

MOREHEAD STATE UNIVERSITY BOARD BRIEFS

Issue No. 4

May 1995

PRESIDENT'S OFFICE

The 1994-95 school year is quickly coming to a close. As one reflects back over the past several months, there are a number of major initiatives that have been started, are in progress, or are complete. Some of these are highlighted below; others are included under the Administration and Fiscal Services report.

While I have listed some accomplishments during the past fiscal year, one of the most frustrating issues is funding. I made a commitment last year to move faculty salaries to the benchmarks; however, we are only able at this point to recommend a three percent raise package. We have been able to fully fund and complete the rank confirmation process for faculty. If we have an increase in our projected tuition income in 1995-96, it is our plan to increase the raise package in January.

- Gift of \$100,000 committed to build a bell tower as part of the Heritage Campaign.

- New admissions program geared to stabilize enrollment to begin in 1995.
- New Tuition Assistance Grant (TAG) program implemented to attract exceptional out-of-state students.
- MSU named site for federally-funded AmeriCorps program.
- Executive MBA degree program launched in Pikeville in conjunction with Appalachian Graduate Consortium.
- African-American Professional Coalition Association established.
- CCED receives \$140,000 ARC grant to identify historic resources in Eastern Kentucky.
- MSU qualifies for 100 percent of performance funding for 1995-96.
- MSU's original campus listed on the National Register of Historic Places.
- Vet Tech Program's full accreditation status extended through 1997.
- Over 80 percent of the proposals for grants and contracts submitted in 1992-93 were funded for a total of \$6,242,670.

UPCOMING EVENTS

- May 12-Board of Regents Meeting
- May 13-Spring Commencement
- June 12-Summer I Registration (classes begin June 13)
- June 18-25-Appalachian Celebration
- July 7-Summer I ends
- July 16-Summer II Registration (classes begin July 11)
- August 4-Summer II ends
- August 9-11-Administrative Retreat (tentative)

- Nearly 90 percent of the proposals for grants and contracts submitted in 1993-94 are expected to be successful (27 proposals are still pending) and will produce as much as \$6,300,000.

ADMINISTRATION AND FISCAL SERVICES

Capital Construction Projects

SECOND QUARTER PROJECTS: Capital projects completed during the past quarter include Removal-Installation of Underground Petroleum Storage Tanks and Modernization of Stack Elevator at Camden-Carroll Library.

WELLNESS CENTER: The \$500,000 authorization in the 1994-96 Budget of the Commonwealth is not sufficient to accomplish the initially defined program. The project therefore will be completed in two phases. The initial phase will be an approximate 5,000 square foot fitness area, with instructional and office space for participant testing and evaluation. The construction on the initial phase should be completed during the fall. The second phase will be requested as part of the University's 1996-98 Capital Plan and will add approximately 16,000 square feet for tennis facilities, multi-purpose space and a walking track. Equipment for the fitness area will be acquired as part of the initial phase.

The facility will be located south of the tennis courts on the parking lot west of Jayne Stadium. New parking will be created in the central campus where four duplexes were razed in the fall. The parking area to the south of the Academic-Athletic Center will be used for event parking and, if necessary, student parking. In addition, the large parking lot adjacent to the MSU Power Plant will be paved, allowing this lot to be used during the summer for band camps and continuing education activities.

OTHER CURRENT PROJECTS: Lappin Hall Renovation is the only major capital project currently underway; however, there are several projects in various stages of design with construction expected to begin this year.

- **Kentucky Folk Art Center:** Design work is complete on the Kentucky Folk Art Center. As anticipated, an additional \$175,000 from the US Highway Administration, Intermodal Surface Transportation Efficiency Act, was secured in March. The project is to be bid this spring and construction will commence in the summer.
- **Mechanical/HVAC Improvements:** The Fire Door Replacement and Hazardous Waste Facility Storage projects will be bid soon. Elevator Modernization at Ginger Hall, Nunn Hall, and Mignon Tower,

and Sewage Line Replacement projects are in the initial stage of design work.

- **Heritage Room Renovation:** Renovation of the former Gold Room in the Adron Doran Student Center has commenced. The \$190,000 project is funded from a combination of gifts-in-kind, MSU agency funds, and private giving.
- **Campus Video Project:** Progress on the Campus Video Project was reported at the February 10, 1995, Board meeting and in previous issues of *Board Briefs*. Shortly following the February Board meeting we encountered a contracting problem with Campus Televideo, the vendor of choice, and to date that contract has not been awarded. We have been working with the State Finance and Administration Cabinet to pursue other means of acquiring the cable plant to support the campus' entertainment and distance education initiatives. The expanded entertainment programming promised in the residence halls this fall via the entertainment network remains a realistic objective. The three distance education sites, funded primarily from the Kentucky TeleLearning Network match grant, at Lees's College in Jackson, the Big Sandy Extended Campu

Center in Prestonsburg, and the Ashland Area Extended Campus Center will be operational by the fall term.

Real Property Acquisitions

EVANS PROPERTY: The MSU Foundation, Inc., approved at its April 1, 1995 regular meeting the acquisition of the Evans Property. At this time, title and survey work is in progress. A meeting with a cross section of current and retired MSU faculty and staff members was held on April 17 to initiate discussions and determine interest in utilizing the house as a faculty and staff or university club.

The University plans to lease the property, with option to purchase, from the Foundation for not less than 20 years at a lease rate not to exceed the Foundation's annual amortization cost plus the cost of insurance. At the conclusion of the lease, or at any time before the expiration of the lease, the University could execute its option to purchase the property from the Foundation for the outstanding principal amount, not to exceed the fair market value of the property. Estimated annual lease cost to the University is \$18,500. The University intends to recover this cost from the faculty and staff organization that would manage the property as a club. It is also possible at this point that the faculty and staff organization would be the entity directly leasing the

property from the Foundation and not the University.

HUFFMAN PROPERTY: The University has had the three (3) tracts owned by Ms. Madonna Huffman and her sister in-law appraised. All three tracts are within the boundaries of the approved Campus Master Plan and are located along Fourth Street and Tippet Avenue at the western boundary of the campus. Rental units are situated on all three properties. The University was recently approached by Ms. Huffman, a member of the University staff, regarding our interest in the three properties. The University has offered to acquire the smallest tract, at 121 Fourth Street, from the sellers prior to June 30, 1995, and the second tract, located at 304 Tippet Avenue, during the 1996 Fiscal Year. If the third tract is acquired, acquisition would be scheduled during the 1997 fiscal year.

The tract at 121 Fourth Street contains 816 square feet of finished space on the main level, 420 square feet in the attic and 780 square feet in the basement. The appraisals were \$52,500 and \$45,500. The sellers have indicated a willingness to sell the property to the University at the upper value.

The tract at 304 Tippet is a former two-story residence, converted into apartments, containing approximately 2,300 square feet. The appraisals were \$78,500 and \$59,000. The sellers

have indicated a willingness to sell the property to the University at the upper value.

The last property is a fourplex apartment building. The two appraisers have been asked to reconcile their appraisals. The initial appraisals ranged from \$78,500 - \$124,000.

Real Property Leases

BIG SANDY EXTENDED CAMPUS CENTER: The construction cost estimate for a new facility in Prestonsburg to house the Big Sandy Extended Campus Center substantially exceeds the \$1.9 million, 1994-96 Budget of the Commonwealth authorization. Project planning was delayed while we unsuccessfully sought approval from the Secretary of the Finance and Administration Cabinet to proceed with the lease/purchase agreement with the Prestonsburg/Floyd County Public Properties Corporation at the higher cost. The estimated \$2.5 million construction, site development and land acquisition cost, plus interest expense, will require that we include the enhanced project in the 1996-98 Capital Plan.

ASHLAND AREA EXTENDED CAMPUS CENTER: FIVCO has been officially notified that the final funding component for renovation of an additional floor at the AAEC has been secured. Renovation of an additional 14,000 square feet

will double our space in the Ashland area for upper-division and graduate course offerings. Funding for the additional operational and amortization costs was anticipated and included in the current year budget.

Staff Bonus Plan

UNIT INCENTIVE BONUS PROGRAM: The 1994-95 Operating Budget included \$30,000 for a staff unit bonus program. The concept behind the funding was to award a limited number of non-recurring bonuses to staff in high achieving units. After significant dialogue with the Staff Congress, an acceptable plan to distribute the funds in the current fiscal year was not achieve; thus, the administration will rebudget the \$30,000 in the 1995-96 Operating Budget to be used to support staff development programs in accordance with a plan to be developed by the Office of Human Resources in conjunction with the Staff Congress.

FOOD SERVICE RENOVATIONS

The University's contract for operation of its food service program was re-awarded last year to Professional Food Service Management, Inc. (PFM). PFM's proposal included plans for renovation of our facilities and redesigning our programs. All projects that were scheduled for the 1994-95

fiscal year have now been completed.

New programs at the facilities located in Alumni Tower include: Chick-fil-A, Slicers Deli, and PanD's Pizza. A Burger King Express, opened in the fall of 1993, was relocated within that facility to accommodate renovations for the new food service outlets and to improve efficiency of operations.

The snack area, known as the Sugar Shack in the Adron Doran University Center, was removed. In its place are a Dunkin Donuts and a Baskin Robbins Ice Cream/Yogurt outlet.

All new programs have been well received by students, faculty, and staff. Food service gross sales have increased by about 36 percent as compared to the same time period for the previous fiscal year.

BOND RATING REVISION

Moody's Investors Service and Standard & Poor's provide rating services for businesses and organizations that issue debt obligations. Investors can use these ratings to make purchase decisions by considering the risk involved with a particular organization's debt. Ratings are assigned by considering the past repayment history of the issuer, the quality and size of its revenue base, the volume of debt outstanding, local economic conditions, and

prospects for growth. The ratings can range from an AAA, which represents the highest quality bonds with the lowest amount of risk, to a D rating for organizations that have defaulted on bonds. For the past several years Morehead State University's Consolidated Educational Buildings Revenue Bonds and Housing and Dining System Revenue Bonds have been rated at A which is the lowest category of the high grade bond classification.

Ratings are reviewed periodically, especially when the organization is preparing to issue new debt. The University's bond ratings were reviewed by both rating services in February as we were preparing to issue our Consolidated Educational Buildings Revenue Bonds, Series K.

Standard and Poor's confirmed the A rating that they had assigned to our bonds. Moody's however, confirmed the A rating for the Consolidated Educational Buildings Revenue Bonds, but lowered the rating for our Housing and Dining Revenue bonds from A to Baa. That Baa rating is the highest rating for medium quality bonds. Their rating decline was based primarily on the decreased demand that we have experienced for our residence halls.

The decline in the rating from Moody's will not have any

effect on bonds that we have already issued. The rating could be a factor if we issue Housing and Dining System Revenue Bonds in the future.

STUDENT LIFE

University Cheerleaders

Morehead State University varsity cheerleaders placed first in the College Cheerleading Championships held in Orlando, Florida, April 7-9, 1995, for the fifth consecutive time. The squad has now won six national championships out of eight years in competition.

The all-girl squad, newly formed this past basketball season, also qualified for national competition and placed second nationally in the all-girl division.

Adam Springer, sophomore from Castalia, Ohio, and Shay Whitehead, sophomore from Lexington, placed third nationally in the partner stunt competition.

Student Government Association Executive Officers, 1995-96

Brian Hutchinson, Louisa, Kentucky, Junior - President.

Trisha McHolland, Lakeside Park, Kentucky, Junior - Executive Vice President.

Jason Newland, Grayson, Kentucky, Sophomore - Vice President of Administration.

Darren Caudill, Marion, Ohio, Junior - Vice President of Finance.

Heidi Mann, Lexington, Kentucky, Junior - Vice President of Publicity.

Jason Ferris, Madeira, Ohio, Sophomore - Vice President of Programming.

UNIVERSITY ADVANCEMENT

Trail Theatre Project

Acquisition of the former Trail Theatre property in downtown Morehead has been completed by the MSU Foundation, Inc. as an in-kind gift from Chakeres Theatres, Inc. We have initiated the planning process with our four partners in this community project--the public schools, City of Morehead, Morehead Theatre Guild, and the Learning for Life Foundation. Our goal is to totally finance the renovation of the property for use as a performing arts center and to do so with grant and gift support. The theatre property has an appraised value of \$110,171. If external funding is not forthcoming, the Foundation has the right to sell the property and use the proceeds.