-YEAR CAPITAL PLAN**

**BOR (VI-B-7)  
June 6, 2013**

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### **Recommendation:**

That the Board ratify the 2014-2020 Six-Year Capital Plan that was submitted to the Capital Planning and Advisory Board on April 15, 2013.

### **Background:**

The University submitted the 2014-2020 Six-Year Capital Plan to the Capital Planning and Advisory Board and the Council on Postsecondary Education by the statutory deadline of April 15, 2013. The Plan included a list of capital projects with an estimated scope of \$600,000 or more and equipment purchases with an estimated scope of \$200,000 or more. A preliminary list of the projects in the 2014-2020 Six-Year Capital Plan was presented to the Board at the March 14, 2013 meeting.

The projects included in the first biennia of the Plan will be used as the basis of the development of the 2014-2016 Executive Budget Capital Request which will be presented to the Board for approval at its September meeting. The projects are identified by the anticipated fund source including:

- State Bonds – Bonded indebtedness issued by the State for which the debt service payments will be managed by the State.
- State General Funds – Direct state appropriations designated in the Budget of the Commonwealth for a specific line item.
- Agency Bonds – Bonded indebtedness issued by the University for which debt service payments will be made by the University from institutional revenues.
- Agency Funds – University funds generated from institutional revenue sources.
- Other Funds – External funds granted to the University for a specific capital project.

Following is the final list of projects included in the 2014-2020 Six-Year Capital Plan as submitted to the Capital Planning Advisory Board and the Council on Postsecondary Education:



**MOREHEAD STATE UNIVERSITY  
CAPITAL PROJECTS SUMMARY LISTING  
SIX-YEAR CAPITAL PLAN  
2014-2020**

<u>Project Title</u>	<u>Estimated Scope</u>
<b><u>2014-2016</u></b>	
<b><u>Projects Funded with State Bonds or State General Funds</u></b>	
Renovate/Expand Student Services Facility	\$49,679,000
Plan & Design Music Academic & Performance Building	1,622,000
Renovate Combs Classroom Building	37,048,000
Enhance Network/Infrastructure Resources	5,945,000
Upgrade Fire Alarms & Security Systems	3,000,000
Construct Vet Tech Clinical Sciences Center	11,522,000
Plan and Design Library Facility	1,640,000
Construct MCTC/MSU Postsecondary Center of Excellence Phase I	29,775,000
Renovate McClure Pool	3,600,000
Replace Electrical Switchgear	2,660,000
Capital Renewal & Maintenance Pool-University Farm	1,209,000
Construct Classroom/Lab Building at Browning Orchard	1,597,000
Water Plant Sediment Basin	1,500,000
Renovate Button Auditorium	13,158,000
Construct Athl Admin & Sports Performance Bldg	24,582,000
Acquire Land Related to Master Plan	4,000,000
Construct Honors College Facility	2,884,000
Purchase Equipment for Biochemistry Lab	450,000
Enhance Library Automation Resources	1,264,000
Comply with ADA – E&G	3,877,000
Upgrade and Expand Distance Learning	1,398,000
Purchase Instructional Tech Initiatives	2,484,000
Upgrade Administrative Office Systems	4,000,000
Upgrade Instruct. PCs/LANs/Peripherals	5,000,000
Capital Renewal & Maintenance Pool-E&G	6,259,000
Reconstruct Central Campus	2,810,000
Construct University Welcome Center/Alumni House	9,711,000
	<hr/>
<b><i>Subtotal State Bonds/Funds</i></b>	<b>\$232,674,000</b>
 <b><u>Projects Funded with Agency Bonds or Agency Funds</u></b>	
Construct Residence Building-University Farm	2,735,000
Construct Student Residential Apartment Complex	28,000,000
Renovate Cartmell Residence Hall	12,500,000
Comply with ADA – Auxiliary	3,460,000
Construct Food Svcs/Retail & Parking Structure in Housing Complex	20,395,000
Replace Exterior Precast Panels-Nunn Hall	3,645,000

Capital Renewal and Maintenance Pool-Aux	2,668,000
<i>Subtotal Agency Bonds/Funds</i>	<b>\$73,403,000</b>
<b><i>TOTAL 2014-2016 CAPITAL PROJECTS</i></b>	<b><u>\$306,077,000</u></b>

**2016-2018**

**Projects Funded with State Bonds or State General Funds**

Acquire Land Related to Master Plan	\$4,000,000
Campus Drainage Project	12,000,000
Capital Renewal and Maintenance Pool-E&G	1,317,000
Comply with ADA - E&G	5,002,000
Construct General Office Building	9,051,000
Construct IRAPP Academic Building	19,555,000
Construct Music Academic & Performance Bldg	95,502,000
Construct New Baseball/Softball Complex	10,810,000
Construct New Library Facility	54,667,000
Renovate Ginger Hall Classroom Building	43,265,000
Renovate Jayne Stadium	36,363,000
Renovate Laughlin Building & Wetherby Gym	12,656,000
Renovate Lloyd Cassity Building	22,075,000
<i>Subtotal State Bonds/Funds</i>	<b>\$306,708,000</b>

**Projects Funded with Agency Bonds or Agency Funds**

Comply with ADA – Auxiliary	\$3,431,000
<i>Subtotal Agency Bonds/Funds</i>	<b>\$3,431,000</b>
<b><i>TOTAL 2016-2018 CAPITAL PROJECTS</i></b>	<b><u>\$310,139,000</u></b>

**2018-2020**

**Projects Funded with State Bonds or State General Funds**

Acquire Land Related to Master Plan	\$4,000,000
Capital Renewal and Maintenance Pool-E&G	3,104,000
Comply with ADA - E&G	4,470,000
Construct Facilities Management Office Complex	8,648,000
Construct Indoor Practice Facility	14,084,000
Expand Claypool-Young Building	3,217,000
Expand Life Safety: E&G Facilities	1,066,000
Renovate Academic Athletic Center	26,874,000
Renovate Reed Hall	23,293,000

***Subtotal State Bonds/Funds*** **\$88,756,000**

**Projects Funded with Agency Bonds or Agency Funds**

Comply with ADA – Auxiliary	3,292,000
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***Subtotal Agency Bonds/Funds*** **\$3,292,000**

***TOTAL 2018-2020 CAPITAL PROJECTS*** **\$92,048,000**

**ADOPT RESOLUTION RELATING TO THE SALE  
OF MOREHEAD STATE UNIVERSITY GENERAL  
RECEIPTS OBLIGATIONS, 2013 SERIES A**

**BOR (VI-B-8)  
June 6, 2013**

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**Recommendation:**

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

In accordance with the provisions of House Bill 7 of the 2013 Regular Session of the Kentucky General Assembly, the Board of Regents of Morehead State University hereby certifies that the issuance of the University's General Receipts Bonds, 2013 Series A will not result in an increase in tuition.

**Background:**

At its meeting on March 14, 2013 the Board of Regents adopted a resolution and approved the sale of the University's General Receipts Bonds, 2013 Series A. The bonds will be sold in summer 2013 and the proceeds will be used to finance the renovation of Mignon Hall.

The Mignon Hall renovation project was authorized for agency bond funding through the passage of House Bill 7 of the 2013 Regular Session of the Kentucky General Assembly. House Bill 7 requires the Board of Regents of a university issuing agency bonds to certify that (a) the project for which the bonds will be issued will generate sufficient funds to retire the bonded indebtedness and pay for ongoing operating expenses; **or** (b) that the issuance of the bonds will not result in an increased in tuition.

**Morehead State University**  
**Official Enrollment Report, Spring 2013**

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

Term	Headcount	Spring as a % of Fall	Credit Hours Generated	Spring as a % of Fall	FTE	Spring as a % of Fall
Fall 2008	8,981		100,143		6,818	
Spring 2009	8,320	92.6%	92,228	92.1%	6,287	92.2%
Fall 2009	9,046		99,917		6,803	
Spring 2010	8,279	91.5%	90,950	91.0%	6,206	91.2%
Fall 2010	8,842		97,492		6,641	
Spring 2011	8,167	92.4%	90,151	92.5%	6,150	92.6%
Fall 2011	10,971		106,315		7,241	
Spring 2012	9,424	85.9%	95,232	89.6%	6,498	89.7%
Fall 2012	11,172		110,859		7,537	
Spring 2013	9,516	85.2%	96,994	87.5%	6,603	87.6%

**Table 2: Enrollment by Classification**

Classification	Fall 2012	Spring 2013	Spring as a % of Fall	
High School	2,324	1,417	61.0%	<i>*Early College Program and Transitional students are a subset of the high school students enrolled for college credit. Early College Program students are generally those taking full credit college courses, while Transitional students are generally enrolled in developmental courses.</i>
<i>Early College Program*</i>	1,630	1,193	73.2%	
<i>Transitional*</i>	694	224	32.3%	
Freshman	2,254	1,617	71.7%	
Sophomore	1,287	1,297	100.8%	
Junior	1,401	1,326	94.6%	
Senior	2,062	2,168	105.1%	
UnderGrad-Nondegree	246	156	63.4%	
PostBacc UG Degree Seeking	148	138	93.2%	
Auditor	3	1	33.3%	
<b>Undergraduate Total</b>	<b>9,725</b>	<b>8,120</b>	<b>83.5%</b>	
Masters	1,173	1,098	93.6%	
Specialist	47	55	117.0%	
Doctor's Degree Prof. Practice	77	76	98.7%	
PostBacc Certificate	16	16	100.0%	
Graduate-Nondegree	134	151	112.7%	
<b>Graduate Total</b>	<b>1,447</b>	<b>1,396</b>	<b>96.5%</b>	
<b>Grand Total</b>	<b>11,172</b>	<b>9,516</b>	<b>85.2%</b>	

## **REPORT ON PERSONAL SERVICE CONTRACTS**

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**BOR (VI-C-2)**  
**June 6, 2013**

The attached list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between March 1, 2013 and May 15, 2013.

**PERSONAL SERVICE CONTRACTS****March 1, 2013 through May 15, 2013**

<b>Individual/Firm</b>	<b>Contract Description</b>	<b>Contract Beginning Date</b>	<b>Contract Ending Date</b>	<b>Contract Amount</b>	<b>Method of Selection</b>
Mercer Health Benefits	Patient Protection & Affordable Care Act Consulting	5/1/13	6/30/13	\$25,000.00	Negotiations based on Request for Proposal by WKU
Element Design	Update Campus Master Plan	5/1/13	6/30/13	\$175,000.00	Request for Proposal
Audrey Ruiz-Lambert	Sign language interpretation services	7/1/12	6/30/13	\$25,000.00 Amendment on 4/5/13 (New Total not to Exceed \$50,000.00)	Request for Proposal

## **FOUNDERS AWARD FOR UNIVERSITY SERVICE**

**BOR (V)  
June 6, 2013**

### **Recommendation:**

That the Board of Regents approve the selection of Clyde I. James as the recipient of the 2013 Founders Award for University Service.

### **Background:**

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

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

The University Service Award Committee has recommended that Clyde I. James be the recipient of the 2013 Founders Award for University Service.

Clyde I. James, a native of Morehead, Kentucky, is a graduate of Morehead High School and Morehead State University. He received his Master's degree in Education Student Personnel Administration with an outside emphasis in Business from Indiana University.

Mr. James was a devoted MSU employee for over 27 years. In that time, he held many positions with the University including Residence Hall Director, Faculty Member, and Associate Dean of Students, Greek Affairs Advisor, and Manager of the University Center. In addition to his impressive professional career, Mr. James served on numerous committees throughout his tenure.

His dedication to Morehead State did not stop upon his retirement. Mr. James continues to serve the University as a goodwill ambassador. As a past-president of the MSU Alumni Association, Mr. James frequently volunteers in efforts related to Alumni and Foundation interests.



Most recently, the University received over \$25,000 to establish the Clyde I. James Scholarship Endowment, which will provide scholarships for MSU students. Future Eagles will benefit from this scholarship for many years to come.

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