

**APPROVE REVISIONS TO  
PERSONNEL POLICIES**

**BOR (V-A-3)  
December 6, 2002**

**Background:**

The following revisions to the above-referenced personnel policies are being recommended:

**I. PG-9, Personal Leave of Absence Without Pay (Other than Military or Family Medical Leave) and PG-10, Leave of Absence with Pay for Short-Term Military or National Guard Services or Training Duty**

Housekeeping changes involving employee notification/permission for leave are being recommended.

**II. PG-48, Vacation Leave**

Policy revisions reflect the change in vacation leave administration from days to hours for administrative efficiency, the elimination of vacation eligibility for continuing part-time (Standing II) employees, clarifying existing practices, and various other housekeeping changes. Additionally, the policy is being revised to allow vacation accrual for probationary employees in order to enhance recruitment and retention efforts.

**III. PG-49, Sick Leave**

Policy revisions reflect changes in sick leave administration from days to hours for administrative efficiency, to define the University's "year" as related to the Family Medical Leave Act, to eliminate sick leave eligibility for continuing part-time employees, to clarify existing practices, and to make various housekeeping changes. Additionally, the policy is being revised to reflect the family-friendly practices of removing the limitations of sick leave usage for family member illnesses and increasing the scope of covered relationships.

**IV. PG-52, Family and Medical Leave**

This policy is being revised to clearly define the "12-month period" as stated in the Family and Medical Leave Act (Act) as a "fiscal year" in order to clarify existing practice. Additionally, the 12 days per year limitation on paid sick leave usage for the FMLA-covered illness of dependents is being removed. Other housekeeping changes are being made to reflect current practice.

The University's General Counsel has reviewed the proposed revisions. Members of the University Council, Staff Congress and Faculty Senate have been afforded opportunity for comment.

**Recommendation:**

That the Board of Regents amend PG-9, Personal Leave of Absence Without Pay (Other than Military or Family Medical Leave), PG-10, Leave of Absence With Pay for Short-term Military or National Guard Services or Training Duty, PG-48, Vacation Leave, PG-49, Sick Leave, and PG-52, Family and Medical Leave.

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

**BOR (VIII-A-7)  
March 16, 2002**

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**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of December 31, 2001, the second quarter of the fiscal year ending June 30, 2002. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Recommendation:**

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

**Management's Discussion and Analysis**  
**Second Quarter Financial Statements**  
**Morehead State University**  
**December 31, 2001**

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the six months that ended on December 31, 2001. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

**Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University.

**Financial Highlights**

Morehead State University's financial picture remains stable through the second quarter of the 2001-2002 fiscal year. During the period July 1, 2001 through December 31, 2001 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$17,405,748. This level of operating surplus is expected at this time, since most of the billings for the Spring 2002 semester are reflected in the tuition and fees revenue and only expenditures through December 31, 2001 are reflected, and will be more evenly reflected during the fiscal year. As the year progresses, the variance between revenues and expenditures will decrease and should reflect a more appropriate operating surplus or deficit.

Since the Board ratified the University's 2002-2004 Biennial Budget request in November 2001, as proposed by the Council on Postsecondary Education, we have been officially apprised of the following reduction in states appropriations:

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

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

- Investments increased approximately \$14 million from the second quarter of the previous year. However the total is consistent with the amounts at June 30, 2001.
- Accounts receivable have remained stable as a whole compared to December 31, 2000.
- The net investment in capital assets has increased about \$15.3 million since December 31, 2000. This increase relates to the Breckinridge Hall renovation (about \$7 million),

MSU at West Liberty Center (about \$4 million), Life Safety projects and Renovation of Family Housing (about \$2 million), and internally managed projects such as E & G Facilities, elevators, roof repairs, etc. (about \$4 million) less estimated depreciation, for a net increase of about \$15.3 million.

- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the second quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of December 31, 2001. Budgets for the major revenue categories of tuition and housing were based on projections of enrollment and residence hall occupancy. Fall semester projections for both these categories were exceeded.
- Expenditure trends also appear to be proceeding according to the budget plan, considering normal cyclical and timing differences.

**MOREHEAD STATE UNIVERSITY**

**Statements of Net Assets**

**December 31, 2001 and 2000**

<b>ASSETS</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
Cash	\$20,865,722	\$12,805,340
Investments in US government obligations-at cost	22,571,939	8,339,161
Accounts Receivable	18,059,085	18,009,690
Inventories	2,004,609	1,861,365
Notes Receivable	3,380,373	3,549,528
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>110,309,640</u>	<u>95,012,806</u>
<b>TOTAL ASSETS</b>	<b><u>\$177,191,368</u></b>	<b><u>\$139,577,890</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$2,119,500	\$564,275
Accrued salaries and other liabilities	1,091,324	1,374,412
Unearned revenues-state and federal grants	636,650	351,931
Deposits	1,456,254	1,006,320
Accrued vacation pay	956,349	1,344,388
Bonds and notes payable	<u>27,928,935</u>	<u>30,858,721</u>
<b>Total Liabilities</b>	<b><u>\$34,189,012</u></b>	<b><u>\$35,500,047</u></b>
<b>Net Assets</b>		
Capital	\$82,380,705	\$64,154,085
Non-capital		
Restricted	26,376,520	10,968,701
Non-restricted	<u>34,245,131</u>	<u>28,955,057</u>
<b>Total Net Assets</b>	<b><u>\$143,002,356</u></b>	<b><u>\$104,077,843</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$177,191,368</u></b>	<b><u>\$139,577,890</u></b>

**ANALYSIS OF NON-RESTRICTED FUND  
BALANCE**

**Allocations**

**Working Capital**

Accounts Receivable	\$11,535,490	\$11,192,506
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Inventories	2,004,609	1,861,365
Cashier's Operating Funds	128,500	105,000
Budgeted Fund Balance-Capital Projects	5,545,355	4,844,967
Budgeted Fund Balance-Non-capital Projects	<u>4,268,062</u>	<u>2,425,630</u>
<b>Total Working Capital</b>	<b><u>\$23,482,016</u></b>	<b><u>\$20,429,468</u></b>
<b>Funded Reserves</b>	<b><u>\$1,394,900</u></b>	<b><u>\$931,073</u></b>
<b>Total Allocated Fund Balance</b>	<b>\$24,876,916</b>	<b>\$21,360,541</b>
<b>Unallocated Fund Balance</b>	<b><u>9,368,215</u></b>	<b><u>7,594,516</u></b>
<b>Total Unrestricted Fund Balance</b>	<b><u>\$34,245,131</u></b>	<b><u>\$28,955,057</u></b>

See Attached Notes To Statements of Net Assets - Entity Wide Perspective

**NOTES TO STATEMENTS OF NET ASSETS**  
**MOREHEAD STATE UNIVERSITY**  
**DECEMBER 31, 2001 AND 2000**

1. These Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts receivable are shown net of allowance for uncollectible student accounts of \$786,151 at December 31, 2001, and \$224,532 at December 31, 2000. Also included in this category is the sum of \$1,830,991 receivable from federal and state grant agencies at December 31, 2001 and \$9,525,986 at December 31, 2000.
3. Notes receivable represent balances owed the University from borrowers who have participated in the National Direct Student Loan Program and the Nursing Student Loan Program. The balances are presented net of allowances for uncollectible accounts in the amount of \$151,885 at December 31, 2001 and \$157,779 at December 31, 2000.
4. Accumulated depreciation on buildings and equipment was \$87,644,972 at December 31, 2001 and \$84,221,106 at December 31, 2000.
5. Accrued salaries and other liabilities include amounts due for withheld and matching portions of payroll taxes and estimated claims payable but unsubmitted to the University's health insurance program.
6. Unearned revenues from federal and state grants represent amounts received but not expended at the balance sheet dates.
7. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets.
8. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
9. Restricted net assets include the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.



**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the Six Months Ended December 31, 2001 and 2000**

	2001-2002			2000-2001		Pe A E
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	
<b>REVENUES</b>						
<b>Educational and General</b>						
Tuition and Fees	\$24,516,815	\$23,761,344	96.92%	\$21,798,200	\$20,655,923	
Gov't Appropriations	42,717,448	24,211,844	56.68%	40,326,200	23,844,799	
City Grants	50,000	50,000		0	0	
Unrestricted Gifts	0	0		0	0	
Indirect Cost Reimbursement	346,000	300,515	86.85%	306,492	148,189	
Sales & Services of Ed. Activities	1,165,888	668,893	57.37%	1,031,176	723,865	
Other Sources	1,510,120	958,324	63.46%	1,596,276	1,116,640	
Budgeted Fund Balance - E & G	8,013,287	0		5,759,497	0	
<b>Total Educational and General</b>	<b><u>\$78,319,558</u></b>	<b><u>\$49,950,920</u></b>	<b><u>63.78%</u></b>	<b><u>\$70,817,841</u></b>	<b><u>\$46,489,416</u></b>	
<b>Auxiliary Enterprises</b>						
Housing	\$ 8,637,150	\$ 6,386,568	73.94%	\$ 7,857,400	\$ 5,752,153	
University Store	3,150,000	2,132,521	67.70%	2,925,000	1,876,222	
Food Services	608,500	371,826	61.11%	594,000	350,716	
Other	207,600	118,333	57.00%	170,000	106,980	
<b>Total Auxiliary Enterprises</b>	<b><u>\$12,603,250</u></b>	<b><u>\$ 9,009,248</u></b>	<b><u>71.48%</u></b>	<b><u>\$11,546,400</u></b>	<b><u>\$ 8,086,071</u></b>	
<b>TOTAL REVENUES</b>	<b><u>\$90,922,808</u></b>	<b><u>\$58,960,168</u></b>	<b><u>64.85%</u></b>	<b><u>\$82,364,241</u></b>	<b><u>\$54,575,487</u></b>	

**EXPENDITURES AND TRANSFERS BY DIVISION**

**Educational & General**

President & Administration	\$ 759,270	\$ 337,027	44.39%	\$ 1,360,839	\$ 686,990
University Relations	1,940,735	891,778	45.95%	1,355,182	632,292
Development	834,743	322,525	38.64%	0	0
Administration & Fiscal Services	11,891,472	6,500,701	54.67%	10,837,600	5,649,839
Student Life	11,725,305	6,085,401	51.90%	10,691,203	7,330,345
Academic Affairs	40,227,492	17,460,127	43.40%	36,492,514	15,435,164

Other	10,479,697	4,040,887	38.56%	10,127,024	5,472,796
<b>Total Educational &amp; General</b>	<b>\$77,858,714</b>	<b>\$35,638,446</b>	<b>45.77%</b>	<b>\$70,864,362</b>	<b>\$35,207,426</b>
<b>Auxiliary Enterprises</b>					
Housing	\$ 9,353,880	\$ 3,720,884	39.78%	\$ 8,011,526	\$ 2,846,095
University Store	2,844,776	1,764,038	62.01%	2,641,329	1,647,186
Food Services	416,730	215,347	51.68%	426,681	203,532
Other	448,708	215,705	48.07%	420,342	190,508
<b>Total Auxiliary Enterprises</b>	<b>\$13,064,094</b>	<b>\$ 5,915,974</b>	<b>45.28%</b>	<b>\$11,499,878</b>	<b>\$ 4,887,321</b>
<b>TOTAL EXPENDITURES AND TRANSFERS BY DIVISION</b>	<b>\$90,922,808</b>	<b>\$41,554,420</b>	<b>45.70%</b>	<b>\$82,364,240</b>	<b>\$40,094,747</b>
<b>NET CHANGE IN FUND BALANCE</b>		<b>\$17,405,748</b>			<b>\$14,480,740</b>

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period October 1, 2001 to December 31, 2001**

Description	Opening Budget	Amended Budget As Of 10/01/2001	Adjustments	Amended Budget As Of 12/31/2001
<b>Revenues and Other Additions</b>				
Tuition and Fees	\$24,013,500	\$24,013,865	\$ 502,950	\$24,516,815
Government Appropriations	41,420,900	42,541,421	176,027	42,717,448
Government Grants & Contracts	50,000	50,000	-	50,000
Indirect Cost Reimbursement	346,000	346,000	-	346,000
Sales and Services of Ed. Activities	1,063,000	1,144,729	21,159	1,165,888
Other Sources	1,408,200	1,474,259	35,861	1,510,120
Budgeted Fund Balance - E&G	6,702,100	6,859,759	1,153,528	8,013,287
Auxiliary Enterprises	10,723,300	10,736,300	-	10,736,300
Budgeted Fund Balance - AUX	1,670,000	1,670,000	196,950	1,866,950
<b>Total Revenues and Other Additions</b>	<b>\$87,397,000</b>	<b>\$88,836,333</b>	<b>\$ 2,086,475</b>	<b>\$90,922,808</b>
<b>Expenditure Authorizations by Division</b>				
<b>Educational &amp; General</b>				
President & Administration	\$ 679,207	\$ 689,228	\$ 70,042	\$ 759,270
University Relations	1,673,182	1,810,609	130,126	1,940,735
Development	728,041	788,193	46,550	834,743
Administration & Fiscal Services	11,093,427	11,630,671	260,801	11,891,472
Student Life	11,669,470	11,604,113	121,192	11,725,305
Academic Affairs	38,293,534	39,857,589	369,903	40,227,492
Debt Service & Mandatory Transfers	2,326,666	2,354,588	(23,014)	2,331,574
Other	8,262,742	7,261,596	886,527	8,148,123
<b>Total Educational &amp; General</b>	<b>\$74,726,269</b>	<b>\$75,996,587</b>	<b>\$ 1,862,127</b>	<b>\$77,858,714</b>
<b>Auxiliary Enterprises</b>				
Administration & Fiscal Services	\$ 7,310,711	\$ 7,322,711	\$ 98	\$ 7,322,809
Student Life	750,256	899,236	27,300	926,536
Debt Service	2,639,764	2,639,764	-	2,639,764

Other	<u>1,970,000</u>	<u>1,978,035</u>	<u>196,950</u>	<u>2,174,985</u>
<b>Total Auxiliary Enterprises</b>	<b><u>\$12,670,731</u></b>	<b><u>\$12,839,746</u></b>	<b><u>\$ 224,348</u></b>	<b><u>\$13,064,094</u></b>
<b>Total Expenditure Authorizations</b>	<b><u><u>\$87,397,000</u></u></b>	<b><u><u>\$88,836,333</u></u></b>	<b><u><u>\$ 2,086,475</u></u></b>	<b><u><u>\$90,922,808</u></u></b>

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period October 1, 2001 to December 31, 2001**

<b>From:</b>	<b>To:</b>			
<b>Revenue and Other Additions</b>	<b>Division/ Budget Unit</b>		<b>Amount</b>	<b>Description</b>
Tuition and Fees	Health insurance budgets in all divisions	\$	502,950	Excess unbudgeted tuition revenue was transferred to health insurance costs, the University increased its contribution varied by employee based on the health insurance plan selected prior to the effective coverage date, our increased contribution effective coverage to begin January 1, 2002. Therefore, the tran
Budgeted Fund Balance - E&G	Non-Mandatory Transfers	\$	553,500	Funds were allocated for the Space Science Center antenna pro
			\$ 20,000	Surveying cost
			\$ 49,000	Road engineering
			\$ 330,000	Road construction
			\$ 100,000	Electric to site C
			\$ 20,000	Fencing for Support Services
			\$ 25,000	Renovation of 2 Lakewood Dupl
			\$ 9,500	Environmental impact study
Budgeted Fund Balance - E&G	Non-Mandatory Transfers	\$	229,805	An additional \$229,805 was allocated for the White's Trailer Par project is \$329,805.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period October 1, 2001 to December 31, 2001**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Tuition and Fees**

As a result of increased health insurance costs, the University increased its contribution for each full-time faculty and staff member with effective coverage on January 1, 2002. The contribution rate varies based on the health insurance plan selected by the employee. Excess unbudgeted tuition revenue totaling \$502,950 was allocated to health insurance budgets as follows:

- \$ 3,510 President and Administration
- \$ 14,370 University Relations
- \$ 2,430 Development
- \$155,110 Administration and Fiscal Services
- \$ 58,810 Student Life
- \$268,720 Academic Affairs

**Government Appropriations**

Unbudgeted revenue allocated during the second quarter totaled \$176,027.

- MSU is to receive \$1,435,000 in FY02 from the CPE Action Agenda Trust Fund. During the second quarter, \$175,427 was allocated as follows:
- \$30,833 Academic Affairs
- \$39,208 Student Life
- \$80,386 University Relations
- \$25,000 Development

**Budgeted Fund Balance – E&G**

Budget allocations from fund balance for E&G purposes totaled \$1,153,528 in the second quarter.

- \$ 50,000 Raze houses in the ADUC site
- \$100,000 Razing and land realignments of Holbrook houses
- \$ 40,000 James parking lot development
- \$553,500 Space Science Center antenna relocation
- \$229,805 White's Trailer Park land realignment
- \$ 43,577 Cultural diversity initiatives
- \$ 23,518 Environmental assessments and clean-ups
- \$ 2,128 Institutional scholarships

- \$ 35,000 SBA grant match requirement
- \$ 26,000 University Swimming Pool equipment and furnishings
- \$ 50,000 WOCS radio antenna relocation

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period October 1, 2001 to December 31, 2001**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Budgeted Fund Balance – Auxiliary**

Budget allocations from fund balance for auxiliary purposes totaled \$196,950 in the second quarter.

- \$100,000 Raze Lakewood Terrace units
- \$ 50,000 Precast anchoring at Nunn Hall
- \$ 46,950 Refurbishment of coolers/freezers in Food Services

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of October 1, 2001 to December 31, 2001**

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



2000-02 Capital Renewal and Maintenance Pool

(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)

Life Safety - E&G	\$ 200,000		In Progress
1990 Clean Air Act Compliance - E&G			
Claypool-Young Chiller Replacement	135,000	August, 2000	Completed
Ginger Hall, Reed Hall, Laughlin Chiller Replacement	566,000		In Progress
Roof Replacement - Button, Rice Maint. Bldg., Claypool-Young, Combs	397,000	October, 2001	Completed
Roof Replacement - Baird	150,000		In Design
Mechanical Systems Replacements	556,800		In Progress
Mechanical Systems/HVAC	350,000		In Design
Ceiling Tile Replacement (Rader & Laughlin)	88,400	October, 2001	Completed
Window Replacement (Rader)	107,000	September, 2001	Completed
Gas Fired Boiler Installation	399,000		In Progress
Central Campus Reconstruction	300,800		In Progress
	<u>\$ 3,250,000</u>		
 Residence Hall Repairs (ME, CO, WI, AT)	 \$ 300,000	 October, 2001	 Completed

**RATIFY THE SALE OF CONSOLIDATED  
EDUCATIONAL BUILDINGS REVENUE  
BONDS, SERIES L**

**BOR (VIII-A-8)  
March 16, 2002**

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**Background:**

On September 22, 2001, the Board authorized the sale of Consolidated Educational Buildings Revenue Bonds (ConEd), Series L. The proceeds of the Series L bonds were to be used to refinance portions of ConEd Series H and I bonds that were issued in 1986 and 1992 respectively.

The Board appointed the Vice President for Administration and Fiscal Services and the Associate Vice President for Fiscal Services to serve as its designees to review and accept the bids for the bonds. The actions of the designees were to be ratified at the first full board meeting following the sale of the bonds.

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

**Recommendation:**

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

**Background:**

The current Great Seal of Morehead State University was adopted in 1966 as a revision of the previous Great Seal of Morehead State College, which was created in 1948 and revised in 1954. In its current form, the University Seal is not legally protected from unauthorized use. The design was not registered initially with the U.S. Patent and Trademark Office as a trademark or servicemark of the University. Neither does it accurately reflect the founding date, 1887, of the predecessor institutions of Morehead State University. Moreover, the current seal conflicts with modern graphic design standards in that it is overstylized with the ruffled outer edge and the short lines in the center circle representing radiating light.

**Analysis:**

Adoption of this revision of the current design will make our official publications and documents consistent with the correct founding date which already appears on major campus signage. By substantially changing the existing design, we will be able to register it as a new mark. Costs associated with the change will be minimal, including new dies for embossing instruments used to certify official documents and for a minor change of the Great Seal displayed on the Howell-McDowell Administration Building.

**Recommendation:**

That the Board of Regents adopt the proposed revision of the Great Seal of the University as presented herein and authorize its registration as a protected mark with the U.S. Patent and Trademark Office, effectively immediately.

**AMEND PERSONNEL POLICIES  
PAC-17, SABBATICAL LEAVES OF  
ABSENCE AND PAC-28, EDUCATIONAL  
LEAVES OF ABSENCES**

**BOR (VIII-A-9)  
March 3, 2001**

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**Background:**

According to the Kentucky Teachers' Retirement System (KTRS) interpretation of the Kentucky Revised Statutes, Morehead State University must treat sabbatical and educational leaves of absence the same as leaves of absence without pay, with regards to retirement contributions. Subsequently, employees participating in sabbatical educational leaves of absence are not eligible to make retirement contributions nor is Morehead State University eligible to make retirement contributions on the employees' behalf.

This is contradictory to our current personnel policies defining retirement credit eligibility for sabbatical and educational leaves of absence participants. On November 30, 2000, President Eaglin granted executive approval to revise PAC-17 and PAC-28 to bring policies into compliance with the KTRS interpretation of the statute.

University Legal Counsel has reviewed the proposed amendments. Members of the University Council, Staff Congress and Faculty Senate were afforded opportunity for comment.

**Recommendation:**

That the Board of Regents amend PAC-17, Sabbatical Leave of Absence and PAC-28, Educational Leave of Absence.

**BACHELOR OF SCIENCE DEGREE  
IN COMPUTER SCIENCE**

**BOR (VIII-A-3)  
March 3, 2001**

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**Background:**

For well over 25 years the Department of Mathematical Sciences has offered an Area of Concentration in Mathematics and Computing (formerly Mathematics and Computer Programming). This program has successfully trained students for entry-level positions in business and industry (e.g. BellSouth, Ashland Oil, Humana, Meade Data, LexMark, IBM, ATT). The program was started shortly after the first desktop computer came on the scene in the 70's. The area of concentration required 27 hours of mathematics courses and approximately 24-28 hours of courses from the departments of Physical Sciences, Information Systems, and Industrial Education and Technology. It was felt that the program served our students well during a period when technology was not increasing at such an incredible rate. In order to modernize the program it is proposed that the program be revised into an Area of Concentration in Computer Science (CS).

**Analysis:**

For several years there has been a growing feeling within the Department of Mathematical Sciences that the existing Area of Concentration in Mathematics and Computing was not attracting as many high school graduates from our service region as would be expected. One reason, it was felt, was that the program requirements have not kept pace with the rapidly changing role of technology in our society. Thirdly, the existing program did not contain the words "Computer Science" in its title.

During Spring Semester 2000, Dr. Thomas J. Cheatham of Middle Tennessee State University (MTSU) was brought to the campus in the role of a consultant to assist the department in determining the program's future direction. Dr. Cheatham is a former Department Chair of Computer Science at MTSU and also holds a doctorate in mathematics. He has participated in numerous Computer Science accreditation visits and is familiar with both the IEEE standards and the Computing 2000 Project that has recently proposed new expectations for programs in computer science. Hence it was felt that Dr. Cheatham was fully qualified to analyze the department's Area of Concentration in Mathematics and Computing. In Dr. Cheatham's final report he recommends *"After gathering and reviewing available data and meeting with interested parties on campus on April 2-4, 2000, I recommend that MSU develop a major in Computer Science under the renamed Department of Mathematics and Computer Science."*

During Summer 2000, a department committee wrote the proposed CS program using Dr. Cheatham's report as well as the IEEE-Cs/ ACM recommendations and courses from the Department of Information Systems, Industrial Education and Technology, Physical Sciences, and English, Foreign Languages, and Philosophy. Additionally, 6 new courses in Computer Science were needed to adhere to the guidelines suggested in Dr. Cheatham's recommendations. These courses were designed to provide coverage of important areas of study and research within the field of Computer Science.

Several meetings were held with the Curriculum Committee of the Department of Computer Information Systems during the Fall Semester 2000 at which time several suggested modifications in the program proposal were made. The Departments of Physical Sciences and Industrial Education and Technology were also kept abreast of this curricular effort as was the personnel in the Office of Information Technology.

The proposed curriculum is comparable to that of other such programs within the state. It should be noted that MSU is the only regional comprehensive university in the state that does not offer a program in CS. In fact, masters programs in CS, as well as undergraduate programs, are offered at EKV, UK, U of L, WKU and NKU. It is believed that the proposed program will attract new students to the University who are looking at a career path in the computer science field but now bypass MSU when choosing an institution of higher education. It is also felt that the curriculum in the proposed CS program will prepare the student to be competitive in the field of computers as well as adequately prepare them for graduate work in Computer Science.

**Recommendation:**

That the Board of Regents approve the proposed modifications in the existing Area of Concentration in Computer Science within the Department of Mathematical Sciences.

APPROVE CAPITAL PROJECT RELATED TO  
SPACE SCIENCE CENTER -  
NAMING OF FACILITY

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BOR (IX-A)  
March 3, 2001

**Background:**

A joint NASA-Morehead State University-Kentucky National Science Foundation Experimental Program to Stimulate Competitive Research (NSF EPSCoR) venture has resulted in the approval to move operations of an 18-meter NASA-Goddard satellite tracking station to Morehead State University. The satellite tracking station, located at the NASA-Wallops Island, Virginia facility, served as the telecommunications station for the IUE (International Ultraviolet Explorer) satellite until 1997.

The total project scope is estimated to cost \$4.2 million. The project will result in the instrument being relocated and becoming part of the University's Astrophysics Laboratory, where it will be maintained for future NASA missions and simultaneously provide a replacement antenna for the MSU Radio Telescope. It is expected that the instrument will be contracted 50 percent of the time to the NASA Satellite Tracking Program. The remainder of the time the instrument will be used in the University's astrophysics program.

We have received an initial \$2 million federal earmark for the project and are seeking the remainder of the funding primarily through other federal grant processes.

The antenna's current replacement value is \$20.1 million. It stands nine stories tall, and combined with the MSU Astrophysics Laboratory receiver system will literally represent a world-class research facility and provide state-of-the-art opportunities for students in astrophysics, satellite communications, electrical engineering and software development. In addition, the gain of the large 18-meter antenna combined with the sensitivity of the University's current radio telescope receiver will provide a powerful telescope for research in radio frequency astrophysics.

Since the capital project was not conceived or requested by the University at the time the 2000-2002 Biennial Budget was being prepared, interim legislative approval is required in order for the project to be advanced and contracts awarded. KRD 47.760(14) allows for a capital project, which is not specifically listed in any branch budget bill, to be authorized during the interim budget period of 50 percent or more of the cost is federal funds. Following the approval by the Council on Postsecondary Education (CPE) on March 19, the project will be submitted in April to the General Assembly's Capital Project and Bond Oversight Committee.

Engineering, dismantlement, transportation, site development, reassembly and upgrade of the equipment are estimated to cost \$3.45 million. Additionally, sophisticated weather and climatological forecasting equipment and GPS/GIS systems are a component of the project estimated to cost \$750,000. Cost estimates are based on a preliminary study of the antenna project by Associated Engineers, Lexington, Kentucky.

The Finance and Administration Cabinet has established a consulting contract with a Richardson, Texas, based large antenna construction and relocation company to conduct the final feasibility analysis and cost estimates.

The benefits of the project are numerous and far-reaching. Immediate advantages relate to improving MSU's instructional programs and student recruitment and retention. We plan to develop an innovative center for student training in hi-tech disciplines – specifically physics, engineering, and industrial education technology. We plan to employ consultants to identify the instrument's best linkage to an engineering program to meet the greatest needs in our service region.

We also believe that deep space research will certainly enhance the University's recruitment and retention efforts. The MSU Space Science Center/NASA Satellite Tracking Facility will serve as a giant symbol of hi-tech research and education to which the commonwealth and national committees can relate.

A new support and classroom facility is anticipated and be a high priority in the University's 2002-2008 capital plan. The construction of new classroom and support space becomes important, as current academic, research, and outreach programs are enhanced and improved and new programs evolve.

New economic development, research, and education outreach programs will be created as a result of the initiative through a joint effort with the University's Institute for Regional Analysis and Public Policy (IRAPP). IRAPP was approved by the CPE as the science to the region and provide the type of telecommunication infrastructure to move Eastern Kentucky into a more competitive environment in the information age economy.

The specific mechanisms to deliver the economic development potential of the science and research infrastructure of this project to the businesses and entrepreneurs throughout our region will evolve through IRAPP. IRAPP faculty will also conduct economic and environmental science research utilizing the GPS and GIS infrastructure. Educational outreach services that interface with K-12 public schools, other postsecondary education institutions, and the Appalachian P-16 Council will likewise evolve with the project.

### **NEXWOS Weather Stations and GPS Base Stations:**

NEXWOS weather stations will be located at the Center for Rural Development in Somerset and in Morehead as part of the project. The stations will provide important scientific meteorological data that will be shared with the NOAA Weather Station in Jackson, Kentucky.

Global Positioning System (GPS) base stations will also be located at the Center for Rural Development and Morehead. The National Geodetic Survey (NGS) network has identified a significant gap in coverage (defined as over 300 miles from a



GPS station) for Eastern Kentucky. These stations provide critical GPS coverage for Eastern Kentucky and will improve weather forecasting and enhance prior warning alerts for the area. The advances in GPS technology will make this a very significant infrastructure investment for both researchers and corporations and will favorably position the region with critical technology for economic development.

**Initial Funding:**

The initial \$2 million federal earmark is estimated to provide sufficient funding for the preliminary engineering study, roadway construction, dismantlement and transportation costs to the campus and to begin the upgrades necessary to link the antenna to the NSU Astrophysics Laboratory. Additionally, the available funding will allow the acquisition and installation of the GPS base stations and support equipment, NEXWOS stations, and GOS stations.

The remaining funds necessary to complete the antenna phase of the project will be sought in the next federal budget cycle.

**ESTIMATE OF TIMETABLES AND COSTS**

<b>Timetable</b>	<b>Project</b>	<b>Cost</b>
March 2001-June 2001	❖ Engineering and Planning	\$42,800.00
July 2001-December 2003	❖ Engineering	307,200.00
July 2001- January 2002	❖ Dismantlement and relocation	315,000.00
	❖ Site and road development	300,000.00
January 2002-December 2003	❖ Electronic upgrades	1,000,000.00
	❖ GPS-GOS station installations	750,000.00
	❖ Reconstruction	1,185,000.00
<b>Total Cost</b>		<b>\$ 3,900,000.00</b>
<b>JANUARY 2004 – ANTENNA FUNCTIONAL</b>		

**Recommendation:**

That the Board of Regents approve a capital construction project related to the antenna Relocation Phase of the Space Science Center project.

CPE RESOLUTION

BOR (VIII-A-2)  
March 3, 2001

BE IT RESOLVED by the Board of Regents of Morehead State University that the University is exercising its option for a **Qualitative Waiver** to submit new academic program proposals to the Council on Postsecondary Education during calendar year 2001 for the Council's review under the provisions of the 1997-2002 *Kentucky Plan for Equal Opportunities in Postsecondary Education*.

ADOPTED this third day of March 2001.

ATTEST:

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

\_\_\_\_\_  
Chair, Board of Regents

\_\_\_\_\_  
President, Morehead State University

**2001 FOUNDERS DAY AWARD  
FOR UNIVERSITY SERVICE**

**BOR (VI)  
March 3, 2001**

**Background:**

The Founders Day 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. The presentation is part of the annual Founders Day observance.

Previous recipients have included W.C. Crutcher, 1978; Linus A. Fair, 1979; Carl D. Perkins, 1980; Dr. Warren C. Lapping, 1981; Dr. Ted L. Crothwait, 1982; Monroe Wicker, 1983; Lloyd Cassidy, 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; Sen. Woody May, 1993; Dr. J. E. Duncan, 1994; Sherman R. Arnett and Harlen L. Hamm, 1995; Dr. Adron Doran, 1996; Robert S. Bishop and K. Martin Huffman, 1997; and Dr. Charles J. Pelfrey, 1998; Carolyn S. Flatt, 1999; and Dr. Earl J. Bentley, 2000.

The Founders Day Committee has recommended that the 2001 award be presented to Mrs. Mignon McClain Doran, the University's First Lady from 1954 to 1977 and founding director of the Personal Development Institute. The ceremony is scheduled as part of the Founders Day Awards Luncheon at noon on Thursday, March 29.

A former president of the Kentucky Federation of Women's Clubs, Mrs. Doran was named the Outstanding Women Kentuckian in 1971 and Woman of the Year in 1972 by Cardinal Key National Honor Society. She served 10 years as a member of the Governor's Commission on Children and Youth and has received local, state, and international recognition for her work with young persons and community organizations.

At the request of the Student Government Association, a residence hall complex at MSU was named in her honor by the Board of Regents. A former teacher and fashion model, Mrs. Doran remains active as a lecturer and musician and as a volunteer on behalf of Morehead State University. A native of Western Kentucky, she would be the fourth woman to receive the award.

**Recommendation:**

That the Board of Regents approve the selection of Mignon McClain Doran of Lexington, Ky., as the recipient of the 2001 Founders Day Award for University Service.

## HONORARY DOCTORAL DEGREES

BOR (V)  
March 3, 2001

### **Background:**

In 1988 the Board of Regents reinstated the practice of awarding honorary doctoral degrees to outstanding individuals. Consequently, the ad hoc Honorary Degree Advisory Committee was established to screen nominations for such recognition and to make appropriate recommendations to the President and Board of Regents. The committee is composed of active and retired faculty and staff members and a representative of the MSU Alumni Association, Inc.

An outstanding person – Kentucky First Lady Judi Conway Patton – was nominated for an honorary doctoral degree in conjunction with spring commencement. The Honorary Degree Advisory Committee reviewed the personal and professional qualification of Ms. Patton and unanimously recommended that she be awarded the honorary degree of DOCTOR OF PUBLIC SERVICE at the Spring Commencement ceremony on May 12, 2001.

Judi Conway Patton, a native of Pike County, Kentucky, decided early in her husband's tenure as Governor of Kentucky that she would lend her voice and influence to women and children harmed by abuse and violence. Co-chair of the Governor's Council on Domestic Violence, she was instrumental in the first state funding of shelters for battered women. She led a statewide movement to reform Kentucky's laws to protect child victims who testify in court and to strengthen the legal process of removing endangered children from threatening home environments.

Her latest project is the expansion of children's advocacy centers for young victims of sexual abuse, including the opening of such a center in Morehead to serve the five counties of the Gateway Area Development District. She also champions other causes, including expansion of family courts, increased funding of breast cancer research and improved medical service for breast cancer victims.

Ms. Patton, who has Cherokee ancestors on both sides of her own family was responsible for creation of the Kentucky Native American Heritage Commission, of which she serves as chairperson. She also co-chaired the \$3 million statewide fund raising campaign for the Kentucky History Museum.

### **Recommendation:**

That the Board of Regents approve the awarding of honorary degrees of DOCTOR OF PUBLIC SERVICE to Kentucky First Lady, Judi Conway Patton at the Spring Commencement ceremony on May 12, 2001.

NAMING OF FACILITY

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**Background:**

The naming of physical facilities at the University requires a recommendation from the President and approval of the Board of Regents. Traditionally, naming of facilities has been a permanent means of recognizing those who have provided outstanding support, financial or otherwise, to the institution or given exemplary personal service over a sustained period. The MSU Foundation, Inc., acquired property adjacent to our Sunny Brook Golf Course in 1999, which now is under a lease-purchase agreement with the University. One of the primary objectives for obtaining the property was to provide space for construction of game and practice facilities for our women's soccer team. As a result of the personal generosity of James and Linda Booth of Inez, Ky., more than \$150,000 worth of excavation and grading improvements were made to the site at no cost to the University. The Booths also were among the first donors to establish an academic endowment for the benefit of the University and they are the luncheon hosts each fall of our new faculty tour of East Kentucky. In addition, they provided financial support for the expansion of the broadcast signal of WMKY Radio in Martin and surrounding counties. In recognition of the generous and ongoing support of the University by these citizens, it would be fitting to name the new soccer complex in their honor.

**Recommendation:**

That the Board of Regents approve naming of the new soccer complex in recognition of James and Linda Booth of Inez, Ky.

PROGRAM DELETION/SUSPENSION

**Background:**

In November 1999, the Council on Postsecondary Education approved a series of guidelines for creating and maintaining academic programs. The new guidelines required among other things, that the Council staff review the status of all existing programs in operation for more than four years and identify those that do not appear to be sufficiently and effectively contributing to the needs of the statewide system of postsecondary education in Kentucky. In February 2000, each university received a list of its academic programs that did not pass the Council's initial screen for productivity; programs that confer fewer than 12 associates, 12 bachelors, 7 masters or 5 doctoral degrees calculated as a five-year average. Institutions were asked to review each identified program and make a written recommendation about its continuation, modification, elimination, or consolidation into a cooperative program.

The following programs have been identified to be suspended or deleted. Effective Fall 2001, new students will not be allowed to enroll in any of these programs.

**Recommendation:**

That the Board of Regents approve the suspension of the BS degree in Medical Technology (CIP 51.1005) and the deletion of the following programs:

52.0701	AAB Enterprise Management and Operations General
13.1320	BS Trade and Industrial Teacher Education, Vocational
13.1399.02	BS Math and Physical Sciences Teacher Education
19.101	BS Home Economics, General
40.101	BS Physical Sciences, General
51.1699.01	BSN Nursing, General (Post-R.N.)
13.802	EdD (Cooperative) in Educational Psychology
13.1399.03	EdD (Cooperative) in Vocational Teacher Education

REAL PROPERTY ACQUISITION

**Background:**

In accordance with policies approved by the Board of Regents on April 30, 1993 and September 17, 1999, related to real property management, the President may initiate the acquisition of real property included in the approved Campus Master Plan.

**REAL PROPERTY ACQUISITION**

<b>PROPERTY LOCATION</b>	<b>OWNER(S)</b>	<b>APPRAISAL PRICE</b>	<b>ACQUISITION PRICE</b>
Lots thirty (30) and thirty-one (31) in Section D of College Subdivision (Shafer Addition)	Fred McCarty, David Little, Kevin Legg, Michael McKinney, and LaDonna McKinney	\$60,000.00	\$60,000.00
<b>Property Description:</b> Lots thirty (30) and thirty-one (31) are presently the location of the "old Theta Chi House." Each lot being 25 feet in width and 115 feet in depth.			

The University acquired lots thirty-two (32) and thirty-three (33) in August of 1996. In January 2001, we obtained an appraisal for lots thirty (30) and thirty-one (31) estimating the value to be \$60,000.00. This appraisal was equal to the asking price of \$60,000.00.

Exhibit A is the Campus Master Plan site drawing and reflects the location of the property acquired and the two lots previously acquired by the University.

- ❖ The property is included in the 1997 Campus Master Plan.
- ❖ In accordance with state procurement regulations, an independent appraisal was obtained in January 2001.
- ❖ We believe the value established by the appraisal to be reasonable.
- ❖ The property owners were willing to sell at the appraised value.
- ❖ The house on the property is to be razed.
- ❖ The attached Campus Master Plan site drawing reflects the location of the property.
- ❖ The closing date was January 23, 2001.

REPORT OF MAJOR GIFTS SINCE BOR (VIII-B-5)  
SEPTEMBER 1, 2000 THROUGH JANUARY 31, 2001 March 3, 2001

The following is a list of gifts of \$10,000 or more that have been received and/or recorded since September 1, 2000, on behalf of the Morehead State University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.

<u>Amount</u>	<u>Donor(s)</u>	<u>Type of Purpose</u>
\$10,000	Citizens Bank	Endowment
\$10,000	Gregory D. Palmer	Endowment
\$11,250	David McEwen	Gift-in-Kind (livestock)
\$14,899	Teresa J. Eigler	Gift-in-Kind (Other)
\$16,000	Tom T. Hall Enterprises	Gift-in-Kind (Equipment)
\$21,049	Anonymous	Endowment
\$25,000	Robert L. Coleman	Endowment
\$25,000	Elmer R. Smith	Endowment
\$25,000	Elmer R. Smith	Endowment
\$28,700	K-MEC	Gift-in-Kind (Equipment)
\$150,113	Addie Rader Estate	Scholarship
\$177,581	Ruth L. Shannon	Endowment
<hr/>		
\$514,592		



REPORT OF PRIVATE GIVING  
JULY 1, 2000 THROUGH JANUARY 31, 2001

BOR (VIII-B-4)  
March 3, 2001

Private gifts to Morehead State University for this period are as follows:

**Giving Summary**

Scholarships	\$ 32,245.00
Endowments	\$ 553,702.00
Gifts-in-kind	\$ 120,800.00
Eagle Athletic Fund	\$ 85,819.00
Unrestricted	\$ 56,766.00
Colleges, Departments, and Other Units	\$ <u>119,712.00</u>
Sub-Total	\$ 969,044.00
State Matching Funds	<u>\$1,475,000.00</u>
TOTAL	\$2,444,044.00

## REPORT ON LAKEWOOD PROJECT

BOR (VIII-B-2)  
March 3, 2001

The Board of Regents approved the \$4 million Lakewood Terrace Family Housing Project in November 1999. The project will be funded with Housing and Dining Bonds that will be sold in June/July in conjunction with the bonds for Phase III of the sprinkler project.

Luckett & Farley was selected as the professional design team to assist the State Finance and Administration Cabinet and Morehead State University with the project.

The design/build team selection process began in February with receipt of twelve proposals. On February 19, the evaluation committee, composed of representatives from Morehead State University and the Division of Facilities Management, selected three design/build teams from the twelve, to present a final design proposal and their bid. The three selected were Packs, Inc., CMW/Codell, and Messer & Sons Construction Co. These firms will have 30 days to prepare their design and bid and submit to the State. An evaluation of the firm's qualifications, design and bid are scheduled to be completed by the end of March. Construction is scheduled to be completed within nine months from award of contract.

**SABBATICAL LEAVES, 2001-2002**

**BOR (VIII-A-4)  
March 3, 2001**

**Background:**

Faculty members desiring sabbatical leaves submit their application to be evaluated by their departmental committee, department chair, college dean, and the Professional Development Committee. These committee evaluations are forwarded to the Executive Vice President for Academic Affairs and Dean of Faculty who recommends to the President for his recommendation to the Board of Regents.

**Recommendation:**

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

Fall 2001

Susanne M. Rolland, Associate Professor of Social Work

Spring 2002

Rosemary Carlson, Professor of Finance  
Charles Patrick, Professor of Industrial Educational  
Wayne Willis, Professor of Education

2001/2002 Academic Year

Daniel Seth, Associate Professor of Mathematics

**Background:**

The executive branch of the Student Government Association has included a vice president for programming, who is responsible for “administering to and proposing all special programs or events to the Executive Committee and Congress.” Concerts and other special programs are now being coordinated through the Student Activities Council. In addition, there is a need for a member of the executive branch to be responsible for administering special programs related to student issues of concerns. In a special election on February 6, 2001, the students voted to establish the SGA Office of Vice President for Campus Involvement and to eliminate the SGA Office of Vice President for Programming, with programming responsibilities given to the Student Activities Council.

ARTICLE IV – THE EXECUTIVE BRANCH

Section 1. Officers

Change title of vice president for programming to vice president for campus involvement.

Section 5. Duties of Officers

The vice president for campus involvement shall be responsible for administering special programs related to student issues or concerns as directed by the Executive Committee and Congress.

**Recommendation:**

That the Board of Regents ratify the Student Government Association Constitution amendments.

**Background:**

Faculty members desiring tenure are responsible for developing their own tenure portfolios for submission to their peers and administrative supervisors for analysis and review during the first semester of the last year of their probationary period. These portfolios are reviewed by departmental committees as well as by the candidate's department chair and college dean. The University Tenure Committee receives and reviews the recommendations from these peer groups and administrators and forwards its recommendations to the Executive Vice President for Academic Affairs and Dean of Faculty. The President, based upon recommendations from the Executive Vice President for Academic Affairs and Dean of Faculty, submits his recommendations to the Board of Regents.

**Recommendation:**

That the Board of Regents approve the granting of tenure for the following faculty member with the issuance of her contract for the 2001-2002 year:

Elizabeth Regan, Associate Professor of Information Systems

TENURE WITH PROMOTION, 2001

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**Background:**

Assistant professors who successfully gain tenure are automatically promoted to the rank of associate professor without further review by the University Promotion Committee. Faculty members are responsible for developing their own tenure portfolios for submission to their peers and administrative supervisors for analysis and review during the first semester of the last year of their probationary period. These portfolios are reviewed by departmental committees, as well as by the candidate's department chair and college dean. The University Tenure Committee receives and reviews the recommendations from these peer groups and administrators and forwards its recommendations to the Executive Vice President for Academic Affairs and Dean of Faculty. The President, based upon recommendations from the Executive Vice President for Academic Affairs and Dean of Faculty, submits his recommendations to the Board of Regents.

**Recommendation:**

That the Board of Regents approve the granting of tenure and promotion to the associate professor rank for the following faculty members with the issuance of their contract for the 2001-2002 year:

Dr. Dora Ahmadi, mathematics  
Dr. Seyed Ahmadi, economics  
Dr. Lary Cowart, real estate  
Dr. Susan Eacker, history  
Dr. Robert Frank, speech  
Dr. Teresa Hardman, HPER  
Dr. Robert Hatfield, management  
Dr. Stephen Herzog, government  
Dr. Rebecca Katz, sociology  
Dr. Karen Lafferty, education  
Dr. Lesia Lennex, education  
Dr. Ricky Little, music  
Dr. Alana Scott, history  
Dr. Gordon Towell, music  
Dr. Joan Whitworth, science

## **AMEND BOR BYLAWS**

**BOR (V)**  
**March 11, 2003**

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### **Background:**

At the September 27, 2002, Board meeting, Chair Buckner Hinkle appointed a nominating committee to review the Board's *Bylaws* pertaining to a limitation on the terms of the chair and vice chair. Dr. Charles Rhodes, chair of the nominating committee, reported back to the Board at its December 6, 2002, meeting and recommended that a limit of four (4) consecutive one-year terms be placed on the chair and vice chair beginning with the 2003 calendar year.

Chair Hinkle asked that the *Bylaws* be amended to reflect the term limits for approval by the Board at its March 11, 2003, meeting.

### **Recommendation:**

That the Board approve amending the *Bylaws* to reflect the limitation of four consecutive one-year terms for the chair and vice chair, beginning with the 2003 calendar year.

**APPROVE CONTRACTS FOR  
BANKING SERVICES**

**BOR (IX-A-7)  
March 11, 2003**

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**Background:**

The University is required by KRS Chapters 41 and 164A to designate depository banks for all funds collected. The method for selecting the banks is set forth in the Kentucky Model Procurement Code, KRS Chapter 45A.

Using the guidelines for competitive bidding of contracts in KRS Chapter 45A, bids for banking services were requested. As a result of that process, contracts were issued to U.S. Bank (formerly Firststar Bank) in Morehead for the main campus banking services, Heritage Bank in Ashland, Commercial Bank in West Liberty, Citizens National Bank in Prestonsburg, and the Citizens Bank in Jackson.

These contracts covered the period from July 1, 2002 to June 30, 2003 with options to renew the contracts for four additional one-year periods. The services rendered have been in compliance with the terms of the contracts.

**Recommendation:**

That the Board exercise the option to renew the banking services contracts for the period July 1, 2003 to June 30, 2004, with U.S. Bank of Morehead for the main campus banking, and with Heritage Bank in Ashland, Commercial Bank in West Liberty, Citizens National Bank in Prestonsburg, and the Citizens Bank in Jackson to continue to serve as depositories for funds collected at the extended campus centers.



**DESIGNATE AGENT FOR  
EMERGENCY MANAGEMENT FUNDING**

**BOR (IX-A-3)  
March 11, 2003**

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**Background:**

Federal financial assistance is available in certain disaster and emergency situations through the provisions of the Disaster Relief Act (Public Law 288, 93<sup>rd</sup> Congress), or otherwise available from the President's Disaster Relief Fund. Both the state Division of Emergency Management and the Federal Emergency Management Agency (FEMA) require that the governing bodies of agencies making requests for such assistance designate an agent to act in behalf of the agency.

The Director of Physical Plant position has historically served as the University's agent with these entities. Mr. Joe Planck, former Director of Physical Plant, was the University's designee with both the state and federal agencies. With Mr. Planck's retirement from the position, a new agent must be designated by the Board.

**Recommendation:**

That Mr. Gene Caudill, Director of Physical Plant, be designated as the University's agent for transactions with the state Division of Emergency Management and the Federal Emergency Management Agency.

## **APPROVE DISPOSAL OF REAL PROPERTY**

**BOR (IX-A-8)  
March 11, 2003**

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

The City of Morehead is initiating a project to widen Second Street from Wilson Avenue to Nickel Alley. The project is the second phase of widening Second Street with the first phase having been completed from Flemingsburg Road to Wilson Avenue. Second Street is a main artery to and from campus and has long been a safety concern because of the volume of traffic and the narrowness of the street.

In order to widen the street, the City will need to acquire narrow sections of property from the owners along the route. Street frontage from University-owned tracts described below will be needed. The transfer of this property will not harm the future use of the property and will have long-term benefits for our faculty, staff and students who use this street on a daily basis.

According to Kentucky Revised Statutes, an appraisal will be obtained to establish the value of the property to be transferred to the City.

### **Statutory Authority**

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

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

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

### **Description of Property**

Parcel #6: Being a portion of the parcel conveyed from Mary Mildred Tucker to The Commonwealth of Kentucky, Morehead State University in deed dated June 9, 1966 and recorded in Deed Book 113 Page 237 of the Rowan County Court Clerk's records, containing 456 square feet or 0.010 acres.

Parcels #19, #20, #23, & #23A: Being a portion of the parcel conveyed from Thomas R. Burns and Ada C. Burns to The Commonwealth of Kentucky, Morehead State University in deed dated May 28, 1965 and recorded in Deed Book 77 Page 306, a portion of the parcel conveyed from Charles Keeton and Emma Keeton to The Commonwealth of Kentucky,

Morehead State University in deed dated June 24, 1935 and recorded in Deed Book Page 47 Page 594, a portion of the parcel conveyed from Arthur Hogge and Mary Hogge to The Commonwealth of Kentucky, Morehead State University in deed dated June 24, 1935 and recorded in Deed Book 47 Page 593, and a portion of the parcel conveyed from Arthur Hogge and Mary Hogge to The Commonwealth of Kentucky in deed dated October 23, 1924 and recorded in Deed Book 36 Page 209 of the Rowan County Court Clerk's records, containing 1,384 square feet or 0.032 acre.

Parcel #22: Being a portion of the parcel conveyed from Gay Garred Hardymon and James F. Hardymon to The Commonwealth of Kentucky, Morehead State University in deed dated January 17, 1989 and recorded in Deed Book 144 Page 630 of the Rowan County Court Clerk's records, containing 1,647 square feet or 0.038 acre.

Parcels #30, #31, & #33: Being a portion of the parcel conveyed from Deborah W. Caudill et al to The Commonwealth of Kentucky, Morehead State University in deed dated August 25, 1988 and recorded in Deed Book 143 Page 665, and a portion of the parcel conveyed from Gerald M. McDaniel and Bonnie R. McDaniel to The Commonwealth of Kentucky, Morehead State University in deed dated January 29, 2002 and recorded in Deed Book 202 Page 91, and a portion of the parcel conveyed from Joyce Kissick and Harold Kissick to The Commonwealth of Kentucky, Morehead State University in deed dated May 27, 1988 and recorded in Deed Book 143 Page 134 of the Rowan County Court Clerk's records, containing 996 square feet or 0.023 acre.

Parcel #32: Being a portion of the parcel conveyed from Morehead State University Foundation, Inc. to Morehead State University in deed dated August 8, 2002 and recorded in Deed Book 204 Page 236 of the Rowan County Court Clerk's records, containing 772 square feet or 0.018 acre.

### **Administrative Procedure**

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

## ORDER TO DISPOSE OF PROPERTY

WHEREAS, upon the recommendation of the President on March 11, 2003, the Board of Regents has reviewed the Written Request to Dispose of Property in reference to the following:

- Parcel #6: Being a portion of the parcel conveyed from Mary Mildred Tucker to The Commonwealth of Kentucky, Morehead State University in deed dated June 9, 1966 and recorded in Deed Book 113 Page 237 of the Rowan County Court Clerk's records, containing 456 square feet or 0.010 acres.
- Parcels #19, #20, #23, & #23A: Being a portion of the parcel conveyed from Thomas R. Burns and Ada C. Burns to The Commonwealth of Kentucky, Morehead State University in deed dated May 28, 1965 and recorded in Deed Book 77 Page 306, a portion of the parcel conveyed from Charles Keeton and Emma Keeton to The Commonwealth of Kentucky, Morehead State University in deed dated June 24, 1935 and recorded in Deed Book Page 47 Page 594, a portion of the parcel conveyed from Arthur Hogge and Mary Hogge to The Commonwealth of Kentucky, Morehead State University in deed dated June 24, 1935 and recorded in Deed Book 47 Page 593 and a portion of the parcel conveyed from Arthur Hogge and Mary Hogge to The Commonwealth of Kentucky in deed dated October 23, 1924 and recorded in Deed Book 36 Page 209 of the Rowan County Court Clerk's records, containing 1,384 square feet or 0.032 acre.
- Parcel #22: Being a portion of the parcel conveyed from Gay Garred Hardymon and James F. Hardymon to The Commonwealth of Kentucky, Morehead State University in deed dated January 17, 1989 and recorded in Deed Book 144 Page 630 of the Rowan County Court Clerk's records, containing 1,647 square feet or 0.038 acre.
- Parcels #30, #31, & #33: Being a portion of the parcel conveyed from Deborah W. Caudill et al to The Commonwealth of Kentucky, Morehead State University in deed dated August 25, 1988 and recorded in Deed Book 143 Page 665, and a portion of the parcel conveyed from Gerald M. McDaniel and Bonnie R. McDaniel to The Commonwealth of Kentucky, Morehead State University in deed dated January 29, 2002 and recorded in Deed Book 202 Page 91, and a portion of the parcel conveyed from Joyce Kissick and Harold Kissick to The Commonwealth of Kentucky, Morehead State University in deed dated May 27, 1988 and recorded in Deed Book 143 Page 134 of the Rowan County Court Clerk's records, containing 996 square feet or 0.023 acre.
- Parcel #32: Being a portion of the parcel conveyed from Morehead State University Foundation, Inc. to Morehead State University in deed dated August 8, 2002 and recorded in Deed Book 204 Page 236 of the Rowan County Court Clerk's records, containing 772 square feet or 0.018 acre.

Whereas, the President of Morehead State University recommends that the referenced property would be more suitable consistent with the public interest for use with the Second Street Widening Project and may be disposed,

WHEREAS, the transfer of the aforementioned University property to the City of Morehead is the best public interest of The Commonwealth,

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

RECOMMENDED:

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

\_\_\_\_\_  
Date

APPROVAL:

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

\_\_\_\_\_  
Date

**2003 FOUNDERS DAY AWARD  
FOR UNIVERSITY SERVICE**

**BOR (VI)  
March 11, 2003**

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**Background:**

The Founders Day 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. The presentation is part of the annual Founders Day observance.

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; Sen. Woody May, 1993; Dr. J. E. Duncan, 1994; Sherman R. Arnett and Harlen L. Hamm, 1995; Dr. Adron Doran, 1996; Robert S. Bishop and K. Martin Huffman, 1997; and Dr. Charles J. Pelfrey, 1998; Carolyn S. Flatt, 1999; Dr. Earl J. Bentley, 2000; Mrs. Mignon Doran, 2001; and Dr. C. Nelson Grote, 2002.

The Founders Day Committee has recommended that the 2003 award be presented to Mrs. Merl F. Allen of Morehead, a retired high school teacher who served the University as a volunteer for 50 years. The ceremony is scheduled as part of the Founders Day Luncheon at noon on Thursday, March 18.

Mrs. Allen spent 30 years on the Board of Directors of the MSU Alumni Association, including a two-year term as president. She followed that with 20 years as secretary and member of the Board of Trustees of the MSU Foundation, Inc., retiring from that post last year. For a period of two years, she served on both the alumni and foundations boards at the same time and was instrumental in ending the alumni dues program in favor of individual gifts to MSU through the MSU Foundation. She also was involved in starting MSU's deferred giving program through life insurance.

**Recommendation:**

That the Board of Regents approve the selection of Mrs. Merl F. Allen of Morehead, Ky., as the recipient of the 2003 Founders Day Award for University Service.

**RESOLUTION AUTHORIZING  
THE SALE OF HOUSING AND DINING  
REVENUE BONDS, SERIES Q**

**BOR (IX-A-6)  
March 11, 2003**

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**Background:**

The University issued its Housing and Dining System Revenue Bonds, Series M in 1991. The bonds were sold to fund the reconstruction and renovation of Mays and Butler Halls.

Recent reductions in the interest rates for bonds have made it feasible to refund older issues. The University's bond fiscal agent, First Kentucky Securities, has analyzed previously issued bonds to determine if savings could be generated from refunding issues. Based on current interest rate projections, a net present value savings of approximately \$503,000 can be realized from refunding the Series M bonds.

If approved by the Board, the refunding issue will be titled Morehead State University Housing and Dining System Revenue Bonds, Series Q. The Series Q bonds will be sold on April 2, 2003. The principal amount of the Series Q bonds will be approximately \$4,515,000.

Peck, Shaffer and Williams, bond counsel for the University, has prepared the Series Q resolution. By adopting the resolution, the Board will authorize the sale of the Series Q bonds and authorize the Vice President for Administration and Fiscal Services to accept the lowest and best bid on behalf of the Board.

**Recommendation:**

That the Board adopt:

**A RESOLUTION OF THE BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY AUTHORIZING THE ISSUANCE OF SAID BOARD'S HOUSING AND DINING SYSTEM REFUNDING REVENUE BONDS, SERIES Q, TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH SOLD; AUTHORIZING PROPER PROCEEDINGS RELATIVE TO THE PUBLIC SALE OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AUTHORIZING EXECUTION OF AN EIGHTH SUPPLEMENTAL TRUST INDENTURE BETWEEN THE BOARD AND CENTRAL BANK AND TRUST COMPANY, LEXINGTON, KENTUCKY, AS TRUSTEE, IN COMPLIANCE WITH THE PROVISIONS OF THE TRUST INDENTURE DATED NOVEMBER 1, 1966.**

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY, AS FOLLOWS:**

Section 1. This Board hereby authorizes the issuance of its "Morehead State University Housing and Dining System Refunding Revenue Bonds, Series Q (the "Series Q Bonds"), in the principal amount of approximately \$4,515,000, subject to adjustment of plus or minus ten percent, according to statutory authority as set forth in KRS 162.340 to 162.380, inclusive, and in accordance with the terms, provisions, conditions and restrictions set forth in that certain Trust Indenture which was made by this Board with Central Bank and Trust Company (successor to Pikeville National Bank & Trust Company), as Trustee under date of November 1, 1966, wherein the present Housing and Dining System of the University was created and established, and a certain Eighth Supplemental Trust Indenture to be dated as of the date of the Series Q Bonds (the "Eighth Supplemental Trust Indenture"); the Series Q Bonds to rank on a basis of parity and equality as to security and source of payment with the Board's previously issued and outstanding "Housing and Dining System Revenue Bonds," Series D, E, F, G, H, I, K, L, M, N, O and P (the "Outstanding Bonds").

Section 2. In order to assure the purchasers of the Series Q Bonds that interest thereon will be excludable from gross income for federal income tax purposes and exempt from Kentucky income taxation, the Board agrees that (1) the Board will take all actions necessary to comply with the provisions of the Internal Revenue Code of 1986 (the "Code"), (2) the Board will take no actions which will violate any of the provisions of the Code, or that would cause the Series Q Bonds to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Series Q Bonds will be used for any purpose which would cause the interest on the Series Q Bonds to become subject to federal income taxation, and that the Board will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Series Q Bonds.

The Board has been advised by Bond Counsel, Peck, Shaffer & Williams LLP, Covington, Kentucky, and therefore believes, that the Series Q Bonds are not "private activity bonds" within the meaning of the Code, and that interest on the Series Q Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals.

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

Section 3. The Board hereby agrees, to comply with the provisions of Rule 15c2-12, as amended and interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934. In order to comply with the Rule, the Continuing Disclosure Agreement dated the dated date for the Series Q Bonds between the Board and the Trustee is hereby authorized and approved, substantially in the form presented or described to the Board, with such modifications and additions as may be approved by the officer of the University executing the same. The Chairman



and the Secretary of the Board and the President and Treasurer of the University are each separately authorized to execute and deliver the Continuing Disclosure Agreement.

Section 4. In order to implement the issuance of the Series Q Bonds, and to make provision for all details relating to the Series Q Bonds, including the date thereof, the disposition thereof, respective conditions and limitations applicable to the public offering thereof, maturities, redemption provisions and security and source of payment thereof, and in order to comply with the requirements of the Indenture, in connection therewith, this Board shall execute the Eighth Supplemental Trust Indenture with Central Bank and Trust Company, Lexington, Kentucky, as Trustee. A proposed form of Eighth Supplemental Trust Indenture has been prepared in advance by Bond Counsel, Peck, Shaffer & Williams LLP, Covington, Kentucky, with the approval of the President of the University and the Vice-President for Administration and Fiscal Services of the University, and the Financial Advisor, First Kentucky Securities Corporation, in the usual and customary form prescribed in the Indenture, with permissible modifications and corrections which, in the opinion of Bond Counsel and the President of the University, do not change the import thereof in any material respect. The form of the Eighth Supplemental Trust Indenture is hereby approved and shall be executed by the Chairman and attested by the Secretary of the Board.

Section 5. The forms of Notice of Bond Sale, Official Terms and Conditions of Sale of Bonds, Bid Form and Official Statement, shall be in such form as approved by Bond Counsel, by the Financial Advisors and by the President or Treasurer of the University.

The Board authorizes the publication of the Notice of Bond Sale in accordance with Chapter 424 of the Kentucky Revised Statutes and the Financial Advisor is authorized to disseminate copies of the Official Statement. The President of the University and any other officer of the Board are each further authorized to deem the Official Statement, in both preliminary and final form, to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12.

Sealed bids for the purchase of the Series Q Bonds shall be opened and considered by the Vice-President for Administration and Fiscal Services of the University on such date and at such time as designated by the Vice-President for Administration and Fiscal Services, whereupon the Vice-President for Administration and Fiscal Services shall, pursuant to a certificate of award, accept on such date the lowest and best bid for the Series Q Bonds as recommended by First Kentucky Securities Corporation, the Financial Advisor to the Board.

Dated: March 11, 2003

(SEAL)

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Chairman

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Secretary

## **NAMING OF HONORS PROGRAM**

**BOR (VII)  
March 11, 2003**

### **Background:**

The naming of programs at the University requires a recommendation from the President and approval of the Board of Regents. The naming of programs, like the naming of physical facilities, is considered a permanent means of recognizing those who have provided outstanding support, financial or otherwise, to the institution or given exemplary personal service over a sustained period.

Such is the case of Dr. George M. Luckey Jr., professor of philosophy and director of the Academic Honors Program and director of the Center for Critical Thinking. Appointed in 1961, Dr. Luckey today is the senior member of the University faculty and is retiring at the end of the spring semester. His faculty peers honored him in 1991 with the University's Distinguished Teacher Award.

Dr. Luckey had dedicated himself since 1990 to improving the quality and effectiveness of the academic honors program, a six-course cluster of interdisciplinary and seminar courses during the undergraduate years. Restricted to 160 students in the entire student body, the program is designed to accelerate development of intellectual, social and leadership skills of its members through courses, conference presentations and close student/faculty interaction outside the classroom. Dr. Luckey has expanded the participation of our honors students in state, regional and national conferences and has successfully utilized the Honors House to facilitate the involvement of honors students with each other.

Attaching his name to the academic honors program is well-deserved recognition of his dedication to academic excellence throughout his more than four decades of outstanding service to the University.

### **Recommendation:**

That the Board of Regents approve naming of the George M. Luckey Academic Honors Program.

**REPORT OF MAJOR GIFTS  
SINCE DECEMBER 1, 2002**

**BOR (X-B-4)  
March 11, 2003**

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The following is a list of gifts of \$10,000 or more that have been received and/or recorded since December 1, 2002, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.

<b><u>Donor Name</u></b>	<b><u>Gift Date</u></b>	<b><u>Fund Description</u></b>	<b><u>Gift Amount</u></b>
Mineral Labs, Inc.	2/25/2003	Gift-in-kind (Equipment)	\$37,500.00
James H. Booth	2/5/2003	Fund for Progress	\$25,000.00
Coalburg Enterprises	12/31/2002	Bertha Mills Booth Endowment for Business Research	\$25,000.00
Thomas McHugh, O.D.	12/11/2002	Gift-in-kind (EAF)	\$11,121.00
Michael Jobst	12/11/2002	Gift-in-Kind (Property)	\$10,000.00
Gregory D. Palmer	12/11/2002	Gregory Palmer Endowment for Business	\$10,000.00
Jonell Tobin	1/10/2003	MSU at West Liberty Fund	\$10,000.00
		Total Major Gifts	<b>\$128,621.00</b>

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

**BOR (IX-A-5)  
March 11, 2003**

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**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of December 31, 2002, the second quarter of the fiscal year ending June 30, 2003. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Recommendation:**

That the Board accept the financial statements and amend the operating budget for the second quarter of the fiscal year that will end June 30, 2003.

**Management's Discussion and Analysis  
Second Quarter Financial Statements  
Morehead State University  
December 31, 2002**

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the six months that ended on December 31, 2002. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

**Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University. 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 second quarter of the 2002-2003 fiscal year. During the six months ending December 31, 2002 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$18,924,657. This level of operating surplus is expected at this time, since most of the billings for the Spring 2003 semester are reflected in the tuition and fees revenue and only expenditures through December 31, 2002 are reflected. Expenditures will increase through the next two quarters with revenues trailing off, which will erode the level of surplus. As the year concludes, the variance between revenues and expenditures will decrease and should reflect a more appropriate operating surplus or deficit.

The 2002/2003 Operating Budget reflects a decrease of \$768,600 (2%) in state operating appropriations. Included in the 2002/2003 state operating appropriations is \$1,825,800 allocated from the Action Agenda, Enrollment Growth and Retention and Faculty Development Trust Funds established by the Council on Postsecondary Education in 2001/2002.

The following table illustrates how enrollment growth in fall 2002 and the 2% reduction in state appropriations combined to reduce the total state support received per student by \$203.

	<b>2001-2002</b>	<b>2002-2003</b>
<b>State Appropriations – Operating</b>	\$40,536,700	\$41,203,700
<b>Student FTE</b>	6,869	7,230
<b>Total State Appropriations per student FTE</b>	\$5,902	\$5,699

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

- As can be seen from the Statements of Net Assets, investments increased approximately \$4.2 million from the second quarter of the previous year and the reflected cash has increased by approximately \$.3 million, for a net increase of \$4.5 million.
- Accounts receivable have increased slightly compared to December 31, 2001, with the increase due to timing for billing for financial aid credits to student accounts.
- The net investment in capital assets has decreased about \$4.3 million since December 31, 2002, but there was a GASB 34/35 adjustment for depreciation of library books of \$10.2 million recorded in June 2002. Had that adjustment been reflected in these statements, the change would have been an increase of \$5.9 million compared to the same period last year. For this fiscal year, the net increase has been approximately \$1.8 million. This fiscal year increase relates mainly to Life Safety Projects, \$1.6 million; Family Housing, \$.4 million; Breckinridge and Dam Repairs, \$.6 million; Library, \$.6 million; various internally managed projects, \$.6 million; and equipment purchases \$.6 million; for a total of \$4.4 million, less estimated depreciation of approximately \$2.6 million, for a net increase of about \$1.8 million.
- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the second quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of December 31, 2002. Budgets for the major revenue categories of tuition and housing were based on projections of enrollment and residence hall occupancy. Fall semester projections for both these categories were exceeded.
- Expenditure trends also appear to be proceeding according to the budget plan, considering normal cyclical and timing differences.

# MOREHEAD STATE UNIVERSITY

## Statements of Net Assets December 31, 2002 and 2001

ASSETS	<u>2002</u>	<u>2001</u>
Cash	\$21,231,357	\$20,865,722
Investments in US government obligations-at cost	26,787,632	22,571,939
Accounts Receivable	23,068,524	18,059,085
Inventories	1,841,093	2,004,609
Notes Receivable	3,383,338	3,380,373
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>106,037,050</u>	<u>110,309,640</u>
<b>TOTAL ASSETS</b>	<b><u>\$182,348,995</u></b>	<b><u>\$177,191,368</u></b>

### LIABILITIES AND NET ASSETS

#### Liabilities

Accounts payable	\$223,201	\$2,119,500
Accrued salaries and other liabilities	718,505	1,091,324
Unearned revenues-state and federal grants	1,493,433	636,650
Deposits	1,639,507	1,456,254
Accrued vacation pay	2,466,736	956,349
Bonds and notes payable	<u>35,706,413</u>	<u>27,928,935</u>
<b>Total Liabilities</b>	<b><u>\$42,247,794</u></b>	<b><u>\$34,189,012</u></b>

#### Net Assets

Capital	\$70,330,638	\$82,380,705
Non-capital		
Restricted	34,234,466	26,376,520
Non-restricted	<u>35,536,097</u>	<u>34,245,131</u>
<b>Total Net Assets</b>	<b><u>\$140,101,200</u></b>	<b><u>\$143,002,356</u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$182,348,995</u></b>	<b><u>\$177,191,368</u></b>
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#### ANALYSIS OF NON-RESTRICTED FUND BALANCE

**Allocations****Working Capital**

Accounts Receivable	\$14,905,183	\$11,535,490
Inventories	1,841,093	2,004,609
Cashier's Operating Funds	259,500	128,500
Budgeted Fund Balance-Capital Projects	4,570,955	5,545,355
Budgeted Fund Balance-Non-capital Projects	<u>3,656,984</u>	<u>4,268,062</u>
<b>Total Working Capital</b>	<b><u>\$25,233,715</u></b>	<b><u>\$23,482,016</u></b>
<b>Funded Reserves</b>	<b><u>\$906,673</u></b>	<b><u>\$1,394,900</u></b>
<b>Total Allocated Fund Balance</b>	<b>\$26,140,388</b>	<b>\$24,876,916</b>
<b>Unallocated Fund Balance</b>	<b><u>9,395,709</u></b>	<b><u>9,368,215</u></b>
<b>Total Unrestricted Fund Balance</b>	<b><u>\$35,536,097</u></b>	<b><u>\$34,245,131</u></b>

See Attached Notes To Statements of Net Assets - Entity Wide Perspective



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

1. These Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts receivable are shown net of allowance for uncollectible student accounts of \$919,309 at December 31, 2002, and \$786,151 at December 31, 2001. Also included in this category is the sum of \$2,597,278 receivable from federal and state grant agencies at December 31, 2002 and \$1,830,991 at December 31, 2001.
3. Notes receivable represent balances owed the University from borrowers who have participated in the National Direct Student Loan Program and the Nursing Student Loan Program. The balances are presented net of allowances for uncollectible accounts in the amount of \$151,885 at December 31, 2002 and \$151,885 at December 31, 2001.
4. Accumulated depreciation on buildings and equipment was \$103,273,400 at December 31, 2002 and \$87,644,972 at December 31, 2001.
5. Accrued salaries and other liabilities include amounts due for withheld and matching portions of payroll taxes and estimated claims payable but unsubmitted to the University's health insurance program.
6. Unearned revenues from federal and state grants represent amounts received but not expended at the balance sheet dates.
7. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets.
8. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
9. Restricted net assets include the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

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

	2002-2003			2001-2002	
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual
<b>REVENUES</b>					
<b>Educational and General</b>					
Tuition and Fees	\$27,094,061	\$26,845,297	99.08%	\$24,516,815	\$23,761,344
Gov't Appropriations	43,821,523	24,878,712	56.77%	42,717,448	24,211,844
City Grants	50,000	0		50,000	50,000
Unrestricted Gifts	0	0		0	0
Indirect Cost Reimbursement	345,486	259,638	75.15%	346,000	300,515
Sales & Services of Ed. Activities	1,148,949	616,119	53.62%	1,165,888	668,893
Other Sources	1,756,281	1,219,335	69.43%	1,510,120	958,324
Budgeted Fund Balance - E & G	7,429,311	0		8,013,287	0
<b>Total Educational and General</b>	<b>\$81,645,611</b>	<b>\$53,819,101</b>	<b>65.92%</b>	<b>\$78,319,558</b>	<b>\$49,950,920</b>
<b>Auxiliary Enterprises</b>					
Housing	\$ 7,776,590	\$ 6,820,627	87.71%	\$ 8,637,150	\$ 6,386,568
University Store	3,384,000	1,693,730	50.05%	3,150,000	2,132,521
Food Services	651,500	430,665	66.10%	608,500	371,826
Other	207,400	99,674	48.06%	207,600	118,333
<b>Total Auxiliary Enterprises</b>	<b>\$12,019,490</b>	<b>\$ 9,044,696</b>	<b>75.25%</b>	<b>\$12,603,250</b>	<b>\$ 9,009,248</b>
<b>TOTAL REVENUES</b>	<b>\$93,665,101</b>	<b>\$62,863,797</b>	<b>67.12%</b>	<b>\$90,922,808</b>	<b>\$58,960,168</b>

**EXPENDITURES AND TRANSFERS BY DIVISION**

**Educational & General**

President & Administration	\$ 615,663	\$ 338,697	55.01%	\$ 759,270	\$ 337,027
University Relations	2,010,176	1,029,083	51.19%	1,940,735	891,778
Development	864,916	366,986	42.43%	834,743	322,525
Administration & Fiscal Services	12,700,139	6,433,202	50.65%	11,891,472	6,500,701
Student Life	12,727,346	6,515,249	51.19%	11,725,305	6,085,401
Academic Affairs	42,469,565	18,671,035	43.96%	40,227,492	17,460,127
Other	10,140,891	5,135,394	50.64%	10,479,697	4,040,887

<b>Total Educational &amp; General</b>	<b>\$81,528,696</b>	<b>\$38,489,646</b>	<b>47.21%</b>	<b>\$77,858,714</b>	<b>\$35,638,446</b>
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**Auxiliary Enterprises**

Housing	\$ 8,132,312	\$ 3,167,716	38.95%	\$ 9,353,880	\$ 3,720,884
University Store	3,139,259	1,800,249	57.35%	2,844,776	1,764,038
Food Services	443,537	268,263	60.48%	416,730	215,347
Other	421,297	213,266	50.62%	448,708	215,705

<b>Total Auxiliary Enterprises</b>	<b>\$12,136,405</b>	<b>\$ 5,449,494</b>	<b>44.90%</b>	<b>\$13,064,094</b>	<b>\$ 5,915,974</b>
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**TOTAL EXPENDITURES AND  
TRANSFERS BY DIVISION**

	<b>\$93,665,101</b>	<b>\$43,939,140</b>	<b>46.91%</b>	<b>\$90,922,808</b>	<b>\$41,554,420</b>
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**NET CHANGE IN FUND BALANCE**

		<b>\$18,924,657</b>			<b>\$17,405,748</b>
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**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period October 1, 2002 to December 31, 2002**

Description	Opening Budget	Amended Budget As Of 10/01/2002	Adjustments	Amended Budget As Of 12/31/2002
<b>Revenues and Other Additions</b>				
Tuition and Fees	\$27,092,365	\$27,092,365	\$ 1,696	\$27,094,061
Government Appropriations	42,747,300	42,747,300	1,074,223	43,821,523
Government Grants & Contracts	50,000	50,000	-	50,000
Indirect Cost Reimbursement	328,658	328,658	16,828	345,486
Sales and Services of Ed. Activities	931,375	1,084,001	64,948	1,148,949
Other Sources	1,513,714	1,601,662	154,619	1,756,281
Budgeted Fund Balance - E&G	7,216,371	7,429,311	-	7,429,311
Auxiliary Enterprises	11,323,450	11,323,450	-	11,323,450
Budgeted Fund Balance - AUX	929,967	696,040	-	696,040
<b>Total Revenues and Other Additions</b>	<b><u>\$92,133,200</u></b>	<b><u>\$92,352,787</u></b>	<b><u>\$ 1,312,314</u></b>	<b><u>\$93,665,101</u></b>
<b>Expenditure Authorizations by Division</b>				
<b>Educational &amp; General</b>				
President & Administration	\$ 547,709	\$ 596,998	\$ 18,665	\$ 615,663
University Relations	1,914,147	1,969,602	40,574	2,010,176
Development	834,806	855,319	9,597	864,916
Administration & Fiscal Services	11,901,441	12,536,766	163,373	12,700,139
Student Life	12,666,751	12,615,998	111,348	12,727,346
Academic Affairs	41,508,365	42,405,649	63,916	42,469,565
Debt Service & Mandatory Transfers	2,835,432	2,738,831	-	2,738,831

Other	<u>7,757,302</u>	<u>6,574,978</u>	<u>827,082</u>	<u>7,402,060</u>
<b>Total Educational &amp; General</b>	<b><u>\$79,965,953</u></b>	<b><u>\$80,294,141</u></b>	<b><u>\$ 1,234,555</u></b>	<b><u>\$81,528,696</u></b>
<b>Auxiliary Enterprises</b>				
Administration & Fiscal Services	\$ 7,463,859	\$ 7,850,659	\$ 77,290	\$ 7,927,949
Student Life	873,549	1,012,555	469	1,013,024
Debt Service	2,499,887	2,499,887	-	2,499,887
Other	<u>1,329,952</u>	<u>695,545</u>	<u>-</u>	<u>695,545</u>
<b>Total Auxiliary Enterprises</b>	<b><u>\$12,167,247</u></b>	<b><u>\$12,058,646</u></b>	<b><u>\$ 77,759</u></b>	<b><u>\$12,136,405</u></b>
<b>Total Expenditure Authorizations</b>	<b><u><u>\$92,133,200</u></u></b>	<b><u><u>\$92,352,787</u></u></b>	<b><u><u>\$ 1,312,314</u></u></b>	<b><u><u>\$93,665,101</u></u></b>

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

**Government Appropriations**

Unbudgeted revenue totalling \$1,074,223 was received from the CPE Regional University Excellence Trust Fund Endowment Program during the second quarter and subsequently transferred to the MSU Foundation.

**Sales & Services of Educational Activities**

Unbudgeted revenue allocated during the second quarter totaled \$64,948.

- Eagle Athletic Fund (EAF) support from the MSU Foundation totaled \$40,587. The funds were budgeted in various athletic programs.
- The Kentucky Folk Art Center (KFAC) revenue and expense accounts are now managed in the University's unrestricted current fund. Previously, their accounts were managed as a separate entity. Revenue was received in the second quarter from store sales and exhibition rentals and then transferred to KFAC expense accounts. The total amount transferred was \$3,515.
- International Education received \$13,005 in unbudgeted revenue. These funds were allocated to the International Education Program budget unit to support program expenses.

**Other Sources**

Budget allocations from other sources increased by \$154,619 in the second quarter.

- Unbudgeted support from the MSU Foundation totaled \$26,544
  - \$13,926 Academic Affairs
  - \$ 1,186 Administration & Fiscal Services
  - \$ 9,597 Development
  - \$ 1,835 University Relations
- Program council revenue totalling \$69,235 was received in the second quarter and allocated to Student Activities in the Division of Student Life. These funds were ticket sales generated from an SGA sponsored concert held during the Fall semester.
- Miscellaneous other income totalling \$58,840 was received and allocated primarily to the Division of Academic Affairs.

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period October 1, 2002 to December 31, 2002**

<b>From:</b> <b>Revenue and Other Additions</b>	<b>To:</b> <b>Division/ Budget Unit</b>	<b>Amount</b>	<b>Description</b>
Government Appropriations Endowment Trust Fund	Non-Mandatory Transfers Transfer to Endowment	\$ 1,074,223	State funds were received from the CPE Regional University Excellence Trust Fund Endowment Program during the second quarter and subsequently transferred to the MSU Foundation where endowment funds are managed.

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of October 1, 2002 to December 31, 2002**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
<b>I Equipment Purchases Greater than \$100,000</b>			
None			
<b>II Capital Construction Projects/ Land Acquisitions Greater than \$400,000</b>			
1998-00 Deferred Maintenance and Government Mandates Pool (Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Elevator Upgrades/Installation (RH, LC, CY)	\$ 350,000	March, 2001	Completed
Fire Alarm Upgrades/Replacement	150,000	October, 2000	Completed
Mechanical System Replacements (AA, ADUC)	250,000	January, 2001	Completed
Window Replacement (BM)	150,000	August, 2001	Completed
Window Replacement (CB)	300,000	July, 2000	Completed
Window Replacement (LC)	150,000	August, 2000	Completed
Dam Restoration	800,000		In Progress
	<u>\$ 2,150,000</u>		
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
Project II - 2000	\$ 1,580,000		In Progress
Project III - 2001	980,000	August, 2001	Completed
Project IV - 2002	800,000	August, 2002	Completed



Project V - 2003	<u>3,000,000</u>		In Progress
	\$ 6,360,000		
2000-02 Capital Renewal and Maintenance Pool			
(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Life Safety - E&G	\$ 200,000	April, 2002	Completed
1990 Clean Air Act Compliance - E&G			
Claypool-Young Chiller Replacement	135,000	August, 2000	Completed
Ginger Hall, Reed Hall, Laughlin Chiller Replacement	566,000	May, 2002	Completed
Roof Replacement - Button, Rice Maint. Bldg., Claypool-Young, Combs	397,000	October, 2001	Completed
Roof Replacement - Baird	150,000	October, 2002	Completed
Mechanical Systems Replacements	556,800	July, 2002	Completed
Mechanical Systems/HVAC	350,000		In Progress
Ceiling Tile Replacement (Rader & Laughlin)	88,400	October, 2001	Completed
Window Replacement (Rader)	107,000	September, 2001	Completed
Gas Fired Boiler Installation	399,000	April, 2002	Completed
Central Campus Reconstruction	<u>300,800</u>	May, 2002	Completed
	\$ 3,250,000		

## TENURE WITH PROMOTION, 2003

BOR (IX-A-1)  
March 11, 2003

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### **Background:**

Assistant professors who successfully gain tenure are automatically promoted to the rank of associate professor without further review by the University Promotion Committee. Faculty members are responsible for developing their own tenure portfolios for submission to their peers and administrative supervisors for analysis and review during the first semester of the last year of their probationary period. These portfolios are reviewed by departmental committees, as well as by the candidate's department chair and college dean. The University Tenure Committee receives and reviews the recommendations from these peer groups and administrators and forwards its recommendations 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 tenure and promotion to the associate professor rank for the following faculty members with the issuance of their contracts for the 2003-2004 year:

Dr. Marshall Chapman, Geology  
Dr. David Eisenhour, Biology  
Dr. Gregory Goldey, Government  
Ms. Wretha Goodpaster, Radiologic Sciences  
Dr. Bruce Grace, Finance  
Dr. Kenneth Henderson, Marketing  
Dr. Christopher Hensley, Sociology  
Dr. Randall McCoy, Information Systems  
Dr. Steven Parkansky, Geography  
Dr. Philip Prater, Veterinary Technology  
Dr. David Smith, Biology  
Dr. Capp Yess, Physics

## TUITION AND MANDATORY STUDENT FEES

BOR (IX-A-2)  
March 11, 2003

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### Background:

On September 22, 2001, the Morehead State University Board of Regents established the institution's tuition and mandatory fee schedule for the 2002-2004 biennium. The schedule was amended by the Board at the June 1, 2002 meeting to include a differential tuition rate for the on-line Masters of Business Administration (MBA) program. The approved 2002-2004 tuition and mandatory fee schedule:

- Included an eight percent (8%) increase each year (2002-2003 and 2003-2004),
- Enabled Morehead State University to continue to offer the lowest tuition rates among the eight public universities in Kentucky,
- Was developed within the attached *Morehead State University Tuition Setting Parameters* document that was initially presented and approved by the Board in September 1999,
- Enabled the University to develop a 2002-2003 budget that reflected the University's commitment to improve compensation for faculty and staff, and the continued advancement of numerous academic and student support initiatives identified in the *Pride & Promise: Morehead State University Strategic Plan 2001-2006*, and
- Helped to offset a two percent (2%) recurring reduction in the base state appropriation.

Based on information released in the 2003 Session of the General Assembly House Budget Report and Senate Budget Report, higher education will receive an additional 2.6% reduction to the 2002-2003 base appropriation. For MSU, that reduction equates to \$1,017,600 and will carry forward into our 2003-2004 state appropriation. One significant difference in the two legislative budget reports is that the Senate Budget Report recommends that a reallocation of \$18.8 million into benchmark funding be added to the higher education base appropriation in 2003-2004. For MSU, this would equate to an additional \$1,008,400.

Therefore, it is proposed that the 2002-2004 tuition and fee schedule initially approved by the Board in September 2001 be amended to include an increase in tuition and mandatory fees not less than 15%, but not greater than 18% in 2003-2004. If approved, this 15% - 18% range will enable the administration to adjust the 2003-2004 tuition and fee increase based on the amount of state appropriations allocated in the final budget approved by legislature. The additional tuition and fee revenue that will result from the

increase will help offset MSU's portion of the 2.6% recurring reduction in higher education's state general fund appropriation for 2002-2003. It will also generate new revenue in 2003-2004 necessary to meet the anticipated demands related to enrollment growth and to facilitate the continued advancement of academic and student support initiatives identified through the University's strategic planning process as having high priority. The analysis below describes the needs of the University in relationship to the fiscal situation facing Postsecondary Education and the Commonwealth.

### **Analysis**

The proposed amendment to the tuition and mandatory student fee rate for 2003-2004 would result in an increase in the tuition and mandatory student fees rate for a full-time undergraduate, in-state students of no less than \$219 and no more than \$263 each semester, or between \$438 and \$526 each year. Enrollment projections for the fall 2003 semester have increased from 8,872 to 9,100 based on sustained growth of first-time, full-time freshman and improvements in student retention.

Preliminary 2003-2004 operating budget priorities include:

- Develop a salary compensation package that will progress toward our goal to reach the 50<sup>th</sup> percentile of salary averages among the Kentucky regional universities (7% faculty pool, 5% staff pool, \$.25 hr and \$1,000 year staff scale adjustments) - \$3.2 million
- Fund increases in health insurance expenses - \$602,328
- Provide recurring funding support for one-half of the faculty and staff salary increases funded in 2002-2003 from institutional reserves - \$325,000
- Meet fixed and unavoidable cost increases - \$1,000,000
- Provide funding for the highest priority strategic initiatives that support the goals and objectives defined in the University Strategic Plan - \$250,000

The decrease in state appropriation support, along with our desire to continue the momentum of enrollment growth, retention and excellence in the classroom, will require a greater reliance on student fee income until state revenues are available to adequately address our past funding deficiencies and to fund new enrollment growth.

Based upon the above analysis, it is projected at this time that the proposed 15% - 18% increase range in tuition and mandatory student fees for the 2003-2004 fiscal period will achieve the essential funding objectives outlined above.

**Recommendation**

That the Board amend the 2002-2004 tuition and fee schedule.

# Morehead State University

## Year-to-Date Gift Income Report

*December 31, 2002*

<b>Description</b>	<b>2001</b>	<b>2002</b>
Degreed Alumni	\$316,146.79	\$340,991.12
Non-degreed Alumni	5,176.50	591,403.00
Faculty/Staff	42,444.14	66,865.17
Retirees	13,617.50	8,845.00
Parents	15,562.83	29,413.33
Corporate Contributors	414,386.65	201,432.29
Foundations	11,419.17	3,634.35
Other Organizations	4,900.00	67,441.77
Students	235.00	400.00
MSU Student Organizations	76,220.00	2,264.78
Sponsors	1,790.00	5,760.00
Friends of MSU	212,310.27	174,242.17
<b>GRAND TOTALS</b>	<b>\$1,114,208.85</b>	<b>\$1,492,692.98</b>

\*Included in the 2002 totals above are matching gifts (\$15,750.00) and gifts-in-kind of (\$763,949.49).

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

**BOR (VIII-A-7)  
March 16, 2002**

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**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of December 31, 2001, the second quarter of the fiscal year ending June 30, 2002. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Recommendation:**

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

**Management's Discussion and Analysis**  
**Second Quarter Financial Statements**  
**Morehead State University**  
**December 31, 2001**

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the six months that ended on December 31, 2001. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

**Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University.

**Financial Highlights**

Morehead State University's financial picture remains stable through the second quarter of the 2001-2002 fiscal year. During the period July 1, 2001 through December 31, 2001 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$17,405,748. This level of operating surplus is expected at this time, since most of the billings for the Spring 2002 semester are reflected in the tuition and fees revenue and only expenditures through December 31, 2001 are reflected, and will be more evenly reflected during the fiscal year. As the year progresses, the variance between revenues and expenditures will decrease and should reflect a more appropriate operating surplus or deficit.

Since the Board ratified the University's 2002-2004 Biennial Budget request in November 2001, as proposed by the Council on Postsecondary Education, we have been officially apprised of the following reduction in states appropriations:

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

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

- Investments increased approximately \$14 million from the second quarter of the previous year. However the total is consistent with the amounts at June 30, 2001.
- Accounts receivable have remained stable as a whole compared to December 31, 2000.
- The net investment in capital assets has increased about \$15.3 million since December 31, 2000. This increase relates to the Breckinridge Hall renovation (about \$7 million),



MSU at West Liberty Center (about \$4 million), Life Safety projects and Renovation of Family Housing (about \$2 million), and internally managed projects such as E & G Facilities, elevators, roof repairs, etc. (about \$4 million) less estimated depreciation, for a net increase of about \$15.3 million.

- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the second quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of December 31, 2001. Budgets for the major revenue categories of tuition and housing were based on projections of enrollment and residence hall occupancy. Fall semester projections for both these categories were exceeded.
- Expenditure trends also appear to be proceeding according to the budget plan, considering normal cyclical and timing differences.

**MOREHEAD STATE UNIVERSITY**

**Statements of Net Assets**

**December 31, 2001 and 2000**

<b>ASSETS</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
Cash	\$20,865,722	\$12,805,340
Investments in US government obligations-at cost	22,571,939	8,339,161
Accounts Receivable	18,059,085	18,009,690
Inventories	2,004,609	1,861,365
Notes Receivable	3,380,373	3,549,528
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>110,309,640</u>	<u>95,012,806</u>
<b>TOTAL ASSETS</b>	<b><u>\$177,191,368</u></b>	<b><u>\$139,577,890</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$2,119,500	\$564,275
Accrued salaries and other liabilities	1,091,324	1,374,412
Unearned revenues-state and federal grants	636,650	351,931
Deposits	1,456,254	1,006,320
Accrued vacation pay	956,349	1,344,388
Bonds and notes payable	<u>27,928,935</u>	<u>30,858,721</u>
<b>Total Liabilities</b>	<b><u>\$34,189,012</u></b>	<b><u>\$35,500,047</u></b>
<b>Net Assets</b>		
Capital	\$82,380,705	\$64,154,085
Non-capital		
Restricted	26,376,520	10,968,701
Non-restricted	<u>34,245,131</u>	<u>28,955,057</u>
<b>Total Net Assets</b>	<b><u>\$143,002,356</u></b>	<b><u>\$104,077,843</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$177,191,368</u></b>	<b><u>\$139,577,890</u></b>

**ANALYSIS OF NON-RESTRICTED FUND  
BALANCE**

**Allocations**

**Working Capital**

Accounts Receivable	\$11,535,490	\$11,192,506
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Inventories	2,004,609	1,861,365
Cashier's Operating Funds	128,500	105,000
Budgeted Fund Balance-Capital Projects	5,545,355	4,844,967
Budgeted Fund Balance-Non-capital Projects	<u>4,268,062</u>	<u>2,425,630</u>
<b>Total Working Capital</b>	<b><u>\$23,482,016</u></b>	<b><u>\$20,429,468</u></b>
<b>Funded Reserves</b>	<b><u>\$1,394,900</u></b>	<b><u>\$931,073</u></b>
<b>Total Allocated Fund Balance</b>	<b>\$24,876,916</b>	<b>\$21,360,541</b>
<b>Unallocated Fund Balance</b>	<b><u>9,368,215</u></b>	<b><u>7,594,516</u></b>
<b>Total Unrestricted Fund Balance</b>	<b><u>\$34,245,131</u></b>	<b><u>\$28,955,057</u></b>

See Attached Notes To Statements of Net Assets - Entity Wide Perspective

**NOTES TO STATEMENTS OF NET ASSETS**  
**MOREHEAD STATE UNIVERSITY**  
**DECEMBER 31, 2001 AND 2000**

1. These Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts receivable are shown net of allowance for uncollectible student accounts of \$786,151 at December 31, 2001, and \$224,532 at December 31, 2000. Also included in this category is the sum of \$1,830,991 receivable from federal and state grant agencies at December 31, 2001 and \$9,525,986 at December 31, 2000.
3. Notes receivable represent balances owed the University from borrowers who have participated in the National Direct Student Loan Program and the Nursing Student Loan Program. The balances are presented net of allowances for uncollectible accounts in the amount of \$151,885 at December 31, 2001 and \$157,779 at December 31, 2000.
4. Accumulated depreciation on buildings and equipment was \$87,644,972 at December 31, 2001 and \$84,221,106 at December 31, 2000.
5. Accrued salaries and other liabilities include amounts due for withheld and matching portions of payroll taxes and estimated claims payable but unsubmitted to the University's health insurance program.
6. Unearned revenues from federal and state grants represent amounts received but not expended at the balance sheet dates.
7. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets.
8. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
9. Restricted net assets include the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the Six Months Ended December 31, 2001 and 2000**

	2001-2002			2000-2001		Pe A E
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	
<b>REVENUES</b>						
<b>Educational and General</b>						
Tuition and Fees	\$24,516,815	\$23,761,344	96.92%	\$21,798,200	\$20,655,923	
Gov't Appropriations	42,717,448	24,211,844	56.68%	40,326,200	23,844,799	
City Grants	50,000	50,000		0	0	
Unrestricted Gifts	0	0		0	0	
Indirect Cost Reimbursement	346,000	300,515	86.85%	306,492	148,189	
Sales & Services of Ed. Activities	1,165,888	668,893	57.37%	1,031,176	723,865	
Other Sources	1,510,120	958,324	63.46%	1,596,276	1,116,640	
Budgeted Fund Balance - E & G	8,013,287	0		5,759,497	0	
<b>Total Educational and General</b>	<b><u>\$78,319,558</u></b>	<b><u>\$49,950,920</u></b>	<b><u>63.78%</u></b>	<b><u>\$70,817,841</u></b>	<b><u>\$46,489,416</u></b>	
<b>Auxiliary Enterprises</b>						
Housing	\$ 8,637,150	\$ 6,386,568	73.94%	\$ 7,857,400	\$ 5,752,153	
University Store	3,150,000	2,132,521	67.70%	2,925,000	1,876,222	
Food Services	608,500	371,826	61.11%	594,000	350,716	
Other	207,600	118,333	57.00%	170,000	106,980	
<b>Total Auxiliary Enterprises</b>	<b><u>\$12,603,250</u></b>	<b><u>\$ 9,009,248</u></b>	<b><u>71.48%</u></b>	<b><u>\$11,546,400</u></b>	<b><u>\$ 8,086,071</u></b>	
<b>TOTAL REVENUES</b>	<b><u>\$90,922,808</u></b>	<b><u>\$58,960,168</u></b>	<b><u>64.85%</u></b>	<b><u>\$82,364,241</u></b>	<b><u>\$54,575,487</u></b>	

**EXPENDITURES AND TRANSFERS BY DIVISION**

**Educational & General**

President & Administration	\$ 759,270	\$ 337,027	44.39%	\$ 1,360,839	\$ 686,990
University Relations	1,940,735	891,778	45.95%	1,355,182	632,292
Development	834,743	322,525	38.64%	0	0
Administration & Fiscal Services	11,891,472	6,500,701	54.67%	10,837,600	5,649,839
Student Life	11,725,305	6,085,401	51.90%	10,691,203	7,330,345
Academic Affairs	40,227,492	17,460,127	43.40%	36,492,514	15,435,164

Other	10,479,697	4,040,887	38.56%	10,127,024	5,472,796
<b>Total Educational &amp; General</b>	<b>\$77,858,714</b>	<b>\$35,638,446</b>	<b>45.77%</b>	<b>\$70,864,362</b>	<b>\$35,207,426</b>
<b>Auxiliary Enterprises</b>					
Housing	\$ 9,353,880	\$ 3,720,884	39.78%	\$ 8,011,526	\$ 2,846,095
University Store	2,844,776	1,764,038	62.01%	2,641,329	1,647,186
Food Services	416,730	215,347	51.68%	426,681	203,532
Other	448,708	215,705	48.07%	420,342	190,508
<b>Total Auxiliary Enterprises</b>	<b>\$13,064,094</b>	<b>\$ 5,915,974</b>	<b>45.28%</b>	<b>\$11,499,878</b>	<b>\$ 4,887,321</b>
<b>TOTAL EXPENDITURES AND TRANSFERS BY DIVISION</b>	<b>\$90,922,808</b>	<b>\$41,554,420</b>	<b>45.70%</b>	<b>\$82,364,240</b>	<b>\$40,094,747</b>
<b>NET CHANGE IN FUND BALANCE</b>		<b>\$17,405,748</b>			<b>\$14,480,740</b>

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period October 1, 2001 to December 31, 2001**

Description	Opening Budget	Amended Budget As Of 10/01/2001	Adjustments	Amended Budget As Of 12/31/2001
<b>Revenues and Other Additions</b>				
Tuition and Fees	\$24,013,500	\$24,013,865	\$ 502,950	\$24,516,815
Government Appropriations	41,420,900	42,541,421	176,027	42,717,448
Government Grants & Contracts	50,000	50,000	-	50,000
Indirect Cost Reimbursement	346,000	346,000	-	346,000
Sales and Services of Ed. Activities	1,063,000	1,144,729	21,159	1,165,888
Other Sources	1,408,200	1,474,259	35,861	1,510,120
Budgeted Fund Balance - E&G	6,702,100	6,859,759	1,153,528	8,013,287
Auxiliary Enterprises	10,723,300	10,736,300	-	10,736,300
Budgeted Fund Balance - AUX	1,670,000	1,670,000	196,950	1,866,950
<b>Total Revenues and Other Additions</b>	<b>\$87,397,000</b>	<b>\$88,836,333</b>	<b>\$ 2,086,475</b>	<b>\$90,922,808</b>
<b>Expenditure Authorizations by Division</b>				
<b>Educational &amp; General</b>				
President & Administration	\$ 679,207	\$ 689,228	\$ 70,042	\$ 759,270
University Relations	1,673,182	1,810,609	130,126	1,940,735
Development	728,041	788,193	46,550	834,743
Administration & Fiscal Services	11,093,427	11,630,671	260,801	11,891,472
Student Life	11,669,470	11,604,113	121,192	11,725,305
Academic Affairs	38,293,534	39,857,589	369,903	40,227,492
Debt Service & Mandatory Transfers	2,326,666	2,354,588	(23,014)	2,331,574
Other	8,262,742	7,261,596	886,527	8,148,123
<b>Total Educational &amp; General</b>	<b>\$74,726,269</b>	<b>\$75,996,587</b>	<b>\$ 1,862,127</b>	<b>\$77,858,714</b>
<b>Auxiliary Enterprises</b>				
Administration & Fiscal Services	\$ 7,310,711	\$ 7,322,711	\$ 98	\$ 7,322,809
Student Life	750,256	899,236	27,300	926,536
Debt Service	2,639,764	2,639,764	-	2,639,764

Other	<u>1,970,000</u>	<u>1,978,035</u>	<u>196,950</u>	<u>2,174,985</u>
<b>Total Auxiliary Enterprises</b>	<b><u>\$12,670,731</u></b>	<b><u>\$12,839,746</u></b>	<b><u>\$ 224,348</u></b>	<b><u>\$13,064,094</u></b>
<b>Total Expenditure Authorizations</b>	<b><u><u>\$87,397,000</u></u></b>	<b><u><u>\$88,836,333</u></u></b>	<b><u><u>\$ 2,086,475</u></u></b>	<b><u><u>\$90,922,808</u></u></b>



**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period October 1, 2001 to December 31, 2001**

<b>From:</b>	<b>To:</b>			
<b>Revenue and Other Additions</b>	<b>Division/ Budget Unit</b>		<b>Amount</b>	<b>Description</b>
Tuition and Fees	Health insurance budgets in all divisions	\$	502,950	Excess unbudgeted tuition revenue was transferred to health insurance costs, the University increased its contribution varied by employee based on the health insurance plan selected prior to the effective coverage date, our increased contribution effective coverage to begin January 1, 2002. Therefore, the tran
Budgeted Fund Balance - E&G	Non-Mandatory Transfers	\$	553,500	Funds were allocated for the Space Science Center antenna pro
			\$ 20,000	Surveying cost
			\$ 49,000	Road engineering
			\$ 330,000	Road construction
			\$ 100,000	Electric to site C
			\$ 20,000	Fencing for Support Services
			\$ 25,000	Renovation of 2 Lakewood Dupl
			\$ 9,500	Environmental impact study
Budgeted Fund Balance - E&G	Non-Mandatory Transfers	\$	229,805	An additional \$229,805 was allocated for the White's Trailer Par project is \$329,805.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period October 1, 2001 to December 31, 2001**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Tuition and Fees**

As a result of increased health insurance costs, the University increased its contribution for each full-time faculty and staff member with effective coverage on January 1, 2002. The contribution rate varies based on the health insurance plan selected by the employee. Excess unbudgeted tuition revenue totaling \$502,950 was allocated to health insurance budgets as follows:

- \$ 3,510 President and Administration
- \$ 14,370 University Relations
- \$ 2,430 Development
- \$155,110 Administration and Fiscal Services
- \$ 58,810 Student Life
- \$268,720 Academic Affairs

**Government Appropriations**

Unbudgeted revenue allocated during the second quarter totaled \$176,027.

- MSU is to receive \$1,435,000 in FY02 from the CPE Action Agenda Trust Fund. During the second quarter, \$175,427 was allocated as follows:
- \$30,833 Academic Affairs
- \$39,208 Student Life
- \$80,386 University Relations
- \$25,000 Development

**Budgeted Fund Balance – E&G**

Budget allocations from fund balance for E&G purposes totaled \$1,153,528 in the second quarter.

- \$ 50,000 Raze houses in the ADUC site
- \$100,000 Razing and land realignments of Holbrook houses
- \$ 40,000 James parking lot development
- \$553,500 Space Science Center antenna relocation
- \$229,805 White's Trailer Park land realignment
- \$ 43,577 Cultural diversity initiatives
- \$ 23,518 Environmental assessments and clean-ups
- \$ 2,128 Institutional scholarships

- \$ 35,000 SBA grant match requirement
- \$ 26,000 University Swimming Pool equipment and furnishings
- \$ 50,000 WOCS radio antenna relocation

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period October 1, 2001 to December 31, 2001**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Budgeted Fund Balance – Auxiliary**

Budget allocations from fund balance for auxiliary purposes totaled \$196,950 in the second quarter.

- \$100,000 Raze Lakewood Terrace units
- \$ 50,000 Precast anchoring at Nunn Hall
- \$ 46,950 Refurbishment of coolers/freezers in Food Services

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of October 1, 2001 to December 31, 2001**

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

2000-02 Capital Renewal and Maintenance Pool

(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)

Life Safety - E&G	\$ 200,000		In Progress
1990 Clean Air Act Compliance - E&G			
Claypool-Young Chiller Replacement	135,000	August, 2000	Completed
Ginger Hall, Reed Hall, Laughlin Chiller Replacement	566,000		In Progress
Roof Replacement - Button, Rice Maint. Bldg., Claypool-Young, Combs	397,000	October, 2001	Completed
Roof Replacement - Baird	150,000		In Design
Mechanical Systems Replacements	556,800		In Progress
Mechanical Systems/HVAC	350,000		In Design
Ceiling Tile Replacement (Rader & Laughlin)	88,400	October, 2001	Completed
Window Replacement (Rader)	107,000	September, 2001	Completed
Gas Fired Boiler Installation	399,000		In Progress
Central Campus Reconstruction	300,800		In Progress
	<u>\$ 3,250,000</u>		
 Residence Hall Repairs (ME, CO, WI, AT)	 \$ 300,000	 October, 2001	 Completed

**RATIFY THE SALE OF CONSOLIDATED  
EDUCATIONAL BUILDINGS REVENUE  
BONDS, SERIES L**

**BOR (VIII-A-8)  
March 16, 2002**

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**Background:**

On September 22, 2001, the Board authorized the sale of Consolidated Educational Buildings Revenue Bonds (ConEd), Series L. The proceeds of the Series L bonds were to be used to refinance portions of ConEd Series H and I bonds that were issued in 1986 and 1992 respectively.

The Board appointed the Vice President for Administration and Fiscal Services and the Associate Vice President for Fiscal Services to serve as its designees to review and accept the bids for the bonds. The actions of the designees were to be ratified at the first full board meeting following the sale of the bonds.

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

**Recommendation:**

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

**AUTHORIZE THE SALE OF HOUSING  
AND DINING SYSTEM REVENUE BONDS,  
SERIES Q AND ADOPT REIMBURSEMENT  
RESOLUTION**

**BOR (VIII-A-9)  
March 16, 2002**

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**Background:**

The University will initiate Phase IV of the residence hall sprinkler program in the summer of 2002. Phase V, the final segment of the five-year project, will be conducted in the summer of 2003. The cost estimates for Phase IV and V are \$850,000 and \$3,000,000 respectively. Both phases will ultimately be financed with Housing and Dining System Revenue Bonds.

To minimize costs of issuance and interest expense, the University will delay the sale of the bonds until the spring of 2003. The bond issue, Housing and Dining System Revenue Bonds, Series Q, will have an approximate size of \$4.4 million. That amount includes the cost estimates for the projects, costs of issuance, and the required debt service reserve.

The University will advance funds to pay the costs of the Phase IV project. These funds will be reimbursed from the proceeds of Series Q. To comply with federal regulations governing the issuance of tax exempt obligations, the Board must adopt a resolution stating its intent to reimburse costs incurred prior to the issuance of the bonds.

**Recommendation:**

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

A RESOLUTION OF THE BOARD OF REGENTS OF  
MOREHEAD STATE UNIVERSITY DECLARING OFFICIAL  
INTENT WITH RESPECT TO REIMBURSEMENT OF  
TEMPORARY ADVANCES MADE FOR CAPITAL  
EXPENDITURES TO BE MADE FROM SUBSEQUENT  
BORROWINGS; AND TAKING OTHER ACTIONS IN  
CONNECTION THEREWITH

WHEREAS, Treasury Regulations § 1.150-2 (the “Reimbursement Regulations”), issued pursuant to § 150 of the Internal Revenue Code of 1986, as amended, (the “Code”) prescribes certain requirements by which proceeds of tax-exempt bonds, notes, certificates or other obligations included in the meaning of “bonds” under §150 of the Code (“Obligations”) used to reimburse advances made for Capital Expenditures (as hereinafter defined) paid before the issuance of such Obligations may be deemed “spent” for purposes of §§ 103 and 141 to 150 of the Code and therefore, not further subject to any other requirements or restrictions under those sections of the Code; and

WHEREAS, such Reimbursement Regulations require that the Borrower (as hereinafter defined) make a Declaration of Official Intent (as hereinafter defined) to reimburse any Capital Expenditure paid prior to the issuance of the Obligations intended to fund such Capital Expenditure and require that such Declaration of Official Intent be made no later than sixty (60) days after payment of the Capital Expenditure and further require that the Allocation (as hereinafter defined) of the proceeds of such Obligations to reimburse such Capital Expenditures occur no later than eighteen (18) months after the later of the date of the Capital Expenditure was paid or the date the property acquired with the Capital Expenditure was placed in service, except that any such Allocation must be made no later than three years after such Capital Expenditure was paid; and

WHEREAS, Morehead State University (the “Borrower”) wishes to ensure compliance with the Reimbursement Regulations;

NOW, THEREFORE, be it resolved as follows by the Board of Regents of Morehead State University as follows:

SECTION 1. Definitions. The following definitions apply to the terms used herein:

“*Allocation*” means written evidence that proceeds of Obligations issued subsequent to the payment of a Capital Expenditure are to effect the reimbursement of the Borrower for such payments.

“*Borrower*” means Morehead State University.



*“Capital Expenditures”* means any expense for an item that is properly depreciable or amortizable or is otherwise treated as a capital expenditure for purposes of the Code, as well as any costs of issuing Reimbursement Bonds.

*“Declaration of Official Intent”* means a written declaration that the Borrower intends to fund a Capital Expenditure with an issue of Reimbursement Bonds and reasonably expects to be reimbursed from the proceeds of such an issue.

*“Reimbursement”* means the restoration to the Borrower of money temporarily advanced from other funds of the Borrower to pay for Capital Expenditures before the issuance of Obligations intended to fund such Capital Expenditures. *“To reimburse”* means to make such a restoration.

*“Reimbursement Bonds”* means Obligations that are issued to reimburse the Borrower for Capital Expenditures previously paid by or for the Borrower.

*“Reimbursement Regulations”* means Treasury Regulations § 1.150-2 and any amendments thereto or superseding regulations, whether in proposed, temporary or final form, as applicable, prescribing conditions under which the proceeds of Obligations when allocated or applied to a reimbursement will be treated as “spent” for purposes of §§ 103 and 141 to 150 of the Code.

#### SECTION 2. Declaration of Official Intent.

- (a) The Borrower declares that it reasonably expects that the Capital Expenditures described in Section (b), which will be paid prior to the issuance of any Obligations intended to fund such Capital Expenditures, will be reimbursed with the proceeds of Obligations, representing a borrowing by the Borrower in the maximum principal amount for such reimbursements, funding of a debt service reserve and payment of costs of issuance of approximately \$1,000,000; and
- (b) the Capital Expenditures to be reimbursed are to be used for Phase IV of the Borrower’s sprinkler project.

SECTION 3. Reasonable Expectations. The Borrower does not expect any other funds (including the money advanced to make the Capital Expenditures that are to be reimbursed), to be reserved, allocated on a long-term basis, or otherwise set aside by the Borrower or any other entity affiliated with the Borrower, with respect to the Capital Expenditures described in 2(b).

SECTION 4. Effective Date. This Resolution shall be effective from and after its date of adoption.

**APPROVE BANKING  
SERVICES CONTRACTS**

**BOR (VIII-A-10)  
March 16, 2002**

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**Background:**

The University is required by KRS Chapters 41 and 164A to designate depository banks for all funds collected. The method of selecting the banks is set forth in the Kentucky Model Procurement Code, KRS Chapter 45A.

Using the guidelines for competitive bidding of contracts in KRS Chapter 45A, bids for banking services were requested from the four banks having a presence in Morehead. Those banks are the Citizens Bank, Firststar Bank, Morehead National Bank, and the Peoples Bank. A pre-bid meeting was held to discuss the terms of the bid, the banking requirements of the University and to answer any questions about the contract or the bidding process. Bids were opened on February 20, 2002. Based on the published evaluation criteria, Firststar Bank submitted the best bid for banking services.

Bids were also solicited from banks in Ashland, West Liberty, Prestonsburg, and Jackson for banking services for the extended campus centers. Each bank in those cities was contacted by phone to explain the process and a written bid request was mailed to the banks. Based on the bids submitted, contracts are recommended for the Heritage Bank in Ashland, Commercial Bank in West Liberty, Citizens National bank in Prestonsburg, and Citizens Bank in Jackson.

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

**Recommendation:**

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

**APPROVE LEASE WITH MOREHEAD  
STATE UNIVERSITY FOUNDATION, INC.**

**BOR (VIII-A-11)  
March 16, 2002**

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**Background**

The Renovation and Expansion of the Adron Doran University Center Phase I capital project, approved and funded by the 2000 General Assembly, will be initiated this summer. The major functions located in the facility will be relocated during the initial phase. Most of the student service functions will be relocated to other temporary quarters on campus, however, a suitable bookstore location on campus was difficult to identify because of the high student traffic volume and large amount of space required.

In January, the University initiated a request for proposal process seeking suitable off-campus rental space for the bookstore. Three responses with four proposed sites were received. Three sites were visited, with the fourth site deemed inappropriate for the intended use.

The best proposal was from the Morehead State University Foundation, Inc. (MSUF). The MSUF has property located at 149 East Main Street, Morehead, KY. The 5,218 square foot, two-story, former private business location is currently vacant and has storefront entrances on Main Street and facing Second Street, making it an excellent temporary location for the store during the approximate 18-month period the bookstore will need temporary quarters. The Second Street entrance is less than 100 yards from the campus. A map of the general area is attached.

The University has negotiated a \$6 per square foot annual rental rate for the space. This rental rate is slightly lower than other rental space the University has in the community. The annual rental payment would be \$31,308. The University also plans to negotiate for other available space contiguous to the MSUF space for additional and temporary storage space for the bookstore. The University plans a long-term use of the MSUF facility with intent to utilize the space after the bookstore returns to the Student Center for academic and public outreach activities.

MSU Policies Related to Real Property Management provides that a lease with the MSUF, have the prior approval of the Board of Regents. Upon approval by the Board of Regents the lease agreement with the MSUF will be executed.

**Recommendation**

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

**REPORT ON 2002-2004 EXECUTIVE  
BRANCH BUDGET REQUEST AND  
PRELIMINARY 2002-2003 OPERATING BUDGET**

**BOR (VIII-B-2)  
March 16, 2002**

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**2002-2004 Executive Branch Budget Request**

In November 2001, the Board of Regents ratified the University's 2002-2004 Executive Branch Biennial Budget Request as proposed by the Council on Postsecondary Education. Since that time, we have been officially apprised of a current year base budget reduction of 2%, or \$748,000, and the continuation of that base budget reduction into the first year of the biennium.

In January 2002, Governor Patton made his budget recommendations to the Kentucky General Assembly, which included additional funding in both years of the biennium for the Kentucky Educational Excellence Scholarship (KEES) program and second-year funding for the Research Challenge (Bucks for Brains) Trust Fund and benchmark funding for the universities and KTCTS. The proposed distribution model for the \$27.1 million in benchmark funding will allocate approximately \$1.4 million to Morehead State University in fiscal year 2003/2004 (Attachment A).

**Preliminary 2002-2003 Operating Budget**

New revenue from enrollment growth experienced in 2001/02 and the board-approved 8% increase in tuition and fees will not offset the University the 2% reduction in state appropriation and the increases in fixed and unavoidable costs that have been identified for 2002/2003. Therefore, a budget reduction strategy has been implemented across all divisions to help address priority needs for the 2002/2003 fiscal period. A preliminary 2002-2003 operating budget is being developed on the following assumptions related to revenues, fixed or unavoidable costs, and goals for a 2002/2003 employee compensation package:

- Fiscal period 2002/03 tuition and fee revenue based on enrollment of 8,772
- 8% increase in tuition and fees (approved by the BOR in September 2001)
- Additional \$50 per credit hour increase in MBA tuition
- Fiscal period 2002/03 housing revenue based on occupancy of 3,053
- \$50 housing surcharge for sprinkler debt
- 2.1% budget reduction – state appropriations
- 2% salary pool
- 27% increase in tuition waiver expense
- 43.4% increase in health insurance in 2002
- 10% increase in health insurance for 2003
- 7.3% increase in postage expenses

Attachment A

2002-2004 Executive Budget  
Proposed Benchmark Funding Model

	Enacted 2001-02 State Approp (w/Trust Fund)	2% Budget Reduction (Recurring)	2002-03 Recommended State Approp	Proposed FY 04 Benchmark Distribution	2003-04 Recommended State Approp	% Change in Base Budget*
Eastern Kentucky Univers	#####	#####	#####	#####	\$76,103,400	3.61%
KCTCS	#####	#####	#####	#####	#####	2.86%
Kentucky State Universit	#####	\$ 408,500	#####	\$ 314,400	\$23,477,100	1.36%
Morehead State Universit	#####	\$ 768,600	#####	#####	\$44,194,600	3.39%
Murray State University	#####	\$ 945,000	#####	#####	\$53,226,200	3.01%
Northern Kentucky Univer	#####	\$ 537,500	#####	#####	\$48,622,700	5.73%
University of Kentucky	#####	#####	#####	#####	#####	1.48%
Lexington Community Coll	\$ 8,908,900	\$ 51,300	\$9,250,700	\$ 521,200	\$ 9,771,900	5.63%
University of Louisville	#####	#####	#####	#####	#####	2.11%
Western Kentucky Univers	#####	#####	#####	#####	\$74,754,200	6.14%
Total	#####	#####	#####	#####	#####	2.75%

\* Percentage change in base excludes debt service amounts

**Background**

The Board of Regents approved *Pride & Promise: Morehead State University Strategic Plan 2001-2006* at its regular quarterly meeting in June 2001. The document represents the first strategic plan revision since the 1997 higher education reform efforts of the Governor and General Assembly and aligns the institution with the Council on Postsecondary Education's 2020 Vision and Action Agenda. In September 2001, the Board received a progress report on the strategic plan activities that included a timeline for the progression of the plan from the initial development phase in fall 2000 through the projected issuance of the first annual "report card" by the Planning Committee. The first annual report card is included with this report.

**Report Card 2001**

The report card document was developed as an annual assessment process to measure and communicate progress toward achieving the goals and objectives defined within the strategic plan. The report card assesses progress in specific areas defined by measurable performance indicators. The Report Card 2001 includes twenty-nine performance indicators of which seventeen have been measured and scored. Measurement processes and baseline data for the remaining eleven performance indicators are being developed in the 2001/2002 academic year and will be measured and reported in the next annual report card. Below is a summary breakdown of the scores reported on the twenty-nine performance indicators included in the report card 2001:

<b>Score</b>	<b>Number of Indicators</b>
Exceeded Goal	7
Goal Met	4
Some Progress Measured	4
Declined or No Progress Measured	3
Not measured -- baseline data to be collected in 2001/02	11
Total	29

The Planning Committee used the Report Card 2001 data to assist in developing a list of budget priority areas. These budget priority areas will be used by the Planning Committee to help prioritize strategic budget requests for 2002/03. Strategic budget requests are submitted by academic and administrative operating units to request new funding for initiatives that would enable the requesting unit to strategically posture itself to advance the strategic goals and objectives of the University. Below are the budget priority areas defined by the Planning Committee for 2002/2003:

- Strategies to increase faculty and staff salaries
- Strategies to promote recruitment and retention of students
- Strategies for improving instructional support
- Strategies for improving student support services
- Strategies to increase active alumni and private giving
- Strategies to increase female representation in leadership roles and improve gender salary equity

# Pride & Promise: Morehead State University Strategic Plan 2001-2006

Annual Assessment "Report Card" for 2001

Performance Indicators	Baseline Data	2001 Measurement	Score
<b>Goal 1: Academic Excellence and Student Success</b>			
1. Assess student knowledge and proficiency in general education using Academic Profile and NSSE.	Exceeded NSSE predicted results in 5 of 5 categories with first-year students and 4 of 5 categories with seniors. Also, exceeded all KY averages in a 6th area measuring civic engagement. NSSE Data 2001 Composite Table included in data summary.		★★
2. Objectively measure student knowledge and proficiency in their major area using GRE, GMAT, MCAT, LSAT, PRAXIS, NCLEX, or measurements in capstone course.	Baseline data to be developed in 2001/2002		
3. Using CPE thresholds, review low enrollment and low graduate producing undergraduate and graduate programs.	Baseline set by CPE in 2000/2001 46 programs identified	Under new CPE guidelines in 2001/2002 20 programs identified	★
4. Measure the level of funding for library materials compared to benchmark using objectives for University library.	<u>99/00</u> Benchmark Avg \$137/FTE MSU \$134/FTE	<u>00/01</u> TBD \$142/FTE	No Score 00/01 Baseline not available
5. Increase the instructional and instructional technology expenditures each year.	<u>99/01</u> Instr Exp = \$26,512,114 MAP Exp = \$854,856	<u>00/01</u> Instr Exp = \$27,881,794 MAP Exp = \$871,706	★★
6. Increase sponsored research, grant activities and public service by 10% in the next five years.	<u>99/00</u> Funded external grants and contracts = \$10,203,574	<u>00/01</u> Funded external grants and contracts = \$13,736,214 34.62% increase	★★★
7. Objectively measure employer satisfaction with MSU alumni.	Baseline to be developed in 2002/2003		
8. Objectively, systematically measure alumni satisfaction with academic programs.	CPE Alumni Survey: Average Total Satisfaction = 4.21	MSU Total Satisfaction Score = 4.28	★★★★
9. Objectively, systematically measure student satisfaction with academic programs and processes. Student / Faculty Relations Academic Programs & Processes Academic Services / Facilities	Baseline set from 1998 SACS Student Survey 3.27 2.99 3.07	SACS Student Survey to be repeated in 2002/03	To Be Scored on Report Card 2002
10. Increase the number of student field experiences and internships by 10% each year.	Baseline data to be developed in 2001/2002		
11. Engage at least 15% of the faculty and full-time students annually in international learning experiences.	Baseline data to be developed in 2001/2002		

Score: ● = No Progress or Decline      - Some Progress  
 - Goal Met      - Exceeded Goal      ★★★★★

Assessment data and additional analysis is available at: [www.morehead-st.edu/units/budgets/reportcard2001data.pdf](http://www.morehead-st.edu/units/budgets/reportcard2001data.pdf)

# Pride & Promise: Morehead State University Strategic Plan 2001-2006

Annual Assessment "Report Card" for 2001

Performance Indicators	Baseline Data	2001 Measurement	Score
<b>Goal 2: Excellence in Student Services</b>			
12. Objectively measure student satisfaction with student support services.  <div style="text-align: right; padding-right: 20px;">                     Student Activities / Organizations                      Student Health and Welfare                      Student Facilities                      Student Life / Administrative Services                 </div>	Baseline set from 1998 SACS Student Survey 2.96 3.16 2.70 2.77	SACS Student Survey to be repeated in 2002/03	To Be Scored on Report Card 2002
13. Objectively measure student satisfaction with academic (ACT) advising survey.	Baseline set from 1997 ACT Advising Survey	ACT Advising Survey being conducted in Spring 2002	To Be Scored on Report Card 2002
<b>Goal 3: Enrollment Growth and Retention Gains</b>			
14. Meet or exceed the goals for CPE key indicators for: Undergraduate enrollment Retention rate Graduation rate Graduation rate for transfer students Graduate enrollment Transfers in from KCTCS and LCC	<u>2001 CPE Key Indicators</u>  6,900 66% 41.6% To be determined by CPE 1,700 To be determined by CPE	<u>Fall 2001 Actual</u>  7,257 68% To be determined To be determined 1,770 To be determined	★★★★ ★★★★  ★★★★
15. Meet or exceed enrollment and graduation goals for academic undergraduate and graduate programs.	Baseline data to be developed in 2001/2002		
16. Meet or exceed enrollment goals for minority and international students.	1999/2000 African American 258 3.1% Int'l Students 153 1.8%	2000/2001 304 3.4% 173 1.9%	★★★★
17. Measure the retention rates and first year GPAs of students enrolled in developmental education courses.	Baseline data to be developed in 2001/2002		
18. Maintain Enrollment in "Targeted" counties (Target Counties defined as service region, Fayette and Jefferson)	Fall 2000 Target County Enrollment = 5,688	Fall 2001 Target County Enrollment = 5,858	★★★★
<b>Goal 4: Effective Administration</b>			
19. Achieve faculty salaries that equal or exceed benchmark or regional institution averages	1999/2000 <u>Region</u> <u>Median</u> \$31,172    \$27,487 88.2% Assistant Professor \$41,414    \$40,529 97.9% Associate Professor \$48,444    \$45,554 94.0% Professor \$62,752    \$59,595 95.0%	2000/2001 <u>Region</u> <u>Median</u> \$32,600    \$28,093 86.2% \$42,700    \$40,859 95.7% \$51,100    \$46,214 90.4% \$64,700    \$59,837 92.5%	●

Score: ● = No Progress or Decline      - Some Progress  
 - Goal Met      - Exceeded Goal ★★      ★★★★★

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# Pride & Promise: Morehead State University Strategic Plan 2001-2006

Annual Assessment "Report Card" for 2001

Performance Indicators	Baseline Data	2001 Measurement	Score
20. Achieve average staff salaries/wages that equal or exceed midpoint of current compensation schedule.	1999/2000 Compared average staff salary to midpoint of assigned salary grade: 4 of 29 grades equal or exceeded midpoint salary.	2000/2001 Compared average staff salary to midpoint of assigned salary grade: 5 of 29 grades equal or exceeded midpoint salary.	★
21. Achieve goals related to African American employees identified in Morehead State University's Affirmative Action Plan.	Met 4 of 8 Affirmative Action Goals based on EEO Categories	Met 5 of 8 Affirmative Action Goals based on EEO Categories	★
22. Increase female representation in leadership positions.	Females earning an average of 82.2% of their male peers' salaries held 20 of 66 leadership roles. Two cabinet members earned 71.9% of male peers' salaries.	Females earning an average of 85.8% of their male peers' salaries held 19 of 67 leadership roles. The number of female cabinet members increased to 4 of 8 earning 76.9% of their male peers.	★
23. Meet matching funds requirement for Capital Renewal and Maintenance Pool for E&G facilities.	00/02 Capital Renewal & Maintenance Pool = \$812,500	A total of \$1,625,000 matched in 2000-02	★★
24. Establish and maintain a Capital Renewal and Maintenance Pool for student housing facilities.	Established \$200,000 recurring budget in 2000/01	Enhanced budget by \$100,000 in 01/02	★★★★
25. Increase annual private giving within a range of 7-10% each year for the next five years.	1999/00 Gift Income = \$2,680,700 Number of Gifts = 11,717	2000/01 Gift Income = \$1,794,016 Number of Gifts = 10,360	●
<b>Goal 5: Enhanced Reputation and Productive Partnerships</b>			
26. Expand partnerships with the city/county/KCTCS/local and regional corporations and businesses to enhance workforce /economic development.	19 contracts documented in 2001	To be measured in 2002	To Be Scored on Report Card 2002
27. Increase active alumni by 7-10% in each of the next five years.	1999/00 Active Alumni = 7,278	2000/01 Active Alumni = 6,122	●
28. Increase the number of news items related to service, academic, or student achievements.	News releases = 1,182 Photos = 431 Web Postings - not available	News releases = 1,364 Photos = 570 Web Postings = 218	★★★★
29. Increase external fund support to the KFAC.	1999/00 \$219,815	2000/01 \$228,075	★★

Score: ● = No Progress or Decline      ★ = Some Progress  
 - Goal Met      - Exceeded Goal      ★★★★★

Assessment data and additional analysis is available at: [www.morehead-st.edu/units/budgets/reportcard2001data.pdf](http://www.morehead-st.edu/units/budgets/reportcard2001data.pdf)

**Background:**

PAc-34, establishes the policy and conditions for hiring and retaining non tenure-track faculty (Instructor). There are at least three conditions that necessitate this proposal:

1. There are several academic programs that require faculty to teach a large number of developmental and introductory courses (particularly mathematics, reading and composition). Most of these programs have a very limited enrollment in major and upper-level courses. Were all positions within any of these programs converted to tenure-track, a significant number of the faculty would very rarely be able to teach beyond developmental or introductory courses—a condition perceived as not desirable for faculty with terminal degrees seeking opportunities to teach in their primary area of expertise. The proposal permits hiring and retaining faculty with appropriate preparation for developmental and introductory courses without the demands of meeting tenure criteria until they are in a position that is mutually beneficial to the faculty member and the department.
2. A few disciplines, most notably within education, are experiencing serious problems in securing applicants with the requisite terminal degree. The discipline faculty are generally in agreement that a few of the difficult-to-fill positions are ones for which non-terminally degreed public school teachers and administrators are highly qualified—at least on a short-term basis, if not permanently. However, requiring non-terminally degreed faculty to successfully meet the current and standard criteria for tenure and promotion is not realistic.
3. Recent changes in the external environment of some externally accredited professional programs such as business and education have made it desirable to augment traditional faculty with a limited number of experienced professionals and practitioners. The belief is that instructional staff of this nature add a dimension to the program not always possible with more traditional faculty. Moreover, given an opportunity to secure an appropriate terminal degree, a faculty member in this category can eventually bring a stronger set of credentials not otherwise available to the program. However, our current policies make the recruitment of such accomplished and unique individuals very difficult.

As a result of the foregoing conditions, a number of positions within these programs experience an unhealthy rate of turnover. Others remain vacant and require an unhealthy reliance on adjunct faculty. Moreover, many programs are limited in their ability to respond to the rapid changes within the discipline and the marketplace and are, thus, less effective in meeting the needs of their constituents.

This policy is a result of one and one-half years of deliberation involving an ad hoc committee of faculty (including non tenure-track faculty), the Faculty Senate, department chairs, the

Deans Council, the Provost and the President. The Faculty Senate approved the proposed policy in the fall of 2001.

**Analysis:**

The major components of policy include the following:

- A description of the difference between Lecturers (part-time faculty) and Instructors (full-time, non tenure-track faculty)
- Guidelines regarding the qualifications for the appointment of Instructors, for the ratio of Instructors to tenure-track faculty, and for classifying positions as Instructor vs. tenure track
- Guidelines for the evaluation and reappointment or non-reappointment of faculty in the Instructor position

The policy will be effective with the appointment of faculty as Instructors for the 2002-03 academic year.

**Recommendation:**

That the Board of Regents approve PAc-34.

**Policy: PAc 34**  
**ALTERNATIVE CAREER-TRACK FACULTY**

Approval Date:

**PURPOSE:** The titles of part-time **Lecturer** and full-time **Instructor** are reserved for non-tenure-track faculty employed to address instructional needs of departments in which program requirements and teaching demands for developmental, associate-level, and specialty courses exceed staffing capacity of ST-1 faculty. While primary responsibility for upper-division and graduate instruction remains, across the University, with tenured and tenure-track faculty, such courses may be assigned to “non-tenure track faculty” who hold the proper academic credentials, as per Pac 1, when they cannot be taught by ST-1 faculty.

**GENERAL  
DESCRIPTION:**

**Lecturers** (formerly referred to as *part-time* or *Adjunct* faculty) are employed less than full time without University retirement or insurance benefits on a class-by-class or semester-by-semester basis. Although there is no assurance of continuing employment, neither is there a limit to the number of years one may serve as a Lecturer. Lecturers should have successful teaching experience.

**Instructors** (formerly referred to as *fixed-term* instructors) are full-time employees contracted with full benefits for a one-year term with a teaching load of no more than 27 credit hours recommended. With the approval of the department chair and college dean, Instructors may have appointments renewed on an annual basis provided there are continued/justified instructional needs, adequate funds, and satisfactory evaluations according to departmental faculty evaluation plans (FEP).

While Instructors will be evaluated primarily on teaching, they may provide service on departmental committees. Qualified Instructors may apply for tenure-track positions as they occur and may request to apply up to 3 years of service toward tenure.

At the time of employment a contract issued to a non-tenure track faculty member shall explicitly state the rank, and that the position is not tenurable. The title “Artist-in-Residence” or other appropriate title may be used synonymously with these types of appointments when appropriate.

**GENERAL  
GUIDELINES:**

In order to protect the tenure standing at the University, the percentage of faculty holding non-tenure-track appointments shall not exceed

percentages of the total faculty set by appropriate discipline specific accrediting agencies. It is the responsibility of the Office of the Provost to make every effort possible to ensure that these limits are not exceeded.

Qualifications for appointment of non-tenure track faculty should be flexible enough to meet the needs of each academic unit yet consistent with accreditation standards. Minimum qualifications shall be a degree appropriate to the teaching assignment or equivalent experience in the field or related field. An earned doctorate or equivalent experience in the field or related field is preferred for teaching upper-level courses. All appointments shall meet all applicable current criteria of the appropriate accrediting bodies.

### **PROCEDURE FOR RE-CLASSIFYING POSITIONS AND RE-ASSIGNING OR HIRING OF INSTRUCTORS;**

Tenure-track positions may be filled by an instructor only under one of the following conditions: (1) when a search for a tenure-track position has not resulted in a qualified hire or sufficient time is not available to pursue a successful search, in which case the instructor position will be used until a qualified candidate has been selected for the tenure-track position through a standard search; (2) when, in the judgment of the department chair, dean and Provost, enrollment patterns within the department/program or other conditions warrant filling a tenure-track position with an instructor as needed; in which case the department faculty will be consulted.

Any faculty who has previously served or is currently serving as an instructor is eligible for application and appointment, upon approval, to the positions. It is the responsibility of the department chair to select and interview candidates, but, whenever possible, candidates should meet with all members of the respective department.

### **ANNUAL REVIEW OF STAFFING NEEDS:**

Each department will annually review its staffing needs with regard to the nature and number of positions needed for the following year. Should a need for additional faculty be identified, the department should prepare a request indicating the nature and number of additional faculty needed. The request may be for one or more additional tenure-track lines, conversion of an instructor line to tenure-track, or additional instructor lines.

### **TERMINATION OF NON-TENURE TRACK FACULTY APPOINTMENTS:**

Appointments of non-tenure track faculty may be terminated before contract expiration for the reasons described in the appropriate section of the Faculty Handbook and according to the procedure described.

**EVALUATION OF NON-TENURE  
TRACK FACULTY:**

No later than May 1 of each year, and earlier if possible, all individuals holding the title of "Instructor" shall be notified if they will be retained for the following academic year. Such notification shall have been preceded by a performance evaluation similar to tenured and tenure-track faculty. The review will be based on the relative criteria for performance expectations as defined in the departmental FEP and any salary adjustments will fall within the PBSI Guidelines as established for all full-time faculty.

Instructors not notified by May 1 will be eligible for rehire as an instructor at the time that a clear need has been identified and upon completion of a performance evaluation as outlined in the foregoing paragraph. When possible, instructors with more than three years of consecutive service will be given at least a 12-month notification of non-renewal.

**FACULTY RIGHTS AND PRIVILEGES  
OF NON-TENURE TRACK FACULTY:**

All non-tenure track faculty shall be afforded rights of academic freedom and due process.

## **PROGRAM DELETION**

**BOR (VIII-A-4)  
March 16, 2002**

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### **Background:**

In November 1999, the Council on Postsecondary Education (CPE) approved a series of guidelines for creating and maintaining academic programs. The new guidelines required among other things, that the Council staff review the status of all existing programs in operation for more than four years and identify those that do not appear to be sufficiently and effectively contributing to the needs of the statewide system of postsecondary education in Kentucky. In February 2000, each university received a list of its academic programs that did not pass the Council's initial screen for productivity. Institutions were asked to review each identified program and make a written recommendation about its continuation, modification, elimination, or consolidation into a cooperative program. One identified program, the BA degree in Parks, Recreation and Leisure was assessed during 2000. Because this degree only provided options related to outdoor and recreation employment, the Department decided to move toward a more comprehensive and multi-disciplinary curriculum that would allow our students to be successful in a variety of sport/recreation employment venues. The proposed new program, BA in Sport Management, was presented to the BOR and approved at its March 3, 2001 meeting.

The CPE, at its February 4, 2002, meeting, approved our request to offer the BA in Sport Management, that will replace the BA in Parks, Recreation and Leisure.

### **Recommendation:**

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

**APPROVE NAMING OPPORTUNITIES FOR  
BRECKINRIDGE HALL**

**BOR (VIII-A-14)  
March 16, 2002**

**Background:**

Offices, laboratories and classrooms in the University's Department of Communication and Theatre were moved from Breckinridge Hall at the close of the 1999 spring semester for the \$14 million renovation and expansion of the 69-year-old building. Work is nearing completion. The renovated facility will house state-of-the-art classrooms, audio and video production studios, a digital broadcast center for WMKY Radio, new facilities for *The Trail Blazer*, a television newscenter, and a flexible theatre and multimedia auditorium.

Individuals and families have been given the option of naming areas of the new building through major gifts to the MSU Foundation, Inc. Many gifts and pledges for the naming opportunities are eligible to be matched by the Kentucky Council on Postsecondary Education. Named areas, which will be identified with appropriate and permanent signage, are to be approved by the University's Board of Regents.

Campaigns are currently in progress to name the following areas:

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

Since funding will be secured for two rooms by Founders Day, April 4, 2002, it is recommended that the Board approve naming of the Capt. Michael K. Gallagher Audio Studio and Larry Netherton News Production Booth. The other rooms will be designated as "Campaigns in Progress" with limited recognition occurring during the rededication event.

Additionally, it is recommended that the theatre be named in honor of Lucille Caudill Little, who was the first member of the theatre faculty.

If approved, permanent signage will be unveiled for the two rooms and the theatre on Founders Day.

**Recommendation:**

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



**A MEMORIAL RESOLUTION**

**BOR (VI)**  
**March 16, 2002**

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

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

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

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

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

Adopted this 16<sup>th</sup> day of March 2002.

ATTEST:

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Buckner Hinkle, Jr., Chair

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Carol Johnson, Secretary

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Ronald G. Eaglin, President

## SABBATICAL LEAVES, 2002

BOR (VIII-A-3)  
March 16, 2002

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### **Background:**

Faculty members desiring sabbatical leaves submit their application to be evaluated by their departmental committee, department chair, college dean, and the Professional Development Committee. These committee evaluations are forwarded to the Provost who recommends to the President for his recommendation to the Board of Regents.

### **Recommendation:**

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

#### Fall 2002

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

**Background:**

Faculty members desiring tenure are responsible for developing their own tenure portfolios for submission to their peers and administrative supervisors for analysis and review during the first semester of the last year of their probationary period. These portfolios are reviewed by departmental committees as well as by the candidate's department chair and college dean. The University Tenure Committee receives and reviews the recommendations from these peer groups and administrators and forwards its recommendations 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 tenure for the following faculty member with the issuance of his contract for the 2002-2003 year:

Dr. Gerd Fricke, associate professor of mathematics

## TENURE WITH PROMOTION, 2002

BOR (VIII-A-1)  
March 16, 2002

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### **Background:**

Assistant professors who successfully gain tenure are automatically promoted to the rank of associate professor without further review by the University Promotion Committee. Faculty members are responsible for developing their own tenure portfolios for submission to their peers and administrative supervisors for analysis and review during the first semester of the last year of their probationary period. These portfolios are reviewed by departmental committees, as well as by the candidate's department chair and college dean. The University Tenure Committee receives and reviews the recommendations from these peer groups and administrators and forwards its recommendations 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 tenure and promotion to the associate professor rank for the following faculty members with the issuance of their contracts for the 2002-2003 year:

Dr. Stacy Baker, music  
Dr. Paul Becker, sociology  
Dr. Laurie Couch, psychology  
Dr. Thomas Creahan, economics  
Dr. Susan Creasap, music  
Dr. Darrin DeMoss, biology  
Ms. Yan Duan, nursing  
Dr. Claire Foley, English  
Dr. Joy Gritton, art  
Dr. John Hennen, history  
Dr. Brenda Malinauskas, nutrition/dietetics  
Dr. Adele Moriarty, education  
Dr. Dianna Murphy, government  
Dr. Eric Swank, social work  
Dr. Stacy Vollmers, marketing

**CONFIRM BOARD MEMBERS OF KENTUCKY  
FOLK ART CENTER; REVISE OPERATING  
AGREEMENT**

**BOR VIII-A-12  
March 16, 2002**

**Background:**

1. Under provisions of state law, the Kentucky Folk Art Center, Inc. (KFAC), was declared an affiliated corporation of Morehead State University by the Board of Regents on September 18, 1998. As such, the Board of Regents of the University must confirm the appointment of members of the KFAC Board of Directors. In addition, the relationship between the University and KFAC is governed by an operating agreement approved by both boards.

2. The KFAC Board of Directors met on December 4, 2001, and appointed three new board members – Stephen D. Jones of Maysville, Emma Perkins of Morehead and Gail H. Hart of Lexington. The Board of Directors also reappointed six members – Jean Dorton of Paintsville, Gwenda Adkins of Sandy Hook, Connie Collis of Lexington, O. Leonard Press of Lexington, Jean Sandifer of Lexington and Teresa Unseld of Winston-Salem, N.C. Ms. Unseld has since resigned from the Board of Directors due to her relocation of North Carolina. All appointed board members serve three-year terms.

3. The current operating agreement between the University and KFAC specifies that the Vice President for Administration and Fiscal Services shall provide administrative oversight and that the KFAC staff shall manage private gifts. In accordance with changes in the administrative structure of the University, it is proposed that the operating agreement be revised to assign oversight responsibility for KFAC to the Vice President for University Relations. To assure compliance with the University's fund raising procedures, it is further proposed that acknowledgement and recordkeeping of gifts to KFAC be managed by the MSU Foundation, Inc. The KFAC Board of Directors has approved both changes, subject to action by the Board of Regents.

**Recommendation:**

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

**REVISED MEMORANDUM OF UNDERSTANDING  
BETWEEN MOREHEAD STATE UNIVERSITY  
AND KENTUCKY FOLK ART CENTER, INC.**

Morehead State University (University) and Kentucky Folk Art Center, Inc. (KFAC) hereby agree to the following revised memorandum of understanding reflecting the affiliated foundation status of KFAC as per KRS Chapter 164A, adopted Sept. 11, 1998, by the KFAC Board of Directors and submitted to the Kentucky General Assembly's Administrative Regulation Review Subcommittee for adoption of the required Kentucky Administrative Regulation to authorize MSU to operate an affiliated corporation.

**KFAC Directors**

The election of KFAC Directors will be ratified by the MSU Board of Regents.

**Facility Support**

The University shall provide space for KFAC and shall provide utilities, repairs, insurance, maintenance, security, and custodial services.

**Permanent Collection**

KFAC shall serve as steward of the Folk Art Collection (Collection) owned by the University. KFAC will provide storage, conservation, registration and cataloguing services for the Collection. KFAC may also exhibit the Collection and conduct educational programming relating to the Collection. Individual pieces of the Collection may be deaccessioned when agreed upon by both parties, by following approved policies and procedures. Appraisals for the purpose of obtaining insurance and the insurance for the Collection shall be provided by the University.

**Personnel**

The University shall maintain, on its payroll, a Director and other professional and support personnel to manage and operate the KFAC. The employees assigned to KFAC will be subject to all University personnel and operating policies and regulations.

The Director of the KFAC shall maintain a reporting relationship to the KFAC Board of Directors and to the University's Vice President for Administration and Fiscal Services, **Vice President for University Relations**. The Board of Directors of KFAC shall assist in the selection and evaluation of the Director.

**KFAC Financial Responsibility**

As an affiliate agency of Morehead State University, KFAC will abide by all University regulations regarding purchases, expenditures, and record keeping, and provide quarterly financial statements of operations through KFAC. The Museum Store sales and purchases, KFAC admissions, donations, grants, sponsorships, memberships, and other program and operating income and expenses will be administered through KFAC accounts and reported to the University. In addition, the University and KFAC shall comply with the annual audit and externally funded reimbursement provisions of KRS 164A.610(1) and (3).

**Other Support Services**

KFAC may purchase goods from the University and utilize support services including but not limited to, printing services, telecommunications, vehicle leasing, postage, computer purchases, and other purchases made through University price contracts or bidding processes. KFAC will reimburse the University, as appropriate, for the cost of the goods and services.

**Record Review**

KFAC and the University agree that access to all KFAC personnel and financial records will be available to any authorized party designated by the University's Vice President for Administration and Fiscal Services **Vice President for University Relations** during the life of this agreement. Monthly activity and quarterly financial reports shall be provided by KFAC to individuals designated by the University.

**Fund Raising and Gifts Management**

KFAC will coordinate its fundraising activities with the University's Office of Development and will make reasonable efforts to solicit contributions only from donors mutually agreeable to the University and the KFAC. Gifts to the KFAC through the University will be received and recorded by the MSU Foundation, Inc. will be forwarded to the MSU Foundation, Inc., to be acknowledged, recorded and deposited for use by KFAC.

**Duration of Agreement**

This **revised** agreement shall be effective as of March 17, 2002, and shall remain in effect until such time as it is mutually amended or terminated by the University.

IN WITNESS WHEREOF, we have hereunto affixed our signatures this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**For Morehead State University**

**For Kentucky Folk Art Center, Inc.**

\_\_\_\_\_  
Signature

Signature

\_\_\_\_\_  
Title

Title

**For Morehead State University  
Foundation, Inc.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

**APPROVE ENDOWMENT MATCH  
PROGRAM SUBMISSION**

**BOR (VIII-A-13)  
March 16, 2002**

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**Background:**

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

Morehead State University was appropriated \$1.475 million by the 1998 General Assembly to match eligible endowments and was successful in securing the entire amount. The 2000 General Assembly appropriated \$2.95 million to be matched by gifts and pledges secured before June 30, 2002. To date MSU has received \$1,744,866 toward this goal.

Recently, the Council on Postsecondary Education established a subcommittee to review issues and concerns regarding the administration and reporting of the endowments during the first funding cycle. The findings of the subcommittee resulted in two significant revisions to the guidelines governing the administration and operation of the Endowment Match Program that affect comprehensive institutions.

First, the role of governing boards was expanded to require board review and approval of all donations, gifts and pledges that will be used to establish new endowments or expand existing endowments for which matching funds will be requested. Secondly, the universities' or foundations' audited financial reports are now required to include pledge payment schedules.

In order to comply with the new guidelines the proposed next submission for matching funds is provided for the Board's review and approval.

**Recommendation:**

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



**2002 FOUNDERS DAY AWARD  
FOR UNIVERSITY SERVICE**

**BOR (V)  
March 16, 2002**

**Background:**

The Founders Day 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. The presentation is part of the annual Founders Day observance.

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; Sen. Woody May, 1993; Dr. J. E. Duncan, 1994; Sherman R. Arnett and Harlen L. Hamm, 1995; Dr. Adron Doran, 1996; Robert S. Bishop and K. Martin Huffman, 1997; and Dr. Charles J. Pelfrey, 1998; Carolyn S. Flatt, 1999; Dr. Earl J. Bentley, 2000; and Mrs. Mignon Doran, 2001.

The Founders Day Committee has recommended that the 2002 award be presented to Dr. C. Nelson Grote, the 11<sup>th</sup> president of the University who served from 1987 until 1992. The ceremony is scheduled as part of the Founders Day Luncheon at noon on Thursday, April 4.

President Emeritus Grote earlier spent 11 years on the campus as a division chair and college dean. Before returning to MSU as president, he was president of Schoolcraft College in Livonia, Mich., and chancellor of the Community Colleges of Spokane, Washington. A few years after retiring from MSU, Dr. Grote returned to higher education to serve as executive vice president of the newly-formed Kentucky Community and Technical College System (KCTCS). He played a key role in the organization of that system of two-year colleges and today remains an officer and board member of the KCTCS Foundation.

His five-year tenure as president of the University was marked by an enrollment increase of more than 50 percent, modernization of residence halls and the campus utilities system, establishment of additional extended campus centers and expanded involvement with the public schools and two-year colleges in the region. Dr. Grote and his wife, Wilma, remain active in the life of the University.

**Recommendation:**

That the Board of Regents approve the selection of Dr. C Nelson Grote of Morehead, Ky., as the recipient of the 2002 Founders Day Award for University Service.

**REPORT OF MAJOR GIFTS  
SINCE NOVEMBER 15, 2001**

**BOR (VIII-B-5)  
March 16, 2002**

<b>Major Gifts</b>		
The following is a list of gifts of \$10,000 or more that have been recorded since November 15, 2001, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.		
<u>Amount</u>	<u>Donor(s)</u>	<u>Type or Purpose</u>
\$50,000.00	Anonymous	Gift-in-kind
\$50,000.00	France M. George	Endowment
\$50,000.00	Elmer R. Smith	Endowment
\$35,000.00	Ruth L. Shannon	Endowment
\$29,500.00	K-MEC	Gift-in-kind
\$19,000.00	Siemens Bldg. Technologies, Inc.	Gift-in-kind
\$15,000.00	Melissa Brown	Gift-in-kind
\$12,000.00	Warren Doerr	Scholarship
\$10,000.00	Citizens Bank	Special Project
\$10,000.00	Gregory Palmer	Endowment

<b>Gift Income Comparison July-December '99, '00, '01</b>			
Fund/Type	July 1999- Dec. 1999	July 2000- Dec. 2000	July 2001- Dec. 2001
Unrestricted	\$47,270.85	\$53,506.49	\$37,500.06
Colleges, Departments and Other Units	\$114,247.10	\$114,046.23	\$135,916.78
Eagle Athletic Fund	\$88,376.75	\$76,895.17	\$81,341.48
Scholarships (unendowed)	\$63,163.65	\$16,843.05	\$100,199.19
Endowments	\$627,232.00	\$545,649.54	\$529,687.92
Gifts-in-kind	\$184,935.85	\$158,353.98	\$183,277.98
<b>Total Gifts</b>	<b>\$1,125,226.20</b>	<b>\$965,294.46</b>	<b>\$1,067,923.41</b>

**AUTHORIZE THE SALE OF HOUSING  
AND DINING SYSTEM REVENUE BONDS,  
SERIES Q AND ADOPT REIMBURSEMENT  
RESOLUTION**

**BOR (VIII-A-9)  
March 16, 2002**

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**Background:**

The University will initiate Phase IV of the residence hall sprinkler program in the summer of 2002. Phase V, the final segment of the five-year project, will be conducted in the summer of 2003. The cost estimates for Phase IV and V are \$850,000 and \$3,000,000 respectively. Both phases will ultimately be financed with Housing and Dining System Revenue Bonds.

To minimize costs of issuance and interest expense, the University will delay the sale of the bonds until the spring of 2003. The bond issue, Housing and Dining System Revenue Bonds, Series Q, will have an approximate size of \$4.4 million. That amount includes the cost estimates for the projects, costs of issuance, and the required debt service reserve.

The University will advance funds to pay the costs of the Phase IV project. These funds will be reimbursed from the proceeds of Series Q. To comply with federal regulations governing the issuance of tax exempt obligations, the Board must adopt a resolution stating its intent to reimburse costs incurred prior to the issuance of the bonds.

**Recommendation:**

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

A RESOLUTION OF THE BOARD OF REGENTS OF  
MOREHEAD STATE UNIVERSITY DECLARING OFFICIAL  
INTENT WITH RESPECT TO REIMBURSEMENT OF  
TEMPORARY ADVANCES MADE FOR CAPITAL  
EXPENDITURES TO BE MADE FROM SUBSEQUENT  
BORROWINGS; AND TAKING OTHER ACTIONS IN  
CONNECTION THEREWITH

WHEREAS, Treasury Regulations § 1.150-2 (the “Reimbursement Regulations”), issued pursuant to § 150 of the Internal Revenue Code of 1986, as amended, (the “Code”) prescribes certain requirements by which proceeds of tax-exempt bonds, notes, certificates or other obligations included in the meaning of “bonds” under §150 of the Code (“Obligations”) used to reimburse advances made for Capital Expenditures (as hereinafter defined) paid before the issuance of such Obligations may be deemed “spent” for purposes of §§ 103 and 141 to 150 of the Code and therefore, not further subject to any other requirements or restrictions under those sections of the Code; and

WHEREAS, such Reimbursement Regulations require that the Borrower (as hereinafter defined) make a Declaration of Official Intent (as hereinafter defined) to reimburse any Capital Expenditure paid prior to the issuance of the Obligations intended to fund such Capital Expenditure and require that such Declaration of Official Intent be made no later than sixty (60) days after payment of the Capital Expenditure and further require that the Allocation (as hereinafter defined) of the proceeds of such Obligations to reimburse such Capital Expenditures occur no later than eighteen (18) months after the later of the date of the Capital Expenditure was paid or the date the property acquired with the Capital Expenditure was placed in service, except that any such Allocation must be made no later than three years after such Capital Expenditure was paid; and

WHEREAS, Morehead State University (the “Borrower”) wishes to ensure compliance with the Reimbursement Regulations;

NOW, THEREFORE, be it resolved as follows by the Board of Regents of Morehead State University as follows:

SECTION 1. Definitions. The following definitions apply to the terms used herein:

“*Allocation*” means written evidence that proceeds of Obligations issued subsequent to the payment of a Capital Expenditure are to effect the reimbursement of the Borrower for such payments.

“*Borrower*” means Morehead State University.

*“Capital Expenditures”* means any expense for an item that is properly depreciable or amortizable or is otherwise treated as a capital expenditure for purposes of the Code, as well as any costs of issuing Reimbursement Bonds.

*“Declaration of Official Intent”* means a written declaration that the Borrower intends to fund a Capital Expenditure with an issue of Reimbursement Bonds and reasonably expects to be reimbursed from the proceeds of such an issue.

*“Reimbursement”* means the restoration to the Borrower of money temporarily advanced from other funds of the Borrower to pay for Capital Expenditures before the issuance of Obligations intended to fund such Capital Expenditures. *“To reimburse”* means to make such a restoration.

*“Reimbursement Bonds”* means Obligations that are issued to reimburse the Borrower for Capital Expenditures previously paid by or for the Borrower.

*“Reimbursement Regulations”* means Treasury Regulations § 1.150-2 and any amendments thereto or superseding regulations, whether in proposed, temporary or final form, as applicable, prescribing conditions under which the proceeds of Obligations when allocated or applied to a reimbursement will be treated as “spent” for purposes of §§ 103 and 141 to 150 of the Code.

SECTION 2. Declaration of Official Intent.

- (a) The Borrower declares that it reasonably expects that the Capital Expenditures described in Section (b), which will be paid prior to the issuance of any Obligations intended to fund such Capital Expenditures, will be reimbursed with the proceeds of Obligations, representing a borrowing by the Borrower in the maximum principal amount for such reimbursements, funding of a debt service reserve and payment of costs of issuance of approximately \$1,000,000; and
- (b) the Capital Expenditures to be reimbursed are to be used for Phase IV of the Borrower’s sprinkler project.

SECTION 3. Reasonable Expectations. The Borrower does not expect any other funds (including the money advanced to make the Capital Expenditures that are to be reimbursed), to be reserved, allocated on a long-term basis, or otherwise set aside by the Borrower or any other entity affiliated with the Borrower, with respect to the Capital Expenditures described in 2(b).

SECTION 4. Effective Date. This Resolution shall be effective from and after its date of adoption.

**BOR IV**

**RESOLUTION HONORING LYNNE E. FITZGERALD June 1, 2002**

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

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

**WHEREAS**, Dr. Fitzgerald's service has reflected great credit upon the faculty of the University by demonstrating her professional collegiality and dedication to academic excellence and her abiding concern for the welfare of the entire University community,

**THEREFORE**, be it resolved by the Board of Regents of Morehead State University that Dr. Lynne E. Fitzgerald be and hereby is commended for her three years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for her efforts.

Done this first day of June, 2002.

ATTEST:

\_\_\_\_\_  
Buckner Hinkle Jr., Chair

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

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

**RESOLUTION HONORING BRIAN S. MARTIN**

**BOR IV  
June 1, 2002**

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

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

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

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

Done this first day of June, 2002.

\_\_\_\_\_  
Buckner Hinkle Jr., Chair

ATTEST:

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

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

**APPROVE BANKING  
SERVICES CONTRACTS**

**BOR (VIII-A-10)  
March 16, 2002**

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**Background:**

The University is required by KRS Chapters 41 and 164A to designate depository banks for all funds collected. The method of selecting the banks is set forth in the Kentucky Model Procurement Code, KRS Chapter 45A.

Using the guidelines for competitive bidding of contracts in KRS Chapter 45A, bids for banking services were requested from the four banks having a presence in Morehead. Those banks are the Citizens Bank, Firststar Bank, Morehead National Bank, and the Peoples Bank. A pre-bid meeting was held to discuss the terms of the bid, the banking requirements of the University and to answer any questions about the contract or the bidding process. Bids were opened on February 20, 2002. Based on the published evaluation criteria, Firststar Bank submitted the best bid for banking services.

Bids were also solicited from banks in Ashland, West Liberty, Prestonsburg, and Jackson for banking services for the extended campus centers. Each bank in those cities was contacted by phone to explain the process and a written bid request was mailed to the banks. Based on the bids submitted, contracts are recommended for the Heritage Bank in Ashland, Commercial Bank in West Liberty, Citizens National bank in Prestonsburg, and Citizens Bank in Jackson.

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

**Recommendation:**

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



**APPROVE LEASE WITH MOREHEAD  
STATE UNIVERSITY FOUNDATION, INC.**

**BOR (VIII-A-11)  
March 16, 2002**

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**Background**

The Renovation and Expansion of the Adron Doran University Center Phase I capital project, approved and funded by the 2000 General Assembly, will be initiated this summer. The major functions located in the facility will be relocated during the initial phase. Most of the student service functions will be relocated to other temporary quarters on campus, however, a suitable bookstore location on campus was difficult to identify because of the high student traffic volume and large amount of space required.

In January, the University initiated a request for proposal process seeking suitable off-campus rental space for the bookstore. Three responses with four proposed sites were received. Three sites were visited, with the fourth site deemed inappropriate for the intended use.

The best proposal was from the Morehead State University Foundation, Inc. (MSUF). The MSUF has property located at 149 East Main Street, Morehead, KY. The 5,218 square foot, two-story, former private business location is currently vacant and has storefront entrances on Main Street and facing Second Street, making it an excellent temporary location for the store during the approximate 18-month period the bookstore will need temporary quarters. The Second Street entrance is less than 100 yards from the campus. A map of the general area is attached.

The University has negotiated a \$6 per square foot annual rental rate for the space. This rental rate is slightly lower than other rental space the University has in the community. The annual rental payment would be \$31,308. The University also plans to negotiate for other available space contiguous to the MSUF space for additional and temporary storage space for the bookstore. The University plans a long-term use of the MSUF facility with intent to utilize the space after the bookstore returns to the Student Center for academic and public outreach activities.

MSU Policies Related to Real Property Management provides that a lease with the MSUF, have the prior approval of the Board of Regents. Upon approval by the Board of Regents the lease agreement with the MSUF will be executed.

**Recommendation**

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

**BOR IV**

**RESOLUTION HONORING LYNNE E. FITZGERALD June 1, 2002**

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

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

**WHEREAS**, Dr. Fitzgerald's service has reflected great credit upon the faculty of the University by demonstrating her professional collegiality and dedication to academic excellence and her abiding concern for the welfare of the entire University community,

**THEREFORE**, be it resolved by the Board of Regents of Morehead State University that Dr. Lynne E. Fitzgerald be and hereby is commended for her three years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for her efforts.

Done this first day of June, 2002.

ATTEST:

\_\_\_\_\_  
Buckner Hinkle Jr., Chair

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

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

**RESOLUTION HONORING BRIAN S. MARTIN**

**BOR IV  
June 1, 2002**

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

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

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

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

Done this first day of June, 2002.

\_\_\_\_\_  
Buckner Hinkle Jr., Chair

ATTEST:

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

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

**APPROVE PROMOTIONS 2002**

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

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**Background:**

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

**Recommendation:**

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

**Professor**

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

**APPROVE EMERITUS STATUS 2002**

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

**Background:**

In accordance with PAC-3, the faculty members listed below were recommended for emeritus status by their peers and immediate supervisors to the Provost. The President, based upon recommendations from the Provost, submits his recommendations to the Board of Regents.

**Recommendation:**

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

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

## **RATIFY 2002 SPRING GRADUATES**

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

### **Background:**

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

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

**Background:**

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

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

**Recommendation:**

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

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

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

**Background:**

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

**Recommendation:**

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



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

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the nine months that ended on March 31, 2002. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

**Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University.

**Financial Highlights**

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

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

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

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

- As can be seen from the Statements of Net Assets, investments increased approximately \$26 million from the third quarter of the previous year and the reflected cash has decreased by approximately \$15 million, for a net increase of \$11 million. However, the investments have increased approximately \$7.6 million since June 30, 2001. This is a result mainly of funds transferred in for construction projects. This amount is made up of approximately \$2 million for renovation of family housing, \$10 million for renovation of ADUC, \$1 million for life safety and various other projects, less amounts expended for projects.
- Accounts receivable have remained stable as a whole compared to March 31, 2001, with the increase due to timing for billing for financial aid credits to student accounts.
- The net investment in capital assets has increased about \$14.6 million since March 31, 2001 but for the fiscal year the increase has been approximately \$10.5 million. This fiscal year increase relates to the Breckinridge Hall renovation (about \$3.1 million), MSU at West Liberty Center (about \$2.6 million), ADUC (about \$1.1 million), Life Safety projects and Renovation of Family Housing (about \$2 million), and internally managed projects such as E & G Facilities, elevators, roof repairs, etc. (about \$4.0 million) and equipment additions (about \$.8 million) less estimated depreciation (about \$3.1 million), for a net increase of about \$10.5 million.
- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the third quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of March 31, 2002. Budgets for the major revenue categories of tuition and housing were based on projections of enrollment and residence hall occupancy. Fall semester projections for both these categories were exceeded.
- Expenditure trends also appear to be proceeding according to the budget plan, considering normal cyclical and timing differences.

**MOREHEAD STATE UNIVERSITY**

**Statements of Net Assets**

**March 31, 2002 And 2001**

Balance Sheet Figures From Aims System

					<u><b>CURRENT</b></u>	<u><b>PRIOR</b></u>
			Current			
			1	101	23,978,410.00	23,555,369.00
			3	102	4,645,027.00	3,687,315.00
			4	103	2,004,609.00	1,861,365.00
			7	201	(25,952.00)	(13,405.00)
			8	202	(558,172.00)	(415,609.00)
			10	203	125.00	0.00
			3	205	(58,491.00)	(21,450.00)
			7	206	(145,914.00)	(463,433.00)
			11	209	(1,371,072.00)	(1,485,757.00)
			10	210	(552,700.00)	(432,408.00)
			15	301	<u>(27,915,870.00)</u>	<u>(26,271,987.00)</u>
					<u>\$0.00</u>	<u>\$0.00</u>
<b>ASSETS</b>	<b><u>2002</u></b>	<b><u>2001</u></b>				
Cash	\$27,016,629	\$41,609,230				
Investments in US government obligations-at cost	34,823,901	8,378,995				
Accounts Receivable	4,884,159	3,741,056				
Inventories	2,004,609	1,861,365				
Notes Receivable	3,547,810	3,627,290				
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>111,862,458</u>	<u>97,187,195</u>				
<b>TOTAL ASSETS</b>	<b><u>\$184,139,566</u></b>	<b><u>\$156,405,131</u></b>				
				Restricted		
			1	101	977,563.00	409,120.00
			3	102	1,973,352.00	1,412,582.00
			7	201	(1,472,305.00)	(1,153,117.00)
			8	202	0.00	0.00
			9	203	(1,396,763.00)	(603,270.00)
			3	205	0.00	0.00
			7	206	0.00	0.00
<b>LIABILITIES AND NET ASSETS</b>						
<b>Liabilities</b>						
Accounts payable	\$1,654,098	\$649,721				
Accrued salaries and other liabilities	558,172	415,609				
Unearned revenues-state and federal grants	1,396,763	603,270				
Deposits	562,044	441,876				

Accrued vacation pay	1,371,072	1,485,757	10	210	(9,469.00)	(9,468.00)
Bonds and notes payable	<u>27,530,755</u>	<u>30,617,544</u>	14	303	<u>(72,378.00)</u>	<u>(55,847.00)</u>
<b>Total Liabilities</b>	<b><u>\$33,072,904</u></b>	<b><u>\$34,213,777</u></b>			<u>0.00</u>	<u>0.00</u>
<b>Net Assets</b>						
Capital	\$84,331,703	\$66,569,651		Loan Funds		
Non-capital				20		
Restricted	38,819,089	29,349,716	1	101	193,193.00	102,173.00
Non-restricted	<u>27,915,870</u>	<u>26,271,987</u>	5	102	3,547,810.00	3,627,290.00
<b>Total Net Assets</b>	<b><u>\$151,066,662</u></b>	<b><u>\$122,191,354</u></b>	7	201	(12,468.00)	(3,542.00)
			3	205	0.00	0.00
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$184,139,566</u></b>	<b><u>\$156,405,131</u></b>	14	302	<u>(3,728,535.00)</u>	<u>(3,725,921.00)</u>
					<u>0.00</u>	<u>0.00</u>

**ANALYSIS OF NON-RESTRICTED FUND BALANCE**

				21		
			1	101	0.00	0.00
<b>Allocations</b>			3	102	0.00	0.00
<b>Working Capital</b>			7	201	0.00	0.00
Accounts Receivable	\$1,719,511	\$1,324,666	14	302	0.00	0.00
Inventories	2,004,609	1,861,365				
Cashier's Operating Funds	107,000	105,000				
Budgeted Fund Balance-Capital Projects	5,545,355	4,849,207				
Budgeted Fund Balance-Non-capital Projects	<u>4,267,447</u>	<u>2,620,115</u>		Endowment		

<b>Total Working Capital</b>	<b><u>\$13,643,922</u></b>	<b><u>\$10,760,353</u></b>		30		
<b>Funded Reserves</b>	<b><u>\$1,394,900</u></b>	<b><u>\$1,648,200</u></b>	1	101	28,834.00	28,065.00
<b>Total Allocated Fund Balance</b>	<b><u>\$15,038,822</u></b>	<b><u>\$12,408,553</u></b>	2	102	703.00	703.00
<b>Unallocated Fund Balance</b>	<b><u>12,877,048</u></b>	<b><u>13,863,434</u></b>	14	301	<u>(29,537.00)</u>	<u>(28,768.00)</u>
<b>Total Unrestricted Fund Balance</b>	<b><u>\$27,915,870</u></b>	<b><u>\$26,271,987</u></b>			<u>0.00</u>	<u>0.00</u>

See Attached Notes To Statements of Net Assets

				31		
			1	101	3,874.00	2,335.00
			2	102	28,100.00	28,100.00
			14	301	<u>(31,974.00)</u>	<u>(30,435.00)</u>
					<u>0.00</u>	<u>0.00</u>

				33		
			1	101	0.00	0.00
			2	102	8,976,184.00	3,214,508.00
			14	301	<u>(8,976,184.00)</u>	<u>(3,214,508.00)</u>
					<u>0.00</u>	<u>0.00</u>

				35		
			1	101	0.00	0.00
			2	102	191,581.00	197,283.00
			14	301	<u>(191,581.00)</u>	<u>(197,283.00)</u>

0.00                      0.00

Plant  
Funds

40

1	101	1,588,628.00	17,245,230.00
2	102	16,274,380.00	0.00
7	201	(1,670,830.00)	(351,257.00)
14	304	<u>(16,192,178.00)</u>	<u>(16,893,973.00)</u>

0.00                      0.00

41

1	101	229,132.00	146,919.00
2	102	0.00	0.00
14	304	<u>(229,132.00)</u>	<u>(146,919.00)</u>

0.00                      0.00

42

1	101	16,995.00	120,019.00
2	102	9,352,953.00	4,938,401.00
7	201	(2,358.00)	(2,358.00)
14	304	<u>(9,367,590.00)</u>	<u>(5,056,062.00)</u>

0.00                      0.00

43

2	102	0.00	0.00
6	109	111,862,458.00	97,187,195.00
2	205	0.00	0.00
12	208	(27,530,755.00)	(30,617,544.00)
13	304	<u>(84,331,703.00)</u>	<u>(66,569,651.00)</u>
		<u>0.00</u>	<u>0.00</u>

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

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



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

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

**EXPENDITURES AND TRANSFERS BY DIVISION**

**Educational & General**

President & Administration	\$ 674,801	\$ 488,356	72.37%	\$ 1,406,431	\$ 974,657	69.30%
University Relations	1,969,983	1,384,718	70.29%	1,424,908	969,195	68.02%
Development	922,200	483,248	52.40%	0	0	
Administration & Fiscal Services	12,008,914	9,823,565	81.80%	10,646,084	8,462,635	79.49%
Student Life	11,844,407	10,393,308	87.75%	10,913,221	9,453,460	86.62%
Academic Affairs	40,306,469	26,798,315	66.49%	36,730,977	23,755,645	64.67%
Other	10,425,685	5,095,212	48.87%	10,267,991	6,032,768	58.75%
<b>Total Educational &amp; General</b>	<b><u>\$78,152,459</u></b>	<b><u>\$54,466,722</u></b>	<b><u>69.69%</u></b>	<b><u>\$71,389,612</u></b>	<b><u>\$49,648,360</u></b>	<b><u>69.55%</u></b>

**Auxiliary Enterprises**

Housing	\$ 9,371,164	\$ 4,203,116	44.85%	\$ 8,191,986	\$ 3,904,170	47.66%
University Store	2,850,609	2,986,751	104.78%	2,643,266	2,758,629	104.36%
Food Services	420,276	310,334	73.84%	433,682	286,973	66.17%
Other	448,969	316,448	70.48%	421,555	270,854	64.25%
<b>Total Auxiliary Enterprises</b>	<b><u>\$13,091,018</u></b>	<b><u>\$ 7,816,649</u></b>	<b><u>59.71%</u></b>	<b><u>\$11,690,489</u></b>	<b><u>\$ 7,220,626</u></b>	<b><u>61.76%</u></b>

**TOTAL EXPENDITURES AND  
TRANSFERS BY DIVISION**

	<b><u>\$91,243,477</u></b>	<b><u>\$62,283,371</u></b>	<b><u>68.26%</u></b>	<b><u>\$83,080,101</u></b>	<b><u>\$56,868,986</u></b>	<b><u>68.45%</u></b>
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**NET CHANGE IN FUND BALANCE**

		<b><u>\$11,076,488</u></b>			<b><u>\$11,797,671</u></b>	
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**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period January 1, 2002 to March 31, 2002**

<b>Description</b>	<b>Opening Budget</b>	<b>Amended Budget As Of 1/1/02</b>	<b>Adjustments</b>	<b>Amended Budget As Of 3/31/02</b>
<b>Revenues and Other Additions</b>				
Tuition and Fees	\$24,013,500	\$24,516,815	\$ 882,270	\$25,399,085
Government Appropriations	41,420,900	42,717,448	(774,249)	41,943,199
Government Grants & Contracts	50,000	50,000	-	50,000
Indirect Cost Reimbursement	346,000	346,000	-	346,000
Sales and Services of Ed. Activities	1,063,000	1,165,888	57,258	1,223,146
Other Sources	1,408,200	1,510,120	77,955	1,588,075
Budgeted Fund Balance - E&G	6,702,100	8,013,287	77,435	8,090,722
Auxiliary Enterprises	10,723,300	10,736,300	-	10,736,300
Budgeted Fund Balance - AUX	1,670,000	1,866,950	-	1,866,950
<b>Total Revenues and Other Additions</b>	<b><u>\$87,397,000</u></b>	<b><u>\$90,922,808</u></b>	<b><u>\$ 320,669</u></b>	<b><u>\$91,243,477</u></b>
<b>Expenditure Authorizations by Division</b>				
<b>Educational &amp; General</b>				
President & Administration	\$ 679,207	\$ 759,270	\$ (84,469)	\$ 674,801
University Relations	1,673,182	1,940,735	29,248	1,969,983
Development	728,041	834,743	87,457	922,200
Administration & Fiscal Services	11,093,427	11,891,472	117,442	12,008,914
Student Life	11,669,470	11,725,305	119,102	11,844,407
Academic Affairs	38,293,534	40,227,492	78,977	40,306,469
Debt Service & Mandatory Transfers	2,326,666	2,331,574	158,850	2,490,424
Other	8,262,742	8,148,123	(212,862)	7,935,261

<b>Total Educational &amp; General</b>	<b><u>\$74,726,269</u></b>	<b><u>\$77,858,714</u></b>	<b><u>\$ 293,745</u></b>	<b><u>\$78,152,459</u></b>
<b>Auxiliary Enterprises</b>				
Administration & Fiscal Services	\$ 7,310,711	\$ 7,322,809	\$ 9,462	\$ 7,332,271
Student Life	750,256	926,536	178	926,714
Debt Service	2,639,764	2,639,764	-	2,639,764
Other	<u>1,970,000</u>	<u>2,174,985</u>	<u>17,284</u>	<u>2,192,269</u>
<b>Total Auxiliary Enterprises</b>	<b><u>\$12,670,731</u></b>	<b><u>\$13,064,094</u></b>	<b><u>\$ 26,924</u></b>	<b><u>\$13,091,018</u></b>
<b>Total Expenditure Authorizations</b>	<b><u><u>\$87,397,000</u></u></b>	<b><u><u>\$90,922,808</u></u></b>	<b><u><u>\$ 320,669</u></u></b>	<b><u><u>\$91,243,477</u></u></b>

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

**Tuition and Fees**

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

**Government Appropriations**

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

**Sales and Services of Educational Activities**

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

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

**Other Sources**

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

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

### **Budgeted Fund Balance – E&G**

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

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

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

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

Project V - 2003	<u>3,000,000</u>		Scheduled
	\$ 6,360,000		
2000-02 Capital Renewal and Maintenance Pool			
(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Life Safety - E&G	\$ 200,000		In Progress
1990 Clean Air Act Compliance - E&G			
Claypool-Young Chiller Replacement	135,000	August, 2000	Completed
Ginger Hall, Reed Hall, Laughlin Chiller Replacement	566,000		In Progress
Roof Replacement - Button, Rice Maint. Bldg., Claypool-Young, Combs	397,000	October, 2001	Completed
Roof Replacement - Baird	150,000		In Design
Mechanical Systems Replacements	556,800		In Progress
Mechanical Systems/HVAC	350,000		In Design
Ceiling Tile Replacement (Rader & Laughlin)	88,400	October, 2001	Completed
Window Replacement (Rader)	107,000	September, 2001	Completed
Gas Fired Boiler Installation	399,000		In Progress
Central Campus Reconstruction	<u>300,800</u>		In Progress
	\$ 3,250,000		
Residence Hall Repairs (ME, CO, WI, AT)	\$ 300,000	October, 2001	Completed



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

<b>From:</b>	<b>To:</b>	
	<b>Division/</b>	
<b>Revenue and Other Additions</b>	<b>Budget Unit</b>	<b>Amount</b>

State Appropriations - Operating Tuition and Fees	\$870,400	
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**Description**

In December, 2001, the state imposed a reduction of appropriations for FY 02 in the amount of \$905,510. This included a non-recurring \$101,800 reduction in funding for maintenance and operating costs of new facilities coming on-line, and a 2% non-recurring reduction in incentive funds totaling \$35,110. The incentive fund reduction was covered by interest earnings maintained by CPE and therefore did not directly affect our FY 02 operating budget. Thus, the net reduction to our FY 02 state appropriation is \$870,400.

**APPROVE REAPPOINTMENT  
OF AUDITING FIRM**

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

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**Background:**

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

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

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

**Recommendation:**

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

**APPROVE MINIMUM SCOPE  
OF THE ANNUAL AUDIT**

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

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**Background:**

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

The Associate Vice President for Fiscal Services, the Director of Accounting and Budgetary Control and the Director of Internal Audits have outlined the scope of the audit that will comply with all local, state, and federal audit requirements. A summary of the audit scope is attached.

**Recommendation:**

That based on the recommendation of the Audit Committee, the Board approve the minimum scope of the University's audit for the year ending June 30, 2002.

# **APPROVE 2002-2003 OPERATING BUDGET AND FEE SCHEDULE**

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

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## **Background:**

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

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

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

## **Analysis – Operating Budget:**

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

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

## Enrollment and Housing Projections

	Fall 2001 (Budgeted)	Fall 2002 (Budgeted)
Undergraduate Headcount	6,900	7,075
Graduate Headcount	<u>1,700</u>	<u>1,797</u>
	8,600	8,872

Occupancy in the residence halls is projected at 3,053 students.

## New Budget Increases 5.4%

The proposed \$92,133,200 Operating Budget reflects an increase of \$4,736,200 or 5.4 percent, from the 2001/2002 opening budget. New funds available in the proposed budget to address the reduction in state appropriations (operating) and to support new budget initiatives are generated from enrollment growth, increased student tuition and fees, increased housing rates, and the internal reallocation of funds as summarized below:

Tuition and Mandatory Fees	\$2,977,672
Residence Halls	\$ 535,488
State Appropriations (Operating)	\$ (768,600)
Endowment Income	\$ 101,814
Reallocated Operating	\$1,513,198

### Tuition and Mandatory Fees:

New revenue from tuition and fees is based on the Board approved 8 percent increase in the rates for 2002/2003 and enrollment growth. Changes in tuition rates are discussed in detail in the **Fee Schedule** section of this report.

### Housing:

The proposed Operating Budget funds Phase 4 of the Fire Safety project in the residence halls and increases the housing depreciation fund developed to support the continued upgrade and improvement of residence hall facilities and furnishings.

### State Appropriations (Operating):

The proposed Operating Budget reflects a decrease of \$768,600 (2%) in state operating appropriations. Included in the 2002/2003 state operating appropriations is \$1,825,800 allocated from the Action Agenda, Enrollment Growth and Retention and Faculty Development Trust Funds established by the Council on Postsecondary Education in 2001/2002.

**Endowment Income:**

Endowment income totaling \$289,937 is available in 2002/2003 from various academic state matched endowment funds. This is the second year the institution has included endowment income in the opening budget. The amount budgeted is \$101,814 which represents a 99.6 percent increase in total endowment income. Some endowment administrators have elected to allow their funds to remain in the endowment fund to grow and support future initiatives. The budgeted endowment income will enhance existing academic budgets in accordance with the respective endowment purposes. The budgeted amounts will continue to grow with the endowments.

**Reallocated Operating Resources:**

An internal budget reduction generated additional funding to help support the priority initiatives identified in the proposed 2002/2003 Operating Budget. The following details the operating reductions implemented from each division.

<b>Division</b>	<b>Reduction Amount</b>
Office of the President / Development	\$ 162,639
Academic Affairs (1.4%)	\$ 637,000
IRAPP (2.1%)	\$ 36,069
Administration & Fiscal Services (2.1%)	\$ 380,203
Student Life (2.1%)	\$ 261,877
University Relations (2.1%)	<u>\$ 35,410</u>
Total Reallocation	<b>\$1,513,198</b>

**Budgeted Fund Balance:**

The institution will again rely on its year-end reserves to support various capital and operating initiatives primarily of a non-recurring nature. However, it is recognized that a strategy to reduce the growing reliance on unrestricted fund balance allocations that support recurring expenses will need to be developed for 2003/2004 through reallocation of existing funds, additional external funding and/or a greater reliance on tuition and fee revenue.

Non-Capital Fund Balance Allocations		
2001/2002 Projects (Carry Forward)	\$1,817,722	
2002/2003 Projects	<u>\$1,629,294</u>	
		\$3,447,016
Capital Fund Balance Allocations		
2001/2002 Projects (Carry Forward)	\$2,385,022	
2002/2003 Projects	<u>\$2,314,300</u>	
		<u>\$4,699,322</u>
Total Budgeted Fund Balance		<b>\$ 8,146,338</b>

### **Strategic Budget Initiatives:**

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

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

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

### **Fee Schedule:**

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

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

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

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

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

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

### **Housing:**

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

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

### **Tuition, Student Activity Fee and Residence Hall Rates:**

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



## **Analysis – Faculty and Staff Compensation:**

### **Salary Pool:**

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

#### **Faculty and Librarians**

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

#### **Exempt and Non-Exempt Staff**

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

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

### **Notification and Reporting:**

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

## Medical Insurance:

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

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

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

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

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

**Recommendation:**

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

## **APPROVE DISPOSAL OF REAL PROPERTY**

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

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

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

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

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

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

### **Statutory Authority**

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

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

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

### **Description of Property**

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

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

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

### **Administrative Procedure**

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

**ORDER TO DISPOSE OF PROPERTY**

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

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

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

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

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

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

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

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

**RECOMMENDED:**

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

\_\_\_\_\_  
Date

**APPROVAL:**

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

\_\_\_\_\_  
Date

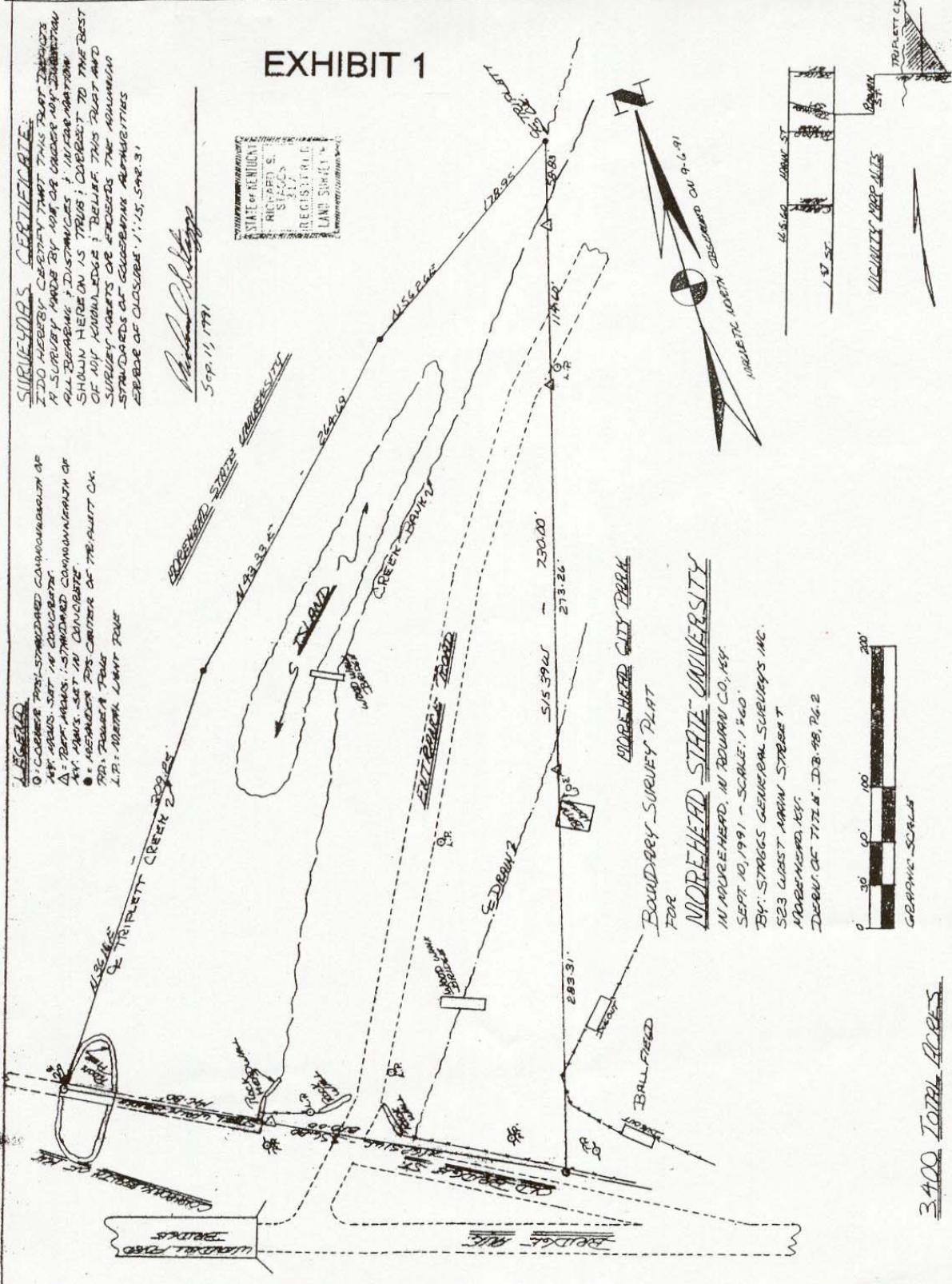
# EXHIBIT 1

**SURVEYORS CERTIFICATE**  
 I DO HEREBY CERTIFY THAT THIS PLAT INCORPORATES ALL SURVEY MONUMENTS BY ME OR UNDER MY SUPERVISION AND THAT ALL DISTANCES AND BEARINGS SHOWN HEREON AS TRUE; CORRECT TO THE BEST OF MY KNOWLEDGE; BELIEVE THIS PLAT AND SURVEY MONUMENTS OR EXCEEDS THE HIGHEST STANDARDS OF CLOSURE. 1/15, 548.31

*Richard D. Stagg*  
 Sep. 11, 1991

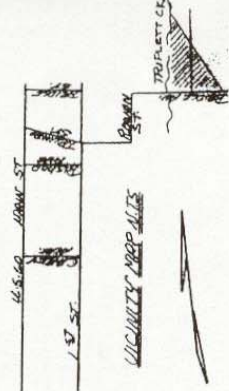


**LEGEND**  
 O: CORNER PER STANDARD CONFORMANCE OF A.S. SURVEY SET BY SURVEYOR  
 Δ: TRIPLET MARKS; STANDARD CONFORMANCE OF A.S. SURVEY SET BY SURVEYOR  
 ●: MONUMENT PER CENTER OF TRIANGLE OR QUADRANGLE  
 L.P.: METAL LAMP PILE



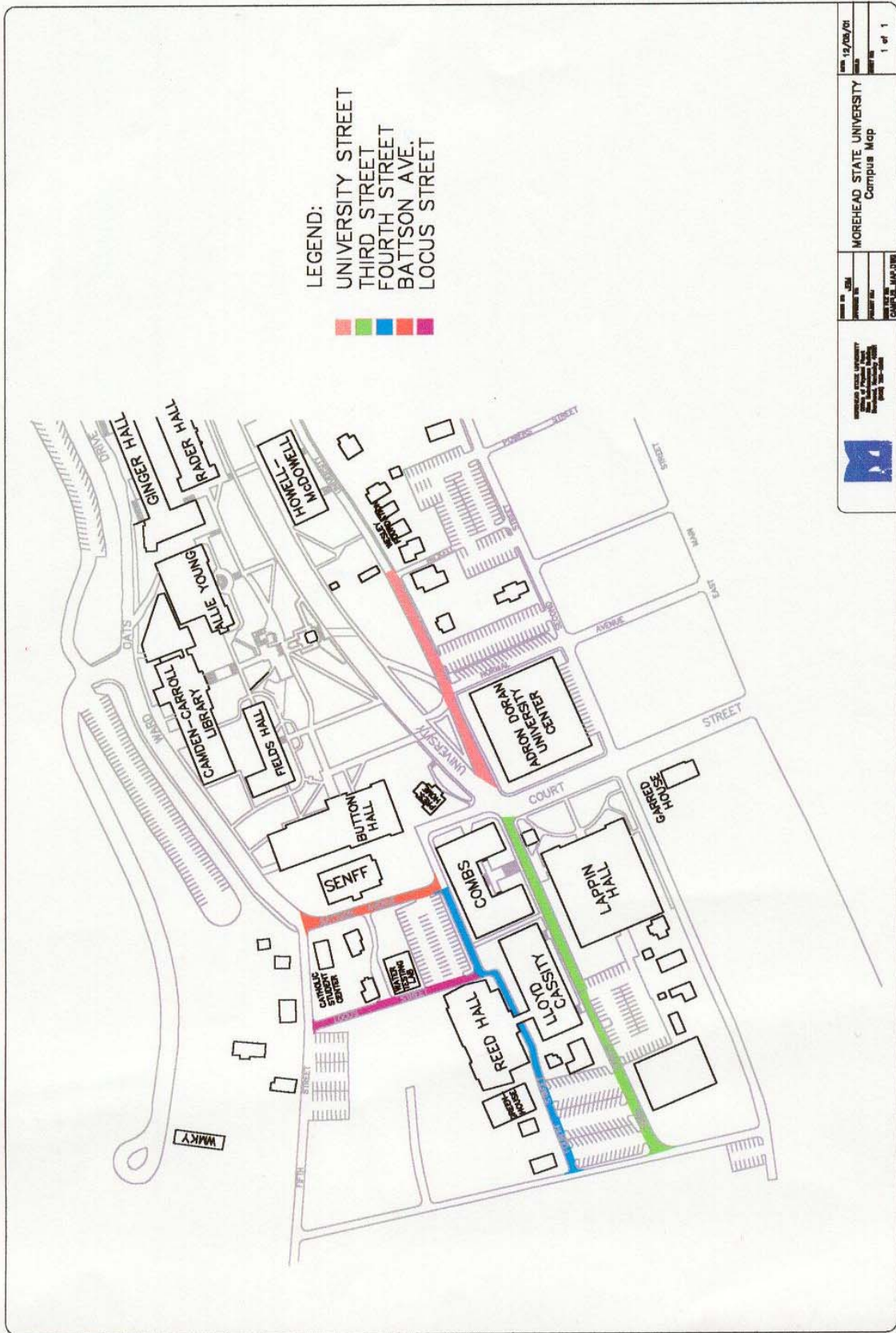
FOR  
**MOREHEAD STATE UNIVERSITY**  
 IN MOREHEAD, IN BOYD COUNTY, KY.  
 SEPT. 10, 1991 - SCALE: 1" = 60'  
 BY: STAGGS GEODESIC SURVEYS, INC.  
 523 WEST MAIN STREET  
 MOREHEAD, KY.  
 DRAWING TITLE: D.B. 48, P. 2

3400 TOTAL ACRES



# MOREHEAD / CITY STREETS

## EXHIBIT 2





**Background:**

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

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

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

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

**2002 Plan Update:**

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

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

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

### **SUMMARY OF SIGNIFICANT PLAN ADJUSTMENTS AND RESTATED OBJECTIVES**

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

### **IMPLEMENTATION**

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

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

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

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

**Recommendation:**

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

**Introduction**

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

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

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

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

## MASTER PLAN GOALS AND DESIGN OBJECTIVES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## PROJECTED ENROLLMENT AND STAFFING

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

### Enrollment Fall 2001

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

### Projected Fall 2006 Enrollment\*

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

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

**Staff\***

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

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

878 - 927

**Faculty\***

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

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

490 – 518

**Total Faculty and Staff**

**1,368 – 1,445**

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

## HOUSING ANALYSIS

### **Single Student Residential Housing**

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

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

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

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

### **Family Housing**

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



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

### **Greek, Group or Other Institutional Need Facilities**

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

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

### **Campus Ministries**

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

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

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

## **EXTENDED CAMPUS CENTERS**

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

### **MSU at Ashland**

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

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

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

### **MSU at West Liberty**

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

### **MSU at Prestonsburg**

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

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

### **MSU at Jackson**

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

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

## **OTHER UNIVERSITY LAND AND FACILITIES**

### **Derrickson Agricultural Complex**

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

### **Sunnybrook Golf Course**

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

### **Support Services Complex**

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

### **Kentucky Folk Art Center (KFAC)**

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

### **Kentucky Center for Traditional Music**

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

### **Moonlight School**

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

## **NEW ACADEMIC/ADMINISTRATIVE SPACE**

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

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

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

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

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

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

## **PARKING & TRAFFIC PATTERNS**

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

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

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

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

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

### LEGEND

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

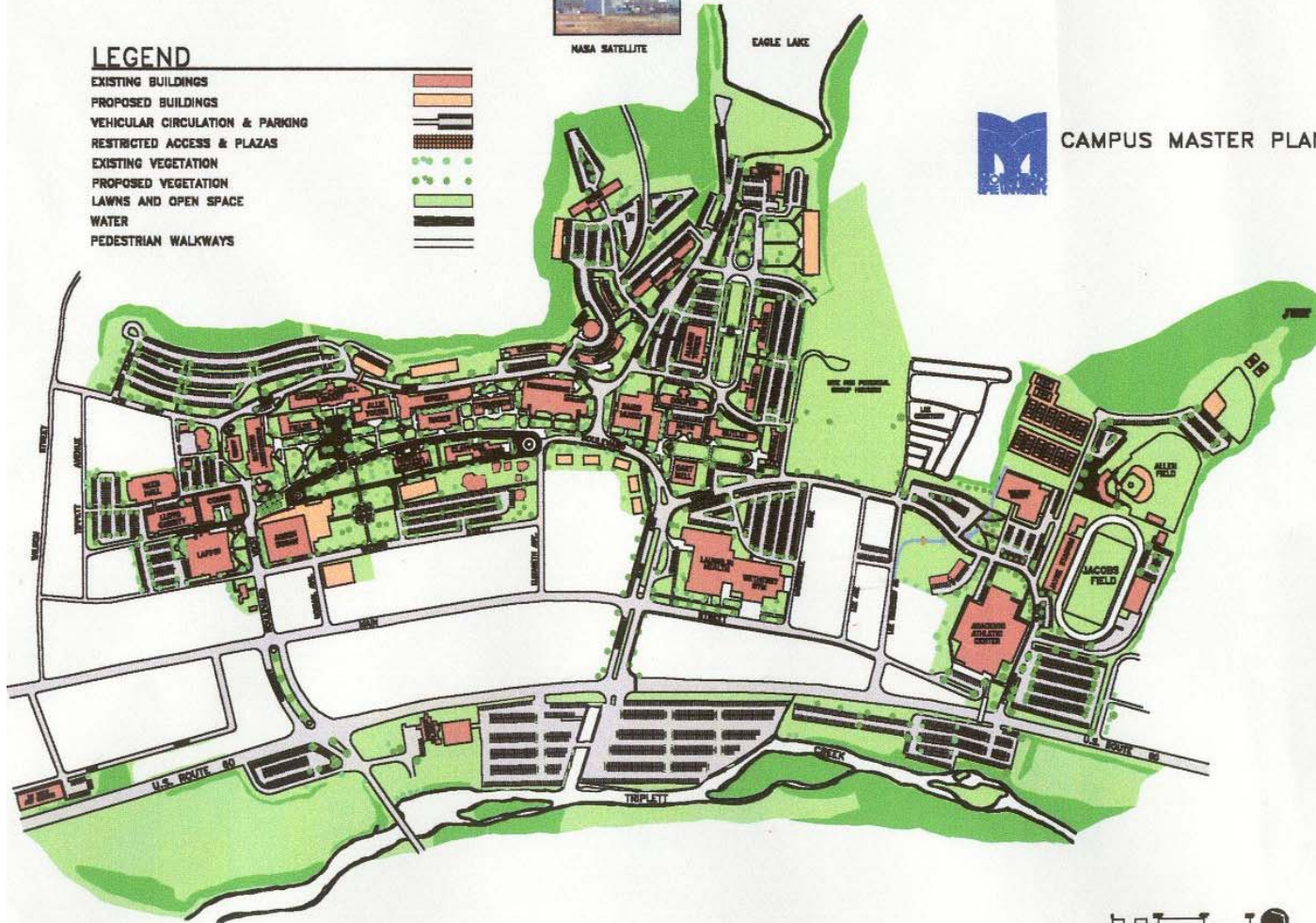


NASA SATELLITE

EAGLE LAKE



### CAMPUS MASTER PLAN



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

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

**Background:**

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

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

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

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

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

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



**Recommendation:**

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

**STATEMENT OF INTENT**

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

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

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

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

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

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

ARTICLES OF INCORPORATION  
OF  
KENTUCKY CENTER FOR TRADITIONAL MUSIC, INC

ARTICLE ONE

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

ARTICLE TWO

The period of duration of the corporation shall be perpetual.

ARTICLE THREE

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

ARTICLE FOUR

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

ARTICLE FIVE

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

ARTICLE SIX

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

ARTICLE SEVEN

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

<b>INCORPORATOR</b>	<b>ADDRESS</b>
Garry Barker	Morehead State University, Morehead, KY 40351
Ronald G. Eaglin	Morehead State University, Morehead, KY 403 51
Jami Hornbuckle	Morehead State University, Morehead, KY 40351
Keith R. Kappes	Morehead State University, Morehead, KY 40351

#### **ARTICLE EIGHT**

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

<b>DIRECTOR</b>	<b>ADDRESS</b>
Bradley Collins	Morehead City Hall, Morehead, KY 40351
Ronald G. Eaglin	Morehead State University, Morehead, KY 403 51
Georgia Grigsby	Kentucky Folk Art Center, Morehead, KY 40351
Juanita Faye King	Stanton Elementary School, Stanton, KY 40380
Sandy Knipp	Morehead State University, Morehead, KY 40351
Donald G. Rigsby	HC 75, Box 2045, Isonville, KY41149
Sheree Winkler	Morehead Tourism Commission, Morehead, KY 40351

#### **ARTICLE NINE**

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

**REGISTERED AGENT:**

**C. GERALD MARTIN**

**THESE ARTICLES PREPARED BY:**

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

**Bylaws of Kentucky Center for Traditional Music, Inc.  
Article I**

**Members**

**Section 1. The Corporation shall have two (2) classes of members. Director members and Contributing members. Director members shall be those individuals who compose the Board of Directors of the Kentucky Center for Traditional Music, Inc. Director members shall have the right to vote. Contributing members shall consist of(1) those volunteers who have given the Corporation services of such nature and extent as may be denned by resolution of the Board of Directors, which resolution may also provide for maintaining and updating a list of such other volunteers, and (2) any individual who, on an annual basis, has contributed at least \$100 or other**

such other amount as may be approved by resolution of the Board. Contributing members shall have no voting rights. The Corporation may have additional classes of members, as may be determined by the Board of Directors.

## Article II

### Board of Directors

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

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

call of the Chair or the Secretary or upon the call of a majority of the members of the Board.

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

### Article III

#### Committees

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

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

#### Article IV

##### Officers

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

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

##### Article V

##### Seal

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

##### Article VI

##### Checks, Notes, and Drafts

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

## Article VII

### Miscellaneous

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

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

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

Section 4. Unless otherwise required by statute, every director, officer and other volunteer of the Corporation shall be indemnified by the Corporation against costs incurred by reason of his or her civil liability arising from his or her participation in the activities of the Corporation and its related and subsidiary activities, including all reasonable expenses of the defense against or the settlement of claims of such liability, except to the extent that any policy of insurance of the Corporation or of such volunteer shall provide payment for such costs, and except to the extent that a final judgment may be entered against such volunteer based upon a judicial determination that such volunteer intentionally and wrongfully inflicted the damages for which such volunteer is held liable. The reasonable expenses of the defense of a volunteer against a claim of civil



liability may be advanced by the Corporation. In addition, the Corporation (a) may indemnify volunteers against the costs of legal defense against criminal charges arising from the volunteer's participation in the activities of the Corporation and its related and subsidiary activities, but only to the extent not paid under any policy of insurance and only upon a dismissal of such charges without a finding of the volunteer's criminal responsibility therefore, and (b) may indemnify volunteers against legal expenses in investigatory or administrative proceedings arising from the volunteer's participation in the activities of the Corporation and its related and subsidiary activities, but only to the extent not paid under any policy of insurance.

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

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

Adopted June 19,2001.

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Chair, Board of Directors

ATTEST:

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Secretary-Treasurer

**ENDOWMENT MATCH  
PROGRAM SUBMISSION**

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

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**Background:**

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

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

**Recommendation:**

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

June 1, 2002

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

Dear Dr. Moore:

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

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

Sincerely,

Buckner Hinkle, Chair  
MSU Board of Regents

**HEAD-COUNT ENROLLMENT**

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

**FULL-TIME EQUIVALENCY**

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

**CREDIT-HOUR PRODUCTION**

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

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

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

**Gift Income Comparison  
July - March '99, '00, '01**

<b>Fund/Type</b>	<b>July 1999 – March 2000</b>	<b>July 2000 – March 2001</b>	<b>July 2001 - March 2002</b>
Unrestricted	\$ 71,622.50	\$ 75,458.79	\$ 69,907.56
Colleges, Departments, and Other Units	\$ 173,101.67	\$ 198,831.51	\$ 267,547.86
Eagle Athletic Fund	\$ 133,904.17	\$ 111,048.19	\$ 113,544.78
Scholarships (unendowed)	\$ 95,702.50	\$ 123,268.91	\$ 128,130.34
Endowments	\$ 1,306,733.33	\$ 728,608.37	\$ 575,478.37
Gifts-in-kind	\$ 280,205.83	\$ 194,829.44	\$ 324,182.15
Total Gifts	\$ 2,061,270.00	\$ 1,432,045.21	\$ 1,478,791.06

## **WMKY RADIO EVOLVING TO MOREHEAD STATE PUBLIC RADIO**

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

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

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

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

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

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

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

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

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

**RATIFICATION OF REVISED OPERATING  
AGREEMENT WITH FRIENDS OF  
KENTUCKY FOLK ART CENTER, INC.**

**BOR (V-A-15)  
June 6, 2003**

**Background:**

1. Under provisions of state law, Kentucky Folk Art Center, Inc., now known as Friends of the Kentucky Folk Art Center, Inc. (FKFAC), was declared an affiliated corporation of Morehead State University by the Board of Regents on September 18, 1998. As such, the Board of Regents of the University must approve agreements between the University and the corporation.

2. The FKFAC Board of Directors met on March 21, 2003, and amended the corporation's articles of incorporation to change the legal name of the corporation to Friends of the Kentucky Folk Art Center, Inc.

3. The existing operating agreement between the two entities was revised, effective June 1, to reflect the new name of the corporation. A copy of the revised agreement is attached.

**Recommendation:**

That the Board of Regents ratify the revised operating agreement between the University and the Board of Directors of Friends of the Kentucky Folk Art Center, Inc., as presented herein.

**REVISED MEMORANDUM OF UNDERSTANDING  
BETWEEN  
MOREHEAD STATE UNIVERSITY  
AND  
FRIENDS OF KENTUCKY FOLK ART CENTER, INC.**

Morehead State University (University) and Friends of Kentucky Folk Art Center, Inc. (FKFAC) hereby agree to the following revised memorandum of understanding reflecting the affiliated foundation status of FKFAC as per KRS Chapter 164A, adopted Sept. 11, 1998, by the FKFAC Board of Directors and submitted to the Kentucky General Assembly's Administrative Regulation Review Subcommittee for adoption of the required Kentucky Administrative Regulation to authorize MSU to operate an affiliated corporation.

**KFAC Directors**

The election of FKFAC Directors will be ratified by the MSU Board of Regents.

**Facility Support**

The University shall provide space for FKFAC and shall provide utilities, repairs, insurance, maintenance, security, and custodial services.

**Permanent Collection**

FKFAC shall serve as steward of the Folk Art Collection (Collection) owned by the University. FKFAC will provide storage, conservation, registration and cataloguing services for the Collection. FKFAC may also exhibit the Collection and conduct educational programming relating to the Collection. Individual pieces of the Collection may be deaccessioned when agreed upon by both parties, by following approved policies and procedures. Appraisals for the purpose of obtaining insurance and the insurance for the Collection shall be provided by the University.

**Personnel**

The University shall maintain, on its payroll, a Director and other professional and support personnel to manage and operate the FKFAC. The employees assigned to FKFAC will be subject to University personnel and operating policies and regulations.

The Director of the Kentucky Folk Art Center shall serve as liaison to the FKFAC Board of Directors but shall report to the University's Vice President for University Relations. The Board of Directors of FKFAC shall assist in the selection of the Director.

**FKFAC Financial Responsibility**

As an affiliate agency of Morehead State University, FKFAC will abide by all University regulations regarding purchases, expenditures, and record keeping, and provide quarterly financial statements of operations. The Museum Store sales and purchases, admissions, donations, grants, sponsorships, memberships, and other program and operating income and expenses will be administered through the University. In addition, the University and FKFAC shall comply with the annual audit and externally funded reimbursement provisions of KRS 164A.610(1) and (3).



**Other Support Services**

FKFAC may purchase goods from the University and utilize support services including but not limited to, printing services, telecommunications, vehicle leasing, postage, computer purchases, and other purchases made through University price contracts or bidding processes. FKFAC will reimburse the University, as appropriate, for the cost of the goods and services.

**Record Review**

FKFAC and the University agree that access to all FKFAC personnel and financial records will be available to any authorized party designated by the University's Vice President for University Relations during the life of this agreement. Monthly activity and quarterly financial reports shall be provided by K FAC to individuals designated by the University.

**Fund Raising and Gifts Management**

FKFAC will coordinate its fundraising activities with the University's Office of Development and will make reasonable efforts to solicit contributions only from donors mutually agreeable to the University and the FKFAC. Gifts to the FKFAC will be forwarded to the MSU Foundation, Inc., to be acknowledged, recorded and deposited for use by FKFAC in consultation with the University.

**Duration of Agreement**

This revised agreement shall be effective as of June 1, 2003, and shall remain in effect until such time as it is mutually amended or terminated by the University.

**IN WITNESS WHEREOF**, we have hereunto affixed our signatures this \_\_\_day of \_\_\_\_\_, 2003.

**For Morehead State University**

**For Friends of Kentucky Folk Art Center, Inc.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

**For Morehead State University Foundation, Inc.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

**APPROVE MINIMUM SCOPE  
OF THE ANNUAL AUDIT**

**BOR (V-A-9)  
June 6, 2003**

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**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 Budgetary Control and the Director of Internal Audits have outlined the scope of the audit that will comply with all local, state, and federal audit requirements. A summary of the audit scope is attached.

**Recommendation:**

That based on the recommendation of the Audit Committee, the Board approve the minimum scope of the University's audit for the year ending June 30, 2003.

# **MOREHEAD STATE UNIVERSITY**

## **MINIMUM SCOPE OF THE ANNUAL AUDIT**

### **FOR THE YEAR ENDING JUNE 30, 2003**

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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, 2003. 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, 2003 and the results of its operations for the fiscal year then ended. The audit will be performed in accordance with audit standards generally accepted in the United States of America; the standards for financial and compliance audits contained in *Government Auditing Standards* (GAGAS), issued by the United States General Accounting Office; the Single Audit Act Amendments of 1996; and the provisions of Office of Management and Budgets (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The report will also include an independent auditor's report on supplemental information covering those supplemental schedules suggested to be reported on by the AICPA Audit Guide *Audits of Colleges and Universities*.

#### **Federal Awards Programs**

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

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

#### **Intercollegiate Athletics Department:**

The Firm will perform certain agreed-upon procedures and issue a separate report covering the limited examination of the Intercollegiate Athletics Department and its related booster organization, for the year ending June 30, 2003. These procedures will be performed in accordance with the *NCAA Financial Audit Guidelines*, dated April 1989, or any subsequent revisions.

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

The Firm will issue its independent auditor's report on the financial statements of WMKY for the year ending June 30, 2003. The audit will be performed in accordance with generally accepted auditing standards and the *Public Telecommunications Audit Guide and Requirements* as they relate to the CPB Annual Financial Report for the year ending June 30, 2003.

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

The Firm will also issue a separate letter covering its study of MSU's internal accounting controls and administrative control procedures considered relevant to the criteria established by the Commonwealth of Kentucky Finance and Administration Cabinet as set forth in the Cabinet's *Minimum Audit Scope for Compliance*, dated August, 1983, or any subsequent revisions.

**Kentucky Folk Art Center, Inc:**

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

**Management Letter:**

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

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

**Closing Package:**

In accordance with the directive from the Commonwealth of Kentucky Auditor of Public Accounts, the Firm will provide a copy of the comprehensive financial statements and management letter to the Auditor of Public Accounts. In addition, a report issued under *Codification of Statements on Auditing Standards* AU 623.11 through 623.17 applicable to the "closing package"

furnished by the University to the Finance and Administration Cabinet will be provided to the Auditor of Public Accounts by October 1, 2003. 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, 2003 from the last day of field work (projected for late September, 2003) to a date to be directed by the Auditor of Public Accounts. The Firm will report the results of these updated procedures in a separate letter, which shall be delivered to the Auditor of Public Accounts no later than the date to be designated.

### **Timing of Reports:**

1. Five copies of the audit report, management letter, and audit of the closing package forms, will be forwarded to the Auditor of Public Accounts no later than October 1, 2003.
2. The report on MSU's financial statements is required to be delivered to the University by October 1, 2003.
3. The Firm will provide to the Auditor of Public Accounts by October 1, 2003, a confirmation of whether Agency Revenue Fund Receipts (per FAC Report 2151) and expenditures and transfers out for the General Fund and Agency Revenue Fund (per FAC Report 2120), were included in populations considered in the June 30, 2003 audit.
4. The Firm will provide a representation letter by October 1, 2003 to the Auditor of Public Accounts stating that the Firm is in compliance with generally accepted auditing standards and *Government Auditing Standards* concerning continuing education requirements, independence and internal quality control system and peer review requirements.
5. The Firm will notify the Auditor of Public Accounts of matters that come to its attention that may have a significant impact on the Commonwealth's financial statements.
6. The Firm will provide to the Auditor of Public Accounts by December 23, 2003 a letter reporting the results of the application of subsequent events audit procedures.

**APPROVE PERSONNEL POLICY PG-58,  
REDUCTION IN FULL-TIME STAFF WORK FORCE  
AND APPROVE REVISION OF PG-3,  
TYPES OF APPOINTMENTS**

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**BOR (V-A-10)  
June 6, 2003**

**Background:**

***PG-58, Reduction in Full-Time Work Force (New Policy)***

It is necessary for any organization to develop a policy for administering reductions in force in a systematic and equitable fashion. Current policies, PSE-6, Layoff and Recall From Layoff (for exempt employees), and PSNE-7 (for non-exempt employees), Layoff and Recall From Layoff, are inconsistent and do not require sufficient justification for making reduction in force decisions.

Instead of effecting substantial revisions of PSE-6 and PSNE-7, a new policy, PG-58 was developed that details reduction in force procedures for all staff members. Current policies PSE-6 and PSNE-7 will be superceded by this policy.

***PG-3, Types of Appointments (Revision)***

PG-3, Types of Appointments, is being revised to bring the University in line with the requirements of the Kentucky Retirement Systems.

Relevant verbiage from PG-1, "Regular" and "Nonregular" University Employment has been incorporated into the revisions of PG-3. Therefore, PG-1 will be superceded by PG-3.

The Faculty Senate and the Staff Congress has been provided the opportunity to review these policy changes and to make comments as desired.

**Recommendation:**

That the Board of Regents approve the creation of PG-58, Reduction in Full-Time Staff Work Force, the revision of PG-3, Types of Appointments, and the elimination of PG-1, "Regular" and "Nonregular" University Employment, PSE-6, Layoff and Recall From Layoff, and PSNE-7, Layoff and Recall From Layoff.

**Policy: PG-58**

***Reduction in Full-Time Staff Work Force***

Approval Date: 06/06/2003

**PURPOSE:** While the University strives to maintain a stable and rewarding work environment, conditions require that it have flexibility for responding to financial exigency, customer demands, and organizational efficiencies. In doing so, it may become necessary on occasion to reorganize, enlarge, or reduce the personnel complement in one or more units. This policy sets forth the procedures to be followed during reduction in force (RIF) strategies and provides for reasonable transition assistance to those employees whose positions are eliminated.

Reductions in force shall be non-punitive and non-discriminatory.

**DEFINITIONS:** A. Reduction in Force (RIF): The temporary or permanent vacating, or the involuntary reduction from full-time to part-time, of an occupied position or positions resulting from an administrative decision deemed appropriate under such situations as a financial exigency, a lack of sufficient work, reorganization, changes in technology or research needs, or other factors.

B. Regular, full-time staff employee: A ~~non-probationary~~ University staff employee who has successfully completed his/her initial probationary period and who is employed for at least 32 hours per week, excluding students employed in positions which require student status as a condition of employment.

**ELIGIBILITY:** This policy applies to all ~~non-probationary~~ full-time staff employees who are separated from the University involuntarily for reasons of reorganization or necessary staff reductions. It does not apply to faculty positions. It does not apply to employees who occupy positions funded by grants and/or contracts and who have accepted offers made explicitly contingent on the continuation of such external funding. It does not apply in the case of resignation, quit without notice, medical necessity, retirement, and involuntary separation resulting from unsatisfactory performance or misconduct.

**PROCEDURES:** In preparing to implement a RIF strategy, a supervisor must notify his or her supervisor, in writing, of their intent to eliminate one or more full-time positions. This notice of intent must include, at a minimum the following:

- 1). A clear statement of the rationale for eliminating or reducing programs, and/or services and the ultimate benefits to be achieved;
- 2). Unit functions and responsibilities must be carefully analyzed to determine which areas, activities, programs, or classifications should be reduced;
- 3). The jobs and functions that will need to be performed after the reductions are made; and

- 4). The qualifications and abilities of current unit employees to perform the remaining functions and whether position reclassifications will be requested.
- 5). Projected duration of the reduction in force.

A complete listing of all full-time personnel within the budgetary unit(s) involved with the RIF must be attached to the written notice of intent. This listing must include the employees' names, gender, age, length of ~~uninterrupted~~ cumulative and continuous full-time service with the university, and protected status, if applicable. After receiving the signed approval of the appropriate vice president or provost, copies of the notice and employee listing must be forwarded to the Office of Human Resources and to the Affirmative Action Officer for final approval.

Once the notice of intent to RIF has been approved at all levels, the supervisor is responsible for insuring the affected employee(s) is/are given a copy of the notice.

ESTABLISHING  
BASIS OF  
THE RIF:

Seniority will be the first basis for reduction in force. As applicable to this policy, seniority is defined as cumulative University service. Unless a written justification, as defined below, is submitted and approved, employees with less seniority will be laid off first.

Seniority shall be the determining factor in staff reduction, except that the appropriate vice president may recommend, in writing to the Director of Human Resources and the Affirmative Action Officer, that a less senior employee be retained over a more senior employee because of demonstrable overriding professional value of the less senior employee to the unit. The basis for such argument may be a particular certification, qualification, academic training, experience, or significantly higher evaluation score.

If two or more staff members have identical lengths of cumulative University service, the supervisor will consider all relevant criteria but will place emphasis upon the following:

- 1). Employee's time in current position;
- 2). Employee performance as demonstrated through the annual performance evaluation system;
- 3). Unique qualification(s) for a particular job; or
- 4). Type of certification/licensing maintained by the employee.

NOTIFICATION:

Each full-time employee subject to the reduction in force shall be notified in writing at least 30 42 calendar days before the effective date of the reduction. The written notice is to be delivered in person by the immediate supervisor. A signature will be obtained evidencing the person's receipt of the notice. A copy of the letter with the receipt signature of the employee will be placed in the employee's personnel file.

If necessary, payment may be made in lieu of the 30 42-day notice.



## BENEFITS:

An employee who is notified of a reduction in force ~~discontinuation~~ will receive full benefits until the actual date of separation. On the date of separation, all benefits will end, except that medical, dental, and prescription drug benefits subscribed to by employee may continue until the end of the current month. If the employee is receiving an education benefit, that benefit terminates at the end of the semester in which the separation occurs.

Human Resources will consult with the separated employee on opportunities to continue benefits through COBRA and other programs offered by benefits vendors. HR will also provide assistance in reviewing other employment opportunities with the University and how to access unemployment benefits.

If between 1 and 25 positions are permanently or temporarily eliminated, each affected employee will be provided employment displacement services by the Office of Career Services and local employment and unemployment offices. These services will include, at a minimum: 1) resume-writing; 2) interviewing skills; 3) assistance with unemployment insurance administration; and 4) information about local employment office procedures.

If more than 25 positions are affected by a RIF decision, the University will secure the services of an outplacement service provider.

TEMPORARY RIF: A layoff not exceeding four months will be considered a temporary RIF. It will be reported as a leave without pay. Unused sick leave accumulation and length of service credit for vacation and sick leave accrual will be retained as of the date of the RIF and reinstated upon return to active service. At the employee's option, all or part of vacation accumulated as of the date of the layoff may be retained and reinstated upon return to active service.

PERMANENT RIF: A layoff that is anticipated to exceed a period of four months will be considered a permanent RIF. The employee will be separated with loss of all University benefits. However, if the staff member is reinstated or re-employed with the University within a period of 12 months following the date of the RIF, upon return to active service, he/she will receive credit for unused sick leave and length of service credit for vacation and sick leave accrual as of the date of separation.

## RECALL FROM RIF LAYOFF:

Employees laid-off by a reduction in force will have first right of refusal to re-occupy the position if the position becomes available ~~on layoff may be recalled to the position from which they were laid-off~~ within 12 months of the date of the RIF. After 12 months of remaining in a laid-off status, recall provisions end.

Recall of an employee in a laid-off status will be accomplished by the Office of Human Resources by both telephone and written notification.

An employee on layoff is responsible for informing the Office of Human Resources of any change in home address or telephone number. An employee who does not return to work within ~~ten~~ fifteen (15) working days after being recalled shall lose reinstatement privileges. The Director of Human Resources may extend the ~~fifteen~~ ~~ten~~ working day timetable if in his/her judgement an extension is in the best interest of the University.

INTERNAL  
APPLICATION  
FOR OTHER  
UNIVERSITY  
JOB OPENINGS:

Employees on layoff shall, upon submission of an application, be considered as internal applicants for any other University job opening, for up to one year from the date of their layoff. It is the responsibility of the laid-off employee to keep abreast of the job openings published in the University's weekly *UPDATE*, posted outside the Human Resources Office, and/or listed on the HR Website, Employment page. Consideration will be given on the basis of the qualifications of the candidate(s) and their length of full-time University service.

GRIEVANCE:

Termination of employment due to a reduction in force is not subject to grievance except an affected employee may grieve the failure of the University to follow the procedures set forth in this policy. Grievance procedures are set forth in PSE-8 and PSNE-9.

Policy: PSE-6

Subject

Layoff and Recall from Layoff

Approval Date: 07/01/85

Revision Date: 02/05/93

SUPERCEDED: 06/06/2003

PURPOSE:

To establish conditions affecting a full-time staff exempt employee when there is a reduction in force because of lack of work or funds, the abolition of a position, or other reasons requiring general reduction of departmental staff.

AUTHORITY FOR  
done and  
THE ELIMINATION  
expected that  
OF A POSITION:

The University retains the right to determine the work to be staffing patterns needed to accomplish that work. It is

when an individual's employment is to be terminated for lack of work or funds or other reduction in the operating staff, employees will be provided two weeks' advance notice unless the layoff is due to an emergency. If necessary, payment may be made in lieu of the two-week advance notice.

TEMPORARY  
LAYOFF:

A layoff not exceeding four months will be classified as a temporary reduction in force. It will be reported as a leave without pay. Unused sick leave accumulation and length of service credit for vacation and sick leave eligibility will be retained as of the date of the reduction in force and reinstated upon return to active service. At the staff member's option, all or part of vacation accumulated as of the date of the layoff may be retained and reinstated upon return to active service.

PERMANENT  
LAYOFF:

A layoff that is anticipated to exceed a period of four months will be considered a permanent reduction of force. The staff member will be separated with loss of all University benefits. However, if the staff member is reinstated or re-employed within a period of 12 months following the date of the reduction in force, upon return to active service, he/she will receive credit for unused sick leave and length of service credit for vacation and sick leave eligibility as of the date of separation.

DATE OF LAYOFF:

The effective date of the layoff shall be the last day the employee is actively at work.

RECALL FROM  
LAYOFF:

Employees on layoff may be recalled to the position they were laid-off from within 12 months of the date of layoff. After 12 months of remaining in a laid-off status, recall provisions end.

Recall of an employee in a laid-off status will be accomplished by the Office of Personnel Services by both telephonic and written notification.

An employee on layoff is responsible for informing the Office of Personnel Services of any change in home address or telephone number. An employee who does not return to work within ten working days after being recalled shall have his/her employment terminated. The Director of Personnel Services may extend the ten working day timetable if in his/her judgement an extension is in the best interest of the University.

INTERNAL  
APPLICATION FOR  
OTHER UNIVERSITY  
JOB OPENINGS:

Employees on layoff shall, upon submission of an application, be considered as internal applicants for any other University job opening, for up to one year from the date of their layoff. It is the responsibility of the laid off employee(s) to keep abreast of job openings which will be published in the University's weekly UPDATE and posted outside the Personnel Office. Consideration will be given on the basis of the qualifications of the candidate(s) and their length of full-time University service.

RETURN TO  
EMPLOYMENT:

If the staff member returns to regular full-time employment with the University within 12 calendar months following the date of termination, unused sick leave and length of service credit for vacation and sick leave shall be reinstated as in effect as of the date of termination of employment.

Policy: PSNE-7

Subject

Layoff and Recall from Layoff

Approval Date: 07/01/85

Revision Date: 02/05/93

**SUPERCEDED: 06/06/2003**

**PURPOSE:**

To establish conditions affecting a full-time staff nonexempt employee when there is a reduction in force because of lack of work or funds, the abolition of a position, or other reasons requiring general reduction of departmental staff.

**AUTHORITY FOR  
THE ELIMINATION  
OF A POSITION:**

The University retains the right to determine the work to be done and staffing patterns needed to accomplish that work. It is expected that when an individual's employment is to be terminated for lack of work or funds or other reduction in the operating staff, employees will be provided two weeks' advance notice unless the layoff is due to an emergency. If necessary, payment may be made in lieu of the two-week advance notice.

**LAYOFF FACTORS:**

The selection of staff members to be laid off within the general classification of work in a department affected shall be determined by the supervisor and department head based on work performance and regular, full-time length of University service.

**TEMPORARY  
LAYOFF:**

A layoff not exceeding four months will be classified as a temporary reduction in force. It will be reported as a leave without pay.

Unused sick leave accumulation and length of service credit for vacation and sick leave eligibility will be retained as of the date of the reduction in force and reinstated upon return to active service. At the staff member's option, all or part of vacation accumulated as of the date of the layoff may be retained and reinstated upon return to active service.

**PERMANENT  
LAYOFF:**

A layoff that is anticipated to exceed a period of four months will be considered a permanent reduction of force. The staff member will be separated with loss of all University benefits. However, if the staff member is reinstated or re-employed within a period of 12 months following the date of the reduction in force, upon return to active service, he/she will receive credit for unused sick leave and length of service

credit for vacation and sick leave eligibility as of the date of separation.

DATE OF LAYOFF:

The effective date of the layoff shall be the last day the employee is actively at work.

RECALL FROM LAYOFF:

Employees on layoff may be recalled to the position they were laid-off from within 12 months of the date of layoff. After 12 months of remaining in a laid-off status, recall provisions end.

Recall of an employee in a laid-off status will be accomplished by the Office of Personnel Services by both telephonic and written notification.

An employee on layoff is responsible for informing the Office of Personnel Services of any change in home address or telephone number. An employee who does not return to work within ten working days after being recalled shall have his/her employment terminated. The Director of Personnel Services may extend the ten working day timetable if in his/her judgement an extension is in the best interest of the University.

INTERNAL APPLICATION FOR OTHER UNIVERSITY JOB OPENINGS:

Employees on layoff shall, upon submission of an application, be considered as internal applicants for any other University job opening, for up to one year from the date of their layoff.

It is the responsibility of the laid off employee(s) to keep abreast of job openings which will be published in the University's weekly UPDATE and posted outside the Personnel Office. Consideration will be given on the basis of the qualifications of the candidate(s) and their length of full-time University service.

RETURN TO EMPLOYMENT:

If the staff member returns to regular full-time employment with the University within 12 calendar months following the date of termination, unused sick leave and length of service credit for vacation and sick leave eligibility shall be reinstated as in effect as of the date of termination of employment.

Policy: PG-3

Subject

Types of Appointments

Approval Date: 07/01/85

Revision Date: 06/22/94; 06/06/03

PURPOSE:

The purpose of this policy is to list and define the types of employment appointments ~~which~~ ~~that~~ may be made at the University.

Full-time employment appointments will be designated as either Full-Time Standing or Full-Time Fixed. Non-full-time appointments will be designated as either Temporary or Part-Time Appointments. Each employment appointment is defined below.

~~FULL-TIME~~ STANDING I  
APPOINTMENT:

A ~~Full-Time~~ Standing I Appointment designates an appointment that is full-time and for which no ending date is specified. Such appointments are terminable in accordance with the appropriate University policy. ~~Full-Time~~ Standing Appointments ~~are regular (see PG-1 and PG-4) and~~ must be backed with budgeted funds. The position for each ~~Full-Time~~ Standing Appointment appears as a line item on a departmental budget salary schedule and is assigned a budget position number. ~~Full-Time~~ Standing Appointments may be used for all four payroll classification categories namely: 1) Academic; 2) Administrative; 3) Staff Exempt; and 4) Staff Nonexempt (see PG-2). ~~Full-Time~~ Standing Appointments may be specified for ~~seven, eight,~~ nine, ten, eleven, or twelve months per fiscal year. This type appointment is provided all regular University benefits.

STANDING II  
APPOINTMENT:

Effective June 6, 2003, no new continuing part-time appointments will be made; however, employees currently categorized as continuing part-time will continue to accrue the same benefits as before 06/06/03. ~~A Standing II Appointment designates an appointment which qualifies as continuing part-time (see PG-1). Such appointments are terminable in accordance with the appropriate policy.~~

~~FULL-TIME~~ FIXED-TERM I  
APPOINTMENT:

A ~~Full-Time~~ Fixed-Term I Appointment designates an appointment ~~which that~~ is full-time for a fixed period of time ~~of at least six calendar months~~ and for which an ending date

is specified. Such appointments ~~are regular~~ may be specified for nine, ten, eleven, or twelve months. ~~The position~~ These appointments ~~does do~~ not have to be backed by permanent funds. ~~Full-Time Fixed-Term I~~ Appointments may be used for all four payroll classification categories noted above. This includes instructors and any other individuals in a classification not covered by the tenure regulations. Such appointments are discontinued automatically at the ~~stated~~ specified ending date. Appointments may be terminated before the ending date ~~or earlier, if~~ for cause or business necessity. ~~Full-Time Fixed~~ Appointments may be renewed. Persons appointed to fixed term appointments are not converted to Full-Time Standing Appointments without an appropriate search or search waiver.

~~Fixed-Term I Appointments may be used when hiring an individual to serve in an Acting or Interim capacity.~~

~~Fixed-Term I Appointments, for those who qualify under the University's Early Retirement policies (see PG-43 or PAe-25) may be made for up to four consecutive years.~~

~~Fixed-Term I Appointments for faculty may not exceed one academic year nor span two academic years, and the total of these appointments cannot exceed five academic years. Fixed-term appointments cannot be converted to standing appointments without an appropriate search.~~

~~Non-faculty Fixed-Term I Appointments are renewable. Persons appointed to fixed term appointments are not converted to standing appointments without an appropriate search.~~

~~This type appointment is provided all regular University benefits.~~

## ~~FIXED-TERM II APPOINTMENT:~~

~~A Fixed-Term II Appointment designates an appointment into a faculty, administrative or exempt level position that is full-time for up to six nine calendar months or part-time for up to one year. Such appointments are non-regular and are for a fixed period of time. Fixed-Term II Appointments are provided only legally mandated benefits. Such appointments are discontinued automatically at the stated ending date or earlier if for cause.~~

~~Fixed-Term II Appointments may not be renewed:~~



1. ~~If full-time for up to six calendar months, until a period of six additional months has elapsed; or~~
2. ~~If less than full-time (69%) for a period of up to one year, until a period of six additional months has elapsed.~~

**RETIREMENT SYSTEM  
MANDATES:**

This policy is based upon current retirement system requirements as mandated by the Kentucky Revised Statutes. Retirement contribution requirements for positions that require a minimum of a Bachelor's degree are mandated by the Kentucky Teachers' Retirement System (KTRS). Retirement contribution requirements for positions that do not require a minimum of a Bachelor's degree are mandated by the Kentucky Employees' Retirement System (KERS). Retirement contributions are required for all positions listed as full-time.

**NON-FULL-TIME  
APPOINTMENTS**

Non full-time appointments can be either Temporary or Part-Time as defined below. All legally mandated benefits, including FICA, Unemployment, Workers' Compensation, and liability insurance must be provided.

Whether retirement benefits must be provided is determined by the percentage of time or number of hours to be worked and whether the position requires a minimum of a Bachelor's degree. Retirement eligibility parameters are explained in each non-full-time appointment category defined below.

Calculations for determining percentage of time worked during the period of employment assume a 40-hour workweek or actual workdays in the month.

**TEMPORARY APPOINTMENT  
(BACHELOR'S DEGREE  
REQUIRED)**

***Temporary Appointment – For positions that require a minimum of a Bachelor's degree.*** This appointment category is designated for any assignment that is at least 70% but less than 80%, based upon normal, full-time employment. Retirement contributions and other mandated benefits **are** provided ~~required~~.

~~Academic instructors who teach 10.5 credit hours or more during one any semester will be placed in this employment category. Retirement contributions **are** provided required.~~

**TEMPORARY APPOINTMENT  
(BACHELOR'S DEGREE  
NOT REQUIRED)**

***Temporary Appointment – For positions that do not require a minimum of a Bachelor's degree.*** This appointment category is designated for any assignment that averages 100 hours or more per month during the period of

employment for a maximum of nine months. This appointment will **not** be eligible for ~~subject to~~ retirement benefits.

PART-TIME APPOINTMENT  
(BACHELOR'S DEGREE  
REQUIRED)

***Part-Time Appointment – For positions that require a minimum of a Bachelor's degree:*** This appointment category is designated for assignments that are less than 70%, based upon normal, full-time employment. Academic lecturers who teach less than 10.5 credit hours in any semester will be placed in this employment category. Retirement contributions will **not** be provided ~~required~~.

PART-TIME APPOINTMENT  
(BACHELOR'S DEGREE  
NOT REQUIRED)

***Part-Time Appointment – For positions that do not require a minimum of a Bachelor's degree:***

This appointment category is designated for assignments that are less than an average of 100 hours per month for the period of employment. Retirement contributions will **not** be provided ~~required~~. Any months during the period of employment in which the employee does not work any time will not be included in the calculation for average number of hours worked.

EXCEPTION: Any employee working more than an average of 100 hours per month but less than an average of 139 hours per month for more than 9 months for the period of employment are considered part-time. Retirement contributions **are** provided ~~required~~.

WAGE PAYROLL  
APPOINTMENT:

~~A Wage Payroll Appointment designates an appointment into a nonexempt level position which is full-time for up to six calendar months or less than full-time for up to one year.~~

- ~~1. Such full-time temporary appointments may not exceed six (6) calendar months and are not renewable.~~
- ~~2. Such part-time appointments may be for an indefinite period so long as the employee works less than a calendar or fiscal year average of one hundred (100) hours per month.~~

~~Wage Payroll Appointments provide only legally mandated benefits and may be terminated upon notice. A Personnel Action Request is submitted on which the time period for the appointment and the rate of pay are designated. Actual hours~~

~~worked are to be recorded and submitted on bi-weekly time sheets.~~

EXCESSIVE HOURS  
WORKED BY A  
NON-FULL-TIME  
EMPLOYEE:

If an individual employed on a less than full-time basis works a schedule that meets full-time employment conditions, the supervisor shall: (a) reduce the individual's work schedule to a less than full-time load, or (b) request that the position be established as a full-time position, or (c) terminate the employment of the incumbent. If a position is established, that position shall be filled in accordance with normal search and/or promotion procedures. The incumbent employee shall not be given preference for the position.

SUPPLEMENTARY  
APPOINTMENT:

A Supplementary Appointment designates an appointment which is supplementary to a Full-Time Standing or Full-Time Fixed-Term Appointment and has the effect of providing an additional contractual provision beyond the terms of the Standing or Fixed-Term Appointment. For example, a Supplementary Appointment may be used if an individual whose regular appointment is for nine months but whose appointment is extended for one to three additional months. Supplementary Appointments will also be used to designate those appointments which are supplementary to Full-Time Standing or Full-Time Fixed-Term Appointments to compensate for approved additional services normally outside the scope of regular duties. For example, a Supplementary Appointment can be used when an eligible employee is employed to teach a course for additional compensation. Supplementary Appointments may also be used to designate an Interim Appointment for a Standing or Fixed-Term employee when these duties are expected to last more than 30 days. Regular University benefits, except sick leave and vacation accrual, continue with a Supplemental Appointment.

VISITING  
APPOINTMENT:

~~A Visiting Appointment designates an appointment in which "visiting" is part of the title. Such an appointment is non-regular, whether full-time or part-time. Visiting Appointments apply to academic personnel only. Such appointments are normally limited up to one year. Such appointments do not have to be backed with budgeted funds.~~

INTERIM SUPPLEMENTAL  
APPOINTMENT:

An Interim Supplemental Appointment designates an appointment in which an employee serves in a temporary capacity while maintaining his/her original full-time position.

INTERIM FULL-TIME  
APPOINTMENT:

An Interim Full-Time Appointment designates an appointment in which an employee serves in a temporary capacity and vacates their previous full-time position to do so.

APPOINTMENT WITHOUT  
REMUNERATION:

An Appointment Without Remuneration designates an appointment of an individual who does not receive remuneration for the appointment. Such individuals include those designated as Clinical Faculty Appointments outlined in PAc-1 or those visiting faculty who are not being paid by the University. The position does not appear as a line item on the departmental budget salary schedule and is not assigned a budget position number on the payroll record.

Policy: PG-1

Subject

"Regular" and "Nonregular"  
University Employment

Approval Date: 07/01/85

SUPERCEDED June 6, 2003

PURPOSE:	To define regular and nonregular faculty and staff members.
REGULAR EMPLOYEES DEFINED:	A regular faculty or staff member is a person who is appointed to a full-time position that will exist for more than six consecutive calendar months with the expectation of continuance.
NONREGULAR EMPLOYEES DEFINED:	A nonregular faculty or staff member is a person who works less than full-time or who works full-time but is not appointed to a position that will last more than six consecutive months.
CONTINUING PART-TIME EMPLOYEE DEFINED:	<p>A continuing part-time faculty or staff member is a person who is appointed to a position that is at least half time but less than full time, last for at least nine months, and that has an expectancy of continuation. Such positions are considered nonregular in that they are not eligible for University insurance benefits. However, they are eligible for some specific paid time-off conditions as designated in policies.</p> <p>NOTE: Any continuing part-time faculty or staff member participating in the University's insurance benefits at the time this policy becomes effective shall be permitted to continue such coverages.</p>
CONDITIONS OF EMPLOYMENT FOR EACH CATEGORY:	<ol style="list-style-type: none"><li>1. Each regular faculty or staff member is subject to the provisions of:<ol style="list-style-type: none"><li>a. University personnel policies that apply to regular employees in his or her classification category.</li><li>b. Applicable insurance benefits offered by the University.</li><li>c. Regulations regarding participation in a retirement plan.</li></ol></li></ol>

- d. Applicable federal and state laws including workers compensation and unemployment compensation.
  - e. University regulations regarding employment at retirement age.
2. Each nonregular faculty or staff member is subject to the provisions of:
- a. University regulations regarding employment and retirement age.
  - b. Applicable federal and state laws including workers compensation and unemployment compensation.
3. Each continuing part-time faculty or staff member is subject to the provisions of:
- a. University regulations regarding employment and retirement age.
  - b. Applicable federal and state laws including workers compensation and unemployment compensation.
  - c. Applicable regulations regarding the retirement plans.
  - d. Those parts of the University personnel policies specifically designated for continuing part-time personnel such as prorated vacation and sick leave.

EXCESSIVE HOURS  
WORKED BY A  
NONREGULAR  
EMPLOYEE:

If an individual employed on a nonregular basis works a schedule that meets regular employment conditions, the supervisor shall: (a) reduce the individual's work schedule to a nonregular load, or (b) request that the position be established as a regular position, or (c) terminate the employment of the incumbent. If a position is established, that position shall be filled in accordance with normal search and/or promotion procedures. The nonregular employee shall not be given preference for the position.

**APPROVE PURCHASE OF PROPERTY AND  
EXCEPTION TO THE UNIVERSITY'S MASTER PLAN**

**BOR (V-A-12)  
June 6, 2003**

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**Background**

The University is proceeding to bid and award the contract for the access road to the antenna site for the satellite tracking station. Part of that contract involves clearing a parcel of land to give line of site access to the horizon for the antenna. The property is owned by James and Joyce LeMaster and is approximately one acre in area.

The University has been involved in negotiations with the LeMasters to acquire this piece of property and has reached an agreement for the purchase. The LeMasters have agreed to sell the property to the University for \$32,500. They will in turn, donate \$10,000 of that purchase price to the MSU Foundation, Inc. We have obtained an appraisal on the value of the property that supports the purchase price. The land is not included in the University's Master Plan approved by the Board.

In order to proceed with our road contract, we need to acquire this piece of property. The Board's policy for real property transactions states that to acquire property not in the Master Plan, prior approval must be obtained from the Board. Also, the Board must approve an exception to the Master Plan.

**Recommendation:**

That the Board approve the purchase of the approximately one acre of land from James and Joyce LeMaster and approve the exception to the Master Plan.

**APPROVE REAPPOINTMENT  
OF AUDITING FIRM**

**BOR (V-A-8)  
June 6, 2003**

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**Background:**

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

In the spring of 2001, the University requested proposals from qualified public accounting firms for the auditing services. As a result of that process, the Audit Committee recommended and the Board approved, the firm of Crowe, Chizek, and Company to provide the auditing services. The contract with the firm was for the fiscal year that ended June 30, 2001 with options to renew the contract for four additional one-year periods. The audit fee for the extension periods will be the fixed fee quoted for the original contract adjusted by an amount not to exceed four percent.

The services rendered by Crowe, Chizek, and Company for the 2001-2002 fiscal year were satisfactory and in compliance with the terms of the contract. The fee for the 2002-2003 fiscal year will be \$44,300.

**Recommendation:**

That based on the recommendation of the Audit Committee, the Board approve the extension of the auditing services contract with Crowe, Chizek, and Company for the 2002-2003 fiscal year audits.



**RESOLUTION AUTHORIZING  
THE SALE OF HOUSING AND DINING  
REVENUE BONDS, SERIES R**

**BOR (V-A-11)  
June 6, 2003**

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**Background**

Phase IV of the residence hall fire sprinkler project was completed during the summer of 2002 and involved the installation of fire safety systems in Regents and Wilson Halls. Phase V, the final piece of the five-year project has started and will be completed during the summer of 2003. Phase V involves Nunn Hall, Normal Hall, Waterfield Hall, and Butler Hall. Phases IV and V have combined project scopes of \$3.8 million.

These projects are to be funded with proceeds of Morehead State University Housing and Dining System Revenue Bonds, Series R. The Vice-President for Administration and Fiscal Services has been working with the University's bond fiscal agent, First Kentucky Securities, and bond counsel Peck, Shaffer and Williams of Covington to prepare the estimates and documents needed for the bond sale. After adding costs of issuance, debt service reserve, and other costs to the project scope of \$3.8 million, the issue will amount to approximately \$4,285,000. Amortized over 20 years, the annual debt service is estimated to be approximately \$308,000. Provision for the debt service has been made in the 2003-04 operating budget.

The bond sale is scheduled for June 25, 2003. The closing for the bond sale is scheduled for July 9, 2003 and the bond proceeds will be available to the University at that time.

Peck, Shaffer and Williams, bond counsel for the University, has prepared the Series resolution. By adopting the resolution, the Board will authorize the sale of the Series R bonds and authorize the Vice-President for Administration and Fiscal Services to accept the lowest and best bid on behalf of the Board.

**Recommendation:**

That the Board adopt:

**A RESOLUTION OF THE BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY AUTHORIZING THE ISSUANCE OF SAID BOARD'S HOUSING AND DINING SYSTEM REVENUE BONDS, SERIES R, TO BE DATED THE FIRST DAY OF THE MONTH IN WHICH SOLD; AUTHORIZING PROPER PROCEEDINGS RELATIVE TO THE PUBLIC SALE OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; AUTHORIZING EXECUTION OF A NINTH SUPPLEMENTAL TRUST INDENTURE BETWEEN THE BOARD AND CENTRAL BANK AND TRUST COMPANY, LEXINGTON, KENTUCKY, AS TRUSTEE, IN COMPLIANCE WITH THE PROVISIONS OF THE TRUST INDENTURE DATED NOVEMBER 1, 1966.**

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF MOREHEAD STATE UNIVERSITY, AS FOLLOWS:**

Section 1. This Board hereby authorizes the issuance of its "Morehead State University Housing and Dining System Revenue Bonds, Series R (the "Series R Bonds"), in the principal amount of approximately \$4,285,000, subject to adjustment of plus or minus ten percent, according to statutory authority as set forth in KRS 162.340 to 162.380, inclusive, and in accordance with the terms, provisions, conditions and restrictions set forth in that certain Trust Indenture which was made by this Board with Central Bank and Trust Company (successor to Pikeville National Bank & Trust Company), as Trustee under date of November 1, 1966, wherein the present Housing and Dining System of the University was created and established, and a certain Ninth Supplemental Trust Indenture to be dated as of the date of the Series R Bonds (the "Ninth Supplemental Trust Indenture"); the Series R Bonds to rank on a basis of parity and equality as to security and source of payment with the Board's previously issued and outstanding "Housing and Dining System Revenue Bonds," Series H, I, N, O, P and R (the "Outstanding Bonds").

Section 2. In order to assure the purchasers of the Series R Bonds that interest thereon will be excludable from gross income for federal income tax purposes and exempt from Kentucky income taxation, the Board agrees that (1) the Board will take all actions necessary to comply with the provisions of the Internal Revenue Code of 1986 (the "Code"), (2) the Board will take no actions which will violate any of the provisions of the Code, or that would cause the Series R Bonds to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Series R Bonds will be used for any purpose which would cause the interest on the Series R Bonds to become subject to federal income taxation, and that the Board will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Series R Bonds.

The Board has been advised by Bond Counsel, Peck, Shaffer & Williams LLP, Covington, Kentucky, and therefore believes, that the Series R Bonds are not "private activity bonds" within the meaning of the Code, and that interest on the Series R Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals.

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

Section 3. The Board hereby agrees, to comply with the provisions of Rule 15c2-12, as amended and interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934. In order to comply with the Rule, the Continuing Disclosure Agreement dated the dated date for the Series R Bonds between the Board and the Trustee is hereby authorized and approved, substantially in the form presented or described to the Board, with such modifications and additions as may be approved by the officer of the University executing the same. The Chairman and the Secretary of

the Board and the President and Treasurer of the University are each separately authorized to execute and deliver the Continuing Disclosure Agreement.

Section 4. In order to implement the issuance of the Series R Bonds, and to make provision for all details relating to the Series R Bonds, including the date thereof, the disposition thereof, respective conditions and limitations applicable to the public offering thereof, maturities, redemption provisions and security and source of payment thereof, and in order to comply with the requirements of the Indenture, in connection therewith, this Board shall execute the Ninth Supplemental Trust Indenture with Central Bank and Trust Company, Lexington, Kentucky, as Trustee. A proposed form of Ninth Supplemental Trust Indenture has been prepared in advance by Bond Counsel, Peck, Shaffer & Williams LLP, Covington, Kentucky, with the approval of the President of the University and the Vice-President for Administration and Fiscal Services of the University, and the Financial Advisor, First Kentucky Securities Corporation, in the usual and customary form prescribed in the Indenture, with permissible modifications and corrections which, in the opinion of Bond Counsel and the President of the University, do not change the import thereof in any material respect. The form of the Ninth Supplemental Trust Indenture is hereby approved and shall be executed by the Chairman and attested by the Secretary of the Board.

Section 5. The forms of Notice of Bond Sale, Official Terms and Conditions of Sale of Bonds, Bid Form and Official Statement, shall be in such form as approved by Bond Counsel, by the Financial Advisor and by the President or Treasurer of the University.

The Board authorizes the publication of the Notice of Bond sale in accordance with Chapter 424 of the Kentucky Revised Statutes and the Financial Advisor is authorized to disseminate copies of the Official Statement. The President of the University and any other officer of the Board are each further authorized to deem the Official Statement, in both preliminary and final form, to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12.

Sealed bids for the purchase of the Series R Bonds shall be opened and considered by the Vice-President for Administration and Fiscal Services of the University on such date and at such time as designated by the Vice-President for Administration and Fiscal Services, whereupon the Vice-President for Administration and Fiscal Services shall, pursuant to a certificate of award, accept on such date the lowest and best bid for the Series R Bonds as recommended by First Kentucky Securities Corporation, the Financial Advisor to the Board.

Dated: June 6, 2003

(SEAL)

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Chairman

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Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of Regents of Morehead State University, Morehead, Kentucky, hereby certifies that the foregoing Resolution was adopted by the Board of Regents at its meeting held on June 6, 2003, and has been duly recorded in the official minutes and records of this Board of Regents.

Witness my signature this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

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

24829\1

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period January 1, 2003 to March 31, 2003**

<b>From:</b> <b>Revenue and Other Additions</b>	<b>To:</b> <b>Division/ Budget Unit</b>	<b>Amount</b>	<b>Description</b>
Government Appropriations State Appropriations - Operating Base	All divisions	\$ (524,675)	In March of 2003 and with House Bill 269, the state imposed a budget reduction of state operating appropriations for MSU totaling \$1,017,600 from the amount previously indicated in House Bill 1. During the third quarter, MSU implemented a 1% non-recurring operating budget reduction plan in that \$524,675 was cut from operating budgets across all divisions. As part of this plan, Academic Affairs was held to a .5% reduction, Student Life was held to a .8% reduction, and all other divisions reduced budgets by the full 1%. Another (\$492,925) adjustment will be made in the fourth quarter for the balance of the total \$1,017,600 budget cut. Excess tuition revenue will be used as the fund source for the fourth quarter adjustment.
Endowment Trust Fund	Non-Mandatory Transfers Transfer to Endowment	\$ 234,909	State funds were received from the CPE Regional University Excellence Trust Fund Endowment Program "Bucks for Brains Program" and subsequently transferred to the MSU Foundation where endowment funds are managed.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period January 1, 2003 to March 31, 2003**

Description	Opening Budget	Amended Budget As Of 1/1/03	Adjustments	Amended Budget As Of 3/31/03
<b>Revenues and Other Additions</b>				
Tuition and Fees	\$27,092,365	\$27,094,061	\$ 106,680	\$27,200,741
Government Appropriations	42,747,300	43,821,523	(278,871)	43,542,652
Government Grants & Contracts	50,000	50,000	-	50,000
Indirect Cost Reimbursement	328,658	345,486	92,072	437,558
Sales and Services of Ed. Activities	931,375	1,148,949	109,323	1,258,272
Other Sources	1,513,714	1,756,281	117,917	1,874,198
Budgeted Fund Balance - E&G	7,216,371	7,429,311	139,000	7,568,311
Auxiliary Enterprises	11,323,450	11,323,450	43,748	11,367,198
Budgeted Fund Balance - AUX	929,967	696,040	-	696,040
<b>Total Revenues and Other Additions</b>	<b><u>\$92,133,200</u></b>	<b><u>\$93,665,101</u></b>	<b><u>\$ 329,869</u></b>	<b><u>\$93,994,970</u></b>
<b>Expenditure Authorizations by Division</b>				
<b>Educational &amp; General</b>				
President & Administration	\$ 547,709	\$ 615,663	\$ 31,033	\$ 646,696
University Relations	1,914,147	2,010,176	23,316	2,033,492
Development	834,806	864,916	(4,921)	859,995
Administration & Fiscal Services	11,901,441	12,700,139	87,831	12,787,970
Student Life	12,666,751	12,727,346	(57,723)	12,669,623
Academic Affairs	41,508,365	42,469,565	216,033	42,685,598

Debt Service & Mandatory Transfers	2,835,432	2,738,831	-	2,738,831
Other	7,757,302	7,402,060	74,433	7,476,493
<b>Total Educational &amp; General</b>	<b>\$79,965,953</b>	<b>\$81,528,696</b>	<b>\$ 370,002</b>	<b>\$81,898,698</b>
<b>Auxiliary Enterprises</b>				
Administration & Fiscal Services	\$ 7,463,859	\$ 7,927,949	\$ (14,144)	\$ 7,913,805
Student Life	873,549	1,013,024	(25,989)	987,035
Debt Service	2,499,887	2,499,887	-	2,499,887
Other	1,329,952	695,545	-	695,545
<b>Total Auxiliary Enterprises</b>	<b>\$12,167,247</b>	<b>\$12,136,405</b>	<b>\$ (40,133)</b>	<b>\$12,096,272</b>
<b>Total Expenditure Authorizations</b>	<b>\$92,133,200</b>	<b>\$93,665,101</b>	<b>\$ 329,869</b>	<b>\$93,994,970</b>

**Background:**

The University's 2004-2010 Six-Year Capital Plan, which details capital projects with an estimated scope of \$400,000 or more and equipment purchases with an estimated scope of \$100,000 or more, was submitted to the Capital Planning Advisory Board and the Council on Postsecondary Education on April 15, 2003. This plan will be used as the basis for the development of the 2004-2010 Executive Budget Capital Request. The Executive Budget Capital Request will be presented to the Board for approval later this year.

The Six-Year Capital Plan includes numerous capital and equipment projects, which would require approximately \$161 million from various fund sources during the next three biennia (2004-2010). The University's foremost priorities are projects that significantly impact our students, and will contribute to the enrollment and retention of students.

The Six-Year Capital Plan is presented with this agenda book as a separately bound document. The plan includes the following sections:

1. Overview

The Six-Year Capital Plan Overview provides a general description of the summary of academic programs and delivery of services, the University's mission, an assessment of capital needs, and the institution's capital planning priorities.

2. Summary Listing

The Capital Projects Summary Listing includes all capital projects and equipment items in priority order. The estimated cost and proposed fund source are provided for each project. Definitions for the various fund sources follow:

- 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.
- Other Funds – External funds granted to the University for a specific capital project.

3. Project Descriptions

A general description for each project in the Six-Year Capital Plan is provided including a brief narrative, the estimated cost, the proposed fund source, and the priority ranking.



**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of January 1, 2003 to March 31, 2003**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
<b>I Equipment Purchases Greater than \$100,000</b>			
None			
<b>II Capital Construction Projects/ Land Acquisitions Greater than \$400,000</b>			
1998-00 Deferred Maintenance and Government Mandates Pool (Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Elevator Upgrades/Installation (RH, LC, CY)	\$ 350,000	March, 2001	Completed
Fire Alarm Upgrades/Replacement	150,000	October, 2000	Completed
Mechanical System Replacements (AA, ADUC)	250,000	January, 2001	Completed
Window Replacement (BM)	150,000	August, 2001	Completed
Window Replacement (CB)	300,000	July, 2000	Completed
Window Replacement (LC)	150,000	August, 2000	Completed
Dam Restoration	800,000		In Progress
	<u>\$ 2,150,000</u>		
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
Project II - 2000	\$ 1,580,000		In Progress
Project III - 2001	980,000	August, 2001	Completed
Project IV - 2002	800,000	August, 2002	Completed
Project V - 2003	3,000,000		In Progress
	<u>\$ 6,360,000</u>		
2000-02 Capital Renewal and Maintenance Pool			

(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)

Life Safety - E&G	\$ 200,000	April, 2002	Completed
1990 Clean Air Act Compliance - E&G			
Claypool-Young Chiller Replacement	135,000	August, 2000	Completed
Ginger Hall, Reed Hall, Laughlin Chiller Replacement	566,000	May, 2002	Completed
Roof Replacement - Button, Rice Maint. Bldg., Claypool-Young, Combs	397,000	October, 2001	Completed
Roof Replacement - Baird	150,000	October, 2002	Completed
Mechanical Systems Replacements	556,800	July, 2002	Completed
Mechanical Systems/HVAC	350,000	February, 2003	Completed
Ceiling Tile Replacement (Rader & Laughlin)	88,400	October, 2001	Completed
Window Replacement (Rader)	107,000	September, 2001	Completed
Gas Fired Boiler Installation	399,000	April, 2002	Completed
Central Campus Reconstruction	300,800	May, 2002	Completed
	<u>\$ 3,250,000</u>		

## **EMERITUS STATUS, 2003**

**BOR (V-A-3)  
June 6, 2003**

### **Background:**

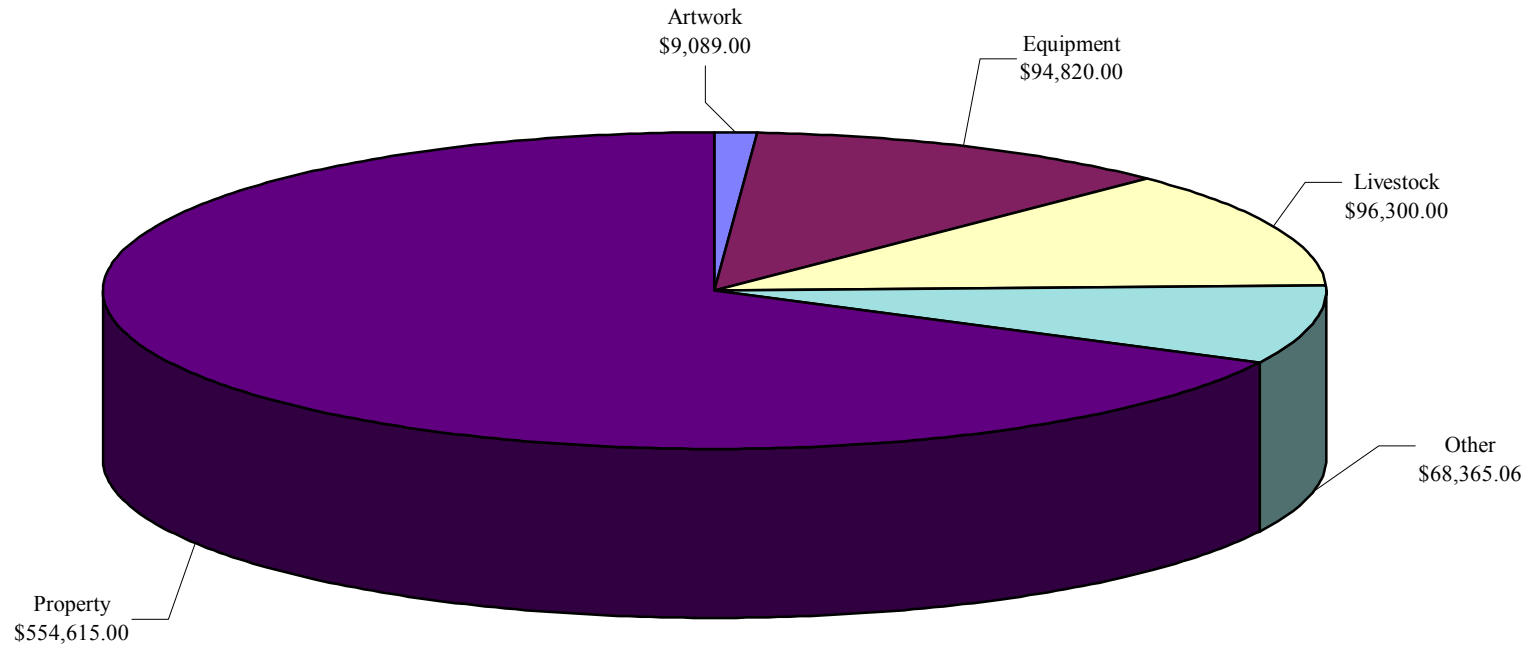
In accordance with PAC-3, the faculty members listed below were recommended for emeritus status by their peers and immediate supervisors to the Provost. The President, based upon recommendations from the Provost, submits his recommendations to the Board of Regents.

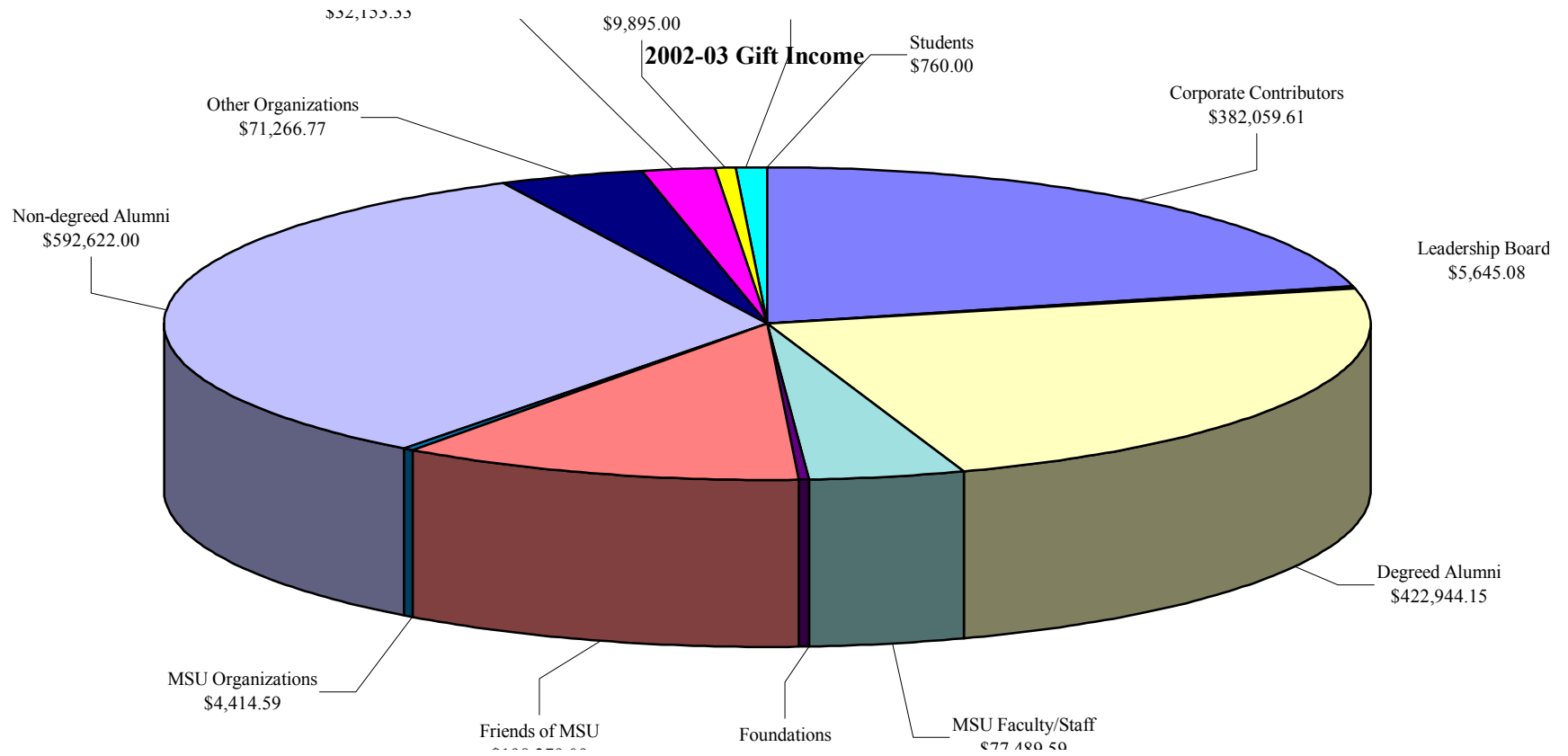
### **Recommendation:**

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

Dr. Donald Applegate, Associate Professor of Veterinary Technology  
Bonnie Bailey, Assistant Professor of CIS  
Alta Blair, Associate Professor of Nursing  
Jane Ellington, Associate professor of Human Sciences  
Dr. Christopher Gallaher, Professor of Music  
Dennis Karwatka, Professor of Industrial Education  
Dr. George M. Luckey Jr., Professor of Philosophy  
Dr. Leslie Meade, Professor of Biology  
Edward Nass, Associate Professor of Industrial Education  
Ted Pack, Instructor of Mathematics  
Dreama Price, Assistant Professor of Education

## 2002-03 Gifts-in-Kind





## **TENURE**

**BOR (V-A-5)**  
**June 6, 2003**

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### **Background:**

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

### **Recommendation:**

That the Board of Regents approve the granting of tenure to Dr. M. Scott McBride, Professor of Music.

**APPROVE THE 2003/2004 OPERATING BUDGET,  
FEE SCHEDULE AND PERSONNEL ROSTER**

**June 6, 2003**

**Background:**

The proposed 2003/2004 Operating Budget reflects Morehead State University's continued efforts to further the goals and objectives identified in the *Pride & Promise: Morehead State University's Strategic Plan 2001-2006*. The proposed budget reflects the University's commitment to improve faculty and staff compensation and the continued advancement of numerous academic and student support initiatives.

This year's budget preparation process continued to be inclusive of campus input and representation. Information was collected from operating units to develop revenue projections and identify changes in University fixed and unavoidable costs. Operating unit heads also participated in developing a 1.875% budget reallocation plan necessary to offset a reduction in state appropriations and fund 2003-2004 budget priorities. The University Planning Committee completed a comprehensive assessment of 79 strategic budget proposals developed by the academic and administrative operating units to advance the institution in accordance with unit plans and the University Strategic Plan. Budget priorities were presented and discussed with the Board of Regents initially at the March 11, 2003 meeting and again at a workshop on May 2, 2003. The result is a proposed \$96.3 million budget that advances the University's mission by focusing on the most important goals and objectives.

The parameters outlining the administration's management responsibilities related to the 2003/2004 Operating Budget and periodic reporting requirements to the Board of Regents are specified in the Budget Adoption Resolution on pages A-9 and A-10 of the separately bound Operating Budget.

**Analysis - Operating Budget:**

The University Strategic Plan adopted by the Board of Regents in June 2001 proudly reflects the *Pride & Promise* of Morehead State University as the institution aggressively moves into the 21<sup>st</sup> Century with new and innovative academic programs and improved student services. The Plan aligns the institution with the Council on Postsecondary Education's 2020 Vision and Action Agenda that calls for enrollment growth, retention and graduation goals as high priorities for the state's higher education institutions. The Morehead State University 2003/2004 Operating Budget relies upon increases in revenue generated from student tuition and fees as well as a 1.875% budget reallocation to continue support of the key initiatives defined in the Plan.

Morehead State University achieved enrollment growth of 4% in the 2002/2003 academic year with a Fall 2002 student headcount of 9,390. The recommended budget reflects the institution's priority to maintain quality academic instruction and student support services to this growing student body during a budget year when external state appropriations for operating are being reduced. The proposed 2003/2004 Operating Budget is built on a Fall 2003 headcount enrollment objective of 9,100, an increase of 2% over the budgeted headcount for Fall 2002.

**Enrollment and Housing Projections**

	Fall 2002 (Budgeted)	Fall 2003 (Budgeted)
Undergraduate Headcount	7,075	7,416
Graduate Headcount	<u>1,797</u>	<u>1,684</u>
	8,872	9,100

Occupancy in the residence halls is projected at 3,092 students.

**New Budget Increases 4.5%**

The proposed \$96,286,800 Operating Budget reflects in increase of \$4,153,600 or 4.5%, from the 2002/2003 opening budget. New funds available in the proposed budget to address the reduction in state appropriations and to support new budget initiatives are generated from enrollment growth, increased student tuition and fees, increased housing rates, and the internal reallocation of funds as summarized below:

Tuition and Mandatory Fees	\$ 4,488,200
Residence Halls	\$ 691,000
Endowment Income	\$ 42,748
Reallocated Operating	\$ 1,416,840

**Tuition and Mandatory Fees:**

New revenue from tuition and fees is based on the Board approved 15% increase in the rates for 2003/2004 and enrollment growth. Changes in tuition rates are discussed in detail in the Fee Schedule section of this report.

**Housing:**

The proposed Operating Budget funds the final phase of the Fire Safety project in the residence halls and increases the housing depreciation fund developed to



support the continued upgrade and improvement of residence hall facilities and furnishings.

**State Appropriations (Operating):**

The proposed Operating Budget reflects a decrease of \$1,017,500 (2.47%) in state operating appropriations that was implemented in the fourth quarter of 2002/2003 and carried forward into 2003-2004. An increase of \$1,008,400 distributed by the Council on Postsecondary Education through benchmark funding created a net decrease in state appropriations of \$9,200 from the 2002-2003 opening budget and a 3.4% decrease from the 2003-2004 opening budget projected in the Commonwealth's 2002-2004 biennial budget request.

**Endowment Income:**

Endowment income totaling \$200,647 is available in 2003/2004 from various academic state matched endowment funds. This amount represents a 30% decrease in endowment income from 2002-2003. The decrease is attributed to the economic and market difficulties experienced over the past year. Some endowment administrators have elected to allow their funds to remain in the endowment fund to grow and support future initiatives. The amount budgeted from endowment income in 2003-2004 totals \$42,748. These funds will be utilized to enhance existing academic budgets in accordance with the respective endowment purposes.

**Reallocated Operating Resources:**

An internal budget reduction generated additional funding to help support the priority initiatives identified in the proposed 2003/2004 Operating Budget. The following details the operating reductions implemented from each division.

<b>Division</b>	<b>Reduction Amount</b>
Development	\$ 15,371
Academic Affairs	\$ 716,564
IRAPP	\$ 45,400
Administration & Fiscal Services	\$
286,375	
Planning & Technology	\$ 67,620
Student Life	\$ 250,160
University Relations	\$
<u>35,350</u>	

Total Reallocation  
\$1,416,840

**Budgeted Fund Balance:**

The 2003-2004 Operating Budget allocates year-end reserves to support various capital and operating initiatives primarily of a non-recurring nature. This budget includes a reduction of \$209,500 in unrestricted fund balance resources allocated to cover recurring expenses.

Non-Capital Fund Balance Allocations	
2002/2003 Projects (Carry Forward)	\$2,406,852
2003/2004 Projects	<u>\$1,174,696</u>
	\$3,581,548
Capital Fund Balance Allocations	
2002/2003 Projects (Carry Forward)	\$ 849,094
2003/2004 Projects	<u>\$2,489,300</u>
	\$3,338,394
Total Budgeted Fund Balance	\$6,919,942

**Strategic Budget Requests:**

Based on the principle that University resources be allocated in a manner that will carry out the mission of the University and the goals of the Strategic Plan, \$250,000 is allocated within the 2003-2004 Operating Budget to fund Strategic Budget Requests. Academic and administrative units were invited to submit proposals that, if funded, would position the unit to advance the goals and objectives defined in their Unit Plan and the University's Strategic Plan. A total of 79 submitted proposals were reviewed and prioritized by the University Planning Committee with the top 25 forwarded to the President's Cabinet for funding consideration.

In addition to the \$250,000 allocated to fund Strategic Budget Requests prioritized by the Planning Committee, an additional \$339,193 is being reallocated within divisional budgets to address additional strategic initiatives in support of the goals and objectives defined within the Strategic Plan. Also, the portion of the salary increase pool that is allocated above the estimated average for other state regional institutions is being identified as funding for the strategic initiative to move faculty/staff salaries to the 50<sup>th</sup> percentile among state peers. This brings the total amount of new funding in the 2003-2004 operating budget tied directly to the strategic plan to \$2,708,524.

**Analysis - Fee Schedule:**

A comprehensive review of University fees is conducted annually and recommended changes are presented to the Board for approval. The recommended 2003/2004 Fee Schedule is presented on pages C-1 through C-20 of the Operating Budget. A summary of the significant recommended changes follows:

**Tuition and Mandatory Fees:**

In accordance with 13 KAR 2:050, the Council on Postsecondary Education determines tuition for all students enrolled in Kentucky public postsecondary institutions. On April 12, 1999, the Council delegated this authority to the governing boards of each institution. On March 11, 2003, the Morehead State University Board of Regents approved tuition and mandatory fee rates for 2003/2004. The approved rates reflect a 15% increase in tuition rates and mandatory student fees for 2003/2004. A 15% increase equates to an additional \$219 per semester for an undergraduate resident.

**Housing:**

The University continues its multi-year plan to install sprinkler systems and upgrade other fire safety systems in student residence halls. As presented on page C-2 of the Fee Schedule, a \$32 increase to the housing surcharge is recommended to fund the final phase of the Fire Safety project bringing the total Fire Safety surcharge for 2003/2004 to \$129.

The University has also identified other residence hall improvement projects including the continued funding of a housing depreciation fund for the continuous upgrade and improvement of residence hall facilities and furnishings that will increase to \$500,000 in the new budget. In addition to the Fire Safety Surcharge, an average 3% increase is recommended for all residence halls to address general operating increases in housing.

**Tuition, Student Activity Fee and Residence Hall Rates:**

	Fall 2002	Fall 2003
Resident Undergraduate Tuition	\$1,213	
Student Activity Fee	\$ 250	\$
Total Tuition and Mandatory Fees		\$1,463
\$1,393		
<u>289</u>		
\$1,682		

\$1,114

Average Residence Hall Rate

\$1,079

**Analysis - Faculty and Staff Compensation:**

**Salary Pool:**

Working toward the goal to increase faculty and staff salaries to the 50th percentile of salary averages among the Kentucky regional universities, a 7% general salary pool increase totaling \$3,296,737 has been built into the 2003/2004 Operating Budget. A salary pool distribution strategy for faculty was developed by an ad-hoc committee on faculty compensation and presented to the President for consideration. The fiscal affairs subcommittee of the Staff Congress likewise recommended a salary pool distribution strategy for both exempt and non-exempt staff. These strategies are summarized below:

**Faculty and Librarians:**

4.2% Merit (distributed through the existing PBSI process)

2.4% Equity (distributed by Department Chair with Dean/Provost approval)

0.4% Equity (distributed by the Provost to address division issues)

**Non-exempt (Hourly) Staff:**

4% Across-the-board

1% Merit

\$.25 per hour scale adjustment

**Exempt (Salaried) Staff:**

3% Across-the-board

2% Merit/Equity (distributed by unit head with division VP approval)

\$1,000 per year scale adjustment

In addition to the 7% increase to the general salary pool, the 2003-2004 operating budget also includes adjustments for faculty promotions, staff reclassifications and career ladder advancements. In total, the average employee salary increased by 7.35% in 2003-2004.

Category	Average Salary		Percent Increase
	2002-2003	2003-2004	
Faculty	\$49,199	\$52,805	7.3%
Exempt Staff	\$38,927	\$41,791	7.3%
Non-Exempt Staff	\$9.59 /	\$10.30 /	7.4%

	hr	hr	
All Employees	\$35,465	\$38,074	7.35%

The 2003/2004 Personnel Roster, presented with this agenda as a separately bound document, contains a listing of the recommended authorized positions as of July 1, 2003. Funding for each position listed in the roster has been provided for in the proposed 2003/2004 Operating Budget. A total of 1,045 positions are recommended for 2003/2004.

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 2003/2004 salary for the position
- Contract months for exempt employees

**Medical Insurance:**

Significant increases in employer contribution toward employee medical insurance premiums are included in the proposed 2003/2004 Operating Budget. In December 2002, the University committed to an increase in the average annual contribution to each faculty and staff medical insurance contract by \$480, which equates to a 12.6% increase. Effective January 1, 2003, the total annual employer contribution for medical insurance increased to \$4,296. This increase is incorporated in the proposed 2003/2004 operating budget.

## 2003-2004 Budget Highlights

The following list highlights several new funding initiatives included in the 2003-2004 operating budget. The items are grouped by the primary goal they support from the 2001-2006 Strategic Plan.

### Goal 1: Academic Excellence and Student Success

- \$90,000 - 2<sup>nd</sup> year funding of a plan to increase instructor level salaries
- \$30,000 - academic lab/classroom computers
- \$43,897 - Additional funds to support distance learning systems and software
- \$100,000 - Continuation of fund balance support for classroom and other academic facility improvements
- \$150,000 - Support for planned replacement of instructional equipment
- \$72,000 - Support for Space Science Center
- \$24,135 - Support for accreditation expenses in Social Work and Business
- \$200,000 - Cash match available for research grants
- \$167,268 - New Faculty positions in Nursing, SSWC and HPESS
- \$340,172 - Support for fixed term faculty to handle enrollment growth
- \$25,000 - Support of Caudill College of Humanities Strategic Plan -- 67 initiatives \*
- \$30,000 - Specialized faculty software pool \*
- \$5,000 - Funding for on-line advising software \*
- \$94,860 - Support for planned replacement of classroom furnishings \*

### Goal 2: Excellence in Student Support

- \$50,000 - Additional library funds to support increased costs in books and periodicals
- \$30,000 - 2nd year required match for COPS grant
- \$221,401 - Additional debt service for last phase of the fire safety sprinkler project
- \$100,000 - Additional funds for housing depreciation and renewal
- \$49,186 - Recurring funding for a residence hall director and building services technician for Waterfield Hall
- \$13,000 - Student activity programming funds for extended campus centers

- \$85,000 - Debt service to fund Phase III Wellness Center \*
- \$14,460 - Improvements to the CCL Electronic Classroom \*

**Goal 3: Enrollment Growth and Retention Gains**

- \$142,429 - Support for MSU at Mt. Sterling
- \$316,173 - Athletic scholarship support to offset tuition increase and to comply with OVC mandates
- \$605,167 - Additional funding for out-of-state waiver program
- \$8,900 - Continued support for Student Support and Success Initiative
- \$25,000 - Non-recurring support for Adult, GED and transfer Student Recruitment and retention Initiative \*
- \$15,000 - Non-recurring support for minority student and faculty/staff recruitment\*

**Goal 4: Effective Administration**

- \$3,296,737 - 7% Salary Pool for faculty/staff raises
- \$179,538 - Faculty Promotions, Personnel Adjustments and Career Ladder Advancements
- \$602,328 - Funding to cover increases in Employee Health Coverage
- \$12,500 - Employee Service Award Program
- \$52,013 - Lease for Hogge Building

**Goal 5: Enhanced Reputation and Productive Partnerships**

- \$7,500 - Continued support for on-line alumni directory services
- \$35,000 - Funding to implement Web Content Management Software \*
- \$5,000 - Funding for Alumni and Donor Finding Services \*

\*Marked items include strategic initiatives prioritized highest by the University Planning Committee pending final approval by the University Cabinet.

**Recommendation:**

That the Board approve the recommended 2003/2004 Operating Budget, which totals \$96,286,800, the 2003/2004 Personnel Roster, and the 2003/2004 Fee Schedule.

**POLICY REGARDING  
RESIDENCY APPEALS**

**BOR (V-A-13)  
June 6, 2003**

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**Background:**

The Council on Postsecondary Education requires students who are not Kentucky residents to pay a higher level of tuition than resident students. Administration Regulation 13 KAR 2:045, "Determination of Residency Status for Admission and Tuition Assessment Purposes," requires each public postsecondary institution to establish a policy for administering the residency regulation.

Students are determined to be either a resident of Kentucky or a non-resident upon completing an application for admission. The responsibility for registering under the proper residency classification is that of the student. It is the student's obligation to raise questions concerning residency classification and make application for change of residency classification with the administrative officials of the institution.

A student classified as a non-resident is considered to retain that status until the student makes written application for reclassification in the form prescribed by Section 4(3) of 13 KAR 2:045 and is officially reclassified by the proper administrative officials.

While the University has had a working process for students to appeal their residency status, the policy has not been approved by the Board of Regents.

The guidelines addressing residency decisions and the appeal process are attached.

**Recommendation:**

That the Board of Regents approve the policy regarding residency appeals.



# Morehead State University

## Classification of Residency for Fee Assessment Purposes

### I. Rationale for Residency Policy

The Council on Post-Secondary Education (CPE) has promulgated an administrative regulation 13 KAR 2:045 - "Determination of Residency Status for Admission and Tuition Assessment Purposes" - that requires each public postsecondary institution to establish a policy for administering the residency regulation.

### II. Institutional Administration

#### A. Initial Classification of Residence

The initial classification of residency shall be determined by the Office of Admissions for undergraduate students, and the Office of Graduate Programs for graduate students. In accordance with the requirements of 13 KAR 2:045, the determination shall be based upon the facts in existence when the credentials for admission for a specific academic term have been received and during the period of review; information derived from admission materials; and other information available from any source. In cases where the application for admission does not provide sufficient information for an initial classification, the Office of Admissions or Graduate Programs may request additional information necessary for the classification decision. Upon receipt and review of any additional information, a residence classification shall be determined, and the student shall be notified by letter. Changes in the initial residence classification may be made by the Office of Admissions or Graduate Programs prior to the beginning of the term if the student furnishes sufficient evidence of Kentucky residency. Any appeal from the decision of the Office of Admissions or Graduate Programs must be filed in writing with the Office of Admissions or Graduate Programs within fourteen (14) calendar days of the date of the notice to the student of the decision, but in no event more than thirty (30) calendar days after the first day of classes of the academic term for which the reclassification is sought.

#### B. Appeals of Residency Classification

##### 1. Right to Appeal

- (a) New students who wish to appeal the residency decision of the Office of Admissions or Graduate Programs or enrolled students who wish for a reconsideration of their initial determinations of residency status based upon change of circumstances are guaranteed the right of appeal.
- (b) At all times the burden shall be on the student to demonstrate Kentucky residency by a preponderance of the evidence. Although strict rules of

evidence need not necessarily be observed, proceedings will be governed by the principle of fundamental fairness to all concerned.

- (c) It is the responsibility of the student to make certain that all documentation required during any appeals is forwarded to the appropriate decision maker. The Office of Admissions or Graduate Programs may, if requested, assist the student and/or parents in compiling the appropriate information.
- (d) A student will not be entitled to appeal any determination of residency status if the determination is because a student has failed to meet deadlines for the submission of information. A student may request a review of a determination of residency status in a subsequent academic term.
- (e) Any fees due prior to the final disposition of an appeal will be paid at the in-state rate, with the student to be held responsible for the out-of-state portion if the appeal does not result in Kentucky residency. If an appeal results in a change of classification, the change will not be effective earlier than the term during which the appeal is filed.

## 2. Initial Appeals and the Role of the Office of Admissions or Graduate Programs

- (a) The undergraduate Director of Admissions and the Coordinator of the Graduate Programs Office shall be the institutional officers designated for coordination of administration of the residency regulation for their respective offices. Instructions for filing appeals and copies of the residency regulation are available from the Office of Admissions or Graduate Programs.
- (b) Appeals from Initial Residency Determination
  - (i) All appeals from the initial residency determination shall be filed with the Office of Admissions for undergraduate students, or Graduate Programs for graduate students. An appeal to the Office of Admissions or Graduate Programs will be initiated by providing written notice of the desire to appeal to the Office of Admissions or Graduate Programs within fourteen (14) calendar days of notice to the student of the decision to be appealed.
  - (ii) Undergraduate students shall submit the residency affidavit to the Office of Admissions, and graduate students to Graduate Programs. A student may also submit other documentation. The Office of Admissions or Graduate Programs shall render a decision within fourteen (14) calendar days of the date of the student's appeal. The student will be notified in writing of the decision.
  - (iii) If the student is dissatisfied with the decision of the Office of Admissions or Graduate Programs, an appeal may be taken to the Residency Review Committee by advising the Office of Admissions or Graduate Programs in writing within fourteen (14) calendar days of the student's receipt of the notice of the decision.

(c) Reconsideration of Residency Classification by Enrolled Students Due to Changed Circumstances

Enrolled students who have reason to request a change of residency due to changed circumstances may obtain the affidavit for resident classification, copy of the residency regulation, and filing instructions from the Office of Admissions or Graduate Programs. In no case shall a residency status be changed without the completion of the official affidavit and supporting documentation. A request for reclassification of residency must be submitted to the Office of Admissions or Graduate Programs not more than thirty (30) calendar days after the first day of classes of the academic term for which the reclassification is sought. A decision shall be issued by the Office of Admissions or Graduate Programs within fourteen (14) calendar days of submission of the affidavit and documentation to the Office of Admissions or Graduate Programs. A request to appeal the Office of Admissions or Graduate Programs's decision to the Residency Review Committee must be submitted to the Office of Admissions or Graduate Programs within fourteen (14) calendar days of the student's receipt of notification of denial.

3. Residency Review Committee

(a) Committee Membership

The Residency Review Committee (Committee) shall be composed of three (3) staff representatives, and two (2) faculty members as appointed by the Vice President for Student Life for undergraduate student appeals, or Associate Vice President for Graduate and Undergraduate Programs for graduate appeals.

(b) Meetings

Meetings shall be convened by the Office of Admissions or Graduate Programs upon receipt of an appeal. Appellants shall be notified in writing of the meeting date, time, and place.

(c) Procedures

(1) Quorum - Three (3) members of the Committee shall constitute a quorum necessary for official action of the Committee.

(2) Affidavit and Documentation - The Office of Admissions or Graduate Programs shall provide to members of the Committee copies of the student's residency file. Additional information provided to the Office of Admissions or Graduate Programs or Committee members may be introduced as relevant information in determining the appropriate residency status.

- (3) Voting - A record shall be maintained regarding the rationale for changing any residence classification or for upholding the original classification. The record shall be available to the Appellant for inspection, if requested.
- (4) Personal Appearances - The Committee, as a non-adversarial group, shall welcome personal appearances by Appellants where the personal appearance might serve to clarify circumstances of the appeal. The Appellant may be accompanied by an advisor; however, in no case shall the advisor address the Committee unless requested by the Committee.
- (5) Notification of Decision - All decisions of the Committee shall be communicated to the Appellant by official written correspondence from the Committee Chair. Any denial letter shall include a citation of the appropriate guideline(s) referenced in making the decision. The Residency Review Committee shall make a determination of student residency status and notify the student in writing within forty-five (45) calendar days after receipt of the student appeal.

#### 4. Formal Institutional Hearing

A student who appeals a determination of residency by the Residency Review Committee shall be granted a formal institutional hearing in accordance with Section 14 of the Commonwealth's residency regulation (13 KAR 2:045).

##### A. Student Rights and Responsibilities

- (1) The Appellant shall submit a written request for a formal institutional hearing to the Office of the Provost within fourteen (14) calendar days of receipt by the student of notification of the residency decision by the Residency Review Committee.
- (2) The Appellant has the right:
  - a. To be represented by legal counsel;
  - b. To present information and give testimony and information in support of a claim of Kentucky residency.
- (3) The student shall be responsible for any expenses incurred for legal representation in support of the student's claim of residency.

##### B. Institutional Rights and Responsibilities

- (1) The formal institutional hearing shall be administered through the Office of the Provost. The Provost shall appoint a hearing officer who shall be a person:
  - a. Not involved in determinations of residency except for formal hearings at Morehead State University, and

- b. Not an employee in the same organizational unit as the Office of Admissions or Graduate Programs.
- (2) Morehead State University may be represented at the hearing by Counsel.
- (3) A hearing shall be scheduled within forty-five (45) calendar days following receipt of the student's written request.
- (4) The Office of the Provost shall forward the following items to the hearing officer:
  - a. Student's written request for a formal institutional hearing; and
  - b. Copy of the student's residency file including the residency affidavit and supporting documentation.
- (5) The institution shall bear all institutional expenses of the hearing, not to include any expenses incurred by the Appellant.
- (6) New information and documentation provided by the student not available during any prior consideration shall result in a recommendation by the hearing officer to remand the case to the Residency Review Committee for further action. A remand shall require the Residency Review Committee to reconsider the determination of residency status in light of the new information.

C. Notification of the Administrative Hearing

- (1) Notice of the hearing shall be by mail to the Appellant's local and/or permanent address no fewer than twenty (20) calendar days prior to the hearing. An effort shall be made to schedule the hearing on a date that is convenient to the parties involved.
- (2) The notice shall include:
  - (a) A statement of the date, time, place, and nature of the hearing; and
  - (b) The name, official title, and mailing address of the hearing officer.

D. Conduct of the Hearing

- (1) The hearing shall be conducted at a time and place determined by the hearing officer.
- (2) The hearing officer shall preside over the conduct of the hearing and shall regulate the course of the proceedings in a manner to promote the orderly and prompt conduct of the hearing.

- (3) The hearing officer shall afford all parties the opportunity to respond, present evidence, conduct cross-examination, and submit rebuttal evidence.
- (4) If a party fails to attend or participate in the hearing or other stage of the administrative hearing process, or fails to comply with the orders of a hearing officer, the hearing officer may adjourn the proceedings and issue a recommendation to the Provost for default order granting or denying residency as appropriate, or may conduct the proceedings without the participation of the defaulting party, having due regard for the interest of justice and the orderly and prompt conduct of the proceeding.
- (5) A hearing officer may conduct an administrative hearing by telephone or video conference if each party to the hearing agrees.
- (6) All hearings shall be tape recorded.

E. Final Disposition

- (1) The hearing officer shall render a written recommendation to the Office of the Provost within fourteen (14) calendar days after the hearing is concluded. The written recommendation shall state the reason(s) for the recommendation.
- (2) Within fourteen (14) calendar days of receipt of the hearing officer's recommendation, the Office of the Provost shall render a final written decision. Notice of the decision and the hearing officer's recommendation shall be made to the Appellant by registered mail, return receipt requested.

III. Effective Date

These procedures shall be effective immediately upon approval by the Morehead State University Board of Regents.

Revision Date: April 2003

**Background:**

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

**Recommendation:**

That the Board of Regents approve the granting of promotions to the following faculty with the issuance of their contracts for the 2003-04 year:

**Professor**

Edna Schack, Education  
Daniel Seth, Mathematics

**Associate Professor**

Michael Acord, Music

**Librarian II**

Jason Vance

**REPORT ON SALE OF HOUSING AND DINING  
SYSTEM REVENUE BONDS, SERIES Q**

**BOR (V-B-2)  
June 6, 2003**

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On March 11, 2003, the Board of Regents authorized the sale of Housing and Dining System Revenue Bonds, Series Q. The proceeds of the Series Q bonds were to be used to refund the University's Housing and Dining System Revenue Bonds, Series M.

The bonds were sold on April 2, 2003. The University received four bids for the bonds. The bid from Morgan, Keegan and Company, Memphis, Tennessee was the lowest and best bid with a net interest cost of 3.25%. The sale resulted in a gross debt service savings of \$656,299 over the remaining 10-year life of the bonds.



# Morehead State University

## Classification of Residency for Fee Assessment Purposes

### I. Rationale for Residency Policy

The Council on Post-Secondary Education (CPE) has promulgated an administrative regulation 13 KAR 2:045 - "Determination of Residency Status for Admission and Tuition Assessment Purposes" - that requires each public postsecondary institution to establish a policy for administering the residency regulation.

### II. Institutional Administration

#### A. Initial Classification of Residence

The initial classification of residency shall be determined by the Office of Admissions for undergraduate students, and the Office of Graduate Programs for graduate students. In accordance with the requirements of 13 KAR 2:045, the determination shall be based upon the facts in existence when the credentials for admission for a specific academic term have been received and during the period of review; information derived from admission materials; and other information available from any source. In cases where the application for admission does not provide sufficient information for an initial classification, the Office of Admissions or Graduate Programs may request additional information necessary for the classification decision. Upon receipt and review of any additional information, a residence classification shall be determined, and the student shall be notified by letter. Changes in the initial residence classification may be made by the Office of Admissions or Graduate Programs prior to the beginning of the term if the student furnishes sufficient evidence of Kentucky residency. Any appeal from the decision of the Office of Admissions or Graduate Programs must be filed in writing with the Office of Admissions or Graduate Programs within fourteen (14) calendar days of the date of the notice to the student of the decision, but in no event more than thirty (30) calendar days after the first day of classes of the academic term for which the reclassification is sought.

#### B. Appeals of Residency Classification

##### 1. Right to Appeal

- (a) New students who wish to appeal the residency decision of the Office of Admissions or Graduate Programs or enrolled students who wish for a reconsideration of their initial determinations of residency status based upon change of circumstances are guaranteed the right of appeal.
- (b) At all times the burden shall be on the student to demonstrate Kentucky residency by a preponderance of the evidence. Although strict rules of

evidence need not necessarily be observed, proceedings will be governed by the principle of fundamental fairness to all concerned.

- (c) It is the responsibility of the student to make certain that all documentation required during any appeals is forwarded to the appropriate decision maker. The Office of Admissions or Graduate Programs may, if requested, assist the student and/or parents in compiling the appropriate information.
- (d) A student will not be entitled to appeal any determination of residency status if the determination is because a student has failed to meet deadlines for the submission of information. A student may request a review of a determination of residency status in a subsequent academic term.
- (e) Any fees due prior to the final disposition of an appeal will be paid at the in-state rate, with the student to be held responsible for the out-of-state portion if the appeal does not result in Kentucky residency. If an appeal results in a change of classification, the change will not be effective earlier than the term during which the appeal is filed.

## 2. Initial Appeals and the Role of the Office of Admissions or Graduate Programs

- (a) The undergraduate Director of Admissions and the Coordinator of the Graduate Programs Office shall be the institutional officers designated for coordination of administration of the residency regulation for their respective offices. Instructions for filing appeals and copies of the residency regulation are available from the Office of Admissions or Graduate Programs.
- (b) Appeals from Initial Residency Determination
  - (i) All appeals from the initial residency determination shall be filed with the Office of Admissions for undergraduate students, or Graduate Programs for graduate students. An appeal to the Office of Admissions or Graduate Programs will be initiated by providing written notice of the desire to appeal to the Office of Admissions or Graduate Programs within fourteen (14) calendar days of notice to the student of the decision to be appealed.
  - (ii) Undergraduate students shall submit the residency affidavit to the Office of Admissions, and graduate students to Graduate Programs. A student may also submit other documentation. The Office of Admissions or Graduate Programs shall render a decision within fourteen (14) calendar days of the date of the student's appeal. The student will be notified in writing of the decision.
  - (iii) If the student is dissatisfied with the decision of the Office of Admissions or Graduate Programs, an appeal may be taken to the Residency Review Committee by advising the Office of Admissions or Graduate Programs in writing within fourteen (14) calendar days of the student's receipt of the notice of the decision.

(c) Reconsideration of Residency Classification by Enrolled Students Due to Changed Circumstances

Enrolled students who have reason to request a change of residency due to changed circumstances may obtain the affidavit for resident classification, copy of the residency regulation, and filing instructions from the Office of Admissions or Graduate Programs. In no case shall a residency status be changed without the completion of the official affidavit and supporting documentation. A request for reclassification of residency must be submitted to the Office of Admissions or Graduate Programs not more than thirty (30) calendar days after the first day of classes of the academic term for which the reclassification is sought. A decision shall be issued by the Office of Admissions or Graduate Programs within fourteen (14) calendar days of submission of the affidavit and documentation to the Office of Admissions or Graduate Programs. A request to appeal the Office of Admissions or Graduate Programs's decision to the Residency Review Committee must be submitted to the Office of Admissions or Graduate Programs within fourteen (14) calendar days of the student's receipt of notification of denial.

3. Residency Review Committee

(a) Committee Membership

The Residency Review Committee (Committee) shall be composed of three (3) staff representatives, and two (2) faculty members as appointed by the Vice President for Student Life for undergraduate student appeals, or Associate Vice President for Graduate and Undergraduate Programs for graduate appeals.

(b) Meetings

Meetings shall be convened by the Office of Admissions or Graduate Programs upon receipt of an appeal. Appellants shall be notified in writing of the meeting date, time, and place.

(c) Procedures

(1) Quorum - Three (3) members of the Committee shall constitute a quorum necessary for official action of the Committee.

(2) Affidavit and Documentation - The Office of Admissions or Graduate Programs shall provide to members of the Committee copies of the student's residency file. Additional information provided to the Office of Admissions or Graduate Programs or Committee members may be introduced as relevant information in determining the appropriate residency status.

- (3) Voting - A record shall be maintained regarding the rationale for changing any residence classification or for upholding the original classification. The record shall be available to the Appellant for inspection, if requested.
- (4) Personal Appearances - The Committee, as a non-adversarial group, shall welcome personal appearances by Appellants where the personal appearance might serve to clarify circumstances of the appeal. The Appellant may be accompanied by an advisor; however, in no case shall the advisor address the Committee unless requested by the Committee.
- (5) Notification of Decision - All decisions of the Committee shall be communicated to the Appellant by official written correspondence from the Committee Chair. Any denial letter shall include a citation of the appropriate guideline(s) referenced in making the decision. The Residency Review Committee shall make a determination of student residency status and notify the student in writing within forty-five (45) calendar days after receipt of the student appeal.

#### 4. Formal Institutional Hearing

A student who appeals a determination of residency by the Residency Review Committee shall be granted a formal institutional hearing in accordance with Section 14 of the Commonwealth's residency regulation (13 KAR 2:045).

##### A. Student Rights and Responsibilities

- (1) The Appellant shall submit a written request for a formal institutional hearing to the Office of the Provost within fourteen (14) calendar days of receipt by the student of notification of the residency decision by the Residency Review Committee.
- (2) The Appellant has the right:
  - a. To be represented by legal counsel;
  - b. To present information and give testimony and information in support of a claim of Kentucky residency.
- (3) The student shall be responsible for any expenses incurred for legal representation in support of the student's claim of residency.

##### B. Institutional Rights and Responsibilities

- (1) The formal institutional hearing shall be administered through the Office of the Provost. The Provost shall appoint a hearing officer who shall be a person:
  - a. Not involved in determinations of residency except for formal hearings at Morehead State University, and

- b. Not an employee in the same organizational unit as the Office of Admissions or Graduate Programs.
- (2) Morehead State University may be represented at the hearing by Counsel.
- (3) A hearing shall be scheduled within forty-five (45) calendar days following receipt of the student's written request.
- (4) The Office of the Provost shall forward the following items to the hearing officer:
  - a. Student's written request for a formal institutional hearing; and
  - b. Copy of the student's residency file including the residency affidavit and supporting documentation.
- (5) The institution shall bear all institutional expenses of the hearing, not to include any expenses incurred by the Appellant.
- (6) New information and documentation provided by the student not available during any prior consideration shall result in a recommendation by the hearing officer to remand the case to the Residency Review Committee for further action. A remand shall require the Residency Review Committee to reconsider the determination of residency status in light of the new information.

C. Notification of the Administrative Hearing

- (1) Notice of the hearing shall be by mail to the Appellant's local and/or permanent address no fewer than twenty (20) calendar days prior to the hearing. An effort shall be made to schedule the hearing on a date that is convenient to the parties involved.
- (2) The notice shall include:
  - (a) A statement of the date, time, place, and nature of the hearing; and
  - (b) The name, official title, and mailing address of the hearing officer.

D. Conduct of the Hearing

- (1) The hearing shall be conducted at a time and place determined by the hearing officer.
- (2) The hearing officer shall preside over the conduct of the hearing and shall regulate the course of the proceedings in a manner to promote the orderly and prompt conduct of the hearing.

- (3) The hearing officer shall afford all parties the opportunity to respond, present evidence, conduct cross-examination, and submit rebuttal evidence.
- (4) If a party fails to attend or participate in the hearing or other stage of the administrative hearing process, or fails to comply with the orders of a hearing officer, the hearing officer may adjourn the proceedings and issue a recommendation to the Provost for default order granting or denying residency as appropriate, or may conduct the proceedings without the participation of the defaulting party, having due regard for the interest of justice and the orderly and prompt conduct of the proceeding.
- (5) A hearing officer may conduct an administrative hearing by telephone or video conference if each party to the hearing agrees.
- (6) All hearings shall be tape recorded.

E. Final Disposition

- (1) The hearing officer shall render a written recommendation to the Office of the Provost within fourteen (14) calendar days after the hearing is concluded. The written recommendation shall state the reason(s) for the recommendation.
- (2) Within fourteen (14) calendar days of receipt of the hearing officer's recommendation, the Office of the Provost shall render a final written decision. Notice of the decision and the hearing officer's recommendation shall be made to the Appellant by registered mail, return receipt requested.

III. Effective Date

These procedures shall be effective immediately upon approval by the Morehead State University Board of Regents.

Revision Date: April 2003

**RESOLUTION HONORING JASON S. RAINEY**

**BOR (IV)  
June 6, 2003**

**WHEREAS**, Mr. Jason Scott Rainey of Winchester, Kentucky, has served with distinction as a member of the Board of Regents of Morehead State University since July 1, 2002; and

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

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

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

Done this sixth day of June 2003.

\_\_\_\_\_  
Buckner Hinkle Jr., Chair

ATTEST:

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

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

**BOR (IV)**

**RESOLUTION HONORING DR. CHARLES M. RHODES June 6, 2003**

**WHEREAS**, Dr. Charles M. Rhodes, a respected citizen of Ashland, has served with distinction as a member of the Board of Regents of Morehead State University since 1992; and

**WHEREAS**, Dr. Rhodes' distinguished service on the Board of Regents consistently has exemplified his high ethical standards and strong personal commitment to institutional integrity; and

**WHEREAS**, Dr. Rhodes' tenure as a board member has reflected his professional collegiality and dedication to academic excellence and his abiding concern for the welfare of the entire University community;

**THEREFORE**, be it resolved by the Board of Regents of Morehead State University that Dr. Charles M. Rhodes be and hereby is commended for his 11 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 2003.

\_\_\_\_\_  
Buckner Hinkle Jr., Chair

ATTEST:

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

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



**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the Nine Months Ended March 31, 2003 and 2002**

	2002-2003			2001-2002	
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual
<b>REVENUES</b>					
<b>Educational and General</b>					
Tuition and Fees	\$27,200,741	\$28,119,214	103.38%	\$25,399,085	\$25,159,593
Gov't Appropriations	43,542,652	35,571,692	81.69%	41,943,199	34,565,968
City Grants	50,000	15,000	30.00%	50,000	50,000
Unrestricted Gifts	0	0		0	0
Indirect Cost Reimbursement	437,558	385,584	88.12%	346,000	406,805
Sales & Services of Ed. Activities	1,258,272	954,853	75.89%	1,223,146	975,297
Other Sources	1,874,198	1,691,476	90.25%	1,588,075	1,329,935
Budgeted Fund Balance - E & G	7,568,311	0		8,090,722	0
<b>Total Educational and General</b>	<b><u>\$81,931,732</u></b>	<b><u>\$66,737,819</u></b>	<b><u>81.46%</u></b>	<b><u>\$78,640,227</u></b>	<b><u>\$62,487,598</u></b>
<b>Auxiliary Enterprises</b>					
Housing	\$ 7,820,338	\$ 6,999,757	89.51%	\$ 8,637,150	\$ 6,626,137
University Store	3,384,000	2,941,244	86.92%	3,150,000	3,553,147
Food Services	651,500	610,999	93.78%	608,500	552,933
Other	207,400	112,734	54.36%	207,600	140,044
<b>Total Auxiliary Enterprises</b>	<b><u>\$12,063,238</u></b>	<b><u>\$10,664,734</u></b>	<b><u>88.41%</u></b>	<b><u>\$12,603,250</u></b>	<b><u>\$10,872,261</u></b>
<b>TOTAL REVENUES</b>	<b><u>\$93,994,970</u></b>	<b><u>\$77,402,553</u></b>	<b><u>82.35%</u></b>	<b><u>\$91,243,477</u></b>	<b><u>\$73,359,859</u></b>
<b>EXPENDITURES AND TRANSFERS BY DIVISION</b>					
<b>Educational &amp; General</b>					
President & Administration	\$ 646,696	\$ 516,817	79.92%	\$ 674,801	\$ 488,356

University Relations	2,033,492	1,508,350	74.18%	1,969,983	1,384,718
Development	859,995	552,387	64.23%	922,200	483,248
Administration & Fiscal Services	12,787,970	10,094,977	78.94%	12,008,914	9,823,565
Student Life	12,669,623	11,129,354	87.84%	11,844,407	10,393,308
Academic Affairs	42,685,598	28,716,584	67.27%	40,306,469	26,798,315
Other	10,215,324	6,102,003	59.73%	10,425,685	5,095,212
<b>Total Educational &amp; General</b>	<b><u>\$81,898,698</u></b>	<b><u>\$58,620,472</u></b>	<b><u>71.58%</u></b>	<b><u>\$78,152,459</u></b>	<b><u>\$54,466,722</u></b>
<b>Auxiliary Enterprises</b>					
Housing	\$ 8,076,425	\$ 3,966,999	49.12%	\$ 9,371,164	\$ 4,203,116
University Store	3,156,162	2,835,100	89.83%	2,850,609	2,986,751
Food Services	442,387	393,345	88.91%	420,276	310,334
Other	421,298	292,146	69.34%	448,969	316,448
<b>Total Auxiliary Enterprises</b>	<b><u>\$12,096,272</u></b>	<b><u>\$ 7,487,590</u></b>	<b><u>61.90%</u></b>	<b><u>\$13,091,018</u></b>	<b><u>\$ 7,816,649</u></b>
<b>TOTAL EXPENDITURES AND TRANSFERS BY DIVISION</b>	<b><u>\$93,994,970</u></b>	<b><u>\$66,108,062</u></b>	<b><u>70.33%</u></b>	<b><u>\$91,243,477</u></b>	<b><u>\$62,283,371</u></b>
<b>NET CHANGE IN FUND BALANCE</b>		<b><u>\$11,294,491</u></b>			<b><u>\$11,076,488</u></b>

## **SABBATICAL LEAVES**

**BOR (V-A-4)**  
**June 6, 2003**

### **Background:**

Faculty members desiring sabbatical leaves submit their application to be evaluated by their departmental committee, department chair, college dean, and the Professional Development Committee. These committee evaluations are forwarded to the Provost who recommends to the President for his recommendation to the Board of Regents.

Three faculty were recommended for leaves; however, due to budgetary restraints it is recommended that one be funded for the 2003-2004 year and the other two be funded in the 2004-2005 year pending sufficient funds.

### **Recommendation:**

That the Board of Regents approve the granting of sabbatical leaves for the following faculty:

2003-2004

Dr. Rebecca Katz, Associate Professor of Sociology

Fall 2004

Scott Davison, Associate Professor of Philosophy

Spring 2005

Dr. Lary Cowart, Associate Professor of Real Estate

**HEAD-COUNT ENROLLMENT**

	<b>Spring</b>	<b>% Increase/Decrease</b>
1998	7,787	0.5
1999	7,679	-1.4
2000	7,559	-1.6
2001	7,845	3.8
2002	8,700	10.9
2003	8,885	2.1

**FULL-TIME EQUIVALENCY**

	<b>Spring</b>	<b>% Increase/Decrease</b>
1998	5,901	-0.5
1999	5,791	-1.9
2000	5,705	-1.5
2001	5,920	3.8
2002	6,497	9.7
2003	6,696	3.1

**CREDIT-HOUR PRODUCTION**

	<b>Spring</b>	<b>% Increase/Decrease</b>
1998	91,597	-0.6
1999	89,895	-1.9
2000	88,616	-1.4
2001	91,725	3.5
2002	100,613	9.7
2003	104,146	3.5

## **2003 SPRING GRADUATES**

**BOR (V-A-1)  
June 6, 2003**

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### **Background:**

At the May 10, 2003, Spring Commencement, 937 students were awarded degrees from Morehead State University. This included 107 associate degrees, 645 bachelor degrees, 183 master degrees and 2 education specialist degrees.

### **Recommendation:**

That the awarding of degrees to the candidates who successfully completed all degree requirements as approved by the faculty of the University at the 2003 Spring Commencement on May 10, 2003, be ratified.

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

**BOR (V-A-7)  
June 6, 2003**

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**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, 2003, the third quarter of the fiscal year ending June 30, 2003. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Recommendation:**

That the Board accept the financial statements and amend the operating budget for the third quarter of the fiscal year that will end June 30, 2003.

**Management's Discussion and Analysis**  
**Third Quarter Financial Statements**  
**Morehead State University**  
**March 31, 2003**

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, 2003. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

**Using These Financial Statements**

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

**Financial Highlights**

Morehead State University's financial picture remains stable through the third quarter of the 2002-2003 fiscal year. During the nine months ending March 31, 2003 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$11,294,491. This level of operating surplus is expected at this time and appropriate, since normal operating expenditures have eroded the pre-Spring 2003 semester surplus, which reflected most of the University's revenue inflows but little of the expense, due to timing. As the year concludes, the variance between revenues and expenditures will continue to decrease and should reflect a more appropriate operating surplus or deficit.

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

The following table illustrates how enrollment growth in fall 2002 and the reduction in state appropriations combined to reduce the total state support received per student by \$276.

	2001-2002	2002-2003 (Revised)
<b>State Appropriations – Operating</b>	\$40,536,700	\$40,679,025
<b>Student FTE</b>	6,869	7,230
<b>Total State Appropriations per student FTE</b>	\$5,902	\$5,626

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

- As can be seen from the Statements of Net Assets, investments increased approximately \$4.1 million from the third quarter of the previous year and the reflected cash has increased by approximately \$.26 million, for a net increase of \$4.3 million.
- Accounts receivable have decreased \$9.8 million compared to March 31, 2002, with the decrease due to the settlement of tuition and financial aid related receivables. In addition, we have adopted a more aggressive approach to collecting bad debts, and our third party collection agencies have been more successful this year than last.
- The net investment in capital assets has decreased about \$5.2 million since March 31, 2002, but there was a GASB 34/35 adjustment for depreciation of library books of \$10.2 million recorded in June 2002. Had that adjustment been reflected in these statements, the change would have been an increase of \$5.0 million compared to the same period last year.
- For this fiscal year, the net investment in capital assets increase has been approximately \$2.4 million. This fiscal year increase relates mainly to:

	(In Millions)
Life Safety	\$ 1.6
Student Center Phase I	.9
Library Acquisitions	.8
Various internally managed projects	3.2
Total	<u>6.5</u>
Less: Estimated depreciation	<u>(4.1)</u>
Net increase	<u>\$ 2.4</u>

- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the third quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of March 31, 2003. Budgets for the major revenue categories of tuition and housing were based on projections of enrollment and residence hall occupancy. Fall semester projections for both these categories were exceeded.
- Expenditure trends also appear to be proceeding according to the budget plan, considering normal cyclical and timing differences.



**NOTES TO STATEMENTS OF NET ASSETS**  
**MOREHEAD STATE UNIVERSITY**  
**MARCH 31, 2003 AND 2002**

1. These Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts receivable are shown net of allowance for uncollectible student accounts of \$858,760 at March 31, 2003 and \$718,591 at March 31, 2002. Also included in this category is the sum of \$3,109,575 receivable from federal and state grant agencies at March 31, 2003 and \$1,944,149 at March 31, 2002.
3. Notes receivable represent balances owed the University from borrowers who have participated in the Federal Perkins Loan Program. The balance is presented net of allowance for uncollectible accounts in the amount of \$149,083 at March 31, 2003 and \$151,885 at March 31, 2002.
4. Accumulated depreciation on buildings and equipment was \$104,540,595 at March 31, 2003 and \$88,625,002 at March 31, 2002.
5. Accrued salaries and other liabilities include amounts due for withheld and matching portions of payroll taxes and estimated claims payable but unsubmitted to the University's health insurance program.
6. Unearned revenues from federal and state grants represent amounts received but not expended at the balance sheet dates.
7. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets.
8. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
9. Restricted net assets include the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period January 1, 2003 to March 31, 2003**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Tuition and Fees**

Excess tuition revenue totaling \$100,000 was allocated to Academic Affairs for the instructional equipment replacement program. This brought total funding of this program to \$150,000.

**Government Appropriations**

- State appropriations were reduced by \$1,017,600. During the third quarter, a 1% non-recurring operating budget reduction plan was implemented in that \$524,675 was subtracted from operating budgets across all divisions. However, Academic Affairs was held to a .5% reduction, and Student Life was held to a .8% reduction. The remaining \$492,925 reduction will be reflected in the fourth quarter report.
- Unbudgeted revenue totaling \$234,909 was received from the CPE Regional University Excellence Trust Fund Endowment Program "Bucks for Brains Program" and subsequently transferred to the MSU Foundation.

**Indirect Cost Reimbursement**

Unbudgeted revenue totaling \$92,072 was distributed to IRAPP and Sociology, Social Work, and Criminology. This amount was 50% of the total amount generated from indirect cost reimbursement received from grants involving IRAPP personnel.

**Sales & Services of Educational Activities**

Unbudgeted revenue allocated during the third quarter totaled \$109,323.

- Eagle Athletic Fund (EAF) support from the MSU Foundation totaled \$65,867. The funds were budgeted in various athletic programs.
- The Kentucky Folk Art Center (KFAC) revenue and expense accounts are now managed in the University's unrestricted current fund. Previously, their accounts were managed as a separate entity. Revenue totaling \$17,467 was received in the third quarter and then transferred to KFAC expense accounts.

**Other Sources**

Budget allocations from other sources increased by \$117,917 in the third quarter.

- Unbudgeted support from the MSU Foundation totaled \$43,275
  - \$16,657 Academic Affairs
  - \$ 3,277 Development
  - \$22,662 University Relations
- Miscellaneous other income totaling \$57,737 was received and allocated primarily to the Divisions of Academic Affairs and Administration and Fiscal Services.

**Budgeted Fund Balance – E&G**

A fund balance allocation of \$139,000 was made for the purchase of the Blair property located at 36 East Second Street and 208 Martindale Drive.

# UNIVERSITY POLICE STANDARD OPERATING PROCEDURES MANUAL REVISIONS

BOR (V-A-14)  
June 6, 2003

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## **Background:**

KRS 16.4950 establishes the authority for the creation of the Office of Public Safety. It delegates virtually all policy decisions to the “governing board,” which in this case is the University Board of Regents.

The Public Safety Policy Manual was first approved and published in 1980 and amended in 1987. A new version was published, with Board approval, in 1992 and amended in 1993. As part of the process for accreditation by the Kentucky Association of Chiefs of Police, the manual was revised in 1996. The manual has served us well over the years.

## **Analysis:**

The following revisions represent housekeeping changes to address minor errors and omissions and to bring the manual up to date with current titles and organizational structure, including reference to the University Police Department as part of Public Safety. New policies have also been added to remain compliant with guidelines for accreditation by the Kentucky Association of Chiefs of Police.

## **Revised Sections/Chapters:**

- Section II: Use of Force
- Section III: Jurisdictional Agreement
- Section IV: Chapter 23, Emergency and Pursuit Driving  
Chapter 24, Internal Affairs  
Chapter 25, Evidence and Property Handling and Control  
Chapter 27, Ticketing, Vehicle Towing and Impounding  
Chapter 28, Performance Evaluation and Promotion  
Chapter 30, Domestic Violence Enforcement Policy
- Section IV: Patrol 002, Fire Alarm Response  
Office 004, Crime Preventing
- Section VI: Emergency Operations Plan (Revision of this plan is an ongoing process.)

## **New Sections/Chapters:**

- Section IV: Chapter 9, Telecommunications  
Chapter 12, Sobriety Check Points  
Chapter 14, Bike Patrol Unit  
Chapter 26, Office Technology Policy  
Chapter 29, Forfeiture of Assets  
Chapter 31, Responding to Medical Emergencies

Chapter 32, Racial Profiling  
Chapter 33, Responding to Rowan County Detention Center for Assistance

Section V: Training 001, Field Training Operation (FTO)

**Recommendation:**

That the Board of Regents approve the revised University Police Standard Operating Procedures Manual.

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

June 6, 2003

March 31, 2002, and 2003

<u>Description</u>	<u>2001-02</u>	<u>2002-03</u>	<u>Variance</u>
Degreed Alumni	\$402,598.59	\$422,944.15	\$20,345.56
Non-degreed Alumni	8,836.50	592,622.00	583,785.50
Faculty/Staff	52,241.56	77,489.59	25,248.03
Retiree	15,932.50	9,895.00	(6,037.50)
Parent	19,047.83	32,153.33	13,105.50
Corporate Contributors	507,179.61	387,099.61	(120,080.00)
Foundations	13,329.80	4,343.11	(8,986.69)
Other Organizations	15,090.00	71,266.77	56,176.77
Student	300.00	760.00	460.00
Current Board of Regents Member	10,362.48	5,645.08	(4,717.40)
MSU Student Organization	76,820.00	4,414.59	(72,405.41)
Sponsor	13,130.00	10,800.00	(2,330.00)
Friend of MSU	243,843.29	198,279.09	(45,564.20)
<b>GRAND TOTALS</b>	<b>\$1,378,712.16</b>	<b>\$1,817,712.32</b>	<b>\$439,000.16</b>

Matching Gifts Received*	\$5,450.00	\$19,000.00
Gift-in-Kind*	\$313,075.66	\$819,756.51
Stock Gifts*	\$0.00	\$10,655.56

\*Included in totals above

Significant Gifts - Quarter Ending March 31, 2003

Mountain Telephone Corporation	Mountain Telephone Scholarship	\$59,878.00
Mineral Labs, Inc.	Gift-in-Kind (Equipment)	\$37,500.00
James H. Booth	Fund for Progress	\$25,000.00
American Electric Power	Adron Doran Endowment for Ed. Leadership	\$15,000.00
Anonymous Donor	MSU At West Liberty	\$10,000.00

Prepared by: Barbara Ender

Attachment A

2002-2004 Executive Budget  
Proposed Benchmark Funding Model

	Enacted 2001-02 State Approp (w/Trust Fund)	2% Budget Reduction (Recurring)	2002-03 Recommended State Approp	Proposed FY 04 Benchmark Distribution	2003-04 Recommended State Approp	% Change in Base Budget*
Eastern Kentucky Univers	#####	#####	#####	#####	\$76,103,400	3.61%
KCTCS	#####	#####	#####	#####	#####	2.86%
Kentucky State Universit	#####	\$ 408,500	#####	\$ 314,400	\$23,477,100	1.36%
Morehead State Universit	#####	\$ 768,600	#####	#####	\$44,194,600	3.39%
Murray State University	#####	\$ 945,000	#####	#####	\$53,226,200	3.01%
Northern Kentucky Univer	#####	\$ 537,500	#####	#####	\$48,622,700	5.73%
University of Kentucky	#####	#####	#####	#####	#####	1.48%
Lexington Community Coll	\$ 8,908,900	\$ 51,300	\$9,250,700	\$ 521,200	\$ 9,771,900	5.63%
University of Louisville	#####	#####	#####	#####	#####	2.11%
Western Kentucky Univers	#####	#####	#####	#####	\$74,754,200	6.14%
Total	#####	#####	#####	#####	#####	2.75%

\* Percentage change in base excludes debt service amounts



**REPORT ON 2002-2004 EXECUTIVE  
BRANCH BUDGET REQUEST AND  
PRELIMINARY 2002-2003 OPERATING BUDGET**

**BOR (VIII-B-2)  
March 16, 2002**

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**2002-2004 Executive Branch Budget Request**

In November 2001, the Board of Regents ratified the University's 2002-2004 Executive Branch Biennial Budget Request as proposed by the Council on Postsecondary Education. Since that time, we have been officially apprised of a current year base budget reduction of 2%, or \$748,000, and the continuation of that base budget reduction into the first year of the biennium.

In January 2002, Governor Patton made his budget recommendations to the Kentucky General Assembly, which included additional funding in both years of the biennium for the Kentucky Educational Excellence Scholarship (KEES) program and second-year funding for the Research Challenge (Bucks for Brains) Trust Fund and benchmark funding for the universities and KTCTS. The proposed distribution model for the \$27.1 million in benchmark funding will allocate approximately \$1.4 million to Morehead State University in fiscal year 2003/2004 (Attachment A).

**Preliminary 2002-2003 Operating Budget**

New revenue from enrollment growth experienced in 2001/02 and the board-approved 8% increase in tuition and fees will not offset the University the 2% reduction in state appropriation and the increases in fixed and unavoidable costs that have been identified for 2002/2003. Therefore, a budget reduction strategy has been implemented across all divisions to help address priority needs for the 2002/2003 fiscal period. A preliminary 2002-2003 operating budget is being developed on the following assumptions related to revenues, fixed or unavoidable costs, and goals for a 2002/2003 employee compensation package:

- Fiscal period 2002/03 tuition and fee revenue based on enrollment of 8,772
- 8% increase in tuition and fees (approved by the BOR in September 2001)
- Additional \$50 per credit hour increase in MBA tuition
- Fiscal period 2002/03 housing revenue based on occupancy of 3,053
- \$50 housing surcharge for sprinkler debt
- 2.1% budget reduction – state appropriations
- 2% salary pool
- 27% increase in tuition waiver expense
- 43.4% increase in health insurance in 2002
- 10% increase in health insurance for 2003
- 7.3% increase in postage expenses

Attachment A

2002-2004 Executive Budget  
Proposed Benchmark Funding Model

	Enacted 2001-02 State Approp (w/Trust Fund)	2% Budget Reduction (Recurring)	2002-03 Recommended State Approp	Proposed FY 04 Benchmark Distribution	2003-04 Recommended State Approp	% Change in Base Budget*
Eastern Kentucky Univers	#####	#####	#####	#####	\$76,103,400	3.61%
KCTCS	#####	#####	#####	#####	#####	2.86%
Kentucky State Universit	#####	\$ 408,500	#####	\$ 314,400	\$23,477,100	1.36%
Morehead State Universit	#####	\$ 768,600	#####	#####	\$44,194,600	3.39%
Murray State University	#####	\$ 945,000	#####	#####	\$53,226,200	3.01%
Northern Kentucky Univer	#####	\$ 537,500	#####	#####	\$48,622,700	5.73%
University of Kentucky	#####	#####	#####	#####	#####	1.48%
Lexington Community Coll	\$ 8,908,900	\$ 51,300	\$9,250,700	\$ 521,200	\$ 9,771,900	5.63%
University of Louisville	#####	#####	#####	#####	#####	2.11%
Western Kentucky Univers	#####	#####	#####	#####	\$74,754,200	6.14%
Total	#####	#####	#####	#####	#####	2.75%

\* Percentage change in base excludes debt service amounts

# Pride & Promise: Morehead State University Strategic Plan 2001-2006

Annual Assessment "Report Card" for 2001

Performance Indicators	Baseline Data	2001 Measurement	Score
<b>Goal 1: Academic Excellence and Student Success</b>			
1. Assess student knowledge and proficiency in general education using Academic Profile and NSSE.	Exceeded NSSE predicted results in 5 of 5 categories with first-year students and 4 of 5 categories with seniors. Also, exceeded all KY averages in a 6th area measuring civic engagement. NSSE Data 2001 Composite Table included in data summary.		★★
2. Objectively measure student knowledge and proficiency in their major area using GRE, GMAT, MCAT, LSAT, PRAXIS, NCLEX, or measurements in capstone course.	Baseline data to be developed in 2001/2002		
3. Using CPE thresholds, review low enrollment and low graduate producing undergraduate and graduate programs.	Baseline set by CPE in 2000/2001 46 programs identified	Under new CPE guidelines in 2001/2002 20 programs identified	★
4. Measure the level of funding for library materials compared to benchmark using objectives for University library.	<u>99/00</u> Benchmark Avg \$137/FTE MSU \$134/FTE	<u>00/01</u> TBD \$142/FTE	No Score 00/01 Baseline not available
5. Increase the instructional and instructional technology expenditures each year.	<u>99/01</u> Instr Exp = \$26,512,114 MAP Exp = \$854,856	<u>00/01</u> Instr Exp = \$27,881,794 MAP Exp = \$871,706	★★
6. Increase sponsored research, grant activities and public service by 10% in the next five years.	<u>99/00</u> Funded external grants and contracts = \$10,203,574	<u>00/01</u> Funded external grants and contracts = \$13,736,214 34.62% increase	★★★
7. Objectively measure employer satisfaction with MSU alumni.	Baseline to be developed in 2002/2003		
8. Objectively, systematically measure alumni satisfaction with academic programs.	CPE Alumni Survey: Average Total Satisfaction = 4.21	MSU Total Satisfaction Score = 4.28	★★★★
9. Objectively, systematically measure student satisfaction with academic programs and processes. Student / Faculty Relations Academic Programs & Processes Academic Services / Facilities	Baseline set from 1998 SACS Student Survey 3.27 2.99 3.07	SACS Student Survey to be repeated in 2002/03	To Be Scored on Report Card 2002
10. Increase the number of student field experiences and internships by 10% each year.	Baseline data to be developed in 2001/2002		
11. Engage at least 15% of the faculty and full-time students annually in international learning experiences.	Baseline data to be developed in 2001/2002		

Score: ● = No Progress or Decline      ★ = Some Progress  
 - Goal Met      - Exceeded Goal      ★★★★★

Assessment data and additional analysis is available at: [www.morehead-st.edu/units/budgets/reportcard2001data.pdf](http://www.morehead-st.edu/units/budgets/reportcard2001data.pdf)

# Pride & Promise: Morehead State University Strategic Plan 2001-2006

Annual Assessment "Report Card" for 2001

Performance Indicators	Baseline Data	2001 Measurement	Score
<b>Goal 2: Excellence in Student Services</b>			
12. Objectively measure student satisfaction with student support services.  <div style="text-align: right; padding-right: 20px;">                     Student Activities / Organizations                      Student Health and Welfare                      Student Facilities                      Student Life / Administrative Services                 </div>	Baseline set from 1998 SACS Student Survey 2.96 3.16 2.70 2.77	SACS Student Survey to be repeated in 2002/03	To Be Scored on Report Card 2002
13. Objectively measure student satisfaction with academic (ACT) advising survey.	Baseline set from 1997 ACT Advising Survey	ACT Advising Survey being conducted in Spring 2002	To Be Scored on Report Card 2002
<b>Goal 3: Enrollment Growth and Retention Gains</b>			
14. Meet or exceed the goals for CPE key indicators for: Undergraduate enrollment Retention rate Graduation rate Graduation rate for transfer students Graduate enrollment Transfers in from KCTCS and LCC	<u>2001 CPE Key Indicators</u>  6,900 66% 41.6% To be determined by CPE 1,700 To be determined by CPE	<u>Fall 2001 Actual</u>  7,257 68% To be determined To be determined 1,770 To be determined	★★★★ ★★★★  ★★★★
15. Meet or exceed enrollment and graduation goals for academic undergraduate and graduate programs.	Baseline data to be developed in 2001/2002		
16. Meet or exceed enrollment goals for minority and international students.	1999/2000 African American 258 3.1% Int'l Students 153 1.8%	2000/2001 304 3.4% 173 1.9%	★★★★
17. Measure the retention rates and first year GPAs of students enrolled in developmental education courses.	Baseline data to be developed in 2001/2002		
18. Maintain Enrollment in "Targeted" counties (Target Counties defined as service region, Fayette and Jefferson)	Fall 2000 Target County Enrollment = 5,688	Fall 2001 Target County Enrollment = 5,858	★★★★
<b>Goal 4: Effective Administration</b>			
19. Achieve faculty salaries that equal or exceed benchmark or regional institution averages	1999/2000 <u>Region</u> <u>Median</u> <u>MSU</u> \$31,172      \$27,487 88.2% \$41,414      \$40,529 97.9% \$48,444      \$45,554 94.0% \$62,752      \$59,595 95.0%	2000/2001 <u>Region</u> <u>Median</u> <u>MSU</u> \$32,600      \$28,093 86.2% \$42,700      \$40,859 95.7% \$51,100      \$46,214 90.4% \$64,700      \$59,837 92.5%	●

Score: ● = No Progress or Decline      ★ = Some Progress  
 - Goal Met      - Exceeded Goal      ★★      ★★★

Assessment data and additional analysis is available at: [www.morehead-st.edu/units/budgets/reportcard2001data.pdf](http://www.morehead-st.edu/units/budgets/reportcard2001data.pdf)

# Pride & Promise: Morehead State University Strategic Plan 2001-2006

Annual Assessment "Report Card" for 2001

Performance Indicators	Baseline Data	2001 Measurement	Score
20. Achieve average staff salaries/wages that equal or exceed midpoint of current compensation schedule.	1999/2000 Compared average staff salary to midpoint of assigned salary grade: 4 of 29 grades equal or exceeded midpoint salary.	2000/2001 Compared average staff salary to midpoint of assigned salary grade: 5 of 29 grades equal or exceeded midpoint salary.	★
21. Achieve goals related to African American employees identified in Morehead State University's Affirmative Action Plan.	Met 4 of 8 Affirmative Action Goals based on EEO Categories	Met 5 of 8 Affirmative Action Goals based on EEO Categories	★
22. Increase female representation in leadership positions.	Females earning an average of 82.2% of their male peers' salaries held 20 of 66 leadership roles. Two cabinet members earned 71.9% of male peers' salaries.	Females earning an average of 85.8% of their male peers' salaries held 19 of 67 leadership roles. The number of female cabinet members increased to 4 of 8 earning 76.9% of their male peers.	★
23. Meet matching funds requirement for Capital Renewal and Maintenance Pool for E&G facilities.	00/02 Capital Renewal & Maintenance Pool = \$812,500	A total of \$1,625,000 matched in 2000-02	★★
24. Establish and maintain a Capital Renewal and Maintenance Pool for student housing facilities.	Established \$200,000 recurring budget in 2000/01	Enhanced budget by \$100,000 in 01/02	★★★★
25. Increase annual private giving within a range of 7-10% each year for the next five years.	1999/00 Gift Income = \$2,680,700 Number of Gifts = 11,717	2000/01 Gift Income = \$1,794,016 Number of Gifts = 10,360	●
<b>Goal 5: Enhanced Reputation and Productive Partnerships</b>			
26. Expand partnerships with the city/county/KCTCS/local and regional corporations and businesses to enhance workforce /economic development.	19 contracts documented in 2001	To be measured in 2002	To Be Scored on Report Card 2002
27. Increase active alumni by 7-10% in each of the next five years.	1999/00 Active Alumni = 7,278	2000/01 Active Alumni = 6,122	●
28. Increase the number of news items related to service, academic, or student achievements.	News releases = 1,182 Photos = 431 Web Postings - not available	News releases = 1,364 Photos = 570 Web Postings = 218	★★★★
29. Increase external fund support to the KFAC.	1999/00 \$219,815	2000/01 \$228,075	★★

Score: ● = No Progress or Decline      ★ = Some Progress  
 - Goal Met      - Exceeded Goal      ★★★★★

Assessment data and additional analysis is available at: [www.morehead-st.edu/units/budgets/reportcard2001data.pdf](http://www.morehead-st.edu/units/budgets/reportcard2001data.pdf)

**Background**

The Board of Regents approved *Pride & Promise: Morehead State University Strategic Plan 2001-2006* at its regular quarterly meeting in June 2001. The document represents the first strategic plan revision since the 1997 higher education reform efforts of the Governor and General Assembly and aligns the institution with the Council on Postsecondary Education's 2020 Vision and Action Agenda. In September 2001, the Board received a progress report on the strategic plan activities that included a timeline for the progression of the plan from the initial development phase in fall 2000 through the projected issuance of the first annual "report card" by the Planning Committee. The first annual report card is included with this report.

**Report Card 2001**

The report card document was developed as an annual assessment process to measure and communicate progress toward achieving the goals and objectives defined within the strategic plan. The report card assesses progress in specific areas defined by measurable performance indicators. The Report Card 2001 includes twenty-nine performance indicators of which seventeen have been measured and scored. Measurement processes and baseline data for the remaining eleven performance indicators are being developed in the 2001/2002 academic year and will be measured and reported in the next annual report card. Below is a summary breakdown of the scores reported on the twenty-nine performance indicators included in the report card 2001:

<b>Score</b>	<b>Number of Indicators</b>
Exceeded Goal	7
Goal Met	4
Some Progress Measured	4
Declined or No Progress Measured	3
Not measured -- baseline data to be collected in 2001/02	11
Total	29

The Planning Committee used the Report Card 2001 data to assist in developing a list of budget priority areas. These budget priority areas will be used by the Planning Committee to help prioritize strategic budget requests for 2002/03. Strategic budget requests are submitted by academic and administrative operating units to request new funding for initiatives that would enable the requesting unit to strategically posture itself to advance the strategic goals and objectives of the University. Below are the budget priority areas defined by the Planning Committee for 2002/2003:

- Strategies to increase faculty and staff salaries
- Strategies to promote recruitment and retention of students
- Strategies for improving instructional support
- Strategies for improving student support services
- Strategies to increase active alumni and private giving
- Strategies to increase female representation in leadership roles and improve gender salary equity

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Annual Assessment "Report Card" for 2001

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<b>Goal 1: Academic Excellence and Student Success</b>			
1. Assess student knowledge and proficiency in general education using Academic Profile and NSSE.	Exceeded NSSE predicted results in 5 of 5 categories with first-year students and 4 of 5 categories with seniors. Also, exceeded all KY averages in a 6th area measuring civic engagement. NSSE Data 2001 Composite Table included in data summary.		★★
2. Objectively measure student knowledge and proficiency in their major area using GRE, GMAT, MCAT, LSAT, PRAXIS, NCLEX, or measurements in capstone course.	Baseline data to be developed in 2001/2002		
3. Using CPE thresholds, review low enrollment and low graduate producing undergraduate and graduate programs.	Baseline set by CPE in 2000/2001 46 programs identified	Under new CPE guidelines in 2001/2002 20 programs identified	★
4. Measure the level of funding for library materials compared to benchmark using objectives for University library.	<u>99/00</u> Benchmark Avg \$137/FTE MSU \$134/FTE	<u>00/01</u> TBD \$142/FTE	No Score 00/01 Baseline not available
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6. Increase sponsored research, grant activities and public service by 10% in the next five years.	<u>99/00</u> Funded external grants and contracts = \$10,203,574	<u>00/01</u> Funded external grants and contracts = \$13,736,214 34.62% increase	★★★
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11. Engage at least 15% of the faculty and full-time students annually in international learning experiences.	Baseline data to be developed in 2001/2002		

Score: ● = No Progress or Decline      - Some Progress  
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19. Achieve faculty salaries that equal or exceed benchmark or regional institution averages	1999/2000 <u>Region</u> <u>Median</u> \$31,172    \$27,487 88.2% Assistant Professor \$41,414    \$40,529 97.9% Associate Professor \$48,444    \$45,554 94.0% Professor \$62,752    \$59,595 95.0%	2000/2001 <u>Region</u> <u>Median</u> \$32,600    \$28,093 86.2% \$42,700    \$40,859 95.7% \$51,100    \$46,214 90.4% \$64,700    \$59,837 92.5%	●

Score: ● = No Progress or Decline      - Some Progress  
 - Goal Met      - Exceeded Goal      ★★      ★★★★★

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23. Meet matching funds requirement for Capital Renewal and Maintenance Pool for E&G facilities.	00/02 Capital Renewal & Maintenance Pool = \$812,500	A total of \$1,625,000 matched in 2000-02	★★
24. Establish and maintain a Capital Renewal and Maintenance Pool for student housing facilities.	Established \$200,000 recurring budget in 2000/01	Enhanced budget by \$100,000 in 01/02	★★★★
25. Increase annual private giving within a range of 7-10% each year for the next five years.	1999/00 Gift Income = \$2,680,700 Number of Gifts = 11,717	2000/01 Gift Income = \$1,794,016 Number of Gifts = 10,360	●
<b>Goal 5: Enhanced Reputation and Productive Partnerships</b>			
26. Expand partnerships with the city/county/KCTCS/local and regional corporations and businesses to enhance workforce /economic development.	19 contracts documented in 2001	To be measured in 2002	To Be Scored on Report Card 2002
27. Increase active alumni by 7-10% in each of the next five years.	1999/00 Active Alumni = 7,278	2000/01 Active Alumni = 6,122	●
28. Increase the number of news items related to service, academic, or student achievements.	News releases = 1,182 Photos = 431 Web Postings - not available	News releases = 1,364 Photos = 570 Web Postings = 218	★★★★
29. Increase external fund support to the KFAC.	1999/00 \$219,815	2000/01 \$228,075	★★

Score: ● = No Progress or Decline      ★ = Some Progress  
 - Goal Met      - Exceeded Goal      ★★★★★

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## **TENURE**

**BOR (VI-A-1)  
September 19, 2003**

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### **Background:**

Morehead State University's personnel policy, PAc-27, provides a procedure for employing a department chair with tenure. Based on Dr. Patricia Stevens's well-established track record of excellence in teaching, reputation in research activities, and scope of service activities, the search committee for the chair of the Department Leadership and Secondary Education recommended Dr. Stevens for employment with tenure. The Provost, the College Dean, the Department and the University Tenure Committee support this recommendation.

### **Recommendation:**

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

**BACHELOR OF SCIENCE:  
AREA OF CONCENTRATION  
IN SPACE SCIENCE**

**BOR (VI-A-2)  
September 19, 2003**

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**Background:**

Faculty and staff of the Space Science Center, the Department of Physical Science, the Department of Industrial Education and Technology and the Department of Mathematical Sciences propose to offer a B.S. with an Area of Concentration in Space Science. The presence of the Space Science Center and the Morehead State University Space Tracking Antenna and Radiotelescope (M-STAR) on the MSU campus and the availability of this extraordinary facility to our students and faculty for instruction and research will provide a solid foundation to the program. Excellent faculty with diverse backgrounds in space related science and technology will allow students to tap the full potential of this multifaceted, state-of-the-art facility. Graduates from this program will have breadth of knowledge, experience, and skills, and adaptability, the marketable tools of new and exciting professional careers in space science and the telecommunications industry.

The main goal of this program is to prepare graduates for professional opportunities in space science, whether their interest might lie in astrophysical research or in applied technologies such as satellite tracking and telemetry. The program provides a broad but sound education in the basic physical and mathematical sciences, as well as specialized instruction in optical and radio astronomy, astrophysics, electronics, and research opportunities in astrophysics, engineering, and telecommunications. This preparation will enable graduating students to seek positions with NASA, NASA contractors, public and private science organizations or research facilities, colleges, planetaria, astronomical observatories, and the industry.

The proposed programs relate directly to the Morehead State University mission. The university's strategic plan for 2001-2006 states:

With immense pride in its past and great promise for its future, the University intends to emerge in the first decade of the 21st century as an even stronger institution recognized for superb teaching and learning with exemplary programs in teacher education, *space-related science and technology*, entrepreneurship, visual and performing arts, regional engagement and international opportunity.

**Analysis:**

The Appalachian counties of Eastern Kentucky have been consistently designated as among the most highly distressed, persistently impoverished counties in the U.S. In the information age, technology has been projected to be a catalyst for progress in rural regions.<sup>1</sup> Further, visionaries in the Commonwealth of Kentucky have recognized that to progress in the information age, we must establish a technologically-based economy for Kentucky now referred to as the "New

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<sup>1</sup> *Rural America at the Crossroads: Networking for the Future*. Office of Technology Assessment study with analysis of rural communities, the potential role for telecommunications to substantially benefit these communities, and the stakes if these areas are not able to adapt to changing global economies and effectively use telecommunications for economic development.

Economy”.<sup>2</sup> Telecommunications technologies facilitate the exchange of information and are therefore central to and underlay the New Economy.

Space-related technologies have driven numerous technological developments on Earth, particularly in telecommunications technology. Other important technological contributions with significant economic benefit have resulted from space research. These contributions are related to the need to launch, control and track spacecraft, to measure precise positions, fluxes, luminosities, and structural detail in faint and distant cosmic sources, to measure time with extreme precision, to image and analyze large statistical samples of data representing a wide range of physical, chemical, evolutionary conditions and physical dimensions, to numerically model complex interactions (between stars, galaxies, and other structures), and to develop extremely sensitive low noise amplifiers and other microwave electronic components. All of these activities have led to numerous economic benefits to society. The National Research Council observes: *“Federal support of curiosity-driven astronomical research has historically led to a broad range of contributions to technological advances with long-term benefits to society. Indeed, national investment of curiosity-driven scientific research is widely viewed as an essential element of US economic strength and competitiveness.”*<sup>3</sup> It is prudent to remember that all applied science and technology has its origin in basic science research. There is an obvious need for basic research infrastructure related to telecommunications technologies as well as a high-tech workforce required for the New Economy. Even though the US economy (and indeed the world economy) is experiencing uncertain times, space science industries and research laboratories are surviving and indeed the space enterprise is advancing. Specific data to support this assertion are provided:

- ❑ More than 600 microsattellites are either being built or proposed over the next 10 years.<sup>4</sup> These satellites will require the resources of aerospace corporations to develop, construct and launch, and extensive ground network support to control and track the satellites, acquire the telemetry and data, reduce, analyze and distribute the data, and a vast supporting technology infrastructure to utilize the services these satellites will provide.
- ❑ Nearly 100 satellites (including commercial and military) are launched each year.<sup>5</sup>
- ❑ China continues to rapidly develop its human spaceflight program. The China National Space Administration has announced its intent to place a man (taikonaut) in orbit by the end of the year, joining the US and Russia as the third country to enter the human spaceflight age.<sup>6</sup>
- ❑ Even after the tragic loss of the Space Shuttle Columbia on February 1, 2003, President Bush vowed that the US human spaceflight program will continue.<sup>7</sup>

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<sup>2</sup> The Kentucky Innovation Act (HB 572), enacted by the General Assembly in 2000, creates a foundation upon which Kentucky's New Economy will be built. The Kentucky Innovation Act (KIA) created the Kentucky Innovation Commission (KIC) and the Kentucky Science and Engineering Foundation (KSEF) was created under the auspices of the Kentucky Science and Technology Corporation (KSTC) as a result.

<sup>3</sup> Astronomy and Astrophysics in the New Millennium, National Research Council, 2000.

<sup>4</sup> *Space News*. February 10, 2003. Brian Berger, p. 16.

<sup>5</sup> *Space News*. Compiled from the monthly Launch Reports from 2002 and 2003.

<sup>6</sup> *Space News*, January 13, 2003. K.S. Jayaraman, p.21.

<sup>7</sup> A President's Tribute (Eulogy to the Shuttle Astronauts delivered at the Memorial Service . US President George W. Bush, February 4, 2003.

The proposed curriculum is intended to prepare students for occupations related to the New Economy. Space-related technologies and missions have driven numerous technological developments on Earth, particularly in telecommunications technology. Satellite telecommunications, in particular is central to the New Economy which is predicated upon an Information Age economic structure. These academic programs are designed to produce graduates well-prepared with appropriate knowledge and skills to be competitive for work in the New Economy.

No similar programs are offered in Kentucky. In fact, few universities offer undergraduate degrees in space science. "Space Science" undergraduate programs have recently started appearing in the U.S. and abroad. Three prominent examples are at Florida Tech, Embry-Riddle, and at the City University of New York. These programs are being developed in response to a heightened interest in a better understanding of the Earth's environment, "space weather" and how it affects the Earth, the Sun-Earth connection, planetary exploration, and the exploration and utilization of space for telecommunications applications, as a research platform in physical and biological sciences, and in general as humans possess an inherent desire to explore the universe.

The degree program was developed by the scientists and engineers within the three academic departments and the Space Science Center, with input provided by representatives of many of the major aerospace companies including:

- 1.) Lockheed Martin
- 2.) The Aerospace Corporation
- 3.) Ball Aerospace
- 4.) United Space Alliance
- 5.) Northrop Grumman
- 6.) Harris Aerospace
- 7.) Swales Aerospace

**Recommendation:**

That the Board of Regents approve the B.S. in Space Science.

**APPROVE 2004-2006 TUITION AND  
MANDATORY STUDENT FEES**

**BOR (VI-A-4)  
September 19, 2003**

**Background:**

The Council on Postsecondary Education delegated the authority to set tuition rates to the public universities and community and technical college system in April 1999 starting with the 2000-2001 fiscal period. Tuition rates are developed each biennium in accordance with the attached *Morehead State University Tuition Setting Parameters* document and reported to the Council as a preliminary preparation for development of the 2004-2006 Executive Branch Budget Request.

**Analysis:**

Based on economic forecasts and projected revenue shortfalls within the state budget, additional reductions in state appropriations are anticipated within the current year. This uncertainty complicates the process of estimating tuition and fee revenue needs for the next biennium. Preliminary budget planning indicates an increase in tuition and mandatory fees not less than 6 percent, but not greater than 9 percent, will be necessary each year to generate sufficient revenue to enable the University to advance academic and employee initiatives important in achieving its long-term goals. These goals are identified in the Board approved *Pride and Promise: Morehead State University Strategic Plan 2001-2006* and support the Commonwealth's *2020 Vision* and the *Action Agenda* as set forth by the Council on Postsecondary Education in support of the 1997 Higher Education Improvement Act.

If approved, this 6 percent – 9 percent range will enable the administration to adjust the 2004-2006 tuition and fee increase based on the impact that the anticipated reduction in current state appropriations has on projected revenue for each year of the next biennium. The tuition and mandatory fee rates as proposed within the 6 percent – 9 percent range enable Morehead State University to fulfill the following tuition-setting guidelines recommended by the Council on Postsecondary Education.

- Out-of-state students who qualify for in-state waiver programs should pay a higher tuition rate than Kentucky resident students
- Tuition and fee revenue should make up a minimum of 37 percent of the comprehensive universities' total public funds (state general fund appropriations and tuition and fee revenue)

The recommended increase range to the tuition and mandatory fee rate for 2004-2005 would result in an increase in the tuition and mandatory student fees rate for a full-time undergraduate, in-state student of no less than \$101 and no more than \$151 each semester, or between \$202 and \$302 each year.

**The recommended fee schedule for 2004-2005 is outlined in the attached.**

Preliminary 2004-05 operating budget priorities include:

- Meet fixed and unavoidable cost increases (utilities, health benefits, service contracts, telecommunications, etc.) - \$1,000,000
- Provide funding for the highest priority strategic initiatives that support the goals and objectives defined in the University Strategic Plan - \$500,000
- Develop a 5 percent salary compensation package that will continue progress toward the goal of reaching the 50<sup>th</sup> percentile of salary averages among the Kentucky regional universities – \$2,500,000

**Recommendation:**

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

	<b>Actual 2003/2004 Fall &amp; Spring</b>	<b>Recommended Range 2004/2005</b>	
		<b>(6% increase)</b>	<b>(9% increase)</b>
<b>Undergraduate</b>			
Resident	\$ 1,682	\$ 1,783	\$ 1,943
Nonresident waiver program*	\$ 1,782	\$ 1,889	\$ 2,059
Nonresident	\$ 4,474	\$ 4,742	\$ 5,169
<b>Graduate</b>			
Resident	\$ 1,822	\$ 1,931	\$ 2,105
Nonresident	\$ 4,884	\$ 5,177	\$ 5,643
<b>MBA Program</b>			
<b>Students admitted prior to July 1, 2002</b>			
Resident or non-resident	\$ 2,205	\$ 2,337	\$ 2,548
<b>Students admitted after July 1, 2002</b>			
Resident	\$ 2,205	\$ 2,337	\$ 2,548
Non-resident	\$ 3,240	\$ 3,434	\$ 3,743

\*Note: The Nonresident waiver program rate is only available to undergraduate, first-time, full-time, out-of-state students from selected counties.



## **NAMING OF STREETS**

**BOR (VI-A-5)  
September 19, 2003**

### **Background:**

The naming of physical facilities at the University requires a recommendation from the President and approval of the Board of Regents. Traditionally, naming of facilities has been a permanent means of recognizing those who have provided outstanding support, financial or otherwise, to the institution or given exemplary public service over a sustained period or to reflect the historical significance of a space or place or for other purposes deemed to be in the University's best interests.

Preserving history is the rationale for applying the name of Battson-Oates Drive to a street resulting from the merger of Ward Oates Drive, Battson Avenue and a two-block, disconnected section of University Boulevard. Mr. Oates was a former state highway commissioner who funded the construction of the street bearing his name. Hartley Battson, a respected Morehead businessman, served as mayor and the street near his home was named in honor of his business career and public service. The street since has become University property. Both street names have appeared on campus, city and state maps for more than 40 years. The short section of the boulevard is being renamed at the recommendation of the E-911 board for the convenience of emergency responders.

A city street identified as Martindale Drive is being transferred to the University's ownership. To reflect the street's location on campus and to better connect its name with the University, we propose to rename it as Eagle Loop.

### **Recommendation:**

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

**PERSONAL SERVICE CONTRACTS**

**BOR (VI-B-2)  
September 19, 2003**

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The attached list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between June 6, 2003 and August 31, 2003.

**PERSONAL SERVICE CONTRACTS****June 6, 2003 through August 31, 2003**

<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>
Morehead Clinic	Student Health Care/ Caudill Health Clinic	July 1, 2003	June 30, 2004	\$195,588	Solicitation of Bid
University Accounting Service	Student Loan – Billing/Accounting Service	July 1, 2003	June 30, 2004	\$27,000	Solicitation of Bid
Crowe, Chizek & Company, LLP	Audit Services	July 1, 2003	June 30, 2004	\$44,300	Solicitation of Bid
McBrayer, McGinnis, Leslie & Kirkland	Legal Services	July 1, 2003	June 30, 2004	\$40,000	Solicitation of Proposal
Sturgill, Turner, Barker & Moloney, PLLC	Legal Services	July 1, 2003	June 30, 2004	\$30,000	Solicitation of Proposal
C.L. Moore & Associates, Inc.	Consultant/Space Science Center	July 1, 2003	June 30, 2004	\$37,098	By Reference of Expertise

**ANNUAL REPORT ON  
REAL PROPERTY LEASES**

**BOR (VI-B-3)  
September 19, 2003**

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**Background:**

Policies related to Real Property Management approved by the Board of Regents on April 30, 1993, require that all leases be reported annually to the Board. The Lease Report reflects those Lease Agreements in effect on July 1, 2003.

## ANNUAL REPORT ON REAL PROPERTY LEASES

LESSOR	LEASE ID	DESCRIPTION	LOCATION	LEASE EXPIRES	ANNUAL RENTAL COST
<b>ACADEMIC SUPPORT</b>					
Mr. Harold Bellamy	PR 3440	Adult Learning Center 1,603 sq. ft. Classroom/office space (\$5.86/sq. ft.)	316 E. Main Street, Morehead	6/30/2007	\$9,398.00
FIVCO Area Development District	MSU-3779	MSU at Ashland 1 <sup>st</sup> Floor 557 sq. ft. Classroom/office space (\$2.50/sq. ft.)	Ashland	6/30/2004	\$1,392.50
FIVCO Area Development District	MSU-03	MSU at Ashland 2 <sup>nd</sup> and 3 <sup>rd</sup> Floors 28,200 sq. ft. Classroom/office space (\$3.50/sq. ft.)	Ashland	6/30/2007	\$98,700.00
CommUNITY Development	MSU-18	MSU at Mt. Sterling 3,777 sq. ft. Classroom/office space (\$9.00/sq. ft.)	Indian Mount Drive, Mt Sterling	6/30/2011	\$79,000.00
Highland Plaza Associates, Ltd.	N/A	MSU at Prestonsburg 14,250 sq. ft. Classroom/office space (\$9.42/sq. ft.)	Prestonsburg	Monthly	\$11,187.50 Monthly
Frederick & May Lumber Co.	PR 3387	MSU at West Liberty 8,313 sq. ft. Classroom/office space (\$5.85/sq. ft.)	West Liberty	6/30/2004	\$48,631.00 (Waived)

LESSOR	LEASE ID	DESCRIPTION	LOCATION	LEASE EXPIRES	ANNUAL RENTAL COST
Vision Realty	MSU-9	Small Business Dev. Ctr. 1,000 sq. ft. Office Space (\$6.42/sq.ft.)	3455 North Mayo Trail, Pikeville	10/31/2008	\$6,420.00
<b>AUXILIARY SERVICES</b>					
MSU Foundation, Inc.	MSU-12	University Store 5,218 sq. ft. (\$6.00/sq.ft.)	149 E. Main Street Morehead	06/30/2007	\$31,308.00
Eastern KY. Real Estate Co.	MSU-12-2	University Store 5,330 sq. ft. Upstairs/Storage/PO (\$3.00/sq.ft.)	147 E. Main Street Morehead	06/30/2004	\$15,990.00
Eastern KY. Real Estate Co	MSU-12-3	University Store 5,500 sq. ft. Downstairs/Textbook Area (\$6.00/sq. ft.)	147 E. Main Street Morehead	6/30/2004	\$33,000.00
<b>LEASE/PURCHASE</b>					
MSU Foundation, Inc.	MSU-7	Adjacent to University Golf Course	Morehead	02/01/2019	\$18,927.84
MSU Foundation, Inc.	MSU-16	Hogge Building 10,080 sq. ft. Office space (\$5.16/sq. ft.)	120 Normal Avenue Morehead	6/30/2010	\$52,012.80
MSU Foundation, Inc.	MSU-13	Martindale Property Residential space +14 acres	Martindale Drive Morehead	6/15/2012	\$129,783.96

LESSOR	LEASE ID	DESCRIPTION	LOCATION	LEASE EXPIRES	ANNUAL RENTAL COST
<b>PARKING LOTS</b>					
Baptist Church	PR 3123	36 space gravel parking lot	2nd Street, Morehead	6/30/2004	\$2,592.00
Dr. Don Blair	PR 3122	63 space gravel parking lot	5th Street, Morehead	6/30/2004	\$4,020.00
City of Morehead	MSU-P2	30 space parking lot	First Street & Wilkinson Boulevard, Morehead	6/30/2008	\$3,600.00
Rowan Co. Fiscal Court	PR 3127	85 space gravel parking lot	Vaughn Drive, Morehead	6/30/2007	\$2,400.00

**REPORT ON SALE OF HOUSING AND DINING  
SYSTEM REVENUE BONDS, SERIES R**

**BOR (VI-B-4)  
September 19, 2003**

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On June 6, 2003, the Board of Regents authorized the sale of Housing and Dining System Revenue Bonds, Series R. The Board also authorized the Vice President for Administration and Fiscal Services to open and consider the bids, and award the sale to the lowest and best bidder. The proceeds of the Series R bonds were to be used to finance Phases IV and V of the residence hall fire/life safety (sprinkler) project.

The bonds were sold on June 25, 2003 in a principal amount of \$4,270,000. Bids were received from three financial entities. The firm of Ross, Sinclair, and Associates was considered to be the most advantageous and with the lowest net interest cost for the bonds. The net interest cost for the Series R bonds was 3.9034%. The bonds will be amortized over a twenty-year period at an average annual debt service of just over \$300,000.



**REPORT ON STRATEGIC  
PLAN REPORT CARD 2002**

**BOR (VI-B-5)  
September 19, 2003**

MSU revised its strategic planning processes to align with the 1997 higher education reform efforts of the Governor and General Assembly with Board approval of *Pride & Promise: Morehead State University Strategic Plan 2001-2006* in June 2001. Those processes include the development of an annual strategic report card to measure and communicate progress toward achieving the goals and objectives defined within the strategic plan. The report card assesses progress toward each goal with pre-defined, measurable performance indicators.

Below is a summary breakdown of the scores reported on the 29 performance indicators included in the report card 2002:

<b>Score</b>	<b>Number of Indicators</b>
Exceeded Goal / Exceptional Progress	7
Goal Met / Significant Progress	9
Below Goal / Some Progress	10
Declined / No Progress Measured	3

The Annual Assessment Report Card for 2002 is available on the Office of Planning & Budgets website at <http://www.morehead-st.edu/units/budgets/reportcard2002.pdf>.

**REPORT ON CHANGES  
TO MSU BENCHMARKS**

**BOR (VI-B-6)  
September 19, 2003**

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During the past several months MSU staff members have been working with CPE staff to review and analyze the benchmark institutions and mandated programs as they relate to the benchmark funding model for the 2004-2006 biennial budget recommendation. MSU submitted five changes to our list of benchmarks that were assigned in 1998-2000. Those changes were accepted by the CPE staff and approved by the Council on Postsecondary Education on July 28, 2003.

A list of 100 institutions were identified by CPE staff as potential benchmarks for MSU based on selection criteria that matched enrollment characteristics, degree program mix, faculty characteristics, public service, student/faculty ratio and research emphasis. From that list, the five institutional changes requested were selected based on a similarity in mission to Morehead State University. Specifically, each note a challenge within their mission of serving otherwise underserved populations from either rural or inner-city areas. Each also note dedication to remediation of under-prepared students and serve a challenged and diverse public with a variety of program offerings with both credit and non-credit professional development initiatives.

The ultimate goal of the proposed changes is to associate MSU in the funding model with peer institutions that operate under similar financial challenges based on their populations served and also strive to meet common outcome objectives as identified in their institutional missions. Following is the revised list of MSU Benchmark Institutions.

**2004-2006 Benchmark Institutions  
Morehead State University**

<u>Institution</u>	<u>State</u>
Jacksonville State University Alabama	
Central Connecticut State University Connecticut	
<b><i>Columbus State University</i></b> <b><i>Georgia</i></b>	
<b><i>Chicago State University</i></b> <b><i>Illinois</i></b>	
Eastern Illinois University Illinois	
<b><i>Ball State University</i></b> <b><i>Indiana</i></b>	
<b><i>Indiana State University</i></b> <b><i>Indiana</i></b>	
<b><i>University of Northern Iowa</i></b> <b><i>Iowa</i></b>	
Pittsburg State University Kansas	
Northern Michigan University Michigan	
Central Missouri State University Missouri	
Southeast Missouri State University Missouri	
Rowan University Jersey	New
Western Carolina University North Carolina	
California University of Pennsylvania Pennsylvania	
Clarion University of Pennsylvania Pennsylvania	
Millersville University of Pennsylvania Pennsylvania	
West Chester University of Pennsylvania Pennsylvania	
Texas A&M University - Corpus Christi Texas	

Note: New benchmarks in bold italics.

**Institutions Removed from the List**

University of Nebraska - Kearney  
Nebraska

SUNY College at Brockport York	New
SUNY College at Oswego York	New
SUNY College at Plattsburgh New York	
Eastern Washington University Washington	

**REPORT ON 2004-2006  
CAPITAL BUDGET REQUEST**

**BOR (VI-B-7)  
September 19, 2003**

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The Board reviewed a report on the University's 2004-2010 Six-Year Capital Plan in June 2003 which detailed capital projects with an estimated scope of \$400,000 or more and equipment purchases with an estimated scope of \$100,000 or more. The projects included in the first biennia of the 2004-2010 Capital Plan were used as the basis for the development of the 2004-2006 Capital Budget Request.

A total of 32 projects totaling \$107,003,000 were included in the capital budget request with Construction of the MSU-NASA Space Science Center as the top priority followed by Phase II Renovation of the Adron Doran University Center. A list of all capital projects included in the budget request is attached.

**MOREHEAD STATE UNIVERSITY  
CAPITAL PROJECT SUMMARY LISTING  
2004-2006**

<b>Priority</b>	<b>Projects to be Funded with State Bonds or State General Funds</b>	<b>Amount</b>
1	Construct MSU-NASA Space Science Ctr	\$ 12,200,000
2	Renovate & Add to Student Ctr Phase II	6,500,000
3	Renovate Combs Classroom Building	6,000,000
4	Renovate & Expand Camden-Carroll Library-Phase I	5,500,000
5	Renovate Button Auditorium	3,000,000
6	Expand Life Safety: Claypool-Young Bldg	500,000
7	Comply with ADA - E&G	1,700,000
8	Purchase Instructional Tech Initiatives	1,866,000
9	Purchase Instructional & Support Equip	1,334,000
10	Expand Student Wellness Center	1,000,000
11	Purchase HPLC-Mass Spectrometer	140,000
12	Enhance Network/Infrastructure Resources	2,250,000
13	Enhance Library Automation Resources	750,000
14	Enhance Distance Learning Systems	2,500,000
15	Expand Compressed Video Resources	2,200,000
16	Upgrade Instruct. PCs/LANS/Peripherals	2,500,000
17	Purchase Scanning Electron Microscope	173,000
18	Renovate and Align Senff Facility	4,000,000
19	Upgrade Administrative Office Systems	2,000,000
20	Reconstruct Central Campus	780,000
21	Construct Plant Facilities	4,100,000
22	Replace Student Records Mngt. System	10,000,000
23	Renovate John Sonny Allen Field	1,800,000
24	Construct Ashland Area Ext. Camps Ctr	10,500,000
25	Construct Police Station	2,300,000
26	Construct KY Ctr for Traditional Music	6,500,000
27	Acquire Land Related to Master Plan	2,000,000
28	Purchase ICP-OES	110,000
29	Purchase Tour Bus	400,000
		<hr/> \$ 94,603,000
	<b>Projects to be Funded with Agency Bond or Agency Funds</b>	
	Construct Parking Structure	\$ 6,500,000
	Comply with ADA – Auxiliary	1,200,000
	Construct Family Housing Complexes – Phase II	4,700,000
		<hr/> \$ 12,400,000
	<b>TOTAL 2004-2006 CAPITAL PROJECTS</b>	<hr/> \$ 107,003,000

# **REPORT ON 2004-2006 SPECIAL INITIATIVE FUNDING REQUESTS**

**BOR (VI-B-8)  
September 19, 2003**

## **Background:**

The Council on Postsecondary Education invited each institution to submit no more than three requests for funding of special initiatives to be considered for the 2004-2006 biennial budget. The guidelines and criteria developed for special initiative funding requests indicates that requests should represent unique opportunities to advance postsecondary education beyond the means allowed by other state funding mechanisms (i.e. base budgets, capital budgets or trust funds). Special initiative funds requests should further the Action Agenda, help achieve Kentucky's 2020 goals (HB 1), and related to the five questions that are used to measure progress. Special funding is not guaranteed and economic conditions could sharply limit available dollars.

## **Analysis:**

Morehead State University responded by submitting the following three special initiative funding requests:

### **Jumpstart Teachers Using Technology -- \$350,000 one-time and \$25,000 recurring**

The Jumpstart Teachers using Technology initiative requests initial seed money to implement a student laptop program for all full-time, undergraduate students accepted into the teacher education program. The purpose of the initiative is to promote and facilitate integration of technology into the education curriculum and enable education majors to become proficient with teaching and learning with technology in the classroom. This will not only improve education quality for students while in the education program at MSU but also enable future teachers to carry that proficiency into K-12 classrooms as they graduate and become teachers across the state.

The initiative will also implement wireless technology within Ginger Hall which houses the College of Education on the MSU campus. Upon implementation of the programs, teacher education students will be assessed a per semester laptop lease/purchase fee that will generate an annual revenue stream to purchase laptops for new students accepted into the program each subsequent year. Ownership of the laptop will be transferred to the student upon graduation or surrendered to the university if the student drops out prior to graduation. The requested recurring funds will be used to maintain a repair and support center for the student laptop program to be staffed with student workers. Management of the student repair center will be facilitated through upper-division co-op opportunities for students enrolled in academic programs that prepare students for technology support positions (IET, CS and CIS).

### **MSU Space Science Center -- \$208,000 non-recurring**

The Space Science Center Special Initiative Funding Request is for funding to install equipment and infrastructure to establish world-class laboratories which will support operations of

the M-STAR include: 1.) 20 ft. space tracking antenna system (gift from K-MEC, a Washington, D.C. area commercial partner, which will be used as a redundant satellite tracking system); 2.) an anechoic chamber (gift from Lockheed-Martin, which will be used to test and verify feeds, antennas, and satellite components); 3.) an antenna test range (also a gift from Lockheed-Martin, which will be used to design, test, and measure antennas and feeds); and 4.) an advanced computing facility (donated by National Processing Corporation of Louisville, KY, which will be used to reduce, image, and analyze data from the M-STAR). The infrastructure associated with these five research laboratories is in hand, though none have been installed. This request also includes an optical fiber link that will connect the M-STAR, the 20 ft. antenna, and the test range to the Control Center. With these laboratories in place, the Space Science Center will provide a mechanism to enhance the science curricula at Morehead State University and provide significant research and development infrastructure in a high-tech area with long-term economic development potential for the Commonwealth of Kentucky.

### **Equal Access Scholarship Program -- \$750,000 recurring**

Over 70 percent of Morehead State University's students reside in the 22-county service region located in the eastern-most area of the Commonwealth. Data from the 2000 Census indicates that one in four families from this region lives in a poverty status, which significantly impacts the ability of the average MSU student to pay for higher education as compared to the average student from other regions across the state. For this reason, MSU has traditionally allocated a greater portion of its unrestricted E&G revenue toward student financial aid than allocated by other regional institutions in the state. MSU has also worked to maintain one of the lowest tuition and fee schedules within the state to ensure the highest possible access to higher education for economically challenged students from the service region. This strategy has become difficult to sustain as MSU must compete for quality faculty and implement technology resources during a period when the ability for the state to increase appropriations for higher education is challenged by difficult economic conditions.

The Equal Access Scholarship initiative requests recurring funds to establish a need-based scholarship program for students residing in Morehead State University's 22-county service region to assist in providing equal access to higher education for the students living in the state's most economically challenged region.



## ***Gift Income Report FY 00-01 - FY 02-03***

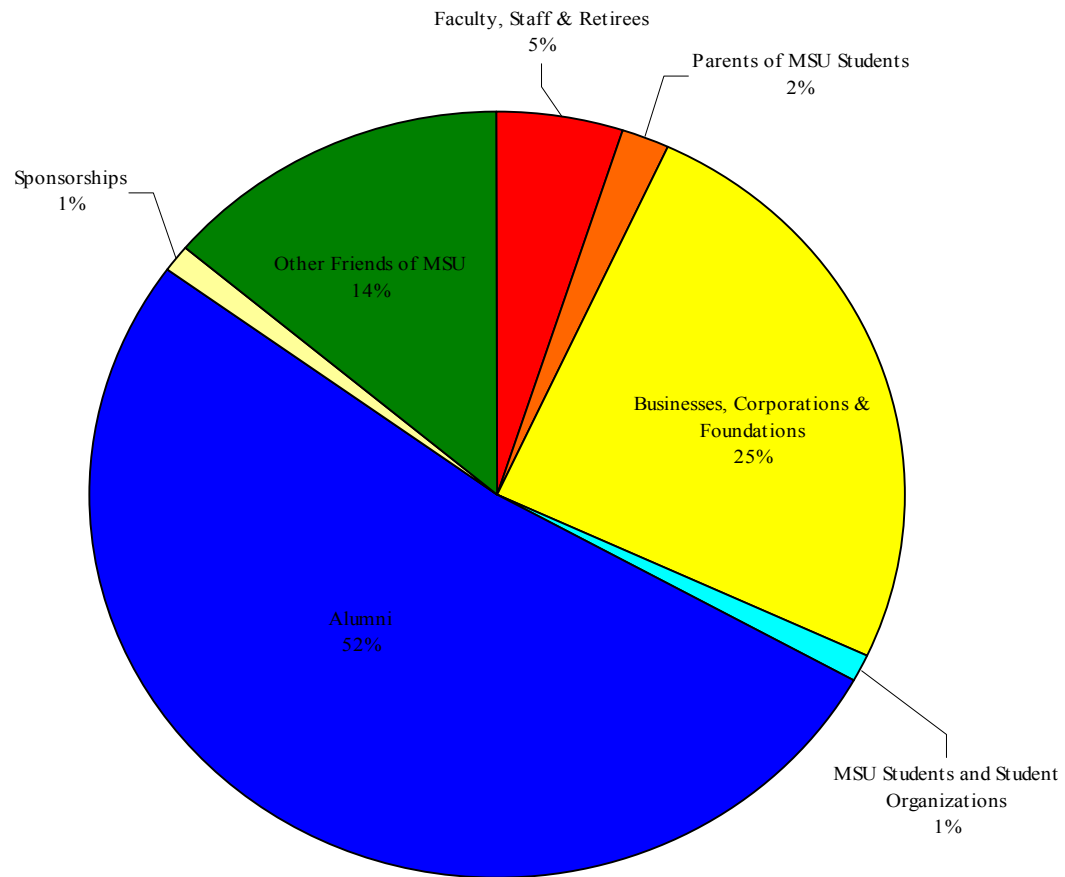
<b>Giving Summary</b>	<b><i>FY 00-01</i></b>	<b><i>FY 01-02</i></b>	<b><i>FY 02-03</i></b>
Unrestricted	\$ 87,054.51	\$ 89,273.69	\$ 143,923.97
Colleges, Dept., and Other Units	\$ 232,807.59	\$ 330,081.06	\$ 337,856.20
Eagle Athletic Fund	\$ 119,938.61	\$ 120,915.35	\$ 106,403.95
Scholarships (unendowed)	\$ 130,404.45	\$ 145,264.49	\$ 142,438.53
Endowments	\$ 799,684.81	\$ 674,362.97	\$ 488,683.00
Gifts-in-kind	<u>\$ 394,740.00</u>	<u>\$ 564,806.92</u>	<u>\$ 909,079.81</u>
<b>Total Gifts</b>	<b><u>\$ 1,764,629.97</u></b>	<b><u>\$ 1,924,704.48</u></b>	<b><u>\$2,128,385.46</u></b>

### **Significant Gifts**

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

<b><u>Donor Name</u></b>	<b><u>Type of Purpose</u></b>	<b><u>Amount</u></b>
E.O. Robinson Mountain Trust	E.O. Robinson Scholarship Fund	\$10,000
Czar Coal Corporation	Endowment Bertha Mills Booth Endowment for	\$25,000
National Aeronautics and Space Administration (NASA)	Gift-in-kind (Equipment)	\$545,661

**MSU Foundation, Inc.  
2002-2003 Private Gifts by Source**



# Office of Development and Alumni Relations

## TOTAL GIFT INCOME

July 1, 2002 - June 30, 2003

**\$2,128,385**

<u>Gift Ranges</u>	<u>Income</u>	<u>Number of Donors</u>
\$400,000 & Up		0
\$100,000 - \$399,999	\$644,715.00	3
\$50,000 - \$99,999	\$247,338.00	4
\$25,000 - \$ 49,999	\$215,480.00	7
\$5,000 - \$24,999	\$366,033.21	42
\$1,000 - \$4,999	\$225,403.07	128
Up to \$999	\$429,416.18	5,522
<b>TOTAL</b>	<b>\$2,128,385.46</b>	<b>5,706</b>

APPROVE 2002-2004 TUITION AND  
MANDATORY STUDENT FEES

BOR (IV-A-8)  
September 22, 2001

**Background:**

In an effort to provide the institutions with greater management flexibility, the Council on Postsecondary Education delegated the authority to set tuition rates to the public universities and community and technical college system. This action became effective in April 1999 starting with the 2000/2001 fiscal period. The parameters used by Morehead State University administrators to guide in the decision-making process related to tuition setting are detailed in the attached *Morehead State University Tuition Setting Parameters* document. This document was initially presented to the Morehead State University Board of Regents in September 1999.

Preliminary planning for the 2002-04 biennial budget indicates an increase of 8% in the tuition and mandatory fee schedule will be necessary to generate sufficient revenue to enable the University to advance academic and employee initiatives important in achieving its long-term goals. These goals are identified in the board-approved *Pride & Promise Morehead State University Strategic Plan 2001-2006* and support the *2020 Vision* as set forth by the Council on Postsecondary Education.

The tuition and mandatory fee rates as proposed enable Morehead State University to fulfill the following tuition-setting guidelines recommended by the Council on Postsecondary Education.

- ❖ Out-of-state students who qualify for in-state waiver programs should pay a higher tuition rate than Kentucky resident students
- ❖ Tuition and fee revenue should make up a minimum of 37% of the comprehensive universities' total public funds (state general fund appropriations and tuition and fee revenue)

**The recommended fee schedule is outlined in the attached.**

- ❖ The full-time, undergraduate resident tuition and fee rate for fall semester 2002 will be \$1463 or \$108 more than the current year rate.
- ❖ The University's tuition rate will remain well below the median when compared with the public comprehensive universities and with the benchmarking institutions approved for Morehead State University by the Council on Postsecondary Education.

**Recommendation:**

That the Board approve the 2002-2004 tuition and mandatory fee schedule.

**Morehead State University**  
**Proposed 2002-04 Tuition Rates and Mandatory Fees**

	Actual 2001/2002 Fall & Spring		Proposed 2002/2003 (8% increase)		Proposed 2002/2003 (8% increase)	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
	<b>Undergraduate</b>					
<b>Resident</b>	\$1,355	\$113	\$1,463	\$122	\$1,580	\$132
<b>Nonresident waiver program</b>	\$1,355	\$113	\$1,563	\$122	\$1,680	\$113
<b>Nonresident</b>	\$3,602	\$301	\$3,890	\$325	\$4,201	\$351
<b>Graduate</b>						
<b>Resident</b>	\$1,467	\$163	\$1,584	\$176	\$1,711	\$190
<b>Nonresident</b>	\$1,355	\$437	\$4,247	\$472	\$4,586	\$510

Note : The Nonresident waiver program rate is only available to first-time, full-time, out-of-state Students from selected countries.

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**MANDATORY FEES (included above) \$ 232**

**\$251**

**\$271**

## MOREHEAD STATE UNIVERSITY TUITION SETTING PARAMETERS

*MOREHEAD STATE UNIVERSITY BELIEVES THAT QUALIFIED AND MOTIVATED STUDENTS SHOULD HAVE EQUAL ACCESS AND OPPORTUNITY TO ENROLL AT THE UNIVERSITY.*

*MOREHEAD STATE UNIVERSITY BELIEVES IN THE SHARED RESPONSIBILITY BETWEEN THE STATE AND OUR STUDENTS FOR THE COST OF EDUCATION. HOWEVER, THE COST TO STUDENTS SHOULD NOT BE SO PROHIBITIVE THAT IT HINDERS OR DENIES ACCESS TO A UNIVERSITY EDUCATION.*

*MOREHEAD STATE UNIVERSITY BELIEVES THAT LOW TUITION IS THE BEST FORM OF STUDENT FINANCIAL AID.*

*MOREHEAD STATE UNIVERSITY WILL CONTINUE TO SUPPORT STATE AND NATIONAL FUNDING INITIATIVES FOR STUDENT FINANCIAL AID.*

**Morehead State University's student body and service region is characterized by the following:**

- ❖ Over 71 percent come from the University's 22 county primary service region.
- ❖ The service region has a low per capita income level.
- ❖ 17 counties in our service region have poverty rates that exceed twice that of the national rate.
- ❖ Postsecondary graduation rates that are the lowest in the Commonwealth.
- ❖ College attendance rates that are well below the state and national averages.
- ❖ An average adult education level that is well below the state and national averages.

**Morehead State University has as its primary goals the advancement of postsecondary education and economic development in the region by:**

- ❖ Increasing high school graduation rates.
- ❖ Increasing the college going rate of traditional and non-traditional students.
- ❖ Increasing the number of college graduates.
- ❖ Delivering quality instructional programs.
- ❖ Providing quality service programs.
- ❖ Providing institutional financial assistance and scholarship aid to attract and retain qualified and high achieving students.

**Morehead State University will establish tuition rates to achieve the following objectives:**

- ❖ Increase the enrollment of first-time freshman.
- ❖ Increase the enrollment of adult students.
- ❖ Advance diversity within the MSU student population by increasing the number of minority; nonresident; and international students at the University.

- ❖ Conform with state funding policy as relates to tuition income and general fund support.
- ❖ Meet the general and specific operational needs of the University as relates to competitive salaries; adequate classroom support; technology support and enhancement; plant support, maintenance and enhancement; student financial assistance; and employee development.

Presented September 17, 1999.



**Background:**

The title of Provost is increasingly being recognized within the academic community as the preferred title for the chief academic officer of a college or university. However, since the title of Provost is not well known or understood outside the academic community, the title of Vice President for Academic Affairs is frequently retained as well. As a result, the majority of institutions within the United States, and all other comprehensive institutions within Kentucky, have now adopted some form of the title Vice President for Academic Affairs and Provost to designate the chief academic officer. At the same time, the title of Dean of Faculty (currently within the title of Morehead State University's chief academic officer) has become implicit within the title of Provost. The following recommendation is designed to establish a title for the chief academic officer that communicates more clearly to all appropriate constituencies and is consistent with common practice at other institutes.

**Recommendation:**

That the Board of Regents approve changing the title of Morehead State University's chief academic officer from Executive Vice President for Academic Affairs and Dean of the Faculty to Provost and Executive Vice President.

**RATIFY SALE OF HOUSING AND DINING  
SYSTEM REVENUE BONDS, SERIES P**

**BOR (IV-A-5)  
September 22, 2001**

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**Background:**

On June 8, 2001, the Board adopted a resolution authorizing the sale of Housing and Dining System Revenue Bonds, Series P. The proceeds from the Series P bonds are being used to continue the fire safety projects in residence halls and to construct student family housing units at Lakewood Terrace. A committee consisting of Buckner Hinkle, Jr., Lynne Fitzgerald, and Gene Caudill was appointed to act on behalf of the Board to review and accept bids for the bonds. The actions of the committee were to be ratified by the full board at its first meeting following the bond sale.

The sale was conducted on July 11, 2001. Six bids were received for the bonds. Upon recommendation by Administration and Fiscal Services staff and bond fiscal agent, the committee accepted the bid of Ross-Sinclair & Associates, Inc., at a net interest cost of 4.6810%.

**Recommendation:**

That the Board ratify the actions taken by the appointed committee on July 11, 2001 related to the sale of the Housing and Dining System Revenue Bonds, Series P.

**MASTER OF ARTS IN TEACHING DEGREE:  
SECONDARY TEACHING OPTION**

**BOR (IV-A-3)  
September 22, 2001**

**Background:**

A recent projection by the U.S. Department of Education has estimated a need for as many as 2,000,000 teachers over the next decade at all educational levels. Some of the shortage areas include: science, mathematics, family and consumer health, Spanish, and health education. In response to evidence of teacher shortages in Kentucky, the State Legislature passed House Bill 77. This bill focuses on the development of alternative routes to certification. In the fall of 2000, the Educational Professional Standards Board (as mandated by KRS 161.028 and KRS 161.030) created six alternative routes to certification and these were distributed to college and universities so that programs could be developed to meet the needs of adults who wanted to teach.

The Master of Arts in Teaching will make it possible for people who have discovered a talent for or desire to teach to return to school and fulfill the requirements for teacher certification. It is the mission of this University to serve the region and to prepare quality teachers. This program will allow us to reach a “new” population of adults, thus increasing the number of certified teachers in classrooms throughout the University’s service region.

The proposed program fulfills all of the requirements set forth by the Educational Professional Standards Board. It addresses the need for alternative routes to certification by providing adults with the course work to complete a degree while maintaining their work obligations. In addition, the College of Education will have a new way to address the expressed state and institutional concern to supply qualified teachers to the classrooms of eastern Kentucky.

**Analysis:**

The Master of Arts in Teaching Degree is designed primarily for individuals who have earned an undergraduate degree in a state-approved teacher preparation content area and are currently working (1) in a public school and have been granted a temporary provisional certificate or (2) in business, industry, or a service occupation and wish to complete the teacher certification requirements for a selected secondary program.

This program has been designed to allow a candidate to complete the content area and professional course work, supervised teaching, and internship in two years. Use of a variety of course delivery options will support candidate access to courses and field experience. Currently two courses are offered through the Kentucky Virtual University, one course is offered through KTLN, and two courses are web enhanced. In addition, grant funds have been allocated to provide faculty members with release time or a stipend to develop on-line course modules for the supervised teaching courses. The scheduling of on-site teaching courses will take into account the typical work schedules of program candidates.

Students admitted to this program must meet all admission requirements and complete the Program Entrance and Design Interview and Check-Sheet Development Process. Candidates who successfully complete the program requirements will be awarded a Master of Arts in Teaching: Secondary Option and will be eligible for full certification at the Rank II Level.

**Recommendation:**

That the Board of Regents approve the proposed program, Master of Arts in Teaching: Secondary Option.

**APPROVE LOCATION OF LARGE  
APERTURE (18 M) FULL MOTION  
RADIO TELESCOPE AND ACCESS ROAD**

**BOR (VIII-A-3)  
September 27, 2002**

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**Background:**

All but the final federal earmark is in place and request for proposals (RFP) are being solicited in regard to the acquisition of a large aperture – 18 meter – full motion radio telescope to be situated on University land, north of the main campus overlooking Eagle Lake. The estimated \$4.2 million project scope has received all appropriate state approvals dating back to March 2001.

The acquisition of a new antenna is part of a joint venture with the National Aeronautics and Space Administration (NASA). The project began with a plan to relocate an existing 18-meter NASA Goddard satellite tracking station from Wallops Island, Virginia to Morehead State University as part of the University's Astrophysics Laboratory. The decision to move away from relocating the NASA antenna was based on a year-long analysis of the project and the cost factors associated therewith.

The project will provide substantial academic benefits and foster economic development throughout the Eastern Kentucky region by establishing a world-class, state-of-the-art research facility for students in astrophysics, satellite communications, electrical engineering and software development. The new instrument will replace the existing Morehead Radio Telescope (MRT) and be combined with the current HI receiver of the MRT.

In addition to the predominate federal funding available to the project, state and University funds will also be applied along with grant funding from the Kentucky Science and Education Foundation. The planned funds sources and project expenditures are detailed in the attached.

The RFP outlines a process to select the successful proposal by November 22. The successful contractor would have about one-year to build the antenna. The antenna would be assembled on the site and be operational for testing in the Fall 2004.

Construction of an unpaved access road to the top of the ridge behind the campus is to begin in November and be completed by May 2003. Entry to the road will be in the vicinity of Nunn Hall and follows the east side of a ridge to join an existing road close to the top of the ridge. At the top of the ridge, the road will continue to follow the existing road/path to the site. The road will be approximately 4,000 feet long when completed.

The state Transportation Cabinet has committed \$269,500 in funding for the road and an additional \$250,000 has been earmarked in the 2002-2003 State Road Fund. The estimated project cost is \$540,000. Upon completion of the antenna project consideration will be given to paving the road and installing guardrails. The road will have a maximum grade at lower elevations of 20 percent, thus paving and guardrails may become a second phase for the road.

An environmental assessment has been conducted and submitted to the Small Business Administration as part of that agency's grant approval process. The environmental assessment did not reflect any significant issues related to wildlife or plant life that would either delay or prevent the project.

A public forum was conducted on campus on September 16, to inform students, faculty and staff and local community members. Over 100 student, faculty, staff and community members participated. President Eaglin, Professor Ben Malphrus, Dean Gerald Demoss, Mayor Bradley Collins, Mike Craft., Road Engineer from Palmer Engineering, and Clayton Whitney, Environmental Engineer with the Smith Management Group represented Morehead State University. The forum was positively received and there was no unfavorable opinions expressed regarding the project.

**Recommendation:**

That the Board of Regents approve the site and access road location regarding the Large Aperture 18 Meter Full Motion Radio Telescope.

**REPORT ON EASEMENT  
AND RIGHT OF WAY**

**BOR (VIII-B-2)  
September 27, 2002**

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**Background:**

The Commonwealth of Kentucky's Transportation Cabinet was required to obtain a right-of-way easement from Morehead State University related to Phase III construction of U.S. 60 (Bypass). In addition to the easement, the Transportation Cabinet will also pay the University for any future interest the University might have in the former CSX railroad right-of-way along the same property frontage that the Transportation Cabinet acquired in 1992 from CSX and the previous owner (of the property now owned by MSU).

Compensation for the easement was \$750. Total compensation paid the University was \$6,150. The easement is across the frontage of the parking lot that is located on the south side of U.S. 60 across from the Academic-Athletic Center.

The following easement has been granted by Morehead State University:

<b>Granted To</b>	<b>Date</b>	<b>Location</b>	<b>Purpose</b>
Transportation Cabinet Division of Right of Way		U.S. 60 Bypass Across from Academic-Athletic Center- Real Estate -.327 acres for right of way and easement - 2,591 sq. ft of permanent easement (See map)	The property is needed for construction of the Morehead Bypass Phase III

**HEAD-COUNT ENROLLMENT**

		<b>% Change</b>
1998	8,263	+0.7
1999	8,171	-1.1
2000	8,327	+1.9
2001	9,027	+8.4
2002	9,063	+ .4

**FULL-TIME EQUIVALENCY**

		<b>% Change</b>
1998	6,305	-0.8
1999	6,172	-2.1
2000	6,373	+3.3
2001	6,888	+8.1
2002	7,019	+1.9

**CREDIT-HOUR PRODUCTION**

		<b>% Change</b>
1998	98,198	-0.8
1999	96,107	-2.1
2000	99,223	+3.2
2001	107,014	+7.9
2002	109,391	+2.2

\*As of September 24, 2002



**HONORARY DOCTORAL DEGREE**

**BOR (VII)  
SEPTEMBER 27, 2002**

**Background:**

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

Ruth Boggs Shannon, a native Kentuckian and an outstanding citizen of Whittier, Calif., was nominated for an honorary doctoral degree in conjunction with winter commencement. The Honorary Degree Advisory Committee reviewed the personal and professional qualifications of Ms. Shannon and unanimously recommended that she be awarded the honorary degree of DOCTOR OF PUBLIC SERVICE at the Winter Commencement ceremony on December 14, 2002.

A 1945 graduate of Morehead State University and a member of the MSU Alumni Hall of Fame, Ms. Shannon has become one of the most respected civic leaders in Southern California on the basis of her activities on behalf of the performing arts, Whittier College, Huntington Library, Presbyterian Intercommunity Hospital and the Los Angeles Music Center. A former teacher from a family of teachers in Bracken County, Ms. Shannon has been honored by the MSU Foundation and the MSU Alumni Association for her philanthropic endeavors. She is a member of the Board of Trustees of Whittier College.

**Recommendation:**

That the Board of Regents approve the awarding of the honorary degree of DOCTOR OF PUBLIC SERVICE to Ruth Boggs Shannon of Whittier, Calif., at the Winter Commencement ceremony on December 14, 2002.

**CONFIRMATION OF BOARD MEMBERS OF  
KENTUCKY FOLK ART CENTER, INC.**

**BOR (VIII-A-5)  
September 27, 2002**

**Background:**

1. Under provisions of state law, the Kentucky Folk Art Center, Inc. (KFAC), was declared an affiliated corporation of Morehead State University by the Board of Regents on September 18, 1998. As such, the Board of Regents of the University must confirm the appointment of members of the KFAC Board of Directors. In addition, the relationship between the University and KFAC is governed by an operating agreement approved by both boards.

2. The KFAC Board of Directors met on September 13, 2002, and appointed two new board members – Susan Neff of Morehead and Peter T. McNeill of Flemingsburg. The Board of Directors also reappointed three members – Pam Sexton of Lexington, and Cathy Shely and Denver Kinder, both of Morehead. All appointed board members serve three-year terms.

**Recommendation:**

That the Board of Regents confirm the appointment of two new and three returning members of the Board of Directors of the Kentucky Folk Art Center, Inc., as identified herein.

**REPORT ON LEASE PURCHASE  
AGREEMENT WITH MSUF, INC.  
MARTINDALE PROPERTY**

**BOR (VIII-B-3)  
September 27, 2002**

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**Background**

On July 18, Morehead State University executed a lease purchase agreement with the Morehead State University Foundation, Inc. (MSUF), to acquire the Martindale property. The Martindale property had long been identified as a major tract of land that was contiguous to the University's housing complex area that was important to the University's long-term development. The Board of Regents reaffirmed the University's desire and intent to acquire the property at its November 30, 2001, regular Board meeting when it authorized a lease of the property if necessary. As negotiations with the estate lingered, on June 1, 2002, the Board authorized a resolution to acquire the property via its statutory Eminent Domain authority.

The University's negotiations with the estate essentially concluded on May 31 when, at the request of the University, the MSUF took a purchase option on the property for the mutually agreed upon purchase price of \$990,000.

Authorization to acquire property identified in the approved Campus Master Plan is included in the Governor's 2002-2003 Spending Plan as:

**Land Acquisitions Related to Campus Master Plan  
Restricted Funds  
\$2,000,000**

The University's 2002-2004 Biennial Capital Budget Request submitted to the Council on Postsecondary Education, the Governor's Office for Policy and Management and the Legislative Research Commission on November 15, 2001, included the Land Acquisitions Related to Campus Master Plan project. The request was ratified by the Board of Regents at its November 30, 2001 regular meeting.

The University had requested the MSUF be involved in the acquisition for basically two reasons. One, the purchase price was going to strain the University's financial situation at a time of great economic uncertainty within the Commonwealth; and two, there was significant doubt as to whether the University would have a budget authorization to acquire the property in 2002-2004 in light of the budget stalemate that existed in the 2002 General Assembly. The estate was pressing that the sale be consummated and the Foundation agreed to acquire the property and lease purchase the property back to the University. The purchase price was supported by a qualified state contract appraisal dated December 18, 2001.

The lease purchase agreement and correspondence with and between the University and the Finance and Administration Cabinet is attached. A 10-year lease purchase agreement was executed with the MSUF on July 18, 2002. The interest rate for the purchase is tied to New York Prime (plus one percent) and will vary during the term of the agreement.

If carried to the full 10-year term and at the current interest rate, the total lease purchase cost of the transaction will be \$1,297,840. The University's annual lease purchase cost will be \$129,784, which does not exceed the \$200,000 annual threshold requiring prior legislative approval. Agency restricted funds for the annual payment have been budgeted in the University's Fiscal Year 2002-03 operating budget, which was approved by the Board on June 1, 2002.

On August 16, 2002, Finance and Administration Secretary T. Kevin Flanery approved our handling of this matter properly under the laws and regulations of the Commonwealth and agreed that the lease purchase agreement is in the best interest of Morehead State University. On September 17 the item was reported to the Capital Projects and Bond Oversight Committee.

Current plans for the property include the remodeling of the house for the President and Mrs. Eaglin. The renovation and expansion of the student center project makes it desirable to temporarily relocate the President's residence to this new site until the project is finished. The owners of all house trails on the site have been asked to remove them within a reasonable period of time. A second small concrete blockhouse will also be remodeled to serve to a guesthouse for visiting faculty and lecturers.

Discussions regarding the long-range usage of the property have included parking, recreational, Greek housing, single student apartments and a site for a future classroom building or two. The acquisition of the property provides the University with great flexibility regarding its future use.

**REPORT OF MAJOR GIFTS SINCE  
JUNE 1, 2002**

**BOR (VIII-B-8)  
SEPTEMBER 27, 2002**

The following is a list of gifts of \$10,000 or more that have been recorded since June 1, 2002, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.

<u>Name</u>	<u>Type or Purpose</u>	<u>Gift Amount</u>
Leslie Jacobs	Gift-in-kind	\$75,000.00
Ruth Boggs Shannon	Endowment	37,419.20
Natalie Trucco	Gift-in-kind	30,000.00
Czar Coal Corporation	Endowment	25,000.00
E. Paul Lyon, Jr.	Endowment	20,000.00
Provenance Fine Arts Corporation	Gift-in-kind	18,800.00
Czar Coal Corporation	Gift-in-kind	16,634.00
Christopher S. Gallaher	Gift-in-kind	15,195.00
American Electric Power	Endowment	10,000.00
Citizens Bank	Special Project	10,000.00
E. O. Robinson Mountain Trust	Scholarship	10,000.00
James H. Thomas	Endowment	<u>10,000.00</u>
		<b>\$278,048.20</b>

PERSONAL SERVICE CONTRACTS

BOR (VI-B-2)  
December 9, 2000

**Background:**

The attached list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between August 30, 2000 and November 20, 2000.

**PERSONAL SERVICE CONTRACTS**  
**August 30, 2000 through November 30, 2000**

<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>
University Accounting Service, Inc. Brookfield, Wisconsin	Billing and accounting service for the Federal Perkins Loan accounts.	August 1, 2000	June 30, 2001	\$ 28,000.00	Proposal
Dr. Kathy Barlow Wilmington, NC	Grant evaluator for PT 3 Implementation Grant	September 1, 2000	May 31, 2001	\$ 13,400.00	Reference
Kelly Services Winchester, KY	Provide temporary services to MSU to fill specialized jobs in emergency situations.	October 1, 2000	June 30, 2001	\$ 30,000.00	Reference
Dr. Faye Newsome Pippa Passes, KY	Serve as Director of the Region 8 Kentucky Reading Project.	November 10, 2000	June 30, 2001	\$ 11,500.00	Reference

**REPORT ON 2002/2003  
PERSONNEL ROSTER**

**BOR (VIII-B-4)  
September 27, 2002**

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**Background:**

The 2002/2003 Personnel Roster contains a listing of the authorized positions as of July 1, 2002. Funding for each position listed in the roster report was provided for in the 2002/2003 Operating Budget and Fee Schedule approved by the Board on June 1, 2002.

The report is organized by department and shows the following information for each position:

- Position ID number
- Employee currently holding the position
- Position title
- Appointment status if not a regular, full-time appointment
- Approved 2002/2003 salary for the position
- Contract months for exempt (salary) employees



**REPORT OF PRIVATE GIVING**  
**July 1, 2001 – June 30, 2002**

**BOR (VIII-B-7)**  
**September 27, 2002**

Private giving to Morehead State University for 2001-2002 increased by 9.07%, surpassing the \$1.9 million mark. Gifts from 4,965 individuals, corporations, and other entities were received by the MSU Foundation, Inc., on behalf of the University during the 2001-2002 fiscal year. The Office of Development and Alumni Relations processed 9,745 gifts from various sources.

**Gift Income Variance**  
**2000-2001 / 2001-2002**

<b>Giving Summary</b>	<b>July 2000-June 2001</b>		<b>July 2001-June 2002</b>		<b>Variance</b>	
Unrestricted	\$ 87,054.51	4.93%	\$ 89,273.69	4.64%	\$ 2,219.18	2.55%
Colleges, Departments, Units	\$ 232,807.59	13.19%	\$ 330,081.06	17.15%	\$ 97,273.47	41.78%
Eagle Athletic Fund	\$ 119,938.61	6.80%	\$ 120,915.35	6.28%	\$ 976.74	0.81%
Scholarships (unendowed)	\$ 130,404.45	7.39%	\$ 145,264.49	7.55%	\$ 14,860.04	11.40%
Endowments	\$ 799,684.81	45.32%	\$ 674,362.97	35.04%	\$ (125,321.84)	-15.67%
Gifts-in-kind	\$ 394,740.00	22.37%	\$ 564,806.92	29.35%	\$ 170,066.92	43.08%
<b>Total Gifts</b>	<b>\$ 1,764,629.97</b>	100.00%	<b>\$ 1,924,704.48</b>	100.00%	<b>\$ 160,074.51</b>	<b>9.07%</b>

**Regional University Excellence Trust Fund**  
**2001-2002 Bucks for Brains Activity**

2000-2002 Allocation	\$2,925,000
2000-2001 Received	\$1,110,775
<b>2001-2002 Goal</b>	<b>\$1,814,225</b>
2001-2002 Received	\$ 635,000
2001-2002 Submitted, Match Not Received	\$1,179,225
<b>2001-2002 Committed Toward Goal</b>	<b>\$1,814,225</b>

**REPORT ON REAL  
PROPERTY LEASES**

**BOR (VIII-B-5)  
September 27, 2002**

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**Background:**

Policies related to Real Property Management approved by the Board of Regents on April 30, 1993, require that all leases be reported annually to the Board. The Lease Report reflects those Lease Agreements in effect on July 1, 2002

**ADOPT REIMBURSEMENT RESOLUTION  
RELATED TO HOUSING AND DINING  
SYSTEM REVENUE BONDS, SERIES Q**

**BOR (VIII-A-4)  
September 27, 2002**

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**Background:**

On March 16, 2002, the Board authorized the sale of Morehead State University Housing and Dining System Revenue Bonds, Series Q. The Series Q bonds will finance Phases IV and V of the five-year residence hall sprinkler project. The combined cost estimates for the two phases is \$3,850,000. To minimize costs of issuance and interest expense, the University delayed the sale of the bonds until the spring of 2003. The bond issue will have an approximate size of \$4.4 million. That amount includes the cost estimates for the projects, costs of issuance, and the required debt service reserve.

Phase IV of the project was completed in the summer of 2002. The University advanced approximately \$700,000 to complete the project. The advanced funds will be reimbursed to the University from the bond proceeds. The Board adopted the appropriate reimbursement resolution on March 16, 2002.

The University will initiate Phase V of the residence hall sprinkler program in 2003. Phase V is the final segment of the five-year project and will involve Nunn Hall, Waterfield Hall, Normal Hall and Butler Hall. The cost estimate for Phase V is \$3,000,000.

The Nunn Hall project is the largest component of the Phase V sprinkler plan, and is very important in the summer programming of the University. The nature and design of the building allows much of the work to be conducted in the spring semester without major disruption to the student occupants. Therefore, Nunn Hall was separated from the remainder of Phase V and bid separately. Bids opened for the project on September 16, 2002. The contract will be awarded in the amount of \$1,181,000 with work projected to commence in January 2003.

The Series Q bonds cannot be sold until a budget is adopted by the state. Therefore it will be necessary to advance University funds to initiate the Nunn Hall portion of Phase V. The contracts for the sprinkler projects for the three remaining residence halls involved in Phase V will not be awarded until a state budget is adopted and the Series Q bonds can be sold.

The advanced funds will be reimbursed from the bond proceeds. To comply with federal regulations governing the issuance of tax exempt obligations, the Board must adopt a resolution stating its intent to reimburse costs incurred prior to the issuance of the bonds.

**Recommendation:**

That the Board adopt the attached reimbursement resolution.

A RESOLUTION OF THE BOARD OF REGENTS OF  
MOREHEAD STATE UNIVERSITY DECLARING OFFICIAL

INTENT WITH RESPECT TO REIMBURSEMENT OF  
TEMPORARY ADVANCES MADE FOR CAPITAL  
EXPENDITURES TO BE MADE FROM SUBSEQUENT  
BORROWINGS; AND TAKING OTHER ACTIONS IN  
CONNECTION THEREWITH

WHEREAS, Treasury Regulations § 1.150-2 (the “Reimbursement Regulations”), issued pursuant to § 150 of the Internal Revenue Code of 1986, as amended, (the “Code”) prescribes certain requirements by which proceeds of tax-exempt bonds, notes, certificates or other obligations included in the meaning of “bonds” under §150 of the Code (“Obligations”) used to reimburse advances made for Capital Expenditures (as hereinafter defined) paid before the issuance of such Obligations may be deemed “spent” for purposes of §§ 103 and 141 to 150 of the Code and therefore, not further subject to any other requirements or restrictions under those sections of the Code; and

WHEREAS, such Reimbursement Regulations require that the Borrower (as hereinafter defined) make a Declaration of Official Intent (as hereinafter defined) to reimburse any Capital Expenditure paid prior to the issuance of the Obligations intended to fund such Capital Expenditure and require that such Declaration of Official Intent be made no later than sixty (60) days after payment of the Capital Expenditure and further require that the Allocation (as hereinafter defined) of the proceeds of such Obligations to reimburse such Capital Expenditures occur no later than eighteen (18) months after the later of the date of the Capital Expenditure was paid or the date the property acquired with the Capital Expenditure was placed in service, except that any such Allocation must be made no later than three years after such Capital Expenditure was paid; and

WHEREAS, Morehead State University (the “Borrower”) wishes to ensure compliance with the Reimbursement Regulations;

NOW, THEREFORE, be it resolved as follows by the Board of Regents of Morehead State University as follows:

SECTION 1. Definitions. The following definitions apply to the terms used herein:

“*Allocation*” means written evidence that proceeds of Obligations issued subsequent to the payment of a Capital Expenditure are to effect the reimbursement of the Borrower for such payments.

“*Borrower*” means Morehead State University.

“*Capital Expenditures*” means any expense for an item that is properly depreciable or amortizable or is otherwise treated as a capital expenditure for purposes of the Code, as well as any costs of issuing Reimbursement Bonds.

“*Declaration of Official Intent*” means a written declaration that the Borrower intends to fund a Capital Expenditure with an issue of Reimbursement Bonds and reasonably expects to be reimbursed from the proceeds of such an issue.

“*Reimbursement*” means the restoration to the Borrower of money temporarily advanced from other funds of the Borrower to pay for Capital Expenditures before the issuance of Obligations intended to fund such Capital Expenditures. “To reimburse” means to make such a restoration.

“*Reimbursement Bonds*” means Obligations that are issued to reimburse the Borrower for Capital Expenditures previously paid by or for the Borrower.

“*Reimbursement Regulations*” means Treasury Regulations § 1.150-2 and any amendments thereto or superseding regulations, whether in proposed, temporary or final form, as applicable, prescribing conditions under which the proceeds of Obligations when allocated or applied to a reimbursement will be treated as “spent” for purposes of §§ 103 and 141 to 150 of the Code.

SECTION 2. Declaration of Official Intent.

- (a) The Borrower declares that it reasonably expects that the Capital Expenditures described in Section (b), which will be paid prior to the issuance of any Obligations intended to fund such Capital Expenditures, will be reimbursed with the proceeds of Obligations, representing a borrowing by the Borrower in the maximum principal amount for such reimbursements, funding of a debt service reserve and payment of costs of issuance of approximately \$3,000,000; and
- (b) the Capital Expenditures to be reimbursed are to be used for Phase V of the Borrower’s sprinkler project.

SECTION 3. Reasonable Expectations. The Borrower does not expect any other funds (including the money advanced to make the Capital Expenditures that are to be reimbursed), to be reserved, allocated on a long-term basis, or otherwise set aside by the Borrower or any other entity affiliated with the Borrower, with respect to the Capital Expenditures described in 2(b).

SECTION 4. Effective Date. This Resolution shall be effective from and after its date of adoption.

**BOARD OF REGENTS OF MOREHEAD  
STATE UNIVERSITY**

By: \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

**REPORT ON OPERATING AGREEMENT  
BETWEEN MOREHEAD STATE  
UNIVERSITY AND MOREHEAD STATE  
UNIVERSITY FOUNDATION, INC.**

**BOR (VIII-B-9)  
September 27, 2002**

---

**Background**

The Operating Agreement Between Morehead State University and the Morehead State University Foundation, Inc., has been reviewed, updated and signed by President Eaglin and Barbara Ender, CEO, MSU Foundation. The agreement was jointly reviewed by the staff of the MSU Foundation, Porter Dailey and Mike Walters to insure compliance with the July 1, 1999 operating agreement approved by the Board of Regents in June 1999. Minor modifications were made to the agreement to reflect current operating practices.

The Operating Agreement continues the University and Foundation's fiduciary relationship regarding private gifts and the state's Bucks for Brains endowment program.

**BOR (VI)**

**RESOLUTION HONORING JUANITA MILLS**      **September 27, 2002**

**WHEREAS**, Juanita Mills, a respected citizen of Lakeside Park in Northern Kentucky, has served with distinction as a member of the Board of Regents of Morehead State University since 1997; and

**WHEREAS**, Ms. Mills' distinguished service on the Board of Regents consistently has exemplified her high ethical standards and strong personal commitment to institutional integrity; and

**WHEREAS**, Ms. Mills' tenure as a board member has reflected her professional collegiality and dedication to academic excellence and her abiding concern for the welfare of the entire University community,

**THEREFORE**, be it resolved by the Board of Regents of Morehead State University that Ms. Juanita Mills be and hereby is commended for her five years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for her efforts.

Done this twenty-seventh day of September, 2002.

ATTEST:

\_\_\_\_\_  
Buckner Hinkle, Jr., Chair

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

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

## SABBATICAL LEAVE, 2002

BOR (VIII-A-1)  
September 27, 2002

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### **Background:**

Faculty members desiring sabbatical leaves submit their application to be evaluated by their departmental committee, department chair, college dean, and the Professional Development Committee. These committee evaluations are forwarded to the Provost who recommends to the President for his recommendation to the Board of Regents.

Dr. Wayne Willis applied for a sabbatical for the Spring 2002 semester and his application was approved at the March 3, 2001, Board of Regent's meeting. However, he was asked to postpone his sabbatical leave until the Fall 2002 semester in order to serve as assistant to the dean of education during the Spring 2002 semester.

### **Recommendation:**

That the Board of Regents ratify the change of semester for the sabbatical leave of Dr. Wayne Willis, professor of education.



2001 WINTER GRADUATES

BOR (VI-A-1)  
November 30, 2001

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**Recommendation:**

That the awarding of degrees of all candidates who successfully completed all degree requirements as approved by the faculty of the University at the 2001 Winter Commencement on December 15, 2001, be approved.

**ACCEPT 2000-2001 AUDIT REPORT,  
FOURTH QUARTER FINANCIAL  
REPORT, AND AMEND OPERATING  
BUDGET**

**BOR (VI-A-4)  
November 30, 2001**

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**Background:**

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. At the June 8, 2001 meeting, the Board of Regents approved the recommendation of the Audit Committee for appointment of Crowe, Chizek and Company to conduct the 2000-2001 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on November 10, 2001. Mr. Edwin Olliges, partner with Crowe Chizek, presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unqualified opinion on the financial statements. The management letter relating to the auditor's review of the University's internal controls reported no findings of material weaknesses in the financial control system.

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

- Management's discussion and analysis of the financial information in the audited financial statements
- Amendments to the operating budget for the period April 1 to June 30, 2001
- Budget amendments greater than \$200,000 incurred in the fourth quarter
- Capital outlay status reports

**Recommendation:**

That the Board accept the audit report for the fiscal year ended June 30, 2001 as presented by Crowe, Chizek and Company, accept the reports related to the 4<sup>th</sup> quarter financial information and capital outlay, and amend the operating budget for the 2000-2001 fiscal year.

**Management's Discussion and Analysis**  
**First Quarter Financial Statements**  
**Morehead State University**  
**September 30, 2001**

This discussion and analysis of Morehead State University's financial statements provide an overview of the University's financial activities for the quarter that ended on September 30, 2001. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

**Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides information about the unrestricted current funds revenues, expenditures, and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University.

**Financial Highlights**

Morehead State University's financial picture has remained stable through the first quarter of the 2001-2002 fiscal year. The University operated with a surplus of revenues over expenditures and transfers in the amount of \$13,296,913. That level of operating surplus is expected during the first quarter of any fiscal year. Revenue streams are larger during the start of the fall and spring terms, while expenditures are more evenly spread throughout the year. As the year progresses, the variance between revenues and expenditures will narrow and will be reflected in an appropriate operating surplus or deficit.

Significant trends and variances during the first quarter are summarized as follows:

- Investments increased approximately \$17 million from the first quarter of the previous year. However, the total is consistent with the amounts at June 30, 2001.
- Accounts receivable increased by about \$200,000 from the first quarter of the previous fiscal year. This increase is mainly attributable to an increase in federal and state grant funds receivables.
- The percentage of revenue assessments compared to budget projections are in line with expectations of the first quarter of a fiscal year and are consistent with the percentages of the previous year.
- The 2001-02 operating budget was based on a projected enrollment of 8,600 students. Actual fall semester enrollment was 9,027 headcount students. The increased

enrollment level has increased tuition revenue from the original fall semester revenue projections.

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

**Recommendation:**

That the Board ratify the Personnel Actions for the period September 10, 2001, through November 2, 2001.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period April 1, 2001 to June 30, 2001**

Description	Opening Budget	Amended Budget As Of 04/01/2001	Adjustments	Amended Budget As Of 06/30/2001
<b>Revenues and Other Additions</b>				
Tuition and Fees	\$ 21,798,200	\$ 21,798,826	\$ 116,850	\$ 21,915,676
Government Appropriations	40,326,200	40,514,375	2,780,125	43,294,500
Indirect Cost Reimbursement	300,000	306,492	-	306,492
Sales and Services of Ed. Activities	860,400	1,178,115	73,389	1,251,504
Other Sources	1,360,400	1,677,671	50,214	1,727,885
Budgeted Fund Balance - E&G	5,392,500	6,040,222	425,161	6,465,383
Auxiliary Enterprises	10,035,300	10,035,300	4,400	10,039,700
Budgeted Fund Balance - AUX	1,211,100	1,529,100	22,636	1,551,736
<b>Total Revenues and Other Additions</b>	<b><u>\$ 81,284,100</u></b>	<b><u>\$ 83,080,101</u></b>	<b><u>\$ 3,472,775</u></b>	<b><u>\$ 86,552,876</u></b>
<b>Expenditure Authorizations by Division</b>				
<b>Educational &amp; General</b>				
President & Administration	\$ 1,231,251	\$ 1,406,431	\$ 42,777	\$ 1,449,208
University Relations	1,227,548	1,424,908	293,423	1,718,331
Administration & Fiscal Services	10,482,681	10,646,084	627,117	11,273,201
Student Life	10,836,618	10,913,221	153,273	11,066,494
Academic Affairs	35,693,330	36,730,977	418,816	37,149,793
Debt Service & Mandatory Transfers	3,560,872	3,526,611	(39,161)	3,487,450
Other	6,836,800	6,741,380	2,304,553	9,045,933
<b>Total Educational &amp; General</b>	<b><u>\$ 69,869,100</u></b>	<b><u>\$ 71,389,612</u></b>	<b><u>\$ 3,800,798</u></b>	<b><u>\$ 75,190,410</u></b>
<b>Auxiliary Enterprises</b>				
Administration & Fiscal Services	\$ 7,018,758	\$ 7,047,765	\$ (38,948)	\$ 6,708,817
Student Life	724,142	793,624	(19,096)	774,528
Debt Service	2,261,000	2,261,000	22,636	2,283,636
Other	1,411,100	1,588,100	-	1,588,100
<b>Total Auxiliary Enterprises</b>	<b><u>\$ 11,415,000</u></b>	<b><u>\$ 11,690,489</u></b>	<b><u>\$ (335,408)</u></b>	<b><u>\$ 11,355,081</u></b>
<b>Total Expenditure Authorizations</b>	<b><u>\$ 81,284,100</u></b>	<b><u>\$ 83,080,101</u></b>	<b><u>\$ 3,465,390</u></b>	<b><u>\$ 86,545,491</u></b>

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period April 1, 2001 to June 30, 2001**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Tuition and Fees**

Unbudgeted revenue allocated during the fourth quarter totalled \$116,850.

- Summer school revenue was increased by \$108,825 to cover summer school payroll
- Unbudgeted revenue of \$8,000 from the Floral Design course fee was allocated to Agriculture and University Farm.

**Government Appropriations**

Unbudgeted revenue allocated during the fourth quarter totalled \$2,780,125.

- \$2,584,866 from CPE Endowment Trust Fund was transferred to the MSU Foundation
- \$195,000 from the CPE Enrollment Growth & Retention funds was allocated primarily to Academic Affairs to support retention efforts. The total amount received during 00/01 was \$350,000.

**Sales & Services of Educational Activities**

Unbudgeted revenue allocated during the fourth quarter totalled \$73,389.

- Eagle Athletic Fund (EAF) support from the MSU Foundation totalled \$14,283. The funds were budgeted in various athletic programs.
- An additional \$44,693 was allocated from English Language Center revenue to fund expenditures for that program.

**Budgeted Fund Balance – E&G**

Budget allocations from fund balance for E&G purposes totalled \$425,161 in the fourth quarter.

- \$160,000 allocated for Reed Hall renovation of Rad Tech lab
- \$14,385 allocated for disposal of hazardous chemicals
- \$75,000 allocated for development of James parking lot property
- \$20,871 allocated to pay off the debt service on the Optical Scanner equipment
- \$35,920 allocated to Distance Learning for software upgrade
- \$91,313 allocated to divisions for various equipment needs
  - \$25,000 to University Relations
  - \$13,445 to Administration & Fiscal Services
  - \$10,000 to Student Life
  - \$42,868 to Academic Affairs

**Budgeted Fund Balance – Auxiliary**

\$22,636 allocated to pay off the debt service on snack vending equipment

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period April 1, 2001 to June 30, 2001**

<u>From:</u> <u>Revenue and Other Additions</u>	<u>To:</u> <u>Division/ Budget Unit</u>	<u>Amount</u>	<u>Description</u>
Government Appropriations	Non-Mandatory Transfers	\$ 2,584,866	Funds were received from the CPE Endowment Trust Fund and subsequently transferred to the MSU Foundation

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of April 1, 2001 to June 30, 2001**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
Project II - 2000	\$ 1,580,000		In Progress
Project III - 2001	980,000		In Progress
Project IV - 2002	1,700,000		In Design
Project V - 2003	812,000		Scheduled
	<u>\$ 5,072,000</u>		
2000-02 Capital Renewal and Maintenance Pool			
(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Life Safety - E&G	\$ 200,000		In Progress
1990 Clean Air Act Compliance - E&G			
Claypool-Young Chiller Replacement	200,000	August, 2000	Completed
Ginger Hall, Reed Hall, Laughlin Chiller Replacement	800,000		In Progress
Roof Replacement - Button, Rice Maint. Bldg., Claypool-Young, Combs	550,000		In Progress
Mechanical Systems Replacements	570,000		In Progress
Ceiling Tile Replacement (Rader & Laughlin)	100,000		In Progress
Window Replacement (Rader)	150,000		In Progress
Gas Fired Boiler Installation	380,000		In Progress
Central Campus Reconstruction	300,000		In Progress
	<u>\$ 3,250,000</u>		
Residence Hall Repairs (ME, CO, WI, AT)	\$ 300,000		In Progress



**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of April 1, 2001 to June 30, 2001**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
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Window Replacement (Rader)	150,000		In Progress
Gas Fired Boiler Installation	380,000		In Progress
Central Campus Reconstruction	300,000		In Progress
	<u>\$ 3,250,000</u>		
Residence Hall Repairs (ME, CO, WI, AT)	\$ 300,000		In Progress

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

**BOR (VI-A-5)  
November 30, 2001**

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**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of September 30, 2001 for the first quarter of the fiscal year that will end on June 30, 2002. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Recommendation:**

That the Board accept the first quarter financial statements and amend the operating budget.

**Background:**

The University's Campus Master Plan has long identified property owned by Mrs. Elizabeth Martindale as property the University would attempt to acquire given its availability. Mrs. Martindale died last year and the University has been in conversation and negotiation with her estate to acquire the property.

The approximate twelve-acre tract is located between the University's main campus and the east campus. (Site plan is provided.) The property is bound on the west by the University, on the east and north by private property, and on the south by Vaughn Avenue, a city street. Improvements to the property include a small, unoccupied single-family concrete block rental house and the 2,379 square foot main Martindale residence. Trailer pads are rented on another section of the property. If acquired, the Master Plan describes the long-term usage as "green and recreation space."

The primary frontage of the Martindale tract is in the Campus Master Plan. The tract where the main Martindale residence is located was not included in the Plan, but the University has been negotiating with the estate for the entire parcel. Amendment to the Campus Master Plan is requested to incorporate all of the Martindale estate. The additional land is reflected in the attached site plan.

Negotiations with the estate to acquire the property are progressing. The University has obtained two appraisals and the estate has obtained one appraisal. An interim strategy for acquiring the property might include leasing the property until such time as final terms can be negotiated.

**Land Acquisition Strategies and Policies**

In accordance with University policy related to real property management, the President may initiate the acquisition of real property included in the approved Campus Master Plan. Property not identified in the Campus Master Plan may be acquired when approved by the Board.

If the property value exceeds \$100,000, the University must obtain two appraisals from certified professional appraisers. The Martindale property will exceed the \$100,000 threshold.

University policy requires the Board of Regents approval of any lease the cost of which is greater than \$30,000. Further any lease that involves the Morehead State University Foundation, Inc., requires approval by the Board. A lease regarding the Martindale property may involve the Foundation. The lease cost would not exceed the \$200,000 annual threshold requiring prior legislative approval.

## Property Descriptions and Detail

PROPERTY LOCATION	OWNER	APPRAISAL PRICE	OFFER PRICE
Lee Avenue	Elizabeth Martindale Estate	\$810,000.00	\$810,000.00
Property Description: The property is located between Morehead State University property on the west, private property on the north and east, and Vaughn Drive on the south. The single tract encompasses approximately 12 acres			

- A portion of the property lies within the boundaries of the Approved Campus Master Plan.
- In accordance with state procurement regulations the University has obtained two independent appraisals.
- The appraisal process has established the value of the property to be \$810,000.
- A lease of the property is being considered as an interim measure prior to acquisition.

### **Recommendation:**

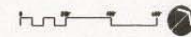
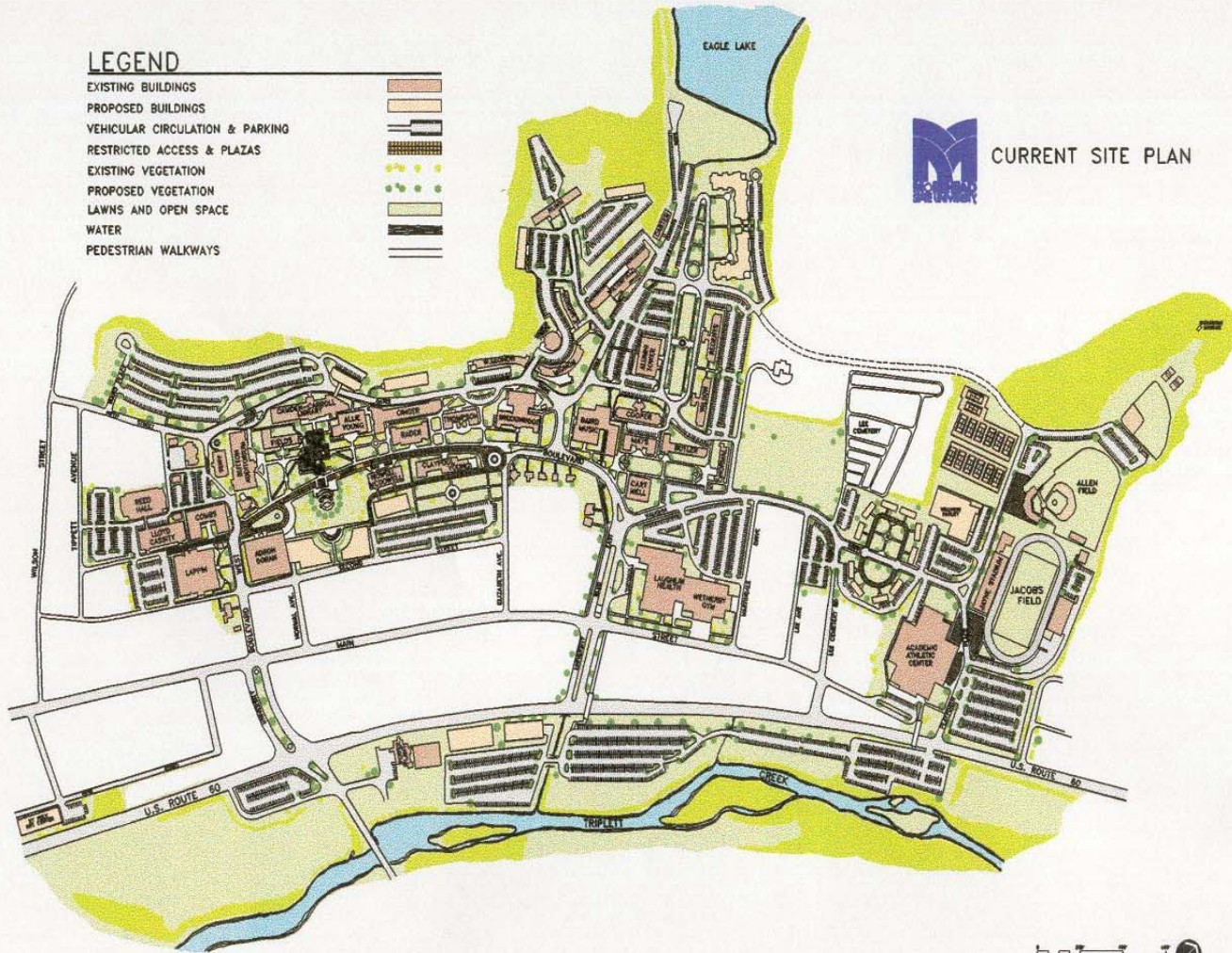
That the Board of Regents amend the Campus Master Plan to incorporate all of the property identified in the attached site plan as the Elizabeth Martindale property and authorize a lease of the property if necessary.

**LEGEND**

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



**CURRENT SITE PLAN**

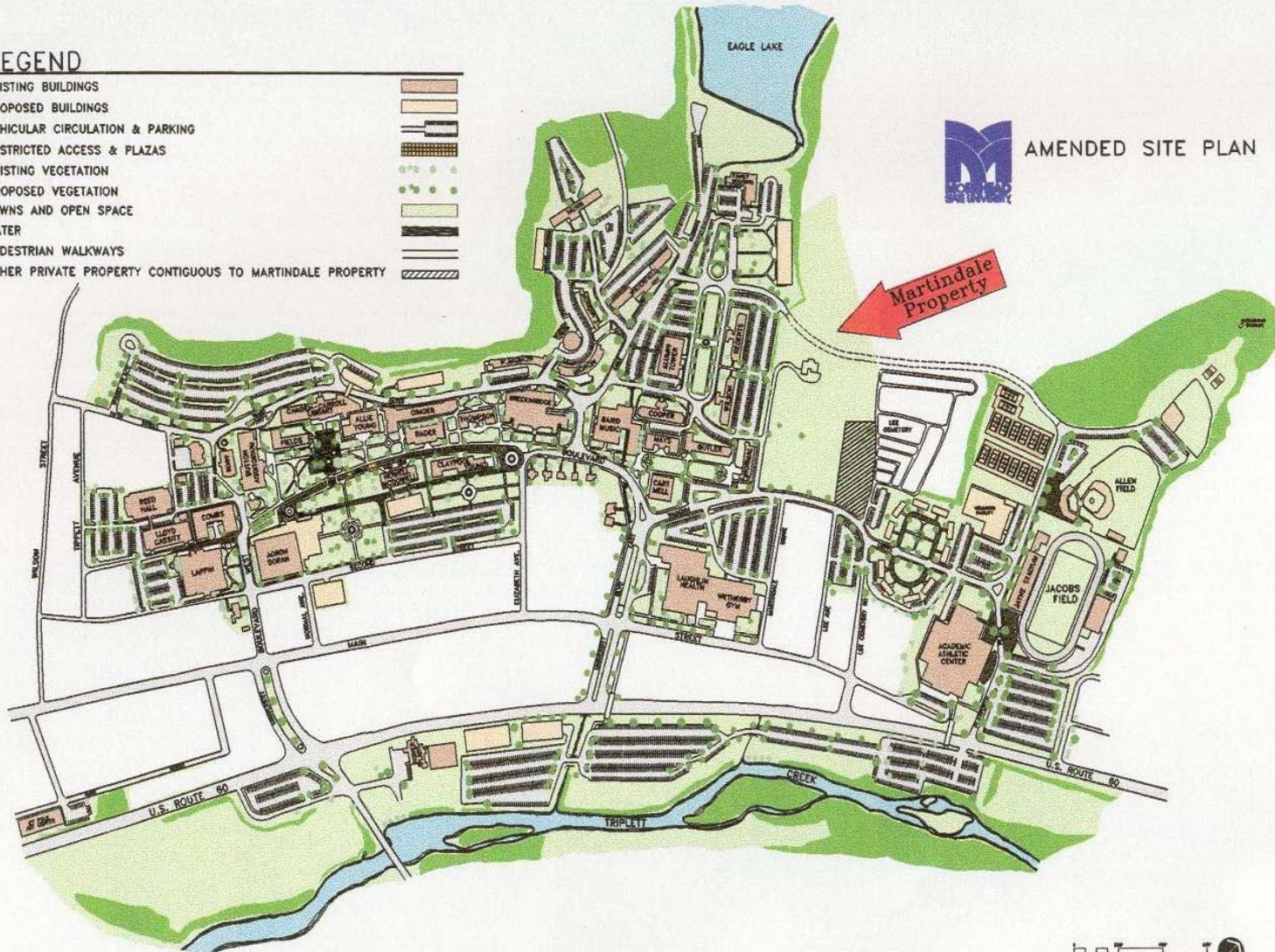


**LEGEND**

- EXISTING BUILDINGS 
- PROPOSED BUILDINGS 
- VEHICULAR CIRCULATION & PARKING 
- RESTRICTED ACCESS & PLAZAS 
- EXISTING VEGETATION 
- PROPOSED VEGETATION 
- LAWNS AND OPEN SPACE 
- WATER 
- PEDESTRIAN WALKWAYS 
- OTHER PRIVATE PROPERTY CONTIGUOUS TO MARTINDALE PROPERTY 



**AMENDED SITE PLAN**



**FALL 2001 ENROLLMENT****BOR (VI-B-1)  
November 30, 2001**

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**HEAD-COUNT ENROLLMENT**

		<b>% Change</b>
1997	8,208	-1.6
1998	8,263	+0.7
1999	8,171	-1.1
2000	8,327	+1.9
2001	9,027	+8.4

**FULL-TIME EQUIVALENCY**

		<b>% Change</b>
1997	6,357	-1.5
1998	6,305	-0.8
1999	6,172	-2.1
2000	6,373	+3.3
2001	6,888	+8.1

**CREDIT-HOUR PRODUCTION**

		<b>% Change</b>
1997	99,008	-1.6
1998	98,198	-0.8
1999	96,107	-2.1
2000	99,223	+3.2
2001	107,014	+7.9

**REPORT ON HEALTH INSURANCE  
FOR PLAN YEAR 2002**

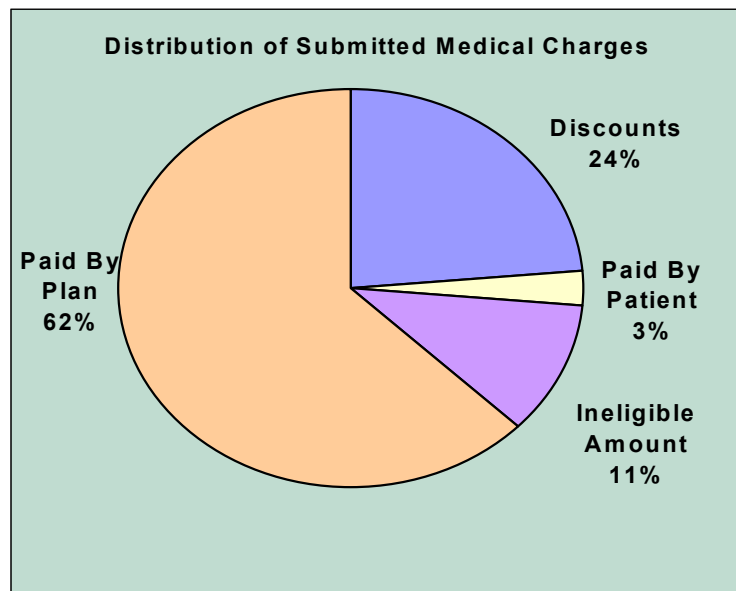
**BOR (VI-B-2)  
November 30, 2001**

**Background:**

President Eaglin has been steadfast in his commitment to maintaining an affordable yet financially sound health insurance program for University faculty and staff. This commitment was demonstrated in January 2000 when the University increased its monthly contribution rate for employees from \$140 to \$210 and structured the plan offerings to better enable employees at all pay scales to participate fully in quality health programs for themselves and their dependents. This strategy was successful! During the calendar year 2001, more employees were able to add dependent coverage to their plans and notably higher usage of the plan benefits were recorded.

Plan year 2001 was also the first year that detail plan and usage data was available from our health provider to assist in plan analysis. For example, Graph 1, from the MSU third quarter health insurance report demonstrates the disparity of cost-sharing in our current HMO Plan. This type of detailed information along with research efforts within the Office of Human Resources, and in conjunction with the Employees Benefit Committee, has provided a basis for the changes in the University health insurance plan for 2002.

**GRAPH 1: HMO Plan**



**Plan Year 2002**

Improved benefits and increased usage in 2001, as well as double-digit inflationary increases, resulted in an average 55% cost increase for all plans. These factors necessitated changes in the both the 2002 plan structure and contribution rates to enable continuation of an affordable, yet financially sound, health care program for all employees. The University has once again made the strategic decision to increase its average health care insurance

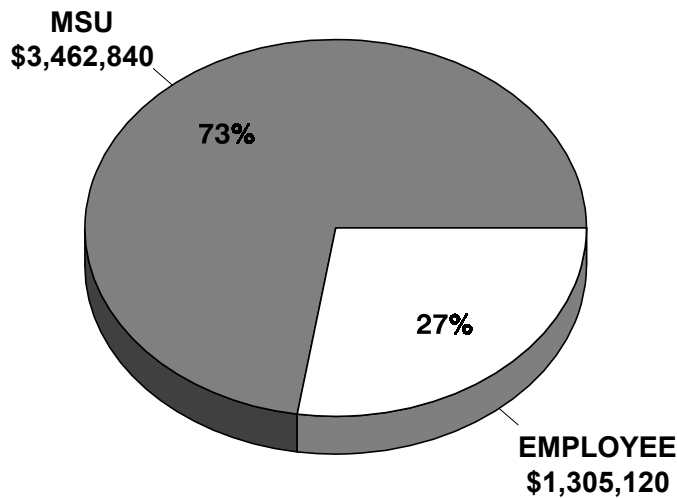


contribution by \$88 per employee per month, effective January 1, 2002. With this increase, the University has more than doubled its contribution level during the past two calendar years – from \$140 per employee per month in 2000 to \$298 per employee per month in 2002. Had the same total dollar amount allocated toward employee health benefits been used for salary increases, the salary pool would have been increased by an additional 2% in 2000 and 2.5% in 2001.

In addition to increasing its share of employee contributions into the plan, the University is committing \$500,000 from the general fund balance to revitalize the health insurance reserve that has been depleted by rising health care costs and increased health care insurance utilization. Meeting these funding needs presented a challenge to the administration given the projected forecasts of cuts in state budget appropriations in 2002/03 but was valued as a critical piece of the overall employee compensation package.

The following chart projects the total health care plan cost for 2002. Total plan costs include both projected claims cost and all administrative costs. The chart also shows the percentages of total cost contributed by the University and by the employees.

**Total Expected Plan Cost  
for 2002 = \$4,767,960**



Even with plan design changes including higher employee premiums, co-pays and deductible amounts aimed to better control costs, the 2002 Plan will enable MSU employees to benefit from health care insurance costs that are lower on average than those paid by other state higher education or state government employees.

The following table compares Morehead State University's average contribution of \$298 per month per contract across all tiers of the Base PPO Plan with the plans offered by other universities and state government most closely matching the MSU Base PPO Plan. MSU contributes \$42 more toward employee premiums than the average contribution rate and is currently exceeded only by the contribution of WKU.

**TABLE 1: Comparison of University and Employee Contribution Per Month Per Health Insurance Plan**

	MoSU	NKU	EKU	WKU	MuSU	UK	UofL	State Govt	KSU	AVG
<b>University Contribution</b> (Ave. amount per contract per month)	\$ 298	\$ 251	\$ 237	\$ 315	\$ 291	\$ 209	\$ 245	\$ 234	\$ 220	\$ 256
<b>Employee Contribution - PPO Base Plan</b>										
Single	\$0	\$6	\$0	\$0	\$47	\$44	\$6	\$0	\$0	\$11
2-Person	\$110	\$209	\$173	\$139	\$113	\$319	\$282	\$292	\$243	\$209
Family	\$210	\$201	\$336	\$305	\$182	\$497	\$336	\$351	\$477	\$322

The administration held multiple open meetings with representatives from all employee categories to discuss the following two strategic assumptions related to developing a 2002 health care plan:

- The plan should offer basic employee health care (single plan) coverage to be offered to employees at no cost to the employee.
- A higher contribution level for 2-person coverage and a still higher level for family coverage should be made for those employees electing to subscribe to those plans.

Differing contribution amounts across plans and tiers within each plan represent a deviation from the University’s current practice of applying one contribution rate regardless of plan choices. University administration sought out and gained the support of faculty and staff representatives for the differences in University contribution rates between plan levels, recognizing that the increased cost pressures on employees attempting to insure family members was an important factor in employee recruitment and retention.

Guided by the assumptions above and the overall philosophy that employee health insurance is a vitally important part of the total employee compensation package, the following schedule of plans, premiums, and contributions for Plan Year 2002, effective January 1, 2002 (Table 2) was implemented and disseminated to all employees.

**TABLE 2: Plan Premiums and Contributions for Plan Year 2002**

<b>Plan</b>	<b>Total Premium</b>	<b>University Contribution</b>	<b>Employee Cost</b>
<b><u>PPO Base</u></b>			
Single:	\$270	\$270	\$ 0
Two-person:	\$430	\$320	\$110
Family:	\$590	\$380	\$210
MSU Husband & Wife 2-Person*	\$430	\$540	\$ 0
MSU Husband & Wife Family**	\$590	\$540	\$ 50
<b><u>PPO Premium</u></b>			
Single:	\$360	\$240	\$120
Two-person:	\$660	\$320	\$340
Family:	\$890	\$380	\$510
MSU Husband & Wife 2-Person*	\$660	\$480	\$180
MSU Husband & Wife Family**	\$890	\$480	\$410
<b><u>HMO</u></b>			
Single:	\$320	\$240	\$ 80
Two-person:	\$490	\$320	\$170
Family:	\$650	\$380	\$270
MSU Husband & Wife 2-Person*	\$490	\$480	\$ 10
MSU Husband & Wife Family**	\$650	\$480	\$170

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

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

## HONORARY DOCTORAL DEGREES

BOR (V)  
November 30, 2001

### **Background:**

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

Two outstanding persons – Kentucky Tourism Secretary Ann Latta and Jackson bank executive J. Phil Smith – were nominated for honorary doctoral degrees in conjunction with winter commencement. The Honorary Degree Advisory Committee reviewed the personal and professional qualifications of Ms. Latta and Mr. Smith and unanimously recommended that each be awarded the honorary degree of DOCTOR OF PUBLIC SERVICE at the Winter Commencement ceremony on December 15, 2001.

Ann Latta was named Secretary of the Kentucky Tourism Development Cabinet by Governor Paul Patton in December 1995 and reappointed for a second term in December 1999. She is the first person with a professional background in travel and tourism to head the agency. A graduate of the University of Kentucky, she became the first woman elected mayor of the City of Prestonsburg and was re-elected to a second term. During her eight years in office, concentrating on tourism as the city's primary economic development focus, tourism spending more than doubled and she led the drive to build the Mountain Arts Center.

A 1948 graduate of Morehead State University, J. Phil Smith perhaps is the best known citizen of Breathitt County, having recently been honored as “Man of the Century” for his tireless work on behalf of his community. In addition to his leadership in banking, economic development and the arts, he is the longtime chairman of the Board of Trustees of Lees College and served several times as acting president of the two-year college, now a branch campus of Hazard Community College. One of the founders of the MSU Foundation, Inc., Smith also was a member of the first group of graduates to be inducted into the MSU Alumni Hall of Fame in 1966. He and his wife, Donna, are the parents of three MSU graduates.

### **Recommendation:**

That the Board of Regents approve the awarding of honorary degrees of DOCTOR OF PUBLIC SERVICE to Ann Latta of Prestonsburg, Ky., and J. Phil Smith of Jackson, Ky., at the Winter Commencement ceremony on December 15, 2001.

**REPORT OF MAJOR GIFTS  
SINCE SEPTEMBER 1, 2001**

**BOR (VI-B-3)  
November 30, 2001**

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The following is a list of gifts of \$10,000 or more that have been recorded since September 1, 2001, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.

**Private Gifts**

<u>Amount</u>	<u>Donor(s)</u>	<u>Type or Purpose</u>
\$60,604.32	R & J Development	Gift-in-kind
\$58,421.00	Mountain Telephone Corporation	Scholarship
\$30,000.00	KOCH Foundation, Inc.	Equipment Purchase
\$12,925.00	Al Crabb	Gift-in-kind
\$11,205.00	Gene and Sue Caudill	Gift-in-kind

**CPE State Matching Funds**

<u>Amount</u>	<u>Purpose</u>
\$250,000.00	Computer Information Systems Department Chair Endowment
\$150,000.00	C. Louise Caudill Allied Health/Nursing Scholarship
\$100,000.00	Adron Doran Endowment for Education Leadership
\$80,000.00	Gregory Palmer Endowment for Business
\$55,000.00	Buckner and Sally Hinkle Endowment for Humanities

**Total Assets**

Total net assets of the Morehead State University Foundation, Inc. as of November 15, 2001, were \$14,439,763.00.

**AMEND PERSONNEL POLICY PG-11, LEAVE  
OF ABSENCE WITHOUT SALARY FOR  
EXTENDED ACTIVE MILITARY SERVICE**

**BOR (VI-A-3)  
November 30, 2001**

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**Background:**

The Uniformed Services Employment and Reemployment Rights Act (USERRA), (Title 38 U.S. Code, Chapter 43, Sections 4301-4333, Public Law 103-353), significantly strengthens and expands the employment and reemployment rights of all uniformed service members.

The attached revised policy PG-11, Leave of Absence without Salary for Extended Active Military Service modifies and enhances certain sections of the policy, predominantly reemployment rights and procedures and benefits administration to bring Morehead State University in compliance with USERRA.

Specific changes in the policy include:

- Extending eligibility to part-time employees;
- Eliminating requirement for employee to provide employer with copy of orders to active duty (prohibited by USERRA);
- Allowing employee to use all or portions of their accumulated vacation leave for extended military service in lieu of leave without pay;
- Clarifying employees' rights with regard to maintaining health and dental insurance coverage;
- Clarifying employees' rights with regard to receiving retirement credit for time on extended military leaves of absence;
- Establishing university procedures for administering vacation and sick leave;
- Complying with the Act with regards to employees' re-employment rights under differing leave duration; and
- Establishing the University's right to determine re-employment eligibility for an employee returning from an extended active military service leave.

All changes in PG-11 are mandated by state and federal law and do not represent discretionary decisions by the University.

The University's General Counsel has reviewed the proposed revisions. Members of the University Council, Staff Congress and Faculty Senate have been afforded opportunity for comment.

**Recommendation:**

That the Board of Regents amend PG-11, Leave of Absence without Salary for Extended Active Military Service.

Policy: PG-11

Subject

Leave of Absence without Salary  
for Extended Active Military Service

Approval Date: 07/01/85

Revision Date:

PURPOSE:

To establish the University's support and commitment to employees who are called to active or volunteer duty as members of the National Guard or military reserves. ~~protect the re-employment rights of a regular, full-time faculty or staff member during an absence caused by entry into extended United States military service (or public health service) whether voluntary or otherwise.~~

ELIGIBILITY  
FOR LEAVE:

Each ~~regular~~ full-time ~~or part-time~~ University faculty or staff member, who has completed at least one day of regular employment with the University immediately preceding the effective date of the requested military leave and who has been ordered to report to active duty on a specific date, is eligible upon ~~advance written or verbal notice to the University or otherwise giving notice as prescribed by law~~ ~~presentation of a copy of such order.~~

LENGTH OF LEAVE:

~~For the purposes of this policy, extended active military service is considered to be more than 14 calendar days. Military service of 14 days or less falls under the guidelines of PG-10, Leave of Absence With Pay for Short-Term Military or National Guard Service or Training Duty.~~

~~Military Leaves of Absence under this policy are generally without pay; however, at the option of the employee, any accrued vacation leave may be used.~~

~~The cumulative length of the military leave of absence and all previous absences from a position of employment at the University by reason of service in the uniformed services generally shall not exceed five years except as set forth in the Uniformed Services Employment and Reemployment Rights Act (USERRA). (Contact the Office of Human Resources for more information). ~~A leave~~~~

~~of absence for active military service may not exceed a maximum of 48 consecutive calendar month except that an extension of 12 months may be granted if the extension is at the request and convenience of the government.~~

LENGTH OF  
SERVICE CREDIT:

The period of a military leave of absence will be added to any length of service credit that a faculty or staff member may have otherwise.

MEMBERSHIP IN  
EMPLOYEE BENEFITS:

~~During a leave of absence for military service, a faculty or staff member:~~

Health and Dental Insurance: If the military leave is for 30 or fewer days, employees will remain on the University's health and dental care plan. If the leave is for more than 30 days, employees may elect COBRA coverage for themselves and their dependents, if applicable. Prior to a military leave, provisions must be made for timely payment of any premiums/contributions due by the employee to ensure uninterrupted coverage. Upon return to active service with the University, health and dental insurance coverage will be reinstated without any waiting period or exclusions for pre-existing conditions, other than waiting periods or exclusions that would have applied had there not been an absence for military service.

Other University Insurance Programs: These benefits cease 31 days from the end of the pay period in which the leave of absence for military service becomes effective. Upon return to active duty, participation in the University's life insurance program will be in force immediately and will not be subject to underwriting approval.

Retirement Programs: During any period of unpaid military leave, no retirement contributions are paid by the University or by the employee on military leave. Upon return to active employment, employees may receive service credit by paying the appropriate contributions according to regulations established by the applicable retirement system.

Vacation and Sick Leave: Vacation and Sick Leave will not continue to accrue during any unpaid leave period. Military leave will count as active employment for purposes of determining the appropriate vacation and sick leave accrual rate. Upon return to active employment



following a military leave, vacation and sick leave balances will be restored and immediately available to the employee.

~~TIME OFF BEFORE MILITARY LEAVE COMMENCES:~~ The employee is to be afforded sufficient enough time off from the employer prior to starting military duty in order to travel to the duty location and arrive fit to perform the military service.

How much time this is should be given. Determination of exact time shall be made on a case-by-case basis.

Cannot be provided personal protection in the University's health care plan. This includes coverage for dependents.

May receive retirement credit under certain conditions.

Cannot continue protection in other insurance programs of the University. These benefits cease 31 days from the end of the pay period in which the leave of absence for military service becomes effective. Reinstatement of these benefits will occur upon return to active service with the University.

~~PAYMENT OF SALARY EQUIVALENT OF VACATION TIME:~~ The salary equivalent of the vacation time accumulated by a staff member shall be paid as part of the final salary payment.

~~RETURN TO ACTIVE UNIVERSITY SERVICE:~~ It is intended that a regular faculty or staff member may return to active service with the University if he/she so desires, at the termination of the military leave as long as he/she . Insofar as it can be arranged, this return will be to the faculty or staff member's original position or to a position determined by the University to be an equivalent position.

~~To take advantage of this privilege, the faculty or staff member shall notifies his/her immediate supervisor or Dean within 90 days of release from service of his/her intention to return to active University employment within the time frames set forth below:~~

a). Less than 31 days service: By the beginning of the first regularly scheduled work period after the end of the calendar day of duty plus time required to return home safely and an eight-hour rest period. If this is impossible or unreasonable, then return must be as soon as possible.

b). 31 to 180 days: Employee must notify his/her immediate supervisor or Dean within 14 days of his/her completion of service. If the 14<sup>th</sup> day falls on a non-business day, then notification may be delivered on the next business day thereafter. If this is impossible or unreasonable through no fault of the employee, then as soon as possible.

c). 181 days or more: Employee must notify his/her immediate supervisor or Dean within 90 days of completion of his/her military service. If the 90<sup>th</sup> day falls on a non-business day, then notification may be delivered on the next business day thereafter. If this is impossible or unreasonable through no fault of the employee, then as soon as possible.

d). Service-connected injury or illness: Reporting or notification deadlines are extended for up to two years for employees who are hospitalized or convalescing.

(Special conditions on time for requesting return to active employment apply for individuals hospitalized at time of release from service. In such instance, contact the Office of Personnel Services.). To insure that proper consideration can be given with regard to returning the faculty member or staff member to his/her original position, it is helpful if the faculty member or staff member would indicate his/her intention to return to active University employment prior to the expiration of the military leave of absence. When possible, this notification should be made within 30 calendar days after discharge or release from active duty.

As long as he/she meets the active duty separation requirements set forth in the Act, an employee returning from military leave shall return to the same position he/she would have had if continuously employed. In cases where military leave exceeds 90 days, an employee may be given a different job if substantially equivalent to the position held before initiating military leave. If the employee has been on active duty with the Kentucky National Guard, he/she must be returned to the position occupied before the leave, regardless of the length of the leave. The employee must be awarded any promotions and pay increases that are awarded to similarly situated employees.

The University will seek to reasonably accommodate employees who become disabled

because of military service of whose prior disability is aggravated by military service.

The University reserves the right to request documentation evidencing eligibility for return to employment as permitted by law.

REPLACING AN  
EMPLOYEE ON  
MILITARY LEAVE:

If it is necessary to replace a faculty or staff member who is granted a leave of absence for military service, the appointment of the new person will be for a period not longer than the duration of the military absence of the original person. ~~However, during the period of employment, the new person will be considered a regular faculty or staff member and will have the privileges of such a faculty or staff member, except that he/she shall not be granted a military leave of absence.~~ The new person shall be informed in writing of the conditions of employment when employment begins.

**RATIFY 2002-2004 EXECUTIVE  
BRANCH BUDGET REQUEST**

**BOR (VI-A-6)  
November 30, 2001**

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**Background:**

On November 5, 2001, the Council on Postsecondary Education approved a 2002-2004 Operating and Capital Budget recommendation for the public postsecondary education institutions to the Governor and General Assembly. Morehead State University, as well as the other public postsecondary institutions, was required to submit a 2002-2004 Executive Branch Budget Request by November 15, 2001 to the Governor's Office for Policy and Management, the Legislative Research Commission, and the Council. This submission was made in accordance with the Council's recommendation regarding the state appropriation and capital project request approved on November 5, 2001.

A summary of Morehead State University's 2002-2004 Executive Branch Budget Request is attached hereto.

**Recommendation:**

That the Board of Regents ratify the University's 2002-2004 Executive Branch Budget Request.

RESOLUTION HONORING  
MADGE WALTERS BAIRD

BOR (IV)  
November 30, 2001

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**WHEREAS**, Ms. Madge Walters Baird of Pikeville, Kentucky, has served with distinction as a member of the Board of Regents of Morehead State University since 1998; and

**WHEREAS**, Ms. Baird's distinguished service on the Board of Regents consistently has reflected her high ethical standards and deep, personal commitment to academic excellence; and

**WHEREAS**, Ms. Baird previously served the University with distinction as vice chair of the Presidential Search Committee in 1991-92,

**THEREFORE**, be it resolved by the Board of Regents of Morehead State University that Ms. Madge Walters Baird be and hereby is commended for her three years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for her loyalty.

Done this thirtieth day of November, 2001.

\_\_\_\_\_  
Buckner Hinkle Jr., Chair

ATTEST:

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

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

**ACCEPT 2001-2002 AUDIT REPORT,  
FOURTH QUARTER FINANCIAL  
REPORT, AND AMEND  
OPERATING BUDGET**

**BOR (V-A-4)  
December 6, 2002**

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**Background:**

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. At the June 1, 2002 meeting the Board of Regents approved the recommendation of the Audit Committee for the appointment of Crowe, Chizek and Company to conduct the 2001-02 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on November 15, 2002. Ms. Laurie Williams, a CPA with Crowe, Chizek and Company, presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unqualified opinion on the financial statements. The statements in the report were presented in the new format as required by *Government Accounting Standards Board Statement 35*.

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

**Recommendation:**

That the Board accept the audit report for the fiscal year ended June 30, 2002, as presented by Crowe, Chizek and Company, accept the reports related to the 4<sup>th</sup> quarter financial information and capital outlay, and amend the operating budget for the 2001-02 fiscal year.

**RESOLUTION REGARDING ACCESS ROAD  
FUNDING TO ANTENNA SITE**

**BOR V-A-7  
December 6, 2002**

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**Background:**

The Kentucky Transportation Cabinet is providing up to \$519,500 in reimbursable state funds for the construction of an access road to the site of the large aperture satellite antenna. The Cabinet requires the Board of Regents pass a resolution authorizing the President of the University to execute the agreement.

**RESOLUTION  
BY  
THE MOREHEAD STATE UNIVERSITY BOARD OF REGENTS**

**Whereas,** Morehead State University has requested financial assistance from the Commonwealth of Kentucky Transportation Cabinet Department of Highways for funding to construct an access road to the site of a new satellite tracking antenna,

**Whereas,** the Department has agreed to make up to \$519,500 in state funds available to the University on a reimbursable basis for the construction of the road,

**Whereas,** the Department requires that a resolution be adopted authorizing the President of the University to execute the agreement between the Department and Morehead State University,

**Whereas,** KRS 164.350 confers upon the Board of Regents it general powers and responsibilities to carry out the purposes of Morehead State University,

**Whereas,** Article III.A.3 of the duly adopted Bylaws of the Morehead State University Board of Regents describe the President of the University as the Chief Executive Officer of the University responsible for the operation of the University,

**Therefore, Be it Resolved by the Morehead State University Board of Regents,** that President Ronald G. Eaglin may execute agreements on behalf of the University; and in particular the AGREEMENT BETWEEN COMMONWEALTH OF KENTUCKY TRANSPORTATION CABINET DEPARTMENT OF HIGHWAYS AND MOREHEAD STATE UNIVERSITY, to secure the funding for the access road for the construction of a new satellite tracking antenna.

**Adopted this 6<sup>th</sup> day of December 2002.**

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Buckner Hinkle, Jr., Chair

**ATTEST:**

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Carol Johnson, Secretary



**AUTHORIZE MEMORANDUM OF AGREEMENT  
AND LEASE WITH OPTION TO PURCHASE  
AGREEMENT WITH THE CITY OF MOREHEAD;  
AND AMEND THE CAMPUS MASTER PLAN  
IN REGARD TO KENTUCKY CENTER  
FOR TRADITIONAL MUSIC**

**BOR (V-A-6)  
December 6, 2002**

**Background:**

The Kentucky Center for Traditional Music (KCTM) was established in June 2000 and recognized by the Morehead State University Board of Regents on June 1, 2002, as an affiliated foundation of the University. Since inception, the City of Morehead, Morehead Tomorrow and the University have been working in partnership to secure a permanent home for the KCTM.

Grants to the City of Morehead totaling \$800,000 have been secured to allow for the purchase and development of property for the KCTM. The University and City, as part of the partnership effort, have identified a building and land located in the First Street Arts District for acquisition. The City is agreeable to acquiring the property, making modest improvements to the building and then transferring operational and management authority to the University through a 10-year lease with option to purchase agreement.

The Big Store property, an approximate .59-acre tract located on East First Street near the Kentucky Folk Art Center has been identified as the future home of the KCTM (site plan is provided). The property consists of a two-story 29,469 square foot privately owned structure (and an adjoining 940 square feet structure). The owner is a willing seller, however, the price the City will pay the seller for the properties has not been agreed upon at this point.

Once the City acquires the Big Store property, they will undertake some modest improvements to the building and site within the resources available from the grants. The building is in only fair condition and roof work and other stabilization efforts will be undertaken prior to the property being leased to the University. Once operational control of the facility is transferred (via the lease) to the University, the University will continue to seek the resources to fully develop the property. The University's initial capital construction budget request to the state in 2002-2004 described the then potential project scope to be \$6 million.

Under the terms of a Memorandum of Agreement between the City of Morehead and the University (draft copy attached), the University will lease the property from the City for 10 years with the annual lease cost forgiven each year. (Under the terms of the grant agreement, the City must retain an interest in the property for 10-

years.) The lease with option to purchase agreement will be entered into at the completion of the initial phase (described in the MOA) of the project, projected to be no later than July 1, 2004. The City will not be able to cancel the lease once MSU has improved the property. At the end of the 10-year period, the University will acquire the property for \$1.

**Land Acquisition Strategies and Policies:**

The property is not currently a part of the University's Campus Master Plan. In accordance with University policy related to real property management, the President may initiate the acquisition of real property included in the approved Campus Master Plan. Property not identified in the Campus Master Plan may be acquired when approved by the Board.

It is the University's intent to enter into the attached agreement with the City to enter into a lease of the property with option to purchase. At the point the lease with option to purchase the property is entered into the property would be incorporated into the Campus Master Plan.

**Recommendation:**

That the Board of Regents authorize the Memorandum of Agreement and future lease with option to purchase agreement with the City of Morehead; and amend the Campus Master Plan in regard to the Kentucky Center for Traditional Music.

**DRAFT**  
**MEMORANDUM OF AGREEMENT**  
**BETWEEN**  
**CITY OF MOREHEAD, KENTUCKY**  
**AND**  
**MOREHEAD STATE UNIVERSITY**

This AGREEMENT is made and entered into by and between the City of Morehead, Kentucky, party of the first part, hereinafter referred to as the “City” and Morehead State University, party of the second part, hereinafter referred to as “MSU”.

**WITNESSETH:**

**WHEREAS, MSU desires to locate the Kentucky Center for Traditional Music at 109 East First Street, Morehead, Kentucky;**

**WHEREAS, the Department of Local Government has approved funding in the amount of \$500,000.00 through a Community Development Block Grant for the acquisition of the Big Store Property located at 109 East First Street, Morehead, Kentucky and owned by Jim Barker;**

**WHEREAS, said funding will be payable to the City;**

**WHEREAS, the City will also receive funding in the amount of \$300,000.00 from Renaissance Kentucky for said project;**

**WHEREAS, the City has agreed to acquire and improve said property using the above referenced grant funds;**

**WHEREAS, the City may continue to assist the University in seeking external fund sources for the KCTM. If successful in obtaining additional funding, the City would act as a pass-through agency for any external funding it secured in support of the KCTM.**

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the City and MSU hereby agree as follows:

**1. The Project: With the funding referenced above, the Big Store property located at 109 East First Street shall be acquired, and in accordance with the Grant Agreement between the City and the Commonwealth of Kentucky Department of Local Government, the property shall be cleared and the site prepared. Additionally, in accordance with the Grant Agreement, the roofs shall be fixed to stabilize the site and the consignment shop business shall**

**be relocated. Said work must be completed by June 30, 2004 in accordance with the Grant Agreement.**

2. **Project Funding:** The City shall use the \$800,000 acquired through the above-referenced grants toward the completion of the project as described above. It is specifically agreed that the City shall not be obligated to expend any additional funds other than those grant funds listed herein toward the completion of the project as described above. Should the City determine that the funds are going to be insufficient to complete the project, the City shall provide notice to MSU to proceed to complete the project in accordance with the Grant Agreement. MSU shall put forth its best efforts to assure the timely completion of the project. Once said grant money is expended and the project completed, MSU shall assume responsibility for funding the completion of the development of the KCTM.

3. **Rental Income:** During the initial site work, the City will enter into a lease agreement with the business occupant of the Big Store. The City shall be entitled to all rental payments under said lease agreement until the project is completed. These payments shall become part of the project funds and used for completion of the project.

4. **Grant Agreement Terms:** MSU agrees to abide by all terms of the Grant Agreement between the Commonwealth of Kentucky, Department for Local Government and the City of Morehead for funding in the amount of \$500,000.00 for the Kentucky Center for Traditional Music, a copy of which is attached hereto and made a part of this agreement.

5. **Indemnification:** To the extent permitted by law, if permitted at all, MSU shall indemnify, save harmless and exempt the City, its officers, agents, servants, and employees from and against any and all suit actions, legal proceedings, claims, demands, costs, expense, and attorney fees incident to any work done in the performance of this agreement. It is specifically understood and agreed that should MSU fail to complete the project in accordance with the Grant Agreement upon notice to proceed from the City leaving the City to bear the responsibility for completion of the project, MSU shall indemnify the City for all costs, including any and all costs for the enforcement of this Agreement, incurred by it for completion of the project in accordance with the Grant Agreement.

6. **Real Property:** Upon completion of the project the City shall enter into an irrevocable Lease with Option to Purchase with MSU with regard to the subject property. Likewise, should the City be unable to complete the project per the provision of Paragraph 2, the City would enter into a Lease with Option to Purchase Agreement with MSU at that time.

**In accordance with the terms of the Grant Agreement between the Commonwealth of Kentucky, Department for Local Government, the City shall retain an interest in the property for 10-years commencing upon completion of the project or the execution of the Lease with Option to Purchase Agreement with MSU.**

**MSU shall pay the City one dollar (\$1) for an exclusive Option to Purchase the property during the term(s) of the lease and any lease renewal terms.**

**The initial term of the Lease with Option to Purchase shall end on June 30 of the current fiscal biennium of the Commonwealth. At the end of the initial term, the lease shall renew automatically under the same terms and conditions for additional renewal periods of 24-months each, not to exceed three automatic renewal periods. However, at the end to the last 24-month renewal period, the City shall agree to renew the lease under the same terms and conditions as the original term in order to satisfy the grant terms for the City to maintain an interest in the property for 10-years. It is the University's intent at the end of 10 years, to execute the option to purchase and acquire the property from the City by paying the City one dollar (\$1.00).**

**Further, said Agreement shall provide that all lease payments shall be forgivable so long as MSU is making progress in the development of the property.**

7. Insurance: The City shall maintain and insure the property until such time the property is leased to the University with an Option to Purchase. MSU shall be responsible for insuring the property on behalf of MSU at the time is obtains the option to purchase. The City shall insure its interests, if any.

8. Governing Law: This Contract shall be governed by, and construed under and in accordance with the laws of the Commonwealth of Kentucky.

9. Assignment: This Agreement and the rights and obligations hereunder may not be transferred, pledged, encumbered, assigned, anticipated or alienated by either party.

10. Entire Agreement: This Agreement contains all the terms, conditions, and promises of the parties hereto. No modification of this Agreement, or any provisions thereof, shall be valid or binding unless in writing and executed by both parties hereto. A waiver by either party or any breach of any term or provision in this Agreement shall not be construed as a waiver of any succeeding breach of the same or any other term or provision.

**IN WITNESS WHEREOF, the parties hereto have executed this**  
\_\_\_\_\_ day of \_\_\_\_\_ 2002.

**City of Morehead, Kentucky**

**Morehead State University**

\_\_\_\_\_  
**Bradley H. Collins, Mayor**      **Date**  
**Date**

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

\_\_\_\_\_  
**Secretary, Finance and**      **Date**  
**Date**  
**Administration Cabinet**

\_\_\_\_\_  
**Jane V. Fitzpatrick**

**General Counsel**  
**Morehead State University**

**REPORT ON GUARANTEED ENERGY SAVINGS BOR (V-B-5)  
PERFORMANCE CONTRACTING December 6, 2002**

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**Background:**

Morehead State University is in the process of selecting an Energy Service Company (ESCO) to conduct a campus wide energy conservation audit, consult regarding projects related to energy conservation and cost savings, and perform and fund the capital improvements related to the projects, if economically feasible.

Guaranteed energy savings performance contracting is a relatively new capital funding concept in Kentucky. The 2002 General Assembly approved specific procurement guidelines related to the concept and since that time, the Finance and Administration Cabinet has been working with Morehead State University and Western Kentucky University, plus KCTCS to develop proposals and issue contracts to secure the services of ESCOs. An ESCO will develop energy conservation projects that are economically feasible. Western Kentucky University already has an ESCO and installed projects under contract and is pursuing a second contract at this time. The Commonwealth's 2002-2003 Spending Plan authorizes Energy Saving Performance Contracts (ESPC) for the University.

The goal of the ESPC is to reduce energy consumption and related costs associated with energy and water. The resulting services and capital improvements will be provided and financed through a performance-based contract under which the agency a) incurs no initial capital costs b) achieves significant long-term savings, c) achieves a guarantee for energy savings, water savings operations and maintenance (O&M) savings (O&M savings includes materials and labor savings and will only be applicable at the option of Owner), d) obtains consistent levels of occupant comfort and building functionality, and e) captures ancillary benefits that may accrue as a direct result of such energy-related services and capital improvements.

The energy related improvements and services must result in guaranteed annual energy and water savings while guarantying minimum levels of occupant comfort and operations and maintenance. The combined savings achieved by the installed projects must be sufficient to cover all costs including debt service and contractor fees, maintenance, monitoring and other services, for the duration of the contract (maximum of 15 years). All savings projected under the Guaranteed Energy Savings Performance contract shall be guaranteed to the Commonwealth of Kentucky.

An ESCO is selected via a Request for Proposal. The Finance and Administration Cabinet has initiated the RFP process for MSU. The ESCO will be selected in December and energy audits for the campus will begin in January. Following the audit and feasibility analysis, a performance contract and project schedule would be developed. Because an installed project will be funded by the ESCO, no University

capital investment is necessary. Neither the University nor the ESCO is under an obligation to pursue a performance contract if the analysis is not favorable toward a guaranteed payback.

Once a guaranteed performance contract is entered into for a project, should the project not generate the guaranteed energy savings in any given year, the ESCO will be responsible for reimbursing the amount of the shortfall necessary to pay for the annual project debt service and all related contract obligations. Annual savings will be verified at a specified time each year in order to determine if the ESCO's guarantee needs to be exercised. The International Performance Measurement and Verification Protocol and the Federal Energy Management Program's Measurement and Verification Guidelines will be utilized to verify the energy savings.

The value of the projects are estimated to be between \$7-\$14 million dollars based on the size of the campus and estimates provided by ESCOs during their initial campus visits.



**FALL 2002 ENROLLMENT REPORT****BOR (V-B-1)  
December 6, 2002****HEAD-COUNT ENROLLMENT**

		<b>% Change</b>
1998	8,263	+0.7
1999	8,171	-1.1
2000	8,327	+1.9
2001	9,027	+8.4
2002	9,390	+4.0
1998-2002		+13

**FULL-TIME EQUIVALENCY**

		<b>% Change</b>
1998	6,305	-0.8
1999	6,172	-2.1
2000	6,373	+3.3
2001	6,888	+8.1
2002	7,243	+5.2
1998-2002		+14.9

**CREDIT-HOUR PRODUCTION**

		<b>% Change</b>
1998	98,198	-0.8
1999	96,107	-2.1
2000	99,223	+3.2
2001	107,014	+7.9
2002	112,806	+5.4
1998-2002		+14.9

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

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**BOR (V-A-5)  
December 6, 2002**

**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of September 30, 2002 for the first quarter of the fiscal year that will end on June 30, 2003. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Recommendation:**

That the Board accept the first quarter financial statements and amend the operating budget.

## Management's Discussion and Analysis **First Quarter Financial Statements**

Morehead State University  
September 30, 2002

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the three months that ended on September 30, 2002. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

### **Using These Financial Statements**

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

### **Financial Highlights**

Morehead State University's financial picture remains stable through the first quarter of the 2002-2003 fiscal year. During the period July 1, 2002 through September 30, 2002 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$13,014,355. This level of operating surplus is expected at this time, since most of the billings for the Fall 2002 semester are reflected in the tuition and fees revenue and only expenditures through September 30, 2002 are reflected, and will continue to be more evenly reflected during the fiscal year. As the year concludes, the variance between revenues and expenditures will decrease and should reflect a more appropriate operating surplus or deficit.

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

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

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

- As can be seen from the Statements of Net Assets, investments increased approximately \$9 million from the first quarter of the previous year and the reflected cash has increased by approximately \$2 million, for a net increase of \$11 million. The majority of the increase in cash and investments consists of bond proceeds from a refinancing issue. These funds will be used in the second quarter 2002-03 to retire older bonds issued at higher interest rates.
- Accounts receivable have remained stable as a whole compared to September 30, 2001, with the increase due to timing for billing for financial aid credits to student accounts.
- The net investment in capital assets has increased about \$5 million since September 30, 2001 but for the fiscal year the increase has been approximately \$1.2million. This fiscal year increase relates mainly to Life Safety Projects \$.5 million, Family Housing \$.4 million, Breckinridge and Dam Repairs \$.4 million, Library \$.6 million, and various internally managed projects and equipment purchases \$.6 million less estimated depreciation (about \$1.3 million), for a net increase of about \$1.2 million.
- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the first quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of September 30, 2002. Budgets for the major revenue categories of tuition and housing were based on projections of enrollment and residence hall occupancy. Fall semester projections for both these categories were exceeded.
- Expenditure trends also appear to be proceeding according to the budget plan, considering normal cyclical and timing differences.

**MOREHEAD STATE UNIVERSITY**  
**Statements of Net Assets**  
**September 30, 2002 and 2001**

<b>ASSETS</b>	<b><u>2002</u></b>
Cash	\$27,353,778
Investments in US government obligations - at cost	26,705,450
Accounts Receivable	10,715,244
Inventories	1,841,093
Notes Receivable	3,479,341
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>105,635,227</u>
<b>TOTAL ASSETS</b>	<b><u>\$175,730,134</u></b>

#### **LIABILITIES AND NET ASSETS**

##### **Liabilities**

Accounts payable	\$787,767
Accrued salaries and other liabilities	638,062
Unearned revenues-state and federal grants	1,528,823
Deposits	1,399,785
Accrued vacation pay	2,078,755
Bonds and notes payable	<u>35,812,974</u>
<b>Total Liabilities</b>	<b><u>\$42,246,166</u></b>

##### **Net Assets**

Capital	\$69,822,253
Non-capital	
Restricted	34,035,921
Non-restricted	<u>29,625,794</u>
<b>Total Net Assets</b>	<b><u>\$133,483,968</u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$175,730,134</u></b>
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#### **ANALYSIS OF NON-RESTRICTED FUND BALANCE**

**Allocations**

**Working Capital**

Accounts Receivable	\$6,850,914
Inventories	1,841,093
Cashier's Operating Funds	100,000
Budgeted Fund Balance-Capital Projects	4,465,395
Budgeted Fund Balance-Non-capital Projects	<u>3,498,736</u>
<b>Total Working Capital</b>	<b><u>\$16,756,138</u></b>
<b>Funded Reserves</b>	<b><u>\$1,265,263</u></b>
<b>Total Allocated Fund Balance</b>	<b>\$18,021,401</b>
<b>Unallocated Fund Balance</b>	<b><u>11,604,393</u></b>
<b>Total Unrestricted Fund Balance</b>	<b><u>\$29,625,794</u></b>

See Attached Notes To Statements of Net Assets

**NOTES TO STATEMENTS OF NET ASSETS**  
**MOREHEAD STATE UNIVERSITY**  
**SEPTEMBER 30, 2002 AND 2001**

1. These Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts receivable are shown net of allowance for uncollectible student accounts of \$305,639 at September 30, 2002, and \$247,247 at September 30, 2001. Also included in this category is the sum of \$4,217,861 receivable from federal and state grant agencies at September 30, 2002 and \$3,682,584 at September 30, 2001.
3. Notes receivable represent balances owed the University from borrowers who have participated in the National Direct Student Loan Program and the Nursing Student Loan Program. The balances are presented net of allowances for uncollectible accounts in the amount of \$149,631 at September 30, 2002, and \$151,885 at September 30, 2001.
4. Accumulated depreciation on buildings and equipment was \$101,972,140 at September 30, 2002, and \$86,696,727 at September 30, 2001.
5. Accrued salaries and other liabilities include amounts due for withheld and matching portions of payroll taxes and estimated claims payable but unsubmitted to the University's health insurance program.
6. Unearned revenues from federal and state grants represent amounts received but not expended at the balance sheet dates.
7. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets.
8. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
9. Restricted net assets include the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

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

	<b>2002-2003</b>		
	<b>Amended Budget</b>	<b>Actual</b>	<b>Percent of Actual to Budget</b>
<b>REVENUES</b>			
<b>Educational and General</b>			
Tuition and Fees	\$27,092,365	\$14,942,435	55.15%
Gov't Appropriations	42,747,300	13,108,025	30.66%
City Grants	50,000	0	0.00%
Unrestricted Gifts	0	0	
Indirect Cost Reimbursement	328,658	151,137	45.99%
Sales & Services of Ed. Activities	1,084,001	346,670	31.98%
Other Sources	1,601,662	711,393	44.42%
Budgeted Fund Balance - E & G	7,429,311	0	
<b>Total Educational and General</b>	<b>\$80,333,297</b>	<b>\$29,259,660</b>	<b>36.42%</b>
<b>Auxiliary Enterprises</b>			
Housing	\$ 7,787,490	\$ 3,630,612	46.62%
University Store	3,384,000	1,472,314	43.51%
Food Services	651,500	151,026	23.18%
Other	196,500	75,442	38.39%
<b>Total Auxiliary Enterprises</b>	<b>\$12,019,490</b>	<b>\$ 5,329,394</b>	<b>44.34%</b>
<b>TOTAL REVENUES</b>	<b>\$92,352,787</b>	<b>\$34,589,054</b>	<b>37.45%</b>
<b>EXPENDITURES AND TRANSFERS BY DIVISION</b>			
<b>Educational &amp; General</b>			
President & Administration	\$ 596,998	\$ 171,566	28.74%
University Relations	1,969,602	539,265	27.38%
Development	855,319	172,450	20.16%
Administration & Fiscal Services	12,536,766	3,070,776	24.49%
Student Life	12,615,998	4,703,085	37.28%
Academic Affairs	42,405,649	8,745,459	20.62%
Other	9,313,809	1,766,779	18.97%
<b>Total Educational &amp; General</b>	<b>\$80,294,141</b>	<b>\$19,169,380</b>	<b>23.87%</b>



<b>Auxiliary Enterprises</b>			
Housing	\$ 8,059,858	\$ 806,945	10.01%
University Store	3,133,954	1,357,408	43.31%
Food Services	443,537	129,319	29.16%
Other	421,297	111,647	26.50%
<b>Total Auxiliary Enterprises</b>	<b><u>\$12,058,646</u></b>	<b><u>\$ 2,405,319</u></b>	<b><u>19.95%</u></b>
<b>TOTAL EXPENDITURES AND TRANSFERS BY DIVISION</b>	<b><u>\$92,352,787</u></b>	<b><u>\$21,574,699</u></b>	<b><u>23.36%</u></b>
<b>NET CHANGE IN FUND BALANCE</b>		<b><u>\$13,014,355</u></b>	

**APPROVE REVISIONS TO  
PERSONNEL POLICIES**

**BOR (V-A-3)  
December 6, 2002**

**Background:**

The following revisions to the above-referenced personnel policies are being recommended:

**I. PG-9, Personal Leave of Absence Without Pay (Other than Military or Family Medical Leave) and PG-10, Leave of Absence with Pay for Short-Term Military or National Guard Services or Training Duty**

Housekeeping changes involving employee notification/permission for leave are being recommended.

**II. PG-48, Vacation Leave**

Policy revisions reflect the change in vacation leave administration from days to hours for administrative efficiency, the elimination of vacation eligibility for continuing part-time (Standing II) employees, clarifying existing practices, and various other housekeeping changes. Additionally, the policy is being revised to allow vacation accrual for probationary employees in order to enhance recruitment and retention efforts.

**III. PG-49, Sick Leave**

Policy revisions reflect changes in sick leave administration from days to hours for administrative efficiency, to define the University's "year" as related to the Family Medical Leave Act, to eliminate sick leave eligibility for continuing part-time employees, to clarify existing practices, and to make various housekeeping changes. Additionally, the policy is being revised to reflect the family-friendly practices of removing the limitations of sick leave usage for family member illnesses and increasing the scope of covered relationships.

**IV. PG-52, Family and Medical Leave**

This policy is being revised to clearly define the "12-month period" as stated in the Family and Medical Leave Act (Act) as a "fiscal year" in order to clarify existing practice. Additionally, the 12 days per year limitation on paid sick leave usage for the FMLA-covered illness of dependents is being removed. Other housekeeping changes are being made to reflect current practice.

The University's General Counsel has reviewed the proposed revisions. Members of the University Council, Staff Congress and Faculty Senate have been afforded opportunity for comment.

**Recommendation:**

That the Board of Regents amend PG-9, Personal Leave of Absence Without Pay (Other than Military or Family Medical Leave), PG-10, Leave of Absence With Pay for Short-term Military or National Guard Services or Training Duty, PG-48, Vacation Leave, PG-49, Sick Leave, and PG-52, Family and Medical Leave.

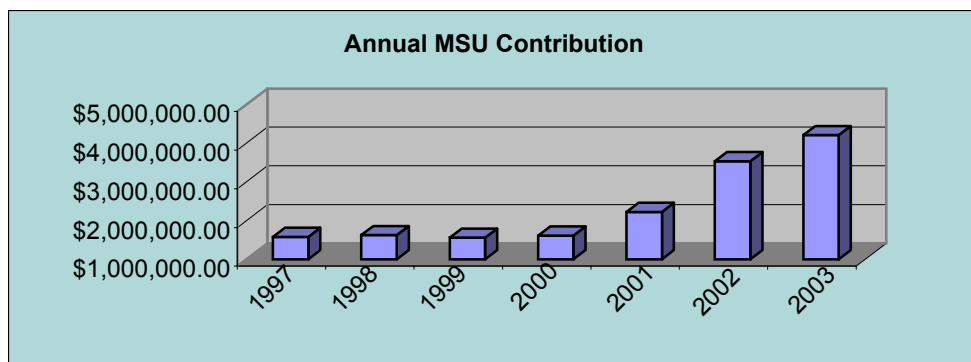
**REPORT ON HEALTH INSURANCE PLAN  
YEAR 2003**

**BOR (V-B-6)  
December 6, 2002**

Morehead State University is committed to providing all employees the most cost-effective health insurance coverage possible. As a result of rising health care costs and utilization, the University's health care program is projected to increase by 17% for the 2003 plan year. The University's health insurance plan has experienced similar cost increases for health insurance over the past three years and health care trend data suggests that double-digit increases will continue for the foreseeable future.

This 17% increase follows three years that have seen the University's contributions rise significantly. The level of University support in 2003 (\$4,207,000) is more than two and a half times (260%) the 2000 level of \$1,626,000 (see Graph 1). This extensive increase follows a 2% budget cut in 2001-2002, no new state funds appropriated to the University in 2002-2003, and a pending additional recurring state budget cut of at least 3% (representing \$1.2 million) during the current fiscal year.

**Graph 1**



In keeping with its commitment to provide quality, affordable health insurance for all employees, and as a result of the increasing costs of health care, health insurance has become the second largest budget item for the University – second to employee salaries.

Health insurance rates have out-paced the University's ability to provide free insurance to any group of employees; therefore, the University has made the difficult decision that all employees would be required to share in the cost of health insurance, beginning in 2003.

The Office of Human Resources was charged with providing a plan that would allow the University and its employees to better project health care costs in future years. Additionally, the plan should retain an adequate level of plausible plan choices and

establish a standard cost-sharing arrangement between the University and the employee for each plan choice.

To enable the University and its employees to better project health insurance costs, by plan choices, in future years, the following parameters were established:

- Each plan option (Base PPO, HMO, and Premium PPO) will be individually priced to be self-supporting. No plan option will be expected to subsidize or be subsidized by any other plan option.
- The premium cost difference between each tier of each plan option will be established according to the industry standard of the 2-person and family-coverage options being priced at 1.5 and 2.0 times the single coverage option, respectively.
- The University intends to support health insurance at an aggregate rate of 75% of the total costs of the health care plan. Additionally, the University's goal is to cost-share the price of each individual plan option according to Table 1.

**Cost Sharing: Table 1**

<b>PLAN</b>	<b>COVERAGE</b>	<b>EMPLOYEE</b>	<b>UNIVERSITY</b>
BASE	Single	15%	85%
	2-Person	20%	80%
	Family	20%	80%
HMO	Single	30%	70%
	2-Person	30%	70%
	Family	30%	70%
PREMIUM	Single	40%	60%
	2-Person	40%	60%
	Family	40%	60%

The Office of Human Resources established the 2003 Morehead State University Healthcare Plan with considerable assistance from other offices within the Division of Administration and Fiscal Services. The proposed plan was presented to the Staff Congress and Faculty Senate for review and input. With slight modifications, the plan was ultimately endorsed by the Employee Benefits Committee and approved by the President's Cabinet.

The rate and cost-sharing structure for the 2003 Plan is included as Table 2.

**2003 Health Insurance Rates: Table 2**

<b>Plan</b>	<b>Total Premium</b>	<b>University Contribution</b>	<b>Employee Cost</b>	<b>Increase from 2002 to 2003</b>
<b>PPO Base</b>				
Single:	\$281	\$250	\$ 31	\$ 31
Two-person:	\$422	\$316	\$105	\$ (5)
Family:	\$562	\$393	\$169	\$(41)
MSU Husband & Wife 2-Person*	\$422	\$500	\$ 0	\$ 0
MSU Husband & Wife Family**	\$562	\$500	\$ 62	\$ 12
<b>PPO Premium</b>				
	\$494	\$321	\$173	\$ 53
Single:	\$741	\$445	\$296	\$ (44)
Two-person:	\$988	\$543	\$445	\$ (65)
Family:	\$741	\$642	\$ 99	\$ (81)
MSU Husband & Wife 2-Person*	\$988	\$642	\$346	\$ (64)
MSU Husband & Wife Family**				
<b>HMO</b>				
Single:	\$467	\$350	\$ 117	\$ 37
Two-person:	\$700	\$490	\$210	\$ 40
Family:	\$934	\$611	\$323	\$ 53
MSU Husband & Wife 2-Person*	\$700	\$700	\$ 0	\$(10)
MSU Husband & Wife Family**	\$934	\$700	\$234	\$ 64
* For the MSU husband and wife both employed by MSU who have no dependents on their plan, MSU will contribute two single contributions toward a 2-person plan.				
** For the MSU husband and wife both employed by MSU who have dependents on their plan, MSU will contribute two single contributions toward a family plan.				

**RATIFY LEASE WITH OPTION TO PURCHASE  
WITH THE MOREHEAD STATE UNIVERSITY FOUNDATION, INC. BOR (V-A-8)  
December 6, 2002**

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**Background:**

It is the University's intent to enter into a lease with option to purchase agreement with the Morehead State University Foundation, Inc. (MSUF), effective December 1, 2002, regarding property it owns adjacent to campus. The MSUF responded to a University Request for Proposal to lease administrative office space in close proximity to the campus. The RFP required the respondent be willing to offer an option to purchase the leased property.

The property is known as the Hogge Building and is located south of Second Street on the corner of Second and Normal Avenue and is about 30 feet from the southeast corner of the Student Center. The two-story office building contains 10,080 square feet of space, is located on an 8,400 square foot tract that includes an approximate 3,200 square foot asphalt parking lot. The building is in good condition.

The University intends to utilize the property for student support services. It is planned that the Offices of Admissions, Housing, Financial Aid and Vice President for Student Life will relocate to the building. Currently, the State Department for Families and Children occupy 95% of the space in the building and will continue to do so through June 30, 2003, at which time their lease expires. Improvements in the property will be made to accommodate the student services functions before their relocations take place. Plans and cost estimates will be developed. The site identified in the attached site drawing is included in the Campus Master Plan. The lease with option to purchase agreement will provide for an annual lease payment of \$52,000, with \$5,000 of each annual lease payment being applied to the agreed upon purchase price. The University and Foundation have agreed upon a purchase price of not more than \$200,000. The purchase price is supported by two appraisals, the latest appraisal dated November 21, 2002.

**Land Acquisition Strategies and Policies**

In accordance with the University policy related to real property management, the President may initiate the acquisition of real property included in the approved Campus Master Plan. Property not identified in the Campus Master Plan may be acquired when approved by the Board.

University policy requires the Board of Regents approval of any lease the cost of which is greater than \$30,000. Further, any lease that involves the Morehead State University Foundation, Inc. requires approval by the Board.

**Recommendation:**

That the Board of Regents ratify a lease with option to purchase with the Morehead State University Foundation, Inc., in regard to the property located at 120 Normal Avenue, Morehead, Kentucky 40351.



## **HONORARY DOCTORAL DEGREES**

**BOR (IV)**  
**December 6, 2002**

### **Background:**

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

Dr. Betty L. Siegel, the president of Kennesaw State University, and Judge Sara W. Combs, a member of the Kentucky Court of Appeals, were nominated for honorary doctoral degrees in conjunction with winter commencement. The Honorary Degree Advisory Committee reviewed the qualifications of Dr. Siegel and Judge Combs and unanimously recommended that both be awarded the honorary degree of DOCTOR OF PUBLIC SERVICE at the Winter Commencement ceremony on December 14, 2002.

A Kentucky native, Dr. Siegel has been president of Kennesaw State since 1981. The institution has evolved from a four-year college with an enrollment of 4,000 students and 15 academic programs to its current university status with 13,000 students and 50 degree programs. She is an internationally known lecturer and speaker on leadership. Dr. Siegel also has served as a consultant to educational, business, non-profit organizations, health services, government and civic groups. She was the recipient in 1998 of the OAK (Outstanding Alumni of Kentucky) Award from the Kentucky Advocates for Higher Education.

Judge Combs became the first woman to serve on the Kentucky Supreme Court in 1993. She has served as a member of the Kentucky Court of Appeals since 1994. On July 1, 2002, she became Chief Judge Pro Tem of the Court of Appeals. A native of Louisville, Judge Combs received her bachelor's, master's and law degrees from the University of Louisville. The U of L Law School named her among its Distinguished Alumni. Judge Combs is recognized as a trailblazer for women because of the inroads she has made in a male-dominated judiciary. She serves on the boards of Governors Scholars and the University Press of Kentucky.

### **Recommendation:**

That the Board of Regents approve the awarding of the honorary degree of DOCTOR OF PUBLIC SERVICE to Dr. Betty L. Siegel and Judge Sara W. Combs at the Winter Commencement ceremony on December 14, 2002.

**REPORT ON LOCATION OF LARGE  
APERTURE FULL MOTION RADIO  
TELESCOPE AND ACCESS ROAD**

**BOR (V-B-3)  
December 6, 2002**

**Background:**

All but the final federal earmark is in place and request for proposals (RFP) are being solicited in regard to the acquisition of a large aperture – up to 20 meter – full motion radio telescope to be situated on University land, north of the main campus overlooking Eagle Lake. The estimated \$4.2 million project scope has received all appropriate state approvals dating back to March 2001.

The acquisition of a new antenna is part of a joint venture with the National Aeronautics and Space Administration (NASA). The project began with a plan to relocate an existing 18-meter NASA Goddard satellite tracking station from Wallops Island, Virginia to Morehead State University as part of the University's Astrophysics Laboratory. The decision to move away from relocating the NASA antenna was based on a year-long analysis of the project and the cost factors associated therewith.

The project will provide substantial academic benefits and foster economic development throughout the Eastern Kentucky region by establishing a world-class, state-of-the-art research facility for students in astrophysics, satellite communications, electrical engineering and software development. The new instrument will replace the existing Morehead Radio Telescope (MRT) and be combined with the current HI receiver of the MRT

In addition to the predominate federal funding available to the project, state and University funds will also be applied along with grant funding from the Kentucky Science and Education Foundation. The planned funds sources and project expenditures are detailed in the attached.

The RFP outlines a process to select the successful antenna design in January. The successful contractor is expected to take about one-year to build the antenna. The antenna would then be assembled on the site and be operational for testing beginning in the late 2004.

Construction of an unpaved access road to the top of the ridge behind the campus is to begin in early spring 2003 and be completed no later than the end of July. The access road will be in the vicinity of Nunn Hall and follows an existing road to just below the top of the ridge. The existing road will need to be significantly improved to achieve the desired widths and grade. At the top of the ridge, the road will continue to follow the existing road/path to the site. The road will be approximately 2,500 feet long when completed.

The state Transportation Cabinet has committed \$519,500 in funding for the road. It is anticipated that the road and related work can be constructed with the available funding.

An environmental assessment has been conducted and submitted to the Small Business Administration as part of that agency's grant approval process. The environmental assessment did not reflect any significant issues related to wildlife or plant life that would either delay or prevent the project.

A public forum was conducted on campus on September 16, to inform students, faculty and staff and local community members. Over 100 student, faculty, staff and community members participated. President Eaglin, Professor Ben Malphrus, Dean Gerald Demoss, Mayor Bradley Collins, Mike Craft, Road Engineer from Palmer Engineering, and Clayton Whitney, Environmental Engineer with the Smith Management Group represented Morehead State University. The forum was positively received and there were no unfavorable opinions expressed regarding the project or the then proposed site. Since that forum the site has been relocated along the same ridge but approximately 1,000 feet west of the initial site.

Though the antenna will be located on University owned property, an easement from a private property owner is being sought to allow trees to be removed to provide the antenna an appropriate horizon. The property owner has agreed to sell the University an easement. Appraisals are being obtained.

Policy: PG-9

Subject

Personal Leave of Absence Without Pay  
(Other than Military or Family Medical Leave)

Approval Date: 07/01/85  
Revision Date: 06/22/94; 11/14/97;  
Technical Change Date: 04/30/91

12PURPOSE:

To provide for granting a regular, full-time faculty or staff member a personal leave of absence without pay upon recommendation and approval of the employee's supervisor(s).

16PURPOSE OF LEAVE:

A personal leave of absence without pay may be granted for extended vacation, personal business, medical reasons (beyond the limits of PG-52, Family and Medical Leave), professional travel, approved formal study or educational leave, or job-related employment. Such leave of absence request must be submitted to the individual's supervisor at least sixty (60) calendar days in advance and approved by the immediate supervisor in writing on an Exception Approval Form (forms available in Office of Human Resources).

A non-faculty employee of the University has as his/her primary responsibility, the obligation to fulfill the work requirements of the position for which he/she was employed. At times, however, a non-faculty employee of the University may choose to take part in an assignment, task, or activity external to the individual's employment. Such activities may include, but are not limited to, consulting, teaching outside the University, directing, or participating in special activity projects (e.g., camps or workshops). Absence from official work assignments will be accountable by either official leave or vacation leave as outlined in the University's Personnel Policy Manual. Participation in all such activities must have proper approvals.

NOTE: Such a personal leave may not be granted if it would cause an undue hardship on the operation of the department or create a conflict of interest.

A personal leave of absence may be granted based on the individual's continuous, full-time service, as follows:

An employee on such leave may have additional retirement system rights as provided by law.

Length of Continuous	
Service at Start	Maximum Length
<u>of the Leave</u> _____	<u>of Leave Granted</u>

47 During employee's  
48 probationary period Up to one month  
49  
50 Upon completion  
51 of employee's Up to 12 months  
52 probationary period  
53  
54 NOTE: For the purpose of this policy, a faculty member with a minimum of  
55 six months of continuous full-time service may request a personal leave of up  
56 to 12 months.  
57  
58 Short-term approved absences of less than one full pay period shall be handled  
59 as payroll deductions.  
60  
61 LEAVE LIMITS: The maximum of any continuous leave of absence, normally, cannot exceed  
62 twenty-four (24) months, unless otherwise provided in the law. Any  
63 employee who exceeds this period, regardless of the reason for the leave, will  
64 be released from the University. However, if extenuating circumstances exist,  
65 or if the leave may be in the best interest of the institution, the President may,  
66 upon request of the faculty or staff member, and the faculty or staff member's  
67 supervisor(s), recommend to the Board of Regents additional leave.  
68  
69 SERVICE AND SALARY An approved leave of not more than one year, may be counted towards  
70 DURING LEAVE: continuous service for promotion, tenure, and sabbatical leave when the leave  
71 is in the mutual interest of the faculty and the University; however, being on  
72 leave does not assure a pay increase or other fiscal benefits. A faculty member  
73 must make written application to his/her department head for such leave to be  
74 counted towards continuous service. The request for leave must be approved  
75 by the respective department head, dean and the Executive Vice President for  
76 Academic Affairs prior to the leave being granted (see PAc-2 and PAc-27).  
77  
78 INSURANCE COVERAGE: A faculty or staff member on a personal approved leave without pay for any reason  
79 other than a medical leave of absence as provided in this policy or an  
80 approved educational leave may elect to continue in the insurance plans in  
81 which he/she is participating at his/her expense. The University will continue  
82 to pay the insurance expense for faculty or staff on approved medical or  
83 educational leave; however, if he/she does not return to University  
84 employment for a minimum of six months at the termination of leave, he/she  
85 will be responsible for reimbursement for the insurance premiums paid by the  
86 University during the leave.  
87  
88 VACATION AND A faculty or staff member on a personal leave of absence without pay does  
89 SICK LEAVE not accumulate vacation or sick leave unless he/she is paid for 11 or  
90 ACCUMULATION: more workdays in that calendar month.  
91

92 The faculty or staff member may retain sick or vacation leave accumulated as  
93 of the beginning of an approved personal leave of absence.  
94  
95 UNIVERSITY A faculty or staff member does not receive pay or compensatory time for  
96 HOLIDAYS: any University holiday(s) that occurs while he/she is on leave of absence  
97 without pay.  
98  
99 JOB An employee granted a personal leave of absence without pay will be  
100 REINSTATEMENT: reinstated to the same or to a similar position at the expiration of the leave. If the  
101 employee does not return, at the agreed upon date, his/her employment will  
102 be terminated.  
103  
104 EARLY RETURN TO If a faculty or staff member desires to return before his/her approved  
105 ACTIVE SERVICE: leave ends, he/she is to contact the appropriate Administrative Officer to  
106 determine whether an acceptable date for early return can be arranged.  
107  
108

Subject

Leave of Absence with Pay for Short-Term Military or National Guard Services or Training Duty

Approval Date: 07/01/85

Revision Date: 03/26/87

PURPOSE:

To outline provisions of leaves of absence with pay for short-term, active military service or annual military field training.

U.S. MILITARY RESERVE DUTY OR KENTUCKY NATIONAL GUARD DUTY:

All regular faculty or staff members, either enlisted or commissioned in any reserve component of the United States Army, Navy, Marine Corps, Air Force, or Coast Guard, or who are members of the National Guard of the Commonwealth of Kentucky, are entitled to leaves of absence from their respective duties without loss of pay on all days not exceeding fifteen (15) calendar days or ten (10) working days if the employee's position is based upon a five (5) day workweek; twelve (12) days if the employee's position is based upon a six (6) day workweek; fifteen (15) days if the employee's position is based upon a seven (7) day workweek, in any one calendar year. Leave of absence under the policy will be granted only when the employee is engaged in active service or authorized training or activated for duty because of civil disturbance or emergency conditions. Accumulated vacation shall not be charged for absences from work to the limit described above. University approved absences beyond that limit are chargeable either to accumulated vacation or as payroll deductions as applicable. Such leave of absence request must be submitted to the immediate supervisor in writing on an Exception Approval Form (forms available in Office of Human Resources).

REQUIRED DOCUMENTATION FOR PAYMENT:

In order to qualify for continued University pay in accordance with the above provisions, the faculty or staff member must present to the University a copy of the signed orders or authorization mandating the absence and a copy of the military or national guard pay voucher for the period involved.

NOTE: This policy is intended in application to be consistent with applicable laws and not to exceed in interpretation or application the provisions of such applicable laws.

Subject

Vacation Leave

Approval Date: 07/01/85

Revision Date: 06/22/90; 09/17/93; 11/14/97;

PURPOSE:

To define conditions for vacation leave for regular, full-time, and continuing part-time employees classified as administrative staff or exempt and or nonexempt staff. This policy also applies to full-time faculty members who are eligible for vacation and who are employed on a 9, 10, 11 or 12-month basis.

ACCUMULATION FOR REGULAR FULL-TIME EMPLOYEES:

For regular, full-time employees hired after June 30, 1990, who have completed a six-month probationary period, vacation shall be accumulated at the rate of 7.5 hours or 8 hours, depending upon the length of the employee's regularly scheduled work day, one (1) work day for each month of regular employment through the first 4 years of continuous service; 9.38 hours (7.5 hour employee) and 10.00 hours (8 hour employee) one and one-quarter (1 1/4) work days per month for 5 to 9 years of continuous service; 11.25 hours (7.5 hour employee) and 12.00 hours (8 hour employee) one and one-half (1 1/2) work days per month for 10 to 14 years of continuous service; and 12.53 hours (7.5 hour employee) and 13.36 hours (8 hour employee) one and two-thirds (1 2/3) work days per month after 15 years of continuous service. See Table below for accumulation rates for each period of university service:

Years service	1 - 4 years	5-9 years	10-14 years	15 yrs & over
7.5 hrs/day	7.50 hours	9.38 hours	11.25 hours	12.53 hours
8.0 hrs/day	8.00 hours	10.0 hours	12.00 hours	13.36 hours

For regular, full-time employees hired before July 1, 1990, vacation shall be accumulated at the rate of 9.38 hours (7.5 hour employee) and 10.00 hours (8 hour employee) one and one-quarter (1 1/4) work days for each month of regular employment through the first 9 years of continuous service; 11.25 hours (7.5 hour employee) and 13.36 (8 hour employee) one and one-half (1 1/2) work days per month for 10 to 14 years of continuous service; and commencing July 1, 1991, 12.53 hours (7.5 hour employee) and 13.36 hours (8 hour employee) one and two-thirds (1 2/3) work days per month after 15 years of continuous service. See Table below for accumulation rates for each period of university service:

Years service	1-9 years	10-14 years	15 yrs & over
7.5 hrs/day	9.38 hours	11.25 hours	12.53 hours



47		<b>8.0 hrs/day</b>	10.0 hours	13.36 hours	13.36 hours
48					
49			<del>After completion of a six-month probationary period, An</del> employee		
50			accumulates vacation in any month in which the employee is paid for 11 or		
51			more days, except that pay received for accumulated vacation at time of leave		
52			without pay, termination of employment, death, or retirement will not be		
53			credited toward the 11 days. The <del>earned accrued</del> vacation day is to be applied		
54			to the employee's leave balance at the beginning of the month following the		
55			month in which the member works eleven or more days. Vacation days may		
56			not be used before <del>they are earned and applied to the employee's leave balance</del>		
57			<del>their actual accrual. Probationary employees do not receive any vacation credit</del>		
58			<del>during their probationary periods.</del>		
59					
60	ACCUMULATION FOR	<del>—————</del>	<del>An individual designated as a continuing part-time employee</del>		
61	CONTINUING PART-	<del>—————</del>	<del>(see PG-1), after completing a probationary period, shall earn</del>		
62	TIME EMPLOYEES:	<del>—————</del>	<del>vacation at the rate of one full-time employee daily unit, depending on the</del>		
63			<del>length of service, for each 162 hours paid.</del>		
64					
65	ACCUMULATION FOR		A full-time faculty member who is determined to be eligible for		
66	SELECTED FULL-TIME		vacation accrual by the <del>Provost and Executive Vice President for Academic</del>		
67	FACULTY MEMBERS		<del>Affairs</del> based on employment on a <del>nine-, ten-, eleven- or twelve-month</del>		
68	EMPLOYED ON A NINE-,	basis,	shall earn vacation for a period specified in the contractual		
69	TEN-, ELEVEN- OR		arrangement and at the rate detailed for regular full-time employees.		
70	TWELVE-MONTH				
71	BASIS:				
72					
73	ACCUMULATION FOR		Employees serving an initial probationary period will accrue vacation at		
74	EMPLOYEES SERVING AN		the rate of 7.5 hours (for 37.5 hour per week employees) or 8.0 hours (for		
75	INITIAL PROBATIONARY	40 hour per week employees)	per month of employment. The vacation		
76	PERIOD		will not be vested and may not be taken until the employee successfully		
77			completes his/her probationary period. In the event the initial probationary		
78			period is extended for any reason, the employee will continue to accrue		
79			vacation at the rate specified above but it will not be vested nor will the		
80			employee be allowed to take vacation time until successfully completing the		
81			probationary period.		
82					
83	MAXIMUM		The maximum accumulation of vacation for a full-time employee		
84	ACCUMULATION:		shall be 30 work days.		
85					
86			<del>The maximum accumulation for a continuing, part-time employee depends on</del>		
87			<del>length of service and shall be one-half the maximum accumulation provided to</del>		
88			<del>full-time employees.</del>		
89			Vacation balances over the above maximums shall not be permitted.		
90					
91	VACATION USAGE:		The work requirements of the University shall take priority in the scheduling of		
92			vacation or other time off. Insofar as possible, however, consideration will be		

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given to any specific request by an individual; competitive requests for the same time off shall **ordinarily** be decided in favor of the person with the longer period of continuous service in the unit.

Vacation must be scheduled in advance **and approved by the immediate supervisor in writing on an Exception Approval Form (forms available in the Office of Human Resources)**. Otherwise, the time off ~~will~~ **may** result in a salary deduction and is cause for disciplinary action, unless the supervisor judges the circumstances to have been an emergency.

An administrative unit may establish periods of time when vacation may or may not be taken and/or periods of time when vacation requests are to be submitted. If such latter times are established, vacation requests submitted other than during the specified periods shall be considered after requests received during the specified periods.

Only days on which the employee normally would have worked are charged against accumulated vacation.

Vacation leave is charged in not less than one hour units.

**PAYOFF OF  
ACCUMULATED  
VACATION:**

An ~~nonprobationary~~ **nonprobationary** employee who retires, terminates employment, returns or is reassigned to a non- vacation accruing position, dies, or commences a leave of absence without pay (except for illness, including maternity or injury--see PG-9) shall receive the cash equivalent for unused **vested** vacation as of that date or a maximum of 30 days. The cash equivalent **for an hourly employee** is determined by dividing the annual salary by 1,950 times seven-and-one-half (7 1/2) times the number of unused days for an employee on a thirty-seven and one-half hour work week; or by 2,080 times eight (8) times the number of unused days for an employee on a 40-hour week. **The cash equivalent for an exempt employee is determined by dividing the salary by the number of days in contract (i.e. 195, 260, etc.)**. There is no other cash settlement for accumulated vacation.

~~SUPERSEDES: This policy supersedes PAd-2, "Vacation Leave for Employees Classified as Administrative," adopted by the Board of Regents on July 1, 1985; PSE-3, "Vacation Leave for Staff Exempt Employees," adopted by the Board of Regents on July 1, 1985; and PSNE-3, "Vacation Leave for Staff Nonexempt Employees," adopted by the Board of Regents on July 1, 1985. This policy also supersedes PAc-20, "Vacation Leave for Faculty Members on Twelve-Month Appointments," adopted by the Board of Regents on July 1, 1985.~~

Policy: PG-49

Subject

Sick Leave

Approval Date: 07/01/85

Revision Date: 06/22/90; 06/22/94; 11/14/97

PURPOSE:

To provide pay for a regular full-time ~~or continuing part-time~~ employee who is unable to work due to illness or injury.

SICK LEAVE  
REGULAR FULL-TIME  
EMPLOYEES:

A regular, ~~non-faculty~~ full-time employee, hired after June 30, 1990, accumulates 7.5 or 8.0 hours ~~one day~~ of sick leave per calendar month ~~or per month of contract, whichever is less (12 days per year).~~

A regular, full-time employee, hired before July 1, 1990, accumulates 7.5 or 8.0 hours ~~one day~~ of sick leave per calendar month ~~(12 days per year)~~. After 10 full years of service, the rate shall increase to 11.25 hours (7.5 hour employee) and 12.0 hours (8.0 hour employee) ~~one and one-half (1 1/2) days per month (18 days per year).~~

A regular full-time faculty member hired between July 1, 1990 and June 21, 1994, inclusively, accumulates 7.5 hours of sick leave per calendar month, regardless of the faculty member's contract months.

An employee accumulates sick leave in any month in which he/she is ~~actively employed and in paid status~~ for 11 or more days, except that pay received for accumulated vacation at the time of a leave of absence without salary, termination of employment, retirement, or death will not be credited toward the 11 days. The accrued sick day is applied to the employee's sick leave balance at the beginning of the month following the month in which the employee has worked eleven or more days. Sick leave days may not be used in advance of their actual accrual.

Upon appointment, a regular full-time administrative employee, as defined in PG-2, is credited with 90 hours ~~12 days~~ of sick leave. Beginning with the second year of employment the full-time regular administrative employee accumulates 7.5 hours ~~one (1) day~~ of sick leave per calendar month ~~or per month of contract, whichever is less (12 days per year)~~. This is added to any sick leave balance from the first year.

Upon appointment, a regular, full-time faculty member is credited with a sick leave accumulation equal to one day per month of appointment, i.e., 67.5

46 hours ~~nine days~~ for 9-month appointment, 75.0 hours ~~ten days~~ for 10-month  
47 appointment.

48  
49 Beginning with the second year of employment, the full-time regular faculty  
50 member accumulates 7.5 hours of sick leave per month of contract. This is  
51 added to any sick leave balance from the first year.

52  
53 ~~SICK LEAVE~~ Those administrative or academic employees who are designated as  
54 ~~ACCUMULATION FOR~~ continuing part-time (PG-1) will be granted a balance of six sick  
55 ~~CONTINUING PART-~~ leave days upon appointment.  
56 ~~TIME EMPLOYEES:~~

57 ~~Accrued sick leave may be accumulated indefinitely.~~

58  
59 ~~Staff members who are designated as continuing part-time employees (see PG-~~  
60 ~~1) shall earn one day of sick leave for each 162 hours paid.~~

61  
62 ~~Beginning with the second year of employment, continuing part-time~~  
63 ~~administrative or academic employees shall earn one-half (1/2) day of sick~~  
64 ~~leave per calendar month of continuous employment, i.e., six days per year.~~  
65 ~~This sick leave will be added to any sick leave balance from the first year.~~

66  
67 **ILLNESS OR INJURY:** Employees shall utilize paid sick leave for personal illness, injury, or any  
68 disability due to pregnancy, childbirth or recovery therefrom. A supervisor  
69 may request documentation of the circumstances if extended time off for  
70 illness or injury is anticipated or if it appears that the conditions for the usage  
71 of sick leave may not be appropriate. A supervisor may also request  
72 documentation as to when the employee can return to work.

73  
74 Upon request, ~~up to twelve days of paid sick leave may be charged, in a 12-~~  
75 ~~month period,~~ to care for an employee's son, daughter, ~~grandparent,~~  
76 grandparent, brother, sister, spouse or parent for illness or injury. If such  
77 leave is designated as Family and Medical Leave, up to 100% of the employee's  
78 accrued sick leave may be designated as paid sick leave. Supervisor may  
79 request documentation of the need for such time off. Sick leave absences are  
80 charged in not less than one-hour units.

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82 The term "parent" means the biological parent of an employee or an individual  
83 who stood in "loco parentis" to an employee when the employee was a child,  
84 i.e., an individual who was charged with parental rights and responsibilities for  
85 the employee.

86  
87 A "son" or "daughter" means a biological, adopted, foster child, stepchild,  
88 legal ward or a child of a person standing in loco parentis who is under 18  
89 years of age, or 18 years of age or older and incapable of self-care because of a  
90 mental or physical disability.

91

92 In accordance with PG-52: Family and Medical Leave Policy, the University  
93 shall require the employee to first substitute accrued sick leave, then accrued  
94 vacation leave for any portion of the 12-week unpaid leave required in the  
95 Family and Medical Leave Act of 1993 for the serious illness of the employee  
96 or for the birth, adoption, or foster care of a child, or for a serious illness of a  
97 covered family member. The University, however, will not provide paid sick  
98 leave for any situation in which the employee would not normally receive paid  
99 sick leave.

100

101 Employees who are on extended sick leave should keep the department  
102 informed of his/her medical status on a regular basis. Supervisors may request  
103 additional documentation from the physician.

104

105 When a University holiday occurs during an absence chargeable to sick leave,  
106 that holiday is not charged as sick leave. If the employer's activity ceases for  
107 one or more weeks during an employee's leave, this time does not count  
108 toward the 12-week FMLA leave.

109

110 MEDICAL OR DENTAL PAID sick leave may be used to cover absences because of dental or medical  
111 ALLOWANCES: appointments. Such time shall be charged against sick leave. Short absences  
112 shall be accumulated and charged in not less than one hour increments.  
113

114 SICK LEAVE AT UNUSED sick leave will not be paid upon termination of employment,  
115 TERMINATION OF retirement, or death. However, a members of the Kentucky  
116 EMPLOYMENT, Employees' Retirement Systems will receive service credit for a  
117 RETIREMENT OR portion of his/her sick leave balance at retirement. Such credits  
118 DEATH: shall be applicable only for retirement service.  
119

120 WHEN ALL PAID SICK When an individual has used all of his/her sick leave and/or vacation  
121 LEAVE IS EXHAUSTED: leave, a leave of absence may be granted upon request up to the limits of the  
122 Leave of Absence Without Pay Policy PG-9, or the Family and Medical Leave  
123 Policy PG-52.  
124

125 NOTIFICATION OF In order to provide time to cover scheduled responsibilities, the  
126 SUPERVISOR: individual is responsible for notifying his/her supervisor within a reasonable  
127 period of time, but prior to the start of the scheduled work period in which  
128 the absence is to occur. Failure to do so may be cause for denial of sick leave  
129 for the period of absence, and/or appropriate disciplinary action. Supervisors  
130 are responsible for insuring that Exception Approval Forms are completed  
131 and submitted to the Office of Human Resources.  
132

133 PATTERN OF USE If the pattern of sick leave utilization becomes suspect, the supervisor  
134 OF SICK LEAVE: may notify the individual, in writing, requiring the individual to present a  
135 doctor's certificate for any sick leave absences that have or may occur. Failure  
136 by the individual to present such a certificate may result in disciplinary action  
137 including termination and/or payroll deduction for the time missed. When

138 significant improvement in attendance is shown, the employee will be relieved  
139 of the requirement to provide medical certification.  
140  
141 SICK LEAVE RECORDS: All official sick leave records shall be maintained in the Office of Human  
142 Resources.

1 Policy: PG-52

2  
3 Subject

4  
5 Family and Medical Leave

6  
7 Approval Date: 09/17/93

8 Revision Date: 06/01/2002

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10 PURPOSE:

To provide faculty and staff members unpaid leaves of absence in keeping with the provisions of the Family and Medical Leave Act of 1993. The requirements of that Act and the provisions of this policy became effective August 5, 1993.

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15 CONDITIONS OF  
16 LEAVE:

Any University employee who has completed at least 12 months of service and who has worked at least 1,250 hours with the University in the previous 12 months is covered by this policy. Such an employee will be eligible to take an unpaid leave of absence for up to 12 work weeks during any 12-month the fiscal year (July 1 to June 30) period for the following reasons:

- 17 1. Birth of a son or daughter to the employee, in order to care
- 18 for such child;
- 19 2. Placement of a son or daughter with the employee for
- 20 adoption or foster care;
- 21 3. To care for an employee's son, daughter, spouse or parent
- 22 who has a serious health condition and/or;
- 23 4. Because of a serious health condition that makes the employee
- 24 unable to perform the essential functions of his/her job.
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33 Entitlement to a birth, adoption or foster care leave will extend for a 12-month  
34 period from the date of such birth, adoption or foster care placement  
35 completed within 12 months of birth, adoption or foster placement.

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37 DEFINITION:

A "serious health condition" is defined as an illness, injury, impairment or physical or mental condition that involves inpatient care in a hospital, hospice or residential medical care facility, or continuing treatment by a health care provider.

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42 The term "parent" means the biological parent of an employee or an individual  
43 who stood in "loco parentis" to an employee when the employee was a child,  
44 i.e., an individual who was charged with parental rights and responsibilities for  
45 the employee.  
46

47 A "son" or "daughter" means a biological, adopted, foster child, stepchild,  
48 legal ward or a child of a person standing in loco parentis who is under 18  
49 years of age, or 18 years of age or older and incapable of self-care because of a  
50 mental or physical disability.

51  
52 MEDICAL  
53 CERTIFICATION:

The University requires health care provider certification of the need for a leave of absence because of a serious health condition of the employee, or of the son, daughter, spouse or parent of the employee. The certification is to state:

- 54 1. The date on which the serious health condition commenced;
- 55 2. The probable duration of the serious health condition;
- 56 3. The appropriate facts regarding the serious health condition;
- 57 4. A statement that the employee is needed to care for the son, daughter,  
58 spouse or parent (as applicable), and the estimated period of time such  
59 care will be needed;
- 60 5. A statement that the serious health condition makes the employee  
61 unable to perform the essential functions of his/her job.

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70 The University may, at its expense, require the opinion of a second health care  
71 provider of its choosing. If a conflict occurs between the opinions of the first  
72 and second health care providers, the opinion of a third health care provider,  
73 jointly chosen by the University and the employee, at the University's expense,  
74 may be required. This person's opinion will be final and binding.  
75 Recertifications on a reasonable basis, at the University's expense, are also  
76 permitted.

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78 NOTICE  
79 REQUIREMENTS:

Employees are to give at least 30 days notice of all foreseeable leaves for an expected birth or adoption, or for planned medical treatment. However, if the date of birth, adoption or medical treatment requires the leave to begin in less than 30 days, the employee is to provide as much notice as is practicable under the circumstances. Employees are to make a reasonable effort to schedule planned medical treatments so as not to unduly disrupt the University's operations. Supervisors are responsible for insuring that Exception Approval Forms are completed for FMLA leaves.

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87 BOTH SPOUSES  
88 EMPLOYED:

When both husband and wife are employed by the University, the aggregate number of work weeks of leave for both employees is limited to 12 weeks over a 12-month period if the leave is for a birth, placement for adoption or foster care, or to care for a sick parent. For other types of leaves under the Act (i.e., serious illness of the employee or the employee's spouse or child), each employee retains the right to take up to 12 work weeks of leave.



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94 INTERMITTENT LEAVES AND REDUCED LEAVE SCHEDULES: A leave due to a serious health condition of a child, spouse, parent or the employee may be taken intermittently or on a reduced work schedule, when medically necessary, if the employer and employee agree. Reduced leave means a leave that reduces an employee's usual number of work hours per day or per week.

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Substitution of Paid Leave: The University shall require the employee to substitute accrued sick leave or vacation leave for any portion of the 12-week unpaid leave required in the law for the serious illness of the employee or for the birth, adoption or foster care of a child, or for a serious illness of a covered family member. The University, however, will not provide paid sick leave for any situation in which the employee would not normally receive paid sick leave.

Vacation and Sick Leave Accumulation: A faculty or staff member on a leave of absence will not accumulate vacation or sick leave unless he/she is paid for 11 or more days in that calendar month.

University Holidays: A faculty or staff member will not receive salary or compensatory time for any University holiday(s) that occurs while he/she is on an unpaid leave of absence. If employer's activity ceases for one or more weeks during an employee's leave, this time does not count toward the 12-week FMLA leave.

Insurance Coverage: An employee may continue his/her group health, dental and life insurance coverages during a leave at the same level and under the same conditions he/she would have received had the leave not occurred. It is the employee's responsibility to make arrangements with the Office of Human Resources Payroll Office for payment of the required premiums if he/she is off the payroll during the leave of absence. Failure to do so may result in the termination of such insurance coverages. Notwithstanding the above, the University shall maintain its contributions to the group health, dental and life

138 insurance coverages at the same level and under the same conditions the  
139 employee would have received had the leave not occurred.  
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141 JOB REINSTATEMENT: An employee will be reinstated to the same or an equivalent position with the  
142 same pay and benefits that he/she received and under the same terms and  
143 conditions of employment as when the leave began.  
144  
145 In the event of a serious health condition, the University shall require the  
146 employee to provide certification from an appropriate health care provider  
147 indicating that he/she is able to resume work. Also, the University may  
148 require an employee on leave to report periodically on his/her status and  
149 intention of returning to work.  
150  
151 EARLY RETURN If a faculty or staff member desires to return to work before his/her  
152 TO WORK: approved leave ends, he/she is to contact the appropriate administrative  
153 officer to determine an acceptable date for returning to work.  
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**REAL PROPERTY ACQUISITIONS**

**BOR (V-B-4)  
December 6, 2002**

**Background:**

In accordance with policies approved by the Board of Regents on April 30, 1992 and September 17, 1999, related to real property management, the President may initiate the acquisition of real property included in the approved Campus Master Plan.

**REAL PROPERTY ACQUISITION**

<b>PROPERTY LOCATION</b>	<b>OWNER</b>	<b>APPRAISAL PRICE</b>	<b>ACQUISITION PRICE</b>
236 East Second St.	Morehead State University Foundation, Inc.	\$50,000	\$50,000
Property Description: The approximate .091-acre tract includes a two-story 912 square foot frame house.			

The Morehead State University Foundation, Inc. acquired the real property located at 236 East Second St. on December 21, 2002. In March 2002, the University obtained an appraisal for the property estimating the value to be \$50,000. The attached Campus Master Plan site drawing reflects the location of the property acquired.

- The property is included in the approved Campus Master Plan.
- In accordance with state procurement regulations, an independent appraisal was obtained in March 2002.
- We believed the value established by the appraisal to be reasonable.
- The approved Campus Master Plan site drawing reflects the location of the property.
- The closing date was August 8, 2002.
- The house has been razed and area is being used for parking.

<b>PROPERTY LOCATION</b>	<b>OWNER</b>	<b>APPRAISAL PRICE</b>	<b>ACQUISITION PRICE</b>
133 Third Street.	Morehead State University Foundation, Inc.	\$120,000	\$119,928
Property Description: The approximate .276-acre tract includes a one-story 1,192 square foot frame house.			

The Morehead State University Foundation, Inc. acquired real property and improvements located at 133 Third Street on April 20, 2001. Subsequently, the University entered into a short-term lease with the Foundation for the use of the property. The University obtained appraisals for the property estimating the value to be \$120,000. The University purchased the property on August 8, 2002 at a cost of \$119,928. The attached Campus Master Plan site drawing reflects the location of the property acquired.

- The property is included in the approved Campus Master Plan.
- In accordance with state procurement regulations, an independent appraisal was obtained in November 2000.
- We believed the value established by the appraisal to be reasonable.
- The approved Campus Master Plan site drawing reflects the location of the property.
- The closing date was August 8, 2002.
- The house on the property will be razed and area developed for parking.

<b>PROPERTY LOCATION</b>	<b>OWNER</b>	<b>APPRAISAL PRICE</b>	<b>ACQUISITION PRICE</b>
208 Martindale Drive	Paul and Suanne Blair	\$89,000	\$89,000
Property Description: The property is Lots Nos. 37, 38, 39 in Section "D" of College Subdivision to the City of Morehead, KY and portion of Tract No. 4 of same subdivision. (.205-acre) The property includes two garages. (1,092 square feet and 960 sq feet with office)			

Morehead State University acquired real property and improvements located at 208 Martindale Drive on October 25, 2002. In September 2002, the University obtained an appraisal for the property estimating the value to be \$89,000.

The attached Campus Master Plan site drawing reflects the location of the property acquired.

- The property is included in the approved Campus Master Plan.
- In accordance with state procurement regulations, an independent appraisal was obtained in September 2002.
- We believed the value established by the appraisal to be reasonable.
- The approved Campus Master Plan site drawing reflects the location of the property.
- The closing date was October 25, 2002.
- The storage type buildings on the property will be used as additional storage and warehouse space for the Physical Plant.

**REPORT OF MAJOR GIFTS  
SINCE SEPTEMBER 27, 2002**

**BOR (V-B-8)  
December 6, 2002**

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The following is a list of gifts of \$10,000 or more that have been received and/or recorded since September 27, 2002, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.

<u>Name</u>	<u>Type or Purpose</u>	<u>Gift Amount</u>
Lockheed Martin Corporation	Gift-in-Kind (Equipment)	\$51,200.00
Estate of Adron Doran	Adron Doran Endowment for Educational Leadership	\$60,000.00
James W. Bell	Annuities	\$100,000.00
Elmer R. Smith	Elmer R. and Donna N. Smith Endowment for Business	\$100,000.00
Norma F. Hogge	Gift-in-Kind (Property)	\$234,615.00
Elizabeth Martindale Estate	Gift-in-kind (Property)	\$310,000.00
		<hr/>
		<b>\$855,815.00</b>

**2002 WINTER GRADUATES**

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

---

**Background:**

Four hundred eight (408) students have applied for graduation at the December 14, 2002, Winter Commencement. This includes 19 associate degrees, 303 bachelor degrees and 86 master degrees.

**Recommendation:**

That the awarding of degrees to all candidates who successfully completed all degree requirements as approved by the faculty of the University at the 2002 Winter Commencement on December 14, 2002, be approved.

# Morehead State University

## Year-to-Date Gift Income Report

Summary by Constituency

October 31, 2002

<u>Description</u>	<u>2001</u>	<u>2002</u>	<u>Variance</u>
Degreed Alumni	\$78,950.94	\$203,452.95	\$124,502.01
Non-degreed Alumni	1,836.00	646,554.00	644,718.00
Faculty/Staff	10,034.48	39,033.85	28,999.37
Retirees	2,507.50	3,640.00	1,132.50
Parents	6,420.43	17,020.00	10,599.57
Corporate Contributors	206,671.50	121,898.88	(84,772.62)
Other Organizations	0.00	66,168.75	66,168.75
Foundations	853.62	864.08	10.46
Sponsorships	0.00	4,500.00	4,500.00
Friends of MSU	52,498.88	117,954.72	65,455.84
<b>GRAND TOTALS</b>	<b>\$359,773.35</b>	<b>\$1,221,087.23</b>	<b>\$861,313.88</b>

Included in above totals are  
matching gifts (\$9,095.00) and Gift-  
in-Kind of (\$708,758.48).



## FALL 2002 ENROLLMENT REPORT

---

### HEAD-COUNT ENROLLMENT

		<b>% Change</b>
1998	8,263	+0.7
1999	8,171	-1.1
2000	8,327	+1.9
2001	9,027	+8.4
2002	9,390	+4.0

### FULL-TIME EQUIVALENCY

		<b>% Change</b>
1998	6,305	-0.8
1999	6,172	-2.1
2000	6,373	+3.3
2001	6,888	+8.1
2002	7,243	+5.2

### CREDIT-HOUR PRODUCTION

		<b>% Change</b>
1998	98,198	-0.8
1999	96,107	-2.1
2000	99,223	+3.2
2001	107,014	+7.9
2002	112,806	+5.4

2000 WINTER GRADUATES

BOR (VI-A-1)  
December 9, 2000

**Recommendation:**

That the awarding of degrees of all candidates who successfully completed all degree requirements as approved by the faculty of the University at the 2000 Winter Commencement on December 16, 2000, be approved.

**Background:**

KRS 164A.570 requires an annual audit to be conducted for all universities in the state system. The audit is to be conducted by an independent public accounting firm. At the June 9, 2000 meeting, the Board of Regents approved the recommendation from the Audit Committee for the appointment of Kelley, Galloway, and Company to conduct the 1999-2000 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of audit work to be performed.

The audit has been completed. The auditor's report was issued with an unqualified opinion and contained no findings of material weaknesses within the University's financial controls system.

Copies of the audit report and the report related to the Intercollegiate Athletics Department have been provided to all Board of Regents members. The audit report was reviewed and accepted by the Audit Committee on December 1, 2000.

**Recommendation:**

That the Board accept the 1999-2000 audit reports as submitted by Kelley, Galloway and Company.

**DEBT AUTHORIZATION FOR THE  
MICROCOMPUTER ACQUISITION  
PROGRAM (MAP)**

**BOR (VI-A-8)  
December 9, 2000**

---

**Background:**

On September 17, 1993, the Board authorized the issuance of debt to support the University's microcomputer acquisition program (MAP). Following is a brief overview of the program:

- ◆ Now in its eighth (8<sup>th</sup>) year (2000-2001), the program provides for the scheduled replacements of 1,614 microcomputers in student labs, classrooms and faculty/staff offices on a four-year cycle.
- ◆ The program is currently approved for a debt authorization level not to exceed \$850,000 per fiscal year or a total of \$3,400,000 for the current four-year period ending June 30, 2003.
- ◆ Microcomputers have traditionally been acquired at the beginning of each fiscal period. Installation would begin in the summer and continue into late fall.
- ◆ Growth of the program and the migration from the original five-year replacement cycle to the current four-year cycle has significantly increased the labor burden on the technology staff responsible for the equipment installation.
- ◆ The university's plan is to adjust the acquisition and installation schedule to acquire the computers in the spring or early summer and immediately begin installation.
- ◆ This schedule adjustment will require that the current year (2000-2001) debt authorization ceiling for the program be adjusted upward to accommodate the acquisition of the computers originally planned to be acquired in the 2001-2002 fiscal operating year.

**Analysis:**

- ◆ A shift in the acquisition will enable a summer installation process and minimize conflicts related to other technology support demands associated with fall semester start up.
- ◆ The shift in the schedule results in program years 8 and 9 computers being acquired this fiscal period
- ◆ Both the current year annual debt authorization and total debt authorization for the current four-year cycle ending June 30, 2003, will exceed the previous amount approved by the board (June 1999) under the acquisition schedule planned at that time (see table below).

- ◆ The annual debt service amount of \$8000,641 for Year 8 (2000-2001) and the subsequent years of this four-year cycle would not be impacted by the proposed schedule shift.

<b>Current Authorization</b>		<b>Proposed Authorization Amendment</b>	
1999/2000 (Year 7)	\$850,000.00	1999/2000 (Year 7)	\$850,000.00
2000/2001 (Year 8)	\$850,000.00	2000/2001 (Year 8 and 9)	\$1,700,000.00
2001/2002 (Year 9)	\$850,000.00	2001/2002 (Year 10)	\$850,000.00
2002/2003 (Year 10)	\$850,000.00	2002/2003 (Year 11)	\$850,000.00
<b>Total</b>	\$3,400,000.00	<b>Total</b>	\$ 4,250,000.00

**Recommendation:**

That the Board authorize the University staff to secure financing for the continuation of the MAP from GE Capital Public Finance in an amount not to exceed \$1,700,000 during the 2000-2001 fiscal year, with total debt not to exceed \$4,250,000 during the current four-year cycle ending June 30, 2003.

**FALL 2000 ENROLLMENT****BOR (VI-B-1)  
December 9, 2000**

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**HEAD-COUNT ENROLLMENT**

		<b>% Change</b>
1996	8,344	-1.3
1997	8,208	-1.6
1998	8,263	+0.7
1999	8,171	-1.1
2000	8,327	+1.9

**FULL-TIME EQUIVALENCY**

		<b>% Change</b>
1996	6,452	-0.6
1997	6,357	-1.5
1998	6,305	-0.8
1999	6,172	-2.1
2000	6,373	+3.3

**CREDIT-HOUR PRODUCTION**

		<b>% Change</b>
1996	100,588	-0.6
1997	99,008	-1.6
1998	98,198	-0.8
1999	96,107	-2.1
2000	99,223	+3.2

## FIRE SAFETY PROJECTS

BOR (VI-B-3)  
December 9, 2000

Two phases of the Residence Halls Five Phase Sprinkler Installation Project have been completed. These two phases cost more than \$1,000,000 over the original estimates that were provided to the Board in 1999. We also experienced significant engineering and contractor problems during the first two phases. Based upon our recommendations, the Finance and Administrative Cabinet has assigned new engineers for construction administrations of Phase III and design and construction administration of Phase IV and V. The new engineering consultant is Biagi, Chance, Cummins, London, Titzer, Inc. of Shelbyville, Kentucky. This change should improve project design and administration.

In the original schedule, Phase III included the installation of sprinkler systems at East Mignon Hall, West Mignon, and Nunn Hall. The revised estimate for this phase has increased from \$920,000 to \$1,941,522. The estimate for Nunn Hall alone has increased from \$480,000 to \$1,187,502. A copy of the revised schedule and cost estimate is attached.

Based on these increased cost estimates and other construction experience during the first two phases, we believe that Phases III's project scope (three large facilities) is too great to handle effectively and efficiently. Therefore, we request and have received approval from the State Fire Marshall's Office to defer Nunn Hall's sprinkler system installation to Phase IV or the fourth year of our original schedule. Nunn Hall was chosen as the Phase III facility to be deferred for one year because the rooms exit to an open-air walkway and the significant cost estimate increase.

With this modification, the completion date (Fall 2003) of the original five-year schedule remains the same. However, with other universities undertaking similar projects and many other new State construction projects requiring installation of sprinkler systems under construction, the competition for qualified sprinkler installation contractors has dramatically increased the cost of this project. Based on the actual cost for Phase I and II and revised estimates for Phases III, IV, and V, it is projected that our total cost for this project will increase from \$3,570,0000 (the original estimate) to over \$6,300,000.

**MOREHEAD STATE UNIVERSITY  
SCHEDULE/COST ESTIMATE FOR SPRINKLER/FIRE SAFETY PROJECTS  
REVISED NOVEMBER, 2000**

	Facilities	Floors	Gross Sq. Ft.	Scheduled Completion	Original Cost Estimate*	Revised Cost Estimate
<i>Project No. 1</i>						
	Cartmell Hall	18	103,165	Fall 1999		
	Alumni Tower	11	100,546	Fall 1999		
					\$900,000	\$1,490,000
<i>Project No. 2</i>						
	Mignon Tower	16	68,204	Fall 2000		
	Mignon Hall	6	57,700	Fall 2000		
	Cooper Hall	5	35,543	Fall 2000		
					\$790,000	\$1,500,000
<i>Project No. 3</i>						
	West Mignon Hall	5	45,113	Fall 2001		
	East Mignon Hall	6	45,127	Fall 2001		
					\$440,000	\$750,000
<i>Project No. 4</i>						
	Nunn Hall**	10	104,822	Fall 2002		
	Regents Hall	5	37,464	Fall 2002		
	Wilson Hall	5	37,540	Fall 2002		
					\$840,000	\$1,720,000
<i>Project No. 5</i>						
	Normal Hall	4	27,270	Fall 2003		
	Waterfield Hall	5	66,774	Fall 2003		
	Butler Hall	4	35,748	Fall 2003		
					<u>\$600,000</u>	<u>\$900,000</u>
					\$3,570,000	\$6,360,000

\* Includes sprinklers installation, other fire safety requirements, design fees, and contingency.

\*\* Moved from Project 3 to Project 4

11/16/00 JP:sw



Paul E. Patton  
Governor

Dennis J. Langford  
Commissioner

Dave Manley  
State Fire Marshal



COMMONWEALTH OF KENTUCKY  
**DEPARTMENT OF HOUSING, BUILDINGS AND CONSTRUCTION**  
**DIVISION OF FIRE PREVENTION**  
1047 US HIGHWAY 127 S, BAY 1  
FRANKFORT, KENTUCKY 40601-4322  
(502) 564-3626  
FAX (502) 564-6799

Hazardous Materials  
(502) 564-4010

Manufactured  
Housing  
(502) 564-4018

November 8, 2000

Porter Dailey  
Vice President for Administration and Fiscal Services  
Morehead State University  
202 Howell-McDowell Ad. Bldg.  
Morehead, Kentucky 40351-2053

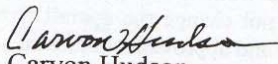
RE: Nunn Hall

Dear Mr. Dailey:

Your letter to our Chief Deputy Jess Thompson requesting that Nunn Hall be removed from Phase 111 Sprinkler Project has been reviewed by the State Fire Marshals staff.

Your request is approved because it is both reasonable and proper.

Sincerely,

  
Carvon Hudson  
Assistant State Fire Marshal

CH/tp

cc: Dave Manley, State Fire Marshal  
President Eaglin  
Joe Plank  
Gordon Davies  
Sharon Jackson

Morehead State  
University

NOV 10 2000

Received by  
Admin & Fiscal Services



Paul E. Patton  
Governor

Dennis J. Langford  
Commissioner

Dave Manley  
State Fire Marshal



COMMONWEALTH OF KENTUCKY  
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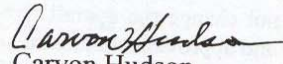
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Joe Plank  
Gordon Davies  
Sharon Jackson

Morehead State  
University

NOV 10 2000

Received by  
Admin & Fiscal Services



## MOREHEAD STATE UNIVERSITY SCHEDULE/COST ESTIMATE FOR SPRINKLER/FIRE SAFETY PROJECTS

	Facilities	Floors	Gross Sq. Ft.	Scheduled Completion	Original Cost Estimate*
<i>Project No. 1</i>					
	Carmell Hall	18	103,165	Fall 1999	
	Alumni Tower	11	100,546	Fall 1999	
					\$900,000
<i>Project No. 2</i>					
	Mignon Tower	16	68,204	Fall 2000	
	Mignon Hall	6	57,700	Fall 2000	
	Cooper Hall	5	35,543	Fall 2000	
					\$790,000
<i>Project No. 3</i>					
	Nunn Hall	10	104,822	Fall 2001	
	West Mignon Hall	5	45,113	Fall 2001	
	East Mignon Hall	6	45,127	Fall 2001	
					\$920,000
<i>Project No. 4</i>					
	Regents Hall	5	37,464	Fall 2002	
	Wilson Hall	5	37,540	Fall 2002	
					\$360,000
<i>Project No. 5</i>					
	Normal Hall	4	27,270	Fall 2003	
	Waterfield Hall	5	66,774	Fall 2003	
	Burlier Hall	4	35,748	Fall 2003	
					<u>\$600,000</u>
					\$3,570,000

Includes sprinklers installation, other fire safety requirements, design fees, and contingency.

4/07/99 JP:sw

**FOURTH QUARTER FINANCIAL REPORT  
AND OPERATING BUDGET**

**BOR (VI-A-5)  
December 9, 2000**

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**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared for the fourth quarter of the fiscal year that ended on June 30, 2000. The statements, along with management's discussion and analysis, budget amendment information, and selected financial ratios, are attached. The Fourth Quarter Financial Report was reviewed and accepted by the Audit Committee on December 1, 2000.

**Recommendation:**

That the Board accept the financial statements for the fourth quarter of the fiscal year that ended on June 30, 2000.

**Management's Discussion and Analysis  
Fourth Quarter Financial Statements  
Morehead State University  
June 30, 2000**

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the year ended June 30, 2000. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

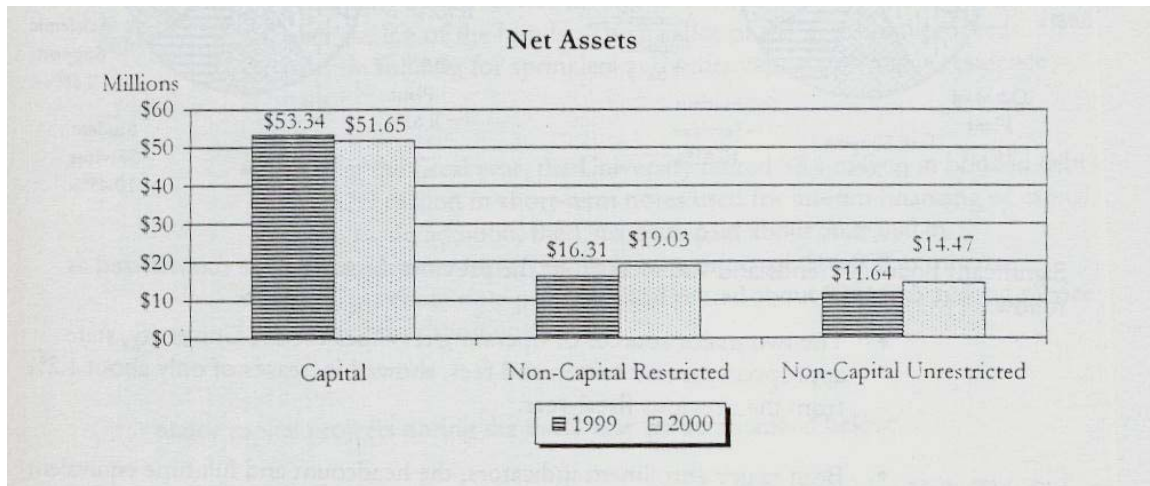
**Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University.

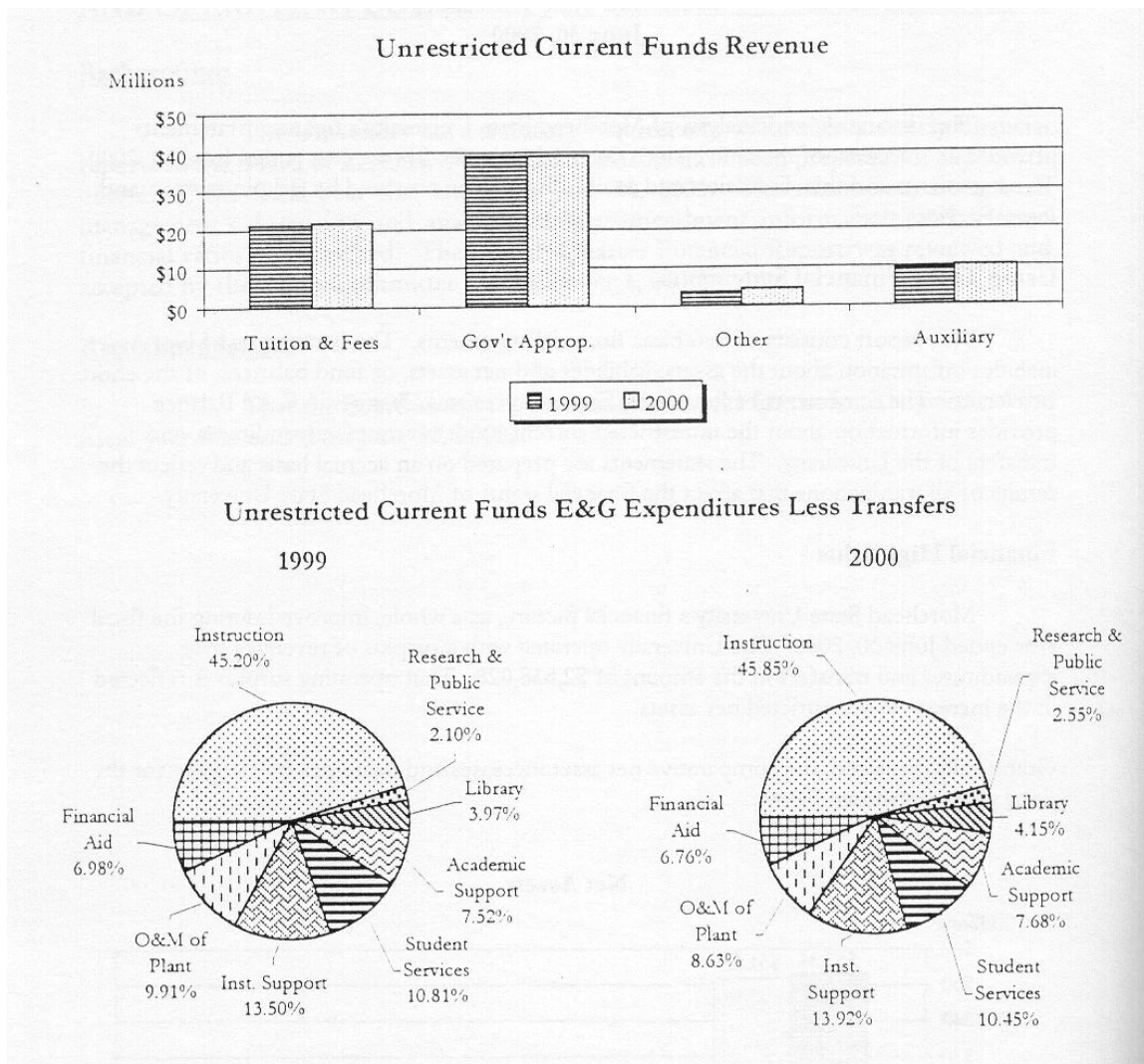
**Financial Highlights**

Morehead State University's financial picture, as a whole, improved during the fiscal year ended June 30, 2000. The University operated with a surplus of revenues over expenditures and transfers in the amount of \$2,838,028. That operating surplus is reflected in the increase in unrestricted net assets.

Graphically displayed, the comparative net asset increases and decreases by category for the fiscal years are shown below:



The following charts provide a comparative graphical breakdown of unrestricted current funds revenues and expenditures by category for the fiscal years:



Significant financial trends and variances from the previous fiscal year are summarized as follows:

- ❖ The two major sources of operating revenues for the University, state appropriations and tuition and fees, showed increases of only about 1.2% from the previous fiscal year.
- ❖ Both major enrollment indicators, the headcount and full-time equivalent students, were lower than the previous fiscal year. Despite a tuition rate increase of 6-7%, tuition and fee revenue increased by only about \$681,000 from the 1998-99 fiscal year.
- ❖ Auxiliary enterprise operations increased by about 4.2% from the 1998-99 fiscal year. The revenue increases occurred primarily in the housing operation (\$274,748) and the University Bookstore (\$129,226).
- ❖ Auxiliary enterprise operations generated an operating surplus of almost \$442,000 during the fiscal year, compared to a surplus of \$663,000 in 1998-99. Two major non-reoccurring events contributed to this decline. The first relates to a one-time debt service savings of about \$340,000 in 1998-99 from a Housing and Dining

System Revenue bond series that paid out. The second is the early pay-off in 1999-2000 of a \$180,000 food service facility renovation note.

- ❖ Accounts receivable increased by about \$1.4 million from the previous year. Receivables in the unrestricted funds accounted for approximately \$842,000 of that increase. Federal and state grants receivables in the restricted funds increased by about \$500,000, and accrued interest receivable in the plant funds increased by about \$120,000. The increases result from the timing of transactions, and do not represent variance from policy.
- ❖ Accounts payable decreased by about \$2.0 million. The changes are primarily attributable to normal seasonal fluctuations.
- ❖ The University issued about \$9.5 million in new bonded debt during the month of May 2000. Approximately half of that amount will refinance previously issued Housing and Dining System Revenue Bonds, generating a debt service savings to the University of about \$252,000 over the life of the bonds. The balance of the new bond proceeds over the life of the bonds. The balance of the new bond proceeds provide funding for sprinklers and other capital projects in residents halls.
- ❖ During the fiscal year, the University retired \$2.4 million in bonded debt and \$2.9 million in short-term notes used for interim financing of capital projects. In addition, the University paid about \$625,000 in microcomputer lease/purchase note principal, \$96,000 in other lease/purchase note principal, and retired about \$281,000 in food service facility renovation notes.

Major capital projects during the fiscal year are summarized below:

- ❖ Construction started on the renovation of Breckinridge Hall. This \$14 million project being financed by State Property and Buildings Commissions bonds. The estimated completion date is fall 2001.
- ❖ Planning and design continued on the West Liberty Extended Campus Building. Construction on this project, authorized for a scope of \$6,000,000, is expected to commence early in 2001.
- ❖ Phase I of the residence hall sprinkler projects was completed, and work was started on Phase II. Other residence hall projects included roof, elevator, and mechanical system repairs.
- ❖ Roof replacements were completed for several educational and general buildings including the Laughlin, Howell-McDowell Administration Building, Support Services Complex, and Radar Hall.

### **Economic Factors That Will Affect the Future**

The economic position of Morehead State University is closely tied to state appropriations and tuition and fees revenues. The state operating appropriation for the 2000-2001 fiscal year is budgeted at \$38.3 million, an increase of about \$1.6 million.

Enrollment and retention of students is a critical factor to the major, locally generated funding sources of tuition and fees, and the enrollment driven auxiliary enterprises of housing,

bookstore, and food services. In addition, the Council on Postsecondary Education has established enrollment goals that will have an effect on the future of state funding for higher education.

The University had implemented tuition and fee increases for the 2000-2001 fiscal year of three percent. This increase is the lowest among the regional institutions in the state. In addition, a new policy offered in-state tuition rates to students residing in more than a hundred out-of-state counties. The initiatives are designed to increase enrollment and to provide affordable access to higher education to the citizens of our service region.

Income from endowments funded from the state Regional University Excellence Trust Fund will become affordable to support each endowment's purpose. Currently, 13 endowments have been established utilizing the 1998-2000 Trust Funds. An additional \$2.9 million is available in 2000-2002 to be matched with private funds to further create and/or enhance various academic and student initiatives.

The University also has the opportunity to receive \$1.625 million in 200-2002 for major deferred maintenance projects. These funds are available subject to a dollar-for-dollar match from the institution.



# MOREHEAD STATE UNIVERSITY

## Statements of Net Assets

June 30, 2000 And 1999

ASSETS	<u>2000</u>	<u>1999</u>
Cash	\$18,637,217	\$9,232,697
Investments in US government obligations-at cost	11,699,768	19,985,111
Accounts Receivable	3,642,555	2,206,585
Inventories	1,837,329	1,710,975
Notes Receivable	3,504,609	3,365,714
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>87,791,342</u>	<u>85,674,159</u>
<b>TOTAL ASSETS</b>	<b><u>\$127,112,820</u></b>	<b><u>\$122,175,268</u></b>

### LIABILITIES AND NET ASSETS

#### Liabilities

Accounts payable	\$595,812	\$2,634,957
Accrued salaries and other liabilities	3,450,140	3,964,763
Unearned revenues-state and federal grants	490,384	690,841
Deposits	86,748	84,358
Accrued vacation pay	1,198,072	1,178,496
Bonds and notes payable	<u>36,141,882</u>	<u>32,334,883</u>
<b>Total Liabilities</b>	<b><u>\$41,963,038</u></b>	<b><u>\$40,888,298</u></b>

#### Net Assets

Capital	\$51,649,460	\$53,339,276
Non-capital		
Restricted	19,026,005	16,311,405
Non-restricted	<u>14,474,317</u>	<u>11,636,289</u>
<b>Total Net Assets</b>	<b><u>\$85,149,782</u></b>	<b><u>\$81,286,970</u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$127,112,820</u></b>	<b><u>\$122,175,268</u></b>
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### ANALYSIS OF NON-RESTRICTED FUND BALANCE

**Allocations**

<b>Working Capital</b>		
Accounts Receivable	\$3,587,058	\$2,206,585
Inventories	1,837,329	1,710,975
Cashier's Operating Funds	105,000	105,000
Budgeted Fund Balance-Capital Projects	4,696,200	1,935,200
Budgeted Fund Balance-Non-capital Projects	<u>1,907,400</u>	<u>1,670,500</u>
<b>Total Working Capital</b>	<b><u>\$12,132,987</u></b>	<b><u>\$7,628,260</u></b>
<b>Funded Reserves</b>	<b><u>\$1,205,173</u></b>	<b><u>\$1,226,300</u></b>
<b>Total Allocated Fund Balance</b>	<b>\$13,338,160</b>	<b>\$8,854,560</b>
<b>Unallocated Fund Balance</b>	<b><u>1,136,157</u></b>	<b><u>2,781,729</u></b>
<b>Total Unrestricted Fund Balance</b>	<b><u>\$14,474,317</u></b>	<b><u>\$11,636,289</u></b>

See Attached Notes To Statements of Net Assets

**NOTES TO STATEMENTS OF NET ASSETS**  
**MOREHEAD STATE UNIVERSITY**  
**JUNE 30, 2000 AND 1999**

1. These Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts receivable are shown net of allowance for uncollectible student accounts of \$170,215 at June 30, 2000 and \$74,576 at June 30, 1999. Also included in this category is the sum of \$1,468,901 receivable from federal and state grant agencies at June 30, 2000 and \$997,952 at June 30, 1999.
3. Notes receivable represent balances owed the University from borrowers who have participated in the National Direct Student Loan Program and the Nursing Student Loan Program. The balances are presented net of allowances for uncollectible accounts in the amount of \$157,699 at June 30, 2000 and \$147,779 at June 30, 1999.
4. Accumulated depreciation on buildings and equipment was \$82,178,510 at June 30, 2000 and \$80,139,900 at June 30, 1999.
5. Accrued salaries and other liabilities include amounts due for withheld and matching portions of payroll taxes and estimated claims payable but unsubmitted to the University's health insurance program.
6. Unearned revenues from federal and state grants represent amounts received but not expended at the balance sheet dates.
7. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets.
8. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
9. Restricted net assets include the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the Twelve Months Ended June 30, 2000 and 1999**

	1999-2000			1998-1999	
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual
<b>REVENUES</b>					
<b>Educational and General</b>					
Tuition and Fees	\$21,187,903	\$21,783,409	102.81%	\$20,188,053	\$21,102,618
Gov't Appropriations	38,921,809	38,879,676	99.89%	38,879,795	38,812,512
Unrestricted Gifts	0	0		0	96,969
Indirect Cost Reimbursement	255,462	401,343	157.10%	243,800	328,718
Sales & Services of Ed. Activities	1,080,936	1,265,832	117.11%	1,007,531	1,007,321
Other Sources	1,783,761	2,623,424	147.07%	1,776,422	2,106,218
Budgeted Fund Balance - E & G	4,590,705	0		4,348,732	0
<b>Total Educational and General</b>	<b><u>\$67,820,576</u></b>	<b><u>\$64,953,684</u></b>	<b><u>95.77%</u></b>	<b><u>\$66,444,333</u></b>	<b><u>\$63,454,356</u></b>
<b>Auxiliary Enterprises</b>					
Housing	\$ 6,580,700	\$ 5,834,102	88.65%	\$ 5,378,882	\$ 5,559,354
University Store	3,101,402	3,191,033	102.89%	2,887,741	3,061,807
Food Services	770,400	617,529	80.16%	590,000	645,630
Other	246,908	222,863	90.26%	162,000	204,439
<b>Total Auxiliary Enterprises</b>	<b><u>\$10,699,410</u></b>	<b><u>\$9,865,527</u></b>	<b><u>92.21%</u></b>	<b><u>\$9,018,623</u></b>	<b><u>\$ 9,471,230</u></b>
<b>TOTAL REVENUES</b>	<b><u>\$78,519,986</u></b>	<b><u>\$74,819,211</u></b>	<b><u>95.29%</u></b>	<b><u>\$75,462,956</u></b>	<b><u>\$72,925,586</u></b>
<b>EXPENDITURES AND TRANSFERS BY DIVISION</b>					
<b>Educational &amp; General</b>					
President & Administration	\$ 1,378,966	\$ 1,341,229	97.26%	\$ 1,433,431	\$ 1,309,422
University Relations	1,433,112	1,283,429	89.56%	1,333,719	1,208,840
Administration & Fiscal Services	11,153,310	10,035,189	89.97%	11,525,828	10,430,036
Student Life	10,201,739	10,153,873	99.53%	9,935,262	10,187,577
Academic Affairs	35,805,229	33,740,096	94.23%	34,051,751	32,219,488
Other	7,586,204	6,003,527	79.14%	7,584,626	6,716,992
<b>Total Educational &amp; General</b>	<b><u>\$67,558,561</u></b>	<b><u>\$62,557,342</u></b>	<b><u>92.60%</u></b>	<b><u>\$65,864,617</u></b>	<b><u>\$62,072,355</u></b>
<b>Auxiliary Enterprises</b>					
Housing	\$ 6,898,292	\$ 5,503,296	79.78%	\$ 6,099,852	\$ 5,446,092
University Store	2,862,965	2,836,626	99.08%	2,615,358	2,576,638
Food Services	725,886	684,275	94.27%	511,020	411,042
Other	474,282	399,644	84.26%	372,109	344,325
<b>Total Auxiliary Enterprises</b>	<b><u>\$10,961,425</u></b>	<b><u>\$ 9,423,841</u></b>	<b><u>85.97%</u></b>	<b><u>\$11,690,489</u></b>	<b><u>\$ 8,808,097</u></b>
<b>TOTAL EXPENDITURES AND TRANSFERS BY DIVISION</b>	<b><u>\$78,519,986</u></b>	<b><u>\$71,981,183</u></b>	<b><u>91.67%</u></b>	<b><u>\$75,462,956</u></b>	<b><u>\$70,880,452</u></b>

NET CHANGE IN FUND BALANCE

\$2,838,028

\$2,045,134

MOREHEAD STATE UNIVERSITY  
Unrestricted Current Funds  
Budget Amendments  
For the Period April 1, 2000 to June 30, 2000

Description	Opening Budget	Amended Budget As Of 4/1/00	Adjustments	Amended Budget As Of 6/30/00
<b>Revenues and Other Additions</b>				
Tuition and Fees	\$22,043,700	\$21,186,330	\$ 1,573	\$25,399,085
Government Appropriations	39,326,800	39,426,564	(504,755)	41,943,199
Indirect Cost Reimbursement	252,500	255,462	-	346,000
Sales and Services of Ed. Activities	796,200	1,056,079	24,857	1,223,146
Other Sources	1,426,000	1,627,221	156,540	1,588,075
Budgeted Fund Balance - E&G	3,555,700	4,329,580	261,125	8,090,722
Auxiliary Enterprises	9,465,900	9,475,300	284,383	10,736,300
Budgeted Fund Balance - AUX	50,000	939,727	-	1,866,950
<b>Total Revenues and Other Additions</b>	<b>\$76,916,800</b>	<b>\$78,296,263</b>	<b>\$ 223,723</b>	<b>\$78,519,986</b>
<b>Expenditure Authorizations by Division</b>				
<b>Educational &amp; General</b>				
President & Administration	\$ 1,226,291	\$ 1,366,542	\$ 12,424	\$ 674,801
University Relations	1,147,193	1,365,987	67,125	1,969,983
Administration & Fiscal Services	10,249,480	11,077,266	76,044	12,008,914
Student Life	10,269,429	10,196,508	5,231	11,844,407
Academic Affairs	34,883,203	35,415,530	389,699	40,306,469
Debt Service & Mandatory Transfers	3,982,046	4,002,937	(549,008)	2,490,424
Other	5,406,258	4,170,694	(38,419)	7,935,261
<b>Total Educational &amp; General</b>	<b>\$67,163,900</b>	<b>\$67,595,464</b>	<b>\$ (36,903)</b>	<b>\$67,558,561</b>
<b>Auxiliary Enterprises</b>				
Administration & Fiscal Services	\$ 6,730,969	\$ 6,766,770	\$ 259,931	\$ 7,026,701
Student Life	722,147	773,845	230	774,075

Debt Service	2,639,764	2,480,184	-	2,480,184
Other	<u>2,299,784</u>	<u>680,000</u>	<u>465</u>	<u>680,462</u>
<b>Total Auxiliary Enterprises</b>	<b><u>\$9,752,900</u></b>	<b><u>\$10,700,799</u></b>	<b><u>\$ 260,626</u></b>	<b><u>\$10,961,425</u></b>
<b>Total Expenditure Authorizations</b>	<b><u><u>\$76,916,800</u></u></b>	<b><u><u>\$78,296,263</u></u></b>	<b><u><u>\$ 223,723</u></u></b>	<b><u><u>\$78,519,986</u></u></b>

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period April 1, 2000 to June 30, 2000**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Tuition and Fees**

Budgeted government appropriations decreased a net \$504,755 during the fourth quarter of the June 30, 2000 fiscal year. The majority of the decrease was a result of a change in the United State's debt service policy. The State has assumed the debt associated with the new facility for the MSU West Liberty campus. Thus, the University neither received the \$572,000 originally appropriated for debt service nor incurred the debt service expense.

**Other Sources**

Unbudgeted support from the Morehead State University Foundation, Inc. increased \$129,109 during the fourth quarter of the June 30, 2000 fiscal year. These funds accounted for the majority of the \$156,540 increase in "Other Sources". Most of the funds were budgeted within the Division of Academic Affairs for various academic programs.

**Budgeted Fund Balance – E&G**

Budgeted fund balance for educational and general expenditures increased by \$261,125 during the fourth quarter of the June 30, 2000 fiscal year. The majority of the increase was for the Claypool-Young Chiller Replacement and recruitment efforts.

**Auxiliary Enterprises**

Budgeted revenues from auxiliary enterprises increased \$284,383 during the fourth quarter of the June 30, 2000 fiscal year. The majority of the budgeted increase was attributed to the University Store.

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of April 1, 2000 to June 30, 2000**

	<b>Estimated Project Scope</b>	<b>Completion Date</b>	<b>Project Status</b>
<b>I Equipment Purchases Greater than \$50,000</b>			
Residence Halls Furnishings			
Alumni Tower	412,000		In Progress
Cartmell Hall	588,000		Scheduled
<b>Telephone Switch Replacement</b>	<u>1,200,000</u>		In Design
	<u>2,200,000</u>		
<b>II Capital Construction Projects/ Land Acquisitions Greater than \$200,000</b>			
1998-00 Deferred Maintenance and Government Mandates Pool (Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Elevator Upgrades/Installation (RH, LC, CY)	\$ 350,000		In Progress
Fire Alarm Upgrades/Replacement	150,000		In Progress
Mechanical System Replacements (AA, ADUC)	250,000		In Progress
Window Replacement (BM)	150,000		Scheduled
Window Replacement (CB)	300,000		In Progress
Window Replacement (LC)	150,000		In Progress
Dam Restoration	<u>800,000</u>		In Design
	\$ 2,150,000		
Gas Fired Boiler Installation	380,000		In Design



Lakewood Terrace Family Housing Complex	\$ 4,000,000		Scheduled
MSU Network Project Phase VI (FY 99/00)	\$ 208,900	June 2000	Completed
Protect Investment in Plant – Auxiliary Facilities			
Structural Repairs – Floors & Ceiling Tiles, Doors/Locks, Wall Repairs (AT, CH)	\$ 801,000		In Progress
Mechanical Repairs/Replacements – Cooling Tower, Fan Coils (MT, CO)	<u>220,000</u>		In Progress
	\$ 1,021,000		
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
Project II - 2000	\$ 1,580,000		In Progress
Project III - 2001	1,941,500		In Design
Project IV - 2002	464,000		Scheduled
Project V - 2003	<u>812,000</u>		Scheduled
	\$ 4,797,500		
	<b><u>\$ 12,557,400</u></b>		

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

<b>From:</b>	<b>To:</b>		
<b>Revenue and Other Additions</b>	<b>Division/ Budget Unit</b>	<b>Amount</b>	<b>Description</b>
Government Appropriations	Educational & General-Other Debt Service & Mandatory Transfers	\$(572,000)	The debt service associated with the new facility for the MSU West Liberty campus will be paid directly by the State and, therefore, neither the state appropriation nor the debt service expenditure will be reflected on the University's financial records.

## **HONORARY DOCTORAL DEGREES**

**BOR (V)**  
**December 9, 2000**

### **Background:**

In 1988 the Board of Regents reinstated the practice of awarding honorary doctoral degrees to outstanding individuals. Consequently, the ad hoc Honorary Degree Advisory Committee was established to screen nominations for such recognition and to make appropriate recommendations to the President and Board of Regents. The committee is composed of active and retired faculty and staff members and a representative of the MSU Alumni Association, Inc.

Two outstanding persons – Kentucky Supreme Court Justice Janet L. Stumbo of Prestonsburg and retired corporate executive William R. Seaton of Ashland – were nominated for honorary doctoral degrees in conjunction with winter commencement. The Honorary Degree Advisory Committee reviewed the personal and professional qualifications of both persons and unanimously recommended that each be awarded the honorary degree of DOCTOR OF PUBLIC SERVICE at the Winter Commencement ceremony on December 16, 2000.

Janice Stumbo, a 1976 alumnus of Morehead State University, also is a 1980 graduate of the University of Kentucky College of Law. She was elected to the Kentucky Court of appeals in 1989 and, in 1993, became the first woman to be elected to the Kentucky Supreme Court. Janice Stumbo was reelected in 1996 to a full, eight-year term. She remains the only female member of the state's highest court.

Mr. Seaton is retired vice chairman and chief financial officer of Ashland, Inc., the state's largest domestic corporation. He served 14 years as a member of Morehead State University's Board of Regents, including nearly eight years as board chairman. He holds an undergraduate degree from Yale University.

### **Recommendation:**

That the Board of Regents approve the awarding of honorary degrees of DOCTORAL OF PUBLIC SERVICE to Kentucky Supreme Court Justice Janet L. Stumbo of Prestonsburg, Ky., and Mr. William R. Seaton of Ashland, Ky., at the Winter Commencement ceremony on December 16, 2000.

## NEW HEALTH INSURANCE PLAN

BOR (VI-B-4)  
December 9, 2000

Morehead State University has elected to change health insurance providers effective January 1, 2001. The decision was made after a formal Request For Proposal (RFP) process conducted by the Office of Human Resources and a comprehensive review and recommendation by the University's Employee Benefits Committee.

CHA, a Lexington based network of regional and state hospital and health care insurance plans will remain virtually the same, and will be administered by Commonwealth Administrators, also a Lexington based firm. Displeasure with Anthem, the current plan administrator, led to the earlier than anticipated RFP process and the selection of the new provider and plan administrator.

In establishing the University's contribution rates for the new plan year, a decision was made to significantly increase the University's contribution to its insurance program. President Eaglin strongly endorsed a greater monthly contribution rate that will have the effect of offsetting the high cost of health care for University employees.

Effective January 1, the University's monthly rate will increase from the current monthly rate of \$140 to \$210. This increase will have a recurring budgetary impact of \$827,400 based on 985 employee contracts. The dollar increase is the equivalent of a two percent (2%) non-taxable salary increase for all employees.

Perhaps the most significant health care related decision since the self-insurance decision a few years ago, was the decision to allow employees selecting the \$170 per month single based plan, to have the remaining \$40 per month placed in a personal "unreimbursed medical account." This will provide \$480 each year for the employee to pay deductibles and co-insurance expenses.

The decision reflects President Eaglin's commitment to the welfare of the faculty and staff and will assist the University in the retention of Faculty and staff at all levels.

**NEW KENTUCKY FOLK ART CENTER  
BOARD MEMBERS**

**BOR (VI-A-8)  
December 9, 2000**

**Background:**

On November 1, 2000, the Kentucky Folk Art Center (KFAC) Board of Directors elected three new Board members for three-year terms commencing January 1, 2001. New directors selected were Ms. Carole Summers, Louisville; Ms. Bobbie Caudill, Morehead; and Ms. Marilyn Payson, Pikeville. Brief biographical information follows on each.

**Carole Summers**

Ms. Carole Summers is a resident of Louisville and is currently the Heritage Tourism Coordinator for the Kentucky Department of Travel. She has a B.S. from Murray State University in Art Education and has a M.A. in Public History and Cultural Resource Management from Middle Tennessee State University.

**Bobbie Caudill**

Ms. Caudill is a resident of Morehead and holds a B.A. from Morehead State University. She currently serves on the Peoples Bank Board of Directors and Jesus Our Savior Parish Council, Rowan County Arts Council and Learning for Life Foundation.

**Marilyn Peeper Payson**

Ms. Payson is a resident of Pikeville where she is a member of the Pike County Chamber of Commerce, the Prestonsburg Community College RCI Program, the Pike County Arts and Crafts COOP, the Doll Artisan Guild, and the P.E.O. Marilyn holds a B.S. Degree in Clothing and Retailing from Kansas State University.

In addition, the Board elected new officers for 2001. The new officers are Ms. Jean Dorton, Paintsville, president; Ms. Pamela Sexton, Lexington, vice president; Ms. Cathy Shely, Morehead, secretary and Mr. Michael Walters, Morehead, treasurer. In addition, Ms. Bonnie Eaglin, Morehead and Mr. John Irvin, Lexington were selected as at-large members of the executive committee.

In accordance with the KFAC's affiliation status with the university, the Board of Regents shall confirm the appointments of the Board of Directors.

**Recommendation:**

That the Board of Regents confirm the appointment of Ms. Carole Summers, Ms. Bobbie Caudill and Ms. Marilyn Payson to the KFAC Board of Directors.

PERSONAL SERVICE CONTRACTS

BOR (VI-B-2)  
December 9, 2000

**Background:**

The attached list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between August 30, 2000 and November 20, 2000.

**PERSONAL SERVICE CONTRACTS**  
**August 30, 2000 through November 30, 2000**

<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>
University Accounting Service, Inc. Brookfield, Wisconsin	Billing and accounting service for the Federal Perkins Loan accounts.	August 1, 2000	June 30, 2001	\$ 28,000.00	Proposal
Dr. Kathy Barlow Wilmington, NC	Grant evaluator for PT 3 Implementation Grant	September 1, 2000	May 31, 2001	\$ 13,400.00	Reference
Kelly Services Winchester, KY	Provide temporary services to MSU to fill specialized jobs in emergency situations.	October 1, 2000	June 30, 2001	\$ 30,000.00	Reference
Dr. Faye Newsome Pippa Passes, KY	Serve as Director of the Region 8 Kentucky Reading Project.	November 10, 2000	June 30, 2001	\$ 11,500.00	Reference

**Background:**

The Northeast Consortium for Respiratory Care Education has been formed through the collaboration efforts of Morehead State University, Rowan Technical College, Ashland Community College, and Maysville Community College. The purpose of this consortium is to educate entry-level respiratory therapists and advanced practitioners in respiratory care/therapy. This program addresses both current and projected demands for certified respiratory care practitioners in the private and public sectors of Northeast Kentucky.

Morehead State University in collaboration with Rowan Technical College will offer an Associate of Applied Science for students in the advanced respiratory care program. Morehead State University will offer the general education and pre-professional courses for the degree. Rowan Technical College will offer the respiratory care courses and supervise the respiratory care facility. The facility at Rowan Technical College will meet the national accreditation requirements of the Commission on Accreditation of Respiratory Care. Rowan Technical College has assumed all start-up costs and all recurring expenses for travel, faculty, salaries and fringe benefits. Morehead State University will award an Associate of Applied Science Degree.

It is anticipated that a maximum of thirty students will enroll in the Respiratory Care program beginning January 2001. A minimum of ten students from Morehead State University can be admitted. In the event that enrollments at Ashland Community College and Maysville Community College fall below their allotted slots of ten each, Morehead State University will be prepared to increase student enrollment as these spaces become available.

Morehead State University previously offered an Associate in Applied Science in Respiratory Therapy. Due to the high costs of maintaining the program and other reasons, the program was suspended in April 1993. Due to the current demand for this program and the collaborated relationship with Rowan Technical College, it is feasible to reactivate the Associate in Applied Science in Respiratory Therapy.

**Analysis:**

There is a compelling need to approve the reactivation of the Associate of Applied Science in Respiratory Therapy. Healthcare projections over the next decade, the demand for certified respiratory care practitioners will increase proportionally with the aging United States population. The National Care for Health Statistics reports an increased number of cases of asthma among youth and adults. Data from federal and state health agencies suggest a growing need for Certified Respiratory Care practitioners.



This collaborative program will offer students from Morehead State University access to an additional health science care option. Employment opportunity in a variety of regional health care agencies will be able to graduate as the demand for respiratory care increases. Graduates will provide a vital service to the region of Kentucky.

**Recommendation:**

That the Board of Regents reactivates the Associate of Applied Science Degree in Respiratory Therapy.

## FINANCING FOR THE REPLACEMENT OF TELEPHONE SWITCH

BOR (VI-A-11)  
December 9, 2000

### **Background:**

The University made a long-term commitment in 1997 to the expansion, enhancement and on-going maintenance of the campus telecommunications systems and infrastructure by allocating recruiting funds in the amount of \$463,900 to the campus Digital Network Project. Highlights of this successful program are:

- ❖ A high-speed campus infrastructure has been constructed to support the campus telecommunications services over the foreseeable.
- ❖ The University has moved from having 7 buildings connected to the campus backbone in 1997 to 39 buildings being connected today.
- ❖ The project has provided for the building of a new fiber-optic cable plant that provides high speed data access and also delivers cable television service to the residents halls.
- ❖ The Octel Voice Messaging System was replaced in January 2000.

The current phase of the Digital Network Project includes the replacement of the aging campus telephone switchboard. The switch is scheduled to lose vendor support in the year 2001. Total cost for replacement of the existing telephone switch with a new Intecom E/14 switch is \$1,057,131. This project was requested and approved in the 2000-2002 Budget of the Commonwealth.

A down payment of \$600,000 has been budgeted for the switch within the current operating budget leaving a balance of \$457,131 that will require external financing. Annual debt service incurred for this project will be covered from within the Digital Network project funds over the next five years.

### **Financing:**

As with the microcomputer replacement program, the University can obtain funds for the telephone switch from the Commonwealth of Kentucky Master Lease Program. Funds acquired through the Master Lease Program are provided by GE Capital Public Finance.

The funds for the telephone switch will be available to the University in January 2001. However, the installation of the switch equipment is scheduled to occur in December and may require payment to the vendor prior to the time the funds are available. If that occurs, the funds paid to the vendor will be reimbursed from the loan proceeds. Arbitrage rebate regulations require that the Board declare its intent to obtain a reimbursement from loan proceeds by adoption a reimbursement resolution.

## **Recommendation:**

That the Board authorize the University staff to secure financing for the replacement of the telephone switch from GE Capital Public Finance in an amount not to exceed \$500,000, and that the Board adopt the following resolution:

### **Reimbursement Resolution**

#### Section 1. Recitals.

(a) The Internal Revenue Service has issued Section 1.150-2 of the Income Tax Regulations (the Regulations) dealing with the issuance of obligations, all or a portion of the proceeds of which are to be used to reimburse Morehead State University (the University) for project expenditures made by the University prior to the date of the issuance of the obligation.

(b) The regulations generally require that the University make a declaration of its official intent to reimburse itself for such prior expenditures out of the proceeds of a subsequently issued borrowing, that the borrowing occurred and the reimbursement allocation be made from the proceeds of such borrowing with 18 months of the payment of the expenditure or, if longer, within 18 months of the date the project is placed in service or abandoned but in no event more than three years after the expenditure is paid, and that the expenditure be a capital expenditure.

(c) The University has determined that it is necessary and in the best interest of the University to acquire certain telephone switch equipment described on Schedule A hereto (the Equipment). The University intends to finance all or a portion of such Equipment cost through the entering into of a lease-purchase agreement the interest on which is intended to be excludable from the gross income of the recipient for federal income tax purposes (the Lease). The University expects to make expenditures for costs relating to the Equipment after the date of this resolution (or has made such expenditure no longer than 60 days prior to the date of this resolution) and prior to the entering into of such Lease.

#### Section 2. Official Intent Declaration

The University reasonably expects to reimburse the expenditures it will make or have made in the last 60 days for costs of the acquisition of Equipment out of the proceeds of the Lease to be incurred by the University in a maximum principal amount \$500,000.00 after the date of payment of all or a portion of such acquisition costs. All reimbursed expenditures shall be capital expenditures as defined in Section 1.150-1 of the Regulations.

#### Section 3. Reimbursement Allocation

The University's financial officer shall be responsible for making a written reimbursement allocation described in the Regulations, being generally the transfer of the

appropriate amount of proceeds of the Lease to reimburse the source of temporary financing used by the University to make payment of the prior costs of the Equipment. Each allocation shall be evidenced by an entry on the official books and records of the University maintained for the Lease, shall specifically identify the actual prior expenditure being reimbursed or, in the case of reimbursement of a fund or account in accordance with Section 1.150-2, the fund or account from which the expenditure was paid. Such allocation shall be made within 30 days of the issuance of the Lease.

**2004-2006 EXECUTIVE BRANCH  
(VII-A-7)  
BUDGET REQUEST  
December 12, 2003**

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**BOR**

**Recommendation:**

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

**Background:**

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

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

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

**TRUST FUNDS & INCENTIVE FUNDING PROGRAMS**

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

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

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

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

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

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**Recommendation:**

That the Board adopt:

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

And that:

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

**Background:**

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

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

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



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

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

MOREHEAD STATE UNIVERSITY  
SERIES M BOND RESOLUTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Series M Resolution" means this Series M Resolution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DATE OF ORIGINAL ISSUE      INTEREST RATE      MATURITY DATE      CUSIP

REGISTERED OWNER:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BOARD OF REGENTS OF MOREHEAD STATE  
UNIVERSITY

By: (Facsimile Signature)  
Chairman

Attest:

By: (Facsimile Seal)  
Secretary

(Facsimile Seal)

THE AUTHENTICATION DATE OF THIS SERIES M BOND IS: \_\_\_\_\_

AUTHENTICATION CERTIFICATE OF REGISTRAR

This is to certify that this Series M Bond is one of the Series M Bonds referred to in the within Series M Bond and in the within-mentioned Resolution. Printed on the reverse hereof is the complete text of the opinion of Bond Counsel, Peck, Shaffer & Williams LLP, Covington, Kentucky, a signed original of which is on file with the undersigned, delivered and dated on the date of initial delivery of and payment for the Series M Bonds.

J.P. Morgan Trust Company, National Association, Louisville, Kentucky, Registrar

By: \_\_\_\_\_

Authorized Officer

[Insert form of Bond Counsel Opinion]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfer unto the within Series M Bond and hereby irrevocably constitutes and appoints attorney to transfer the within Series M Bond on the books kept for registration and transfer of said Series M Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature must correspond with name of Registered Owner as it appears on the front of this Bond in every particular, without alteration, enlargement or any change whatsoever.)

Social Security Number or other identifying number:

\_\_\_\_\_  
Signature Guaranteed By:

\_\_\_\_\_  
Notice: Signatures must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Adopted: December 12, 2003

(SEAL)

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Chairman, Board of Regents

Attest:

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Secretary

CERTIFICATE OF SECRETARY

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

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

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

(SEAL)

## **APPROVE DISPOSAL OF REAL PROPERTY**

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

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### **Recommendation**

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

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

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

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

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

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

### **Statutory Authority**

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

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

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

**Description of Property**

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

**ORDER TO DISPOSE OF PROPERTY**

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

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

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

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

**BE IT RESOLVED**, by the Morehead State University Board of Regents that the President may recommend to the Secretary, Finance and Administration Cabinet, that the referenced University real property be transferred to the Rowan Count Fiscal Court.

**RECOMMENDED:**

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

\_\_\_\_\_  
Date

**APPROVAL:**

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

\_\_\_\_\_  
Date



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

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

**FULL-TIME EQUIVALENCY**

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

**CREDIT-HOUR PRODUCTION**

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

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

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

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

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

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

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

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

## REPORT ON HEALTH INSURANCE FOR PLAN YEAR 2004

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

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

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

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

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

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

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

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

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

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

**Morehead State University  
2004 Health Insurance Rates**

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

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

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

## **HONORARY DOCTORAL DEGREE**

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

### **Recommendation:**

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

### **Background:**

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

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

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

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

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

## RENAMING OF KIBBEY THEATRE

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

### **Recommendation:**

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

### **Background:**

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

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

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

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

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

Prepared by: Barbara Ender



**RESOLUTION HONORING  
TRAVECE TURNER**

**BOR V  
December 12, 2003**

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

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

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

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

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

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

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

Done this twelfth day of December 2003.

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Buckner Hinkle Jr., Chair

ATTEST:

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Carol Johnson, Secretary

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Ronald G. Eaglin, President

**2003 WINTER GRADUATES**

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

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**Recommendation:**

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

**Background:**

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

# Morehead State University

## Year-to-Date Comparison Gift Income Report

*As of October 31, 2002 and 2003*

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

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

2001 WINTER GRADUATES

BOR (VI-A-1)  
November 30, 2001

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**Recommendation:**

That the awarding of degrees of all candidates who successfully completed all degree requirements as approved by the faculty of the University at the 2001 Winter Commencement on December 15, 2001, be approved.

**APPROVE PROMOTIONS 2002**

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

**Background:**

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

**Recommendation:**

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

**Professor**

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

**APPROVE EMERITUS STATUS 2002**

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

**Background:**

In accordance with PAC-3, the faculty members listed below were recommended for emeritus status by their peers and immediate supervisors to the Provost. The President, based upon recommendations from the Provost, submits his recommendations to the Board of Regents.

**Recommendation:**

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

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

## **RATIFY 2002 SPRING GRADUATES**

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

### **Background:**

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

### **Recommendation:**

That the awarding of degrees to the candidates who successfully completed all degree requirements as approved by the faculty of the University at the 2002 Spring Commencement on May 11, 2002, be ratified.

**Background:**

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

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

**Recommendation:**

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



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

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

**Background:**

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

**Recommendation:**

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

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

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the nine months that ended on March 31, 2002. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

**Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University.

**Financial Highlights**

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

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

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

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

- As can be seen from the Statements of Net Assets, investments increased approximately \$26 million from the third quarter of the previous year and the reflected cash has decreased by approximately \$15 million, for a net increase of \$11 million. However, the investments have increased approximately \$7.6 million since June 30, 2001. This is a result mainly of funds transferred in for construction projects. This amount is made up of approximately \$2 million for renovation of family housing, \$10 million for renovation of ADUC, \$1 million for life safety and various other projects, less amounts expended for projects.
- Accounts receivable have remained stable as a whole compared to March 31, 2001, with the increase due to timing for billing for financial aid credits to student accounts.
- The net investment in capital assets has increased about \$14.6 million since March 31, 2001 but for the fiscal year the increase has been approximately \$10.5 million. This fiscal year increase relates to the Breckinridge Hall renovation (about \$3.1 million), MSU at West Liberty Center (about \$2.6 million), ADUC (about \$1.1 million), Life Safety projects and Renovation of Family Housing (about \$2 million), and internally managed projects such as E & G Facilities, elevators, roof repairs, etc. (about \$4.0 million) and equipment additions (about \$.8 million) less estimated depreciation (about \$3.1 million), for a net increase of about \$10.5 million.
- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the third quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of March 31, 2002. Budgets for the major revenue categories of tuition and housing were based on projections of enrollment and residence hall occupancy. Fall semester projections for both these categories were exceeded.
- Expenditure trends also appear to be proceeding according to the budget plan, considering normal cyclical and timing differences.

**MOREHEAD STATE UNIVERSITY**

**Statements of Net Assets**

**March 31, 2002 And 2001**

Balance Sheet Figures From Aims System

					<u><i>CURRENT</i></u>	<u><i>PRIOR</i></u>
			Current			
			1	101	23,978,410.00	23,555,369.00
			3	102	4,645,027.00	3,687,315.00
			4	103	2,004,609.00	1,861,365.00
			7	201	(25,952.00)	(13,405.00)
			8	202	(558,172.00)	(415,609.00)
			10	203	125.00	0.00
			3	205	(58,491.00)	(21,450.00)
			7	206	(145,914.00)	(463,433.00)
			11	209	(1,371,072.00)	(1,485,757.00)
			10	210	(552,700.00)	(432,408.00)
			15	301	<u>(27,915,870.00)</u>	<u>(26,271,987.00)</u>
					<u>\$0.00</u>	<u>\$0.00</u>
<b>ASSETS</b>	<b><u>2002</u></b>	<b><u>2001</u></b>				
Cash	\$27,016,629	\$41,609,230				
Investments in US government obligations-at cost	34,823,901	8,378,995				
Accounts Receivable	4,884,159	3,741,056				
Inventories	2,004,609	1,861,365				
Notes Receivable	3,547,810	3,627,290				
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>111,862,458</u>	<u>97,187,195</u>				
<b>TOTAL ASSETS</b>	<b><u>\$184,139,566</u></b>	<b><u>\$156,405,131</u></b>				
			Restricted			
			1	101	977,563.00	409,120.00
			3	102	1,973,352.00	1,412,582.00
			7	201	(1,472,305.00)	(1,153,117.00)
			8	202	0.00	0.00
			9	203	(1,396,763.00)	(603,270.00)
			3	205	0.00	0.00
			7	206	0.00	0.00
<b>LIABILITIES AND NET ASSETS</b>						
<b>Liabilities</b>						
Accounts payable	\$1,654,098	\$649,721				
Accrued salaries and other liabilities	558,172	415,609				
Unearned revenues-state and federal grants	1,396,763	603,270				
Deposits	562,044	441,876				

Accrued vacation pay	1,371,072	1,485,757	10	210	(9,469.00)	(9,468.00)
Bonds and notes payable	<u>27,530,755</u>	<u>30,617,544</u>	14	303	<u>(72,378.00)</u>	<u>(55,847.00)</u>
<b>Total Liabilities</b>	<b><u>\$33,072,904</u></b>	<b><u>\$34,213,777</u></b>			<u>0.00</u>	<u>0.00</u>
<b>Net Assets</b>						
Capital	\$84,331,703	\$66,569,651		Loan Funds		
Non-capital				20		
Restricted	38,819,089	29,349,716	1	101	193,193.00	102,173.00
Non-restricted	<u>27,915,870</u>	<u>26,271,987</u>	5	102	3,547,810.00	3,627,290.00
<b>Total Net Assets</b>	<b><u>\$151,066,662</u></b>	<b><u>\$122,191,354</u></b>	7	201	(12,468.00)	(3,542.00)
			3	205	0.00	0.00
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$184,139,566</u></b>	<b><u>\$156,405,131</u></b>	14	302	<u>(3,728,535.00)</u>	<u>(3,725,921.00)</u>
					<u>0.00</u>	<u>0.00</u>

**ANALYSIS OF NON-RESTRICTED FUND BALANCE**

				21		
			1	101	0.00	0.00
<b>Allocations</b>			3	102	0.00	0.00
<b>Working Capital</b>			7	201	0.00	0.00
Accounts Receivable	\$1,719,511	\$1,324,666	14	302	0.00	0.00
Inventories	2,004,609	1,861,365				
Cashier's Operating Funds	107,000	105,000				
Budgeted Fund Balance-Capital Projects	5,545,355	4,849,207				
Budgeted Fund Balance-Non-capital Projects	<u>4,267,447</u>	<u>2,620,115</u>		Endowment		

<b>Total Working Capital</b>	<b><u>\$13,643,922</u></b>	<b><u>\$10,760,353</u></b>		30		
<b>Funded Reserves</b>	<b><u>\$1,394,900</u></b>	<b><u>\$1,648,200</u></b>	1	101	28,834.00	28,065.00
<b>Total Allocated Fund Balance</b>	<b><u>\$15,038,822</u></b>	<b><u>\$12,408,553</u></b>	2	102	703.00	703.00
<b>Unallocated Fund Balance</b>	<b><u>12,877,048</u></b>	<b><u>13,863,434</u></b>	14	301	<u>(29,537.00)</u>	<u>(28,768.00)</u>
<b>Total Unrestricted Fund Balance</b>	<b><u>\$27,915,870</u></b>	<b><u>\$26,271,987</u></b>			<u>0.00</u>	<u>0.00</u>

See Attached Notes To Statements of Net Assets

				31		
			1	101	3,874.00	2,335.00
			2	102	28,100.00	28,100.00
			14	301	<u>(31,974.00)</u>	<u>(30,435.00)</u>
					<u>0.00</u>	<u>0.00</u>

				33		
			1	101	0.00	0.00
			2	102	8,976,184.00	3,214,508.00
			14	301	<u>(8,976,184.00)</u>	<u>(3,214,508.00)</u>
					<u>0.00</u>	<u>0.00</u>

				35		
			1	101	0.00	0.00
			2	102	191,581.00	197,283.00
			14	301	<u>(191,581.00)</u>	<u>(197,283.00)</u>



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2	102	0.00	0.00
6	109	111,862,458.00	97,187,195.00
2	205	0.00	0.00
12	208	(27,530,755.00)	(30,617,544.00)
13	304	<u>(84,331,703.00)</u>	<u>(66,569,651.00)</u>
		<u>0.00</u>	<u>0.00</u>



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

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

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

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

**EXPENDITURES AND TRANSFERS BY DIVISION**

**Educational & General**

President & Administration	\$ 674,801	\$ 488,356	72.37%	\$ 1,406,431	\$ 974,657	69.30%
University Relations	1,969,983	1,384,718	70.29%	1,424,908	969,195	68.02%
Development	922,200	483,248	52.40%	0	0	
Administration & Fiscal Services	12,008,914	9,823,565	81.80%	10,646,084	8,462,635	79.49%
Student Life	11,844,407	10,393,308	87.75%	10,913,221	9,453,460	86.62%
Academic Affairs	40,306,469	26,798,315	66.49%	36,730,977	23,755,645	64.67%
Other	10,425,685	5,095,212	48.87%	10,267,991	6,032,768	58.75%
<b>Total Educational &amp; General</b>	<b><u>\$78,152,459</u></b>	<b><u>\$54,466,722</u></b>	<b><u>69.69%</u></b>	<b><u>\$71,389,612</u></b>	<b><u>\$49,648,360</u></b>	<b><u>69.55%</u></b>

**Auxiliary Enterprises**

Housing	\$ 9,371,164	\$ 4,203,116	44.85%	\$ 8,191,986	\$ 3,904,170	47.66%
University Store	2,850,609	2,986,751	104.78%	2,643,266	2,758,629	104.36%
Food Services	420,276	310,334	73.84%	433,682	286,973	66.17%
Other	448,969	316,448	70.48%	421,555	270,854	64.25%
<b>Total Auxiliary Enterprises</b>	<b><u>\$13,091,018</u></b>	<b><u>\$ 7,816,649</u></b>	<b><u>59.71%</u></b>	<b><u>\$11,690,489</u></b>	<b><u>\$ 7,220,626</u></b>	<b><u>61.76%</u></b>

**TOTAL EXPENDITURES AND  
TRANSFERS BY DIVISION**

	<b><u>\$91,243,477</u></b>	<b><u>\$62,283,371</u></b>	<b><u>68.26%</u></b>	<b><u>\$83,080,101</u></b>	<b><u>\$56,868,986</u></b>	<b><u>68.45%</u></b>
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**NET CHANGE IN FUND BALANCE**

		<b><u>\$11,076,488</u></b>			<b><u>\$11,797,671</u></b>	
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**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period January 1, 2002 to March 31, 2002**

<b>Description</b>	<b>Opening Budget</b>	<b>Amended Budget As Of 1/1/02</b>	<b>Adjustments</b>	<b>Amended Budget As Of 3/31/02</b>
<b>Revenues and Other Additions</b>				
Tuition and Fees	\$24,013,500	\$24,516,815	\$ 882,270	\$25,399,085
Government Appropriations	41,420,900	42,717,448	(774,249)	41,943,199
Government Grants & Contracts	50,000	50,000	-	50,000
Indirect Cost Reimbursement	346,000	346,000	-	346,000
Sales and Services of Ed. Activities	1,063,000	1,165,888	57,258	1,223,146
Other Sources	1,408,200	1,510,120	77,955	1,588,075
Budgeted Fund Balance - E&G	6,702,100	8,013,287	77,435	8,090,722
Auxiliary Enterprises	10,723,300	10,736,300	-	10,736,300
Budgeted Fund Balance - AUX	1,670,000	1,866,950	-	1,866,950
<b>Total Revenues and Other Additions</b>	<b><u>\$87,397,000</u></b>	<b><u>\$90,922,808</u></b>	<b><u>\$ 320,669</u></b>	<b><u>\$91,243,477</u></b>
<b>Expenditure Authorizations by Division</b>				
<b>Educational &amp; General</b>				
President & Administration	\$ 679,207	\$ 759,270	\$ (84,469)	\$ 674,801
University Relations	1,673,182	1,940,735	29,248	1,969,983
Development	728,041	834,743	87,457	922,200
Administration & Fiscal Services	11,093,427	11,891,472	117,442	12,008,914
Student Life	11,669,470	11,725,305	119,102	11,844,407
Academic Affairs	38,293,534	40,227,492	78,977	40,306,469
Debt Service & Mandatory Transfers	2,326,666	2,331,574	158,850	2,490,424
Other	8,262,742	8,148,123	(212,862)	7,935,261

<b>Total Educational &amp; General</b>	<b><u>\$74,726,269</u></b>	<b><u>\$77,858,714</u></b>	<b><u>\$ 293,745</u></b>	<b><u>\$78,152,459</u></b>
<b>Auxiliary Enterprises</b>				
Administration & Fiscal Services	\$ 7,310,711	\$ 7,322,809	\$ 9,462	\$ 7,332,271
Student Life	750,256	926,536	178	926,714
Debt Service	2,639,764	2,639,764	-	2,639,764
Other	<u>1,970,000</u>	<u>2,174,985</u>	<u>17,284</u>	<u>2,192,269</u>
<b>Total Auxiliary Enterprises</b>	<b><u>\$12,670,731</u></b>	<b><u>\$13,064,094</u></b>	<b><u>\$ 26,924</u></b>	<b><u>\$13,091,018</u></b>
<b>Total Expenditure Authorizations</b>	<b><u><u>\$87,397,000</u></u></b>	<b><u><u>\$90,922,808</u></u></b>	<b><u><u>\$ 320,669</u></u></b>	<b><u><u>\$91,243,477</u></u></b>

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

**Tuition and Fees**

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

**Government Appropriations**

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

**Sales and Services of Educational Activities**

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

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

**Other Sources**

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

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

### **Budgeted Fund Balance – E&G**

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

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

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

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



Project V - 2003	<u>3,000,000</u>		Scheduled
	\$ 6,360,000		
2000-02 Capital Renewal and Maintenance Pool (Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Life Safety - E&G	\$ 200,000		In Progress
1990 Clean Air Act Compliance - E&G			
Claypool-Young Chiller Replacement	135,000	August, 2000	Completed
Ginger Hall, Reed Hall, Laughlin Chiller Replacement	566,000		In Progress
Roof Replacement - Button, Rice Maint. Bldg., Claypool-Young, Combs	397,000	October, 2001	Completed
Roof Replacement - Baird	150,000		In Design
Mechanical Systems Replacements	556,800		In Progress
Mechanical Systems/HVAC	350,000		In Design
Ceiling Tile Replacement (Rader & Laughlin)	88,400	October, 2001	Completed
Window Replacement (Rader)	107,000	September, 2001	Completed
Gas Fired Boiler Installation	399,000		In Progress
Central Campus Reconstruction	<u>300,800</u>		In Progress
	\$ 3,250,000		
Residence Hall Repairs (ME, CO, WI, AT)	\$ 300,000	October, 2001	Completed

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

<b>From:</b>	<b>To:</b>	<b>Amount</b>
<b>Revenue and Other Additions</b>	<b>Division/ Budget Unit</b>	<b>Amount</b>

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

**APPROVE REAPPOINTMENT  
OF AUDITING FIRM**

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

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**Background:**

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

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

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

**Recommendation:**

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

**APPROVE MINIMUM SCOPE  
OF THE ANNUAL AUDIT**

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

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**Background:**

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

The Associate Vice President for Fiscal Services, the Director of Accounting and Budgetary Control and the Director of Internal Audits have outlined the scope of the audit that will comply with all local, state, and federal audit requirements. A summary of the audit scope is attached.

**Recommendation:**

That based on the recommendation of the Audit Committee, the Board approve the minimum scope of the University's audit for the year ending June 30, 2002.

## **APPROVE 2002-2003 OPERATING BUDGET AND FEE SCHEDULE**

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

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### **Background:**

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

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

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

### **Analysis – Operating Budget:**

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

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

## Enrollment and Housing Projections

	Fall 2001 (Budgeted)	Fall 2002 (Budgeted)
Undergraduate Headcount	6,900	7,075
Graduate Headcount	<u>1,700</u>	<u>1,797</u>
	8,600	8,872

Occupancy in the residence halls is projected at 3,053 students.

## New Budget Increases 5.4%

The proposed \$92,133,200 Operating Budget reflects an increase of \$4,736,200 or 5.4 percent, from the 2001/2002 opening budget. New funds available in the proposed budget to address the reduction in state appropriations (operating) and to support new budget initiatives are generated from enrollment growth, increased student tuition and fees, increased housing rates, and the internal reallocation of funds as summarized below:

Tuition and Mandatory Fees	\$2,977,672
Residence Halls	\$ 535,488
State Appropriations (Operating)	\$ (768,600)
Endowment Income	\$ 101,814
Reallocated Operating	\$1,513,198

### Tuition and Mandatory Fees:

New revenue from tuition and fees is based on the Board approved 8 percent increase in the rates for 2002/2003 and enrollment growth. Changes in tuition rates are discussed in detail in the **Fee Schedule** section of this report.

### Housing:

The proposed Operating Budget funds Phase 4 of the Fire Safety project in the residence halls and increases the housing depreciation fund developed to support the continued upgrade and improvement of residence hall facilities and furnishings.

### State Appropriations (Operating):

The proposed Operating Budget reflects a decrease of \$768,600 (2%) in state operating appropriations. Included in the 2002/2003 state operating appropriations is \$1,825,800 allocated from the Action Agenda, Enrollment Growth and Retention and Faculty Development Trust Funds established by the Council on Postsecondary Education in 2001/2002.

**Endowment Income:**

Endowment income totaling \$289,937 is available in 2002/2003 from various academic state matched endowment funds. This is the second year the institution has included endowment income in the opening budget. The amount budgeted is \$101,814 which represents a 99.6 percent increase in total endowment income. Some endowment administrators have elected to allow their funds to remain in the endowment fund to grow and support future initiatives. The budgeted endowment income will enhance existing academic budgets in accordance with the respective endowment purposes. The budgeted amounts will continue to grow with the endowments.

**Reallocated Operating Resources:**

An internal budget reduction generated additional funding to help support the priority initiatives identified in the proposed 2002/2003 Operating Budget. The following details the operating reductions implemented from each division.

<b>Division</b>	<b>Reduction Amount</b>
Office of the President / Development	\$ 162,639
Academic Affairs (1.4%)	\$ 637,000
IRAPP (2.1%)	\$ 36,069
Administration & Fiscal Services (2.1%)	\$ 380,203
Student Life (2.1%)	\$ 261,877
University Relations (2.1%)	<u>\$ 35,410</u>
Total Reallocation	<u>\$1,513,198</u>

**Budgeted Fund Balance:**

The institution will again rely on its year-end reserves to support various capital and operating initiatives primarily of a non-recurring nature. However, it is recognized that a strategy to reduce the growing reliance on unrestricted fund balance allocations that support recurring expenses will need to be developed for 2003/2004 through reallocation of existing funds, additional external funding and/or a greater reliance on tuition and fee revenue.

Non-Capital Fund Balance Allocations		
2001/2002 Projects (Carry Forward)	\$1,817,722	
2002/2003 Projects	<u>\$1,629,294</u>	
		\$3,447,016
Capital Fund Balance Allocations		
2001/2002 Projects (Carry Forward)	\$2,385,022	
2002/2003 Projects	<u>\$2,314,300</u>	
		<u>\$4,699,322</u>
Total Budgeted Fund Balance		\$ 8,146,338

### **Strategic Budget Initiatives:**

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

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

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

### **Fee Schedule:**

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



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

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

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

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

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

### **Housing:**

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

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

### **Tuition, Student Activity Fee and Residence Hall Rates:**

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

## **Analysis – Faculty and Staff Compensation:**

### **Salary Pool:**

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

#### **Faculty and Librarians**

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

#### **Exempt and Non-Exempt Staff**

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

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

### **Notification and Reporting:**

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

## Medical Insurance:

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

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

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

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

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

**Recommendation:**

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

## **APPROVE DISPOSAL OF REAL PROPERTY**

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

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

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

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

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

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

### **Statutory Authority**

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

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

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

### **Description of Property**

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

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

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

### **Administrative Procedure**

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

**ORDER TO DISPOSE OF PROPERTY**

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

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

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

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

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

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

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

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

**RECOMMENDED:**

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

\_\_\_\_\_  
Date

**APPROVAL:**

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

\_\_\_\_\_  
Date

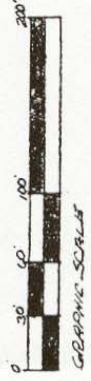
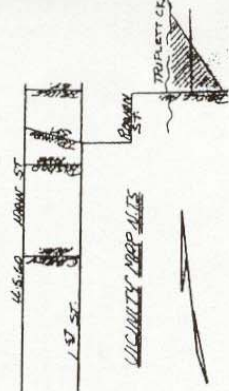
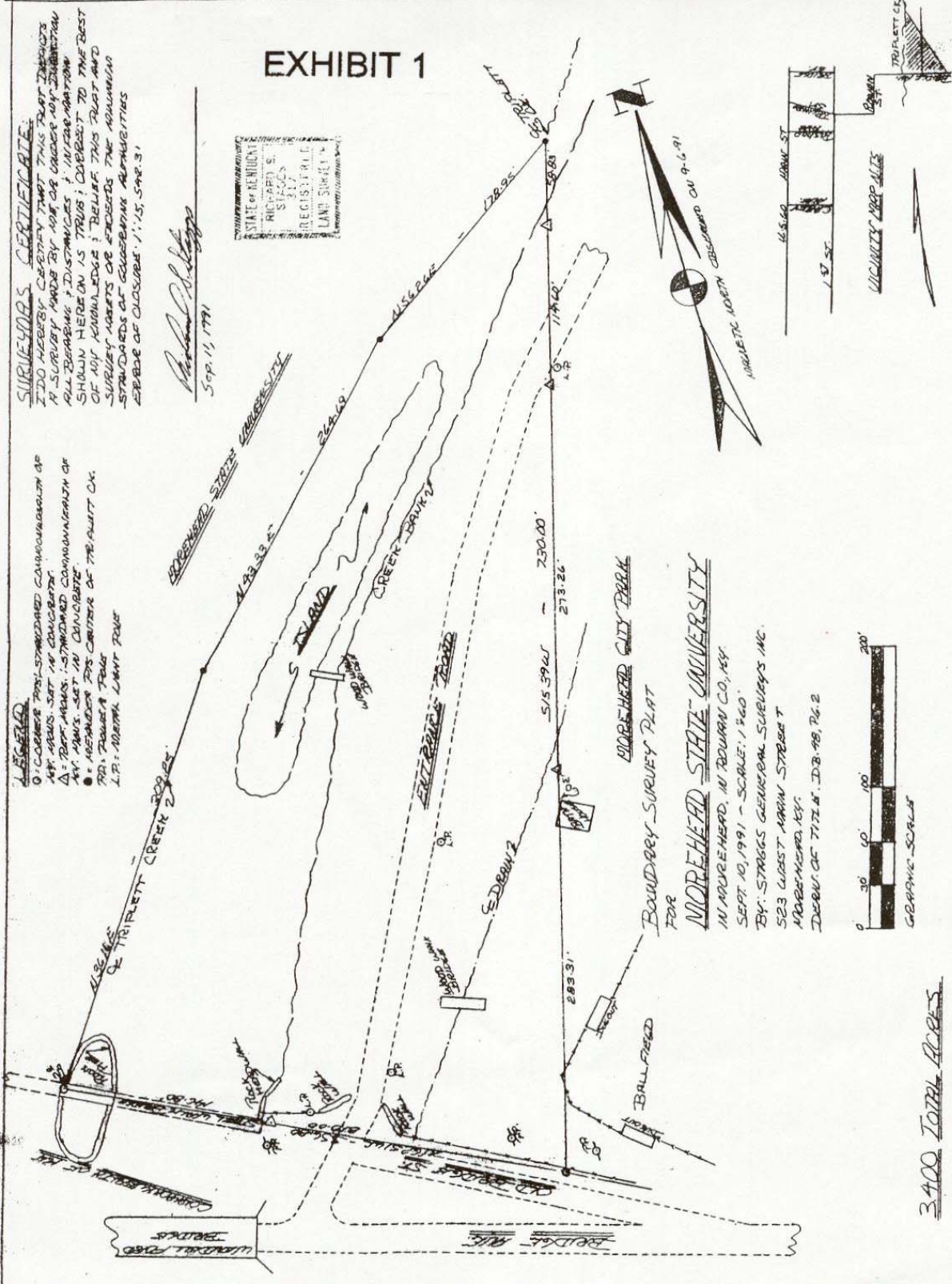
# EXHIBIT 1

**SURVEYORS CERTIFICATE**  
 I DO HEREBY CERTIFY THAT THIS PLAT INCORPORATES A SURVEY MADE BY ME OR UNDER MY IMMEDIATE SUPERVISION AND UNDER MY PERSONAL SUPERVISION AND THAT I AM A LICENSED SURVEYOR IN THE STATE OF MISSISSIPPI. I BELIEVE THIS PLAT AND SURVEY ACCURATELY REPRESENTS THE ACTUAL STANDARDS OF CLOSURE. 1/15, 548.31

*Richard D. Stagg*  
 Sep. 11, 1991



**LEGEND**  
 O - CORNER POINT - STANDARD CONFORMANCE OF 45° ANGLES SET IN CONCRETE  
 Δ - CORNER POINT - STANDARD CONFORMANCE OF 45° ANGLES SET IN CONCRETE  
 ● - CORNER POINT - CENTER OF GRAVITY OF AN IRON NAIL  
 L.P. - NATURAL LIMIT POINT



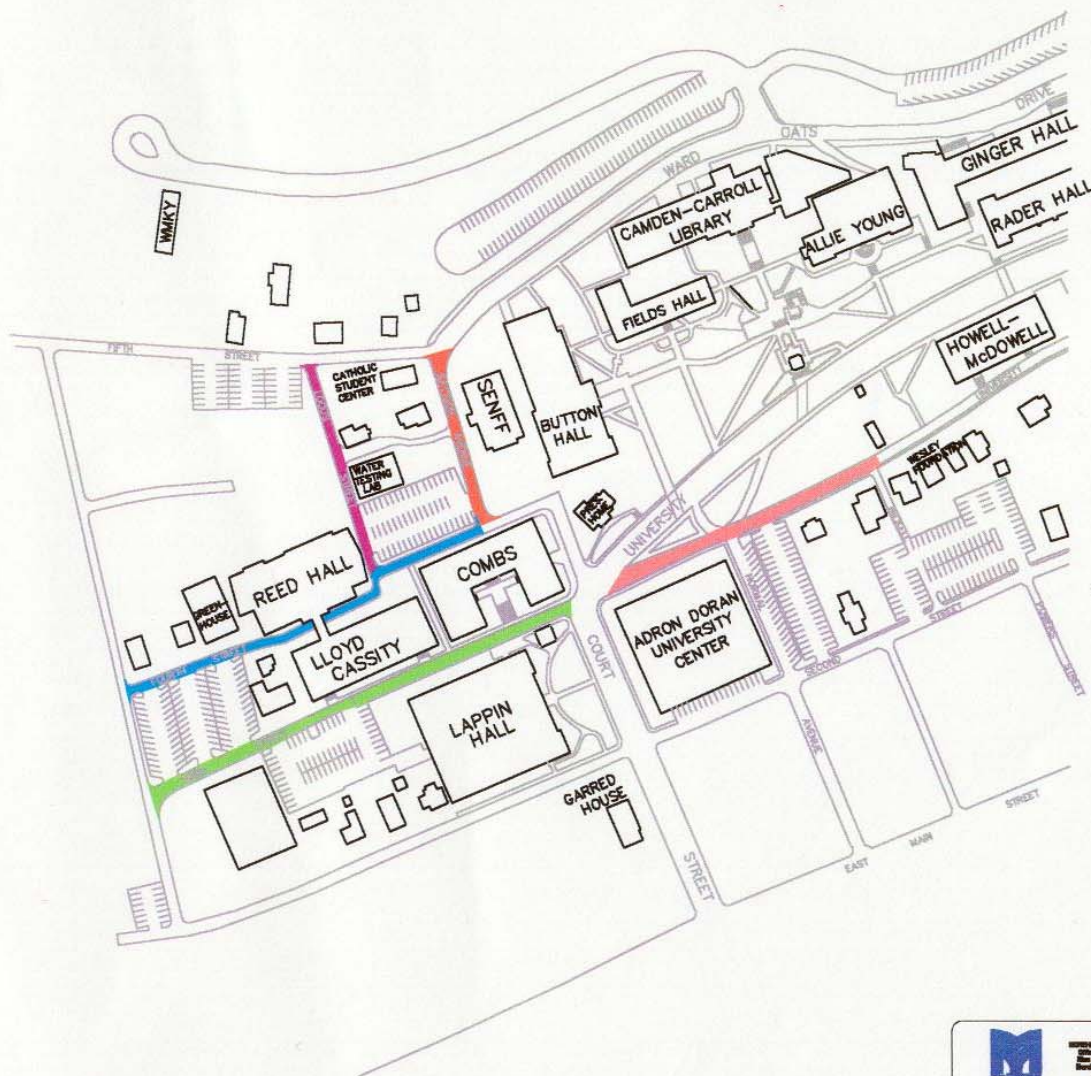
**MOREHEAD STATE UNIVERSITY**  
 IN MOREHEAD, IN BOUQUIN CO., KY  
 SEPT. 10, 1991 - SCALE: 1"=60'  
 BY: STAGGS GEODESIC SURVEYS, INC.  
 523 WEST MAIN STREET  
 MOREHEAD, KY  
 DRAWING TITLE: D.B. 48, P. 2

**3400 TOTAL ACRES**



# MOREHEAD / CITY STREETS

EXHIBIT 2



- LEGEND:
- █ UNIVERSITY STREET
  - █ THIRD STREET
  - █ FOURTH STREET
  - █ BATTSON AVE.
  - █ LOCUS STREET

**Background:**

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

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

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

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

**2002 Plan Update:**

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

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

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

### **SUMMARY OF SIGNIFICANT PLAN ADJUSTMENTS AND RESTATED OBJECTIVES**

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

### **IMPLEMENTATION**

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

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

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

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

**Recommendation:**

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

**Introduction**

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

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

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

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

## MASTER PLAN GOALS AND DESIGN OBJECTIVES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## PROJECTED ENROLLMENT AND STAFFING

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

### Enrollment Fall 2001

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

### Projected Fall 2006 Enrollment\*

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

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



**Staff\***

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

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

878 - 927

**Faculty\***

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

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

490 – 518

**Total Faculty and Staff**

**1,368 – 1,445**

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

## HOUSING ANALYSIS

### **Single Student Residential Housing**

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

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

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

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

### **Family Housing**

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

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

### **Greek, Group or Other Institutional Need Facilities**

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

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

### **Campus Ministries**

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

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

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

## **EXTENDED CAMPUS CENTERS**

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

### **MSU at Ashland**

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

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

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

### **MSU at West Liberty**

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

### **MSU at Prestonsburg**

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

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

### **MSU at Jackson**

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

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

## **OTHER UNIVERSITY LAND AND FACILITIES**

### **Derrickson Agricultural Complex**

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

### **Sunnybrook Golf Course**

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

### **Support Services Complex**

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

### **Kentucky Folk Art Center (KFAC)**

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

### **Kentucky Center for Traditional Music**

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

### **Moonlight School**

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

## **NEW ACADEMIC/ADMINISTRATIVE SPACE**

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

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

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

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

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

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

## **PARKING & TRAFFIC PATTERNS**

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

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

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

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

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

### LEGEND

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

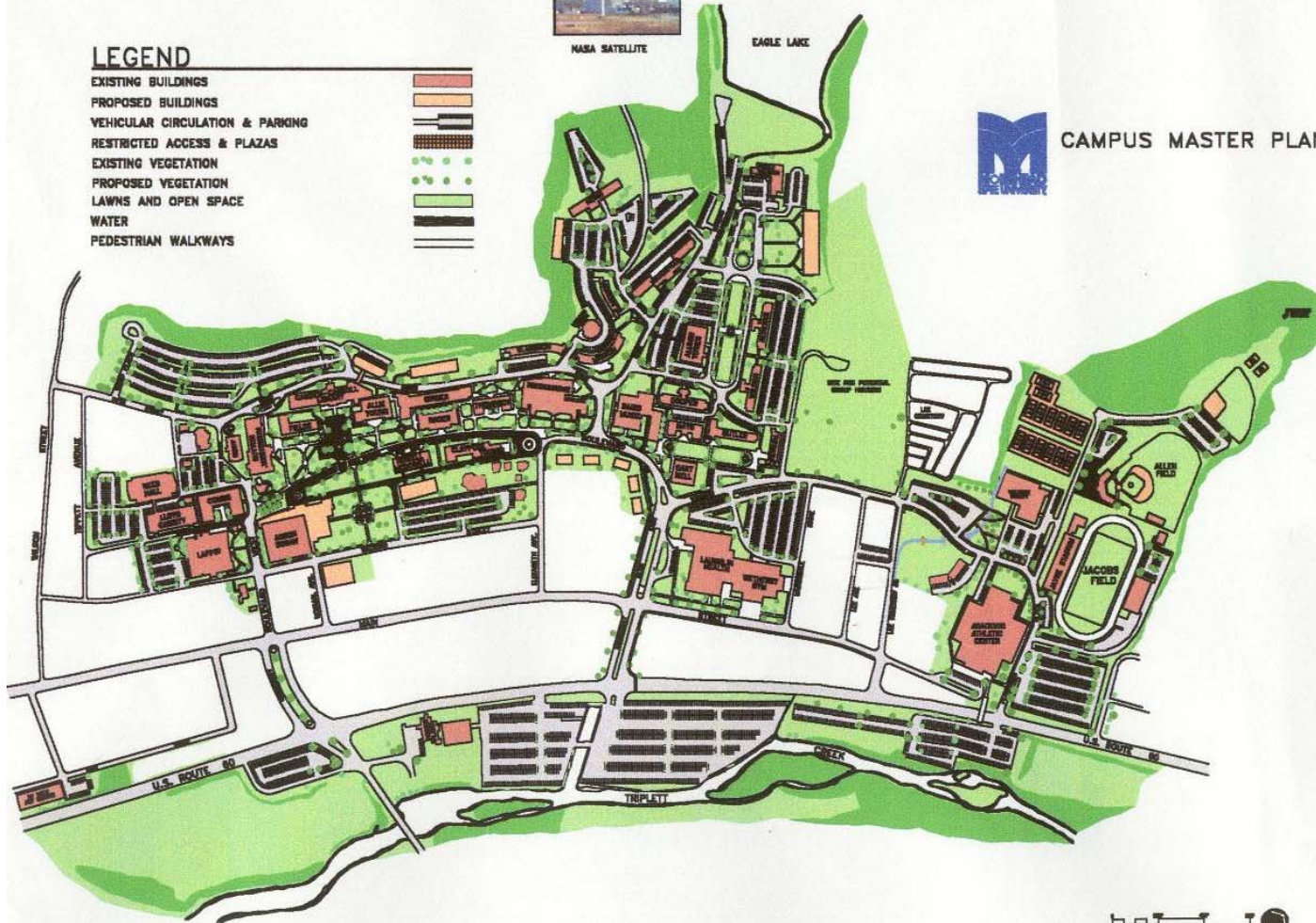


NASA SATELLITE

EAGLE LAKE



### CAMPUS MASTER PLAN





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

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

**Background:**

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

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

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

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

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

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

**Recommendation:**

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

**STATEMENT OF INTENT**

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

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

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

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

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

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

ARTICLES OF INCORPORATION  
OF  
KENTUCKY CENTER FOR TRADITIONAL MUSIC, INC

ARTICLE ONE

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

ARTICLE TWO

The period of duration of the corporation shall be perpetual.

ARTICLE THREE

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

ARTICLE FOUR

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

ARTICLE FIVE

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

ARTICLE SIX

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

ARTICLE SEVEN

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

<b>INCORPORATOR</b>	<b>ADDRESS</b>
Garry Barker	Morehead State University, Morehead, KY 40351
Ronald G. Eaglin	Morehead State University, Morehead, KY 403 51
Jami Hornbuckle	Morehead State University, Morehead, KY 40351
Keith R. Kappes	Morehead State University, Morehead, KY 40351

#### **ARTICLE EIGHT**

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

<b>DIRECTOR</b>	<b>ADDRESS</b>
Bradley Collins	Morehead City Hall, Morehead, KY 40351
Ronald G. Eaglin	Morehead State University, Morehead, KY 403 51
Georgia Grigsby	Kentucky Folk Art Center, Morehead, KY 40351
Juanita Faye King	Stanton Elementary School, Stanton, KY 40380
Sandy Knipp	Morehead State University, Morehead, KY 40351
Donald G. Rigsby	HC 75, Box 2045, Isonville, KY41149
Sheree Winkler	Morehead Tourism Commission, Morehead, KY 40351

#### **ARTICLE NINE**

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

**REGISTERED AGENT:**

**C. GERALD MARTIN**

**THESE ARTICLES PREPARED BY:**

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

**Bylaws of Kentucky Center for Traditional Music, Inc.  
Article I**

**Members**

**Section 1. The Corporation shall have two (2) classes of members. Director members and Contributing members. Director members shall be those individuals who compose the Board of Directors of the Kentucky Center for Traditional Music, Inc. Director members shall have the right to vote. Contributing members shall consist of(1) those volunteers who have given the Corporation services of such nature and extent as may be denned by resolution of the Board of Directors, which resolution may also provide for maintaining and updating a list of such other volunteers, and (2) any individual who, on an annual basis, has contributed at least \$100 or other**

such other amount as may be approved by resolution of the Board. Contributing members shall have no voting rights. The Corporation may have additional classes of members, as may be determined by the Board of Directors.

## Article II

### Board of Directors

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

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

call of the Chair or the Secretary or upon the call of a majority of the members of the Board.

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

### Article III

#### Committees

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

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

#### Article IV

##### Officers

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

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

##### Article V

##### Seal

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

##### Article VI

##### Checks, Notes, and Drafts



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

## Article VII

### Miscellaneous

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

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

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

Section 4. Unless otherwise required by statute, every director, officer and other volunteer of the Corporation shall be indemnified by the Corporation against costs incurred by reason of his or her civil liability arising from his or her participation in the activities of the Corporation and its related and subsidiary activities, including all reasonable expenses of the defense against or the settlement of claims of such liability, except to the extent that any policy of insurance of the Corporation or of such volunteer shall provide payment for such costs, and except to the extent that a final judgment may be entered against such volunteer based upon a judicial determination that such volunteer intentionally and wrongfully inflicted the damages for which such volunteer is held liable. The reasonable expenses of the defense of a volunteer against a claim of civil

liability may be advanced by the Corporation. In addition, the Corporation (a) may indemnify volunteers against the costs of legal defense against criminal charges arising from the volunteer's participation in the activities of the Corporation and its related and subsidiary activities, but only to the extent not paid under any policy of insurance and only upon a dismissal of such charges without a finding of the volunteer's criminal responsibility therefore, and (b) may indemnify volunteers against legal expenses in investigatory or administrative proceedings arising from the volunteer's participation in the activities of the Corporation and its related and subsidiary activities, but only to the extent not paid under any policy of insurance.

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

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

Adopted June 19,2001.

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Chair, Board of Directors

ATTEST:

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Secretary-Treasurer

**ENDOWMENT MATCH  
PROGRAM SUBMISSION**

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

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**Background:**

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

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

**Recommendation:**

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

June 1, 2002

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

Dear Dr. Moore:

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

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

Sincerely,

Buckner Hinkle, Chair  
MSU Board of Regents

**ACCEPT 2000-2001 AUDIT REPORT,  
FOURTH QUARTER FINANCIAL  
REPORT, AND AMEND OPERATING  
BUDGET**

**BOR (VI-A-4)  
November 30, 2001**

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**Background:**

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. At the June 8, 2001 meeting, the Board of Regents approved the recommendation of the Audit Committee for appointment of Crowe, Chizek and Company to conduct the 2000-2001 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on November 10, 2001. Mr. Edwin Olliges, partner with Crowe Chizek, presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unqualified opinion on the financial statements. The management letter relating to the auditor's review of the University's internal controls reported no findings of material weaknesses in the financial control system.

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

- Management's discussion and analysis of the financial information in the audited financial statements
- Amendments to the operating budget for the period April 1 to June 30, 2001
- Budget amendments greater than \$200,000 incurred in the fourth quarter
- Capital outlay status reports

**Recommendation:**

That the Board accept the audit report for the fiscal year ended June 30, 2001 as presented by Crowe, Chizek and Company, accept the reports related to the 4<sup>th</sup> quarter financial information and capital outlay, and amend the operating budget for the 2000-2001 fiscal year.

**Management's Discussion and Analysis**  
**First Quarter Financial Statements**  
**Morehead State University**  
**September 30, 2001**

This discussion and analysis of Morehead State University's financial statements provide an overview of the University's financial activities for the quarter that ended on September 30, 2001. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

**Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides information about the unrestricted current funds revenues, expenditures, and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University.

**Financial Highlights**

Morehead State University's financial picture has remained stable through the first quarter of the 2001-2002 fiscal year. The University operated with a surplus of revenues over expenditures and transfers in the amount of \$13,296,913. That level of operating surplus is expected during the first quarter of any fiscal year. Revenue streams are larger during the start of the fall and spring terms, while expenditures are more evenly spread throughout the year. As the year progresses, the variance between revenues and expenditures will narrow and will be reflected in an appropriate operating surplus or deficit.

Significant trends and variances during the first quarter are summarized as follows:

- Investments increased approximately \$17 million from the first quarter of the previous year. However, the total is consistent with the amounts at June 30, 2001.
- Accounts receivable increased by about \$200,000 from the first quarter of the previous fiscal year. This increase is mainly attributable to an increase in federal and state grant funds receivables.
- The percentage of revenue assessments compared to budget projections are in line with expectations of the first quarter of a fiscal year and are consistent with the percentages of the previous year.
- The 2001-02 operating budget was based on a projected enrollment of 8,600 students. Actual fall semester enrollment was 9,027 headcount students. The increased

enrollment level has increased tuition revenue from the original fall semester revenue projections.

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

**Recommendation:**

That the Board ratify the Personnel Actions for the period September 10, 2001, through November 2, 2001.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period April 1, 2001 to June 30, 2001**

Description	Opening Budget	Amended Budget As Of 04/01/2001	Adjustments	Amended Budget As Of 06/30/2001
<b>Revenues and Other Additions</b>				
Tuition and Fees	\$ 21,798,200	\$ 21,798,826	\$ 116,850	\$ 21,915,676
Government Appropriations	40,326,200	40,514,375	2,780,125	43,294,500
Indirect Cost Reimbursement	300,000	306,492	-	306,492
Sales and Services of Ed. Activities	860,400	1,178,115	73,389	1,251,504
Other Sources	1,360,400	1,677,671	50,214	1,727,885
Budgeted Fund Balance - E&G	5,392,500	6,040,222	425,161	6,465,383
Auxiliary Enterprises	10,035,300	10,035,300	4,400	10,039,700
Budgeted Fund Balance - AUX	1,211,100	1,529,100	22,636	1,551,736
<b>Total Revenues and Other Additions</b>	<b><u>\$ 81,284,100</u></b>	<b><u>\$ 83,080,101</u></b>	<b><u>\$ 3,472,775</u></b>	<b><u>\$ 86,552,876</u></b>
<b>Expenditure Authorizations by Division</b>				
<b>Educational &amp; General</b>				
President & Administration	\$ 1,231,251	\$ 1,406,431	\$ 42,777	\$ 1,449,208
University Relations	1,227,548	1,424,908	293,423	1,718,331
Administration & Fiscal Services	10,482,681	10,646,084	627,117	11,273,201
Student Life	10,836,618	10,913,221	153,273	11,066,494
Academic Affairs	35,693,330	36,730,977	418,816	37,149,793
Debt Service & Mandatory Transfers	3,560,872	3,526,611	(39,161)	3,487,450
Other	6,836,800	6,741,380	2,304,553	9,045,933
<b>Total Educational &amp; General</b>	<b><u>\$ 69,869,100</u></b>	<b><u>\$ 71,389,612</u></b>	<b><u>\$ 3,800,798</u></b>	<b><u>\$ 75,190,410</u></b>
<b>Auxiliary Enterprises</b>				
Administration & Fiscal Services	\$ 7,018,758	\$ 7,047,765	\$ (38,948)	\$ 6,708,817
Student Life	724,142	793,624	(19,096)	774,528
Debt Service	2,261,000	2,261,000	22,636	2,283,636
Other	1,411,100	1,588,100	-	1,588,100
<b>Total Auxiliary Enterprises</b>	<b><u>\$ 11,415,000</u></b>	<b><u>\$ 11,690,489</u></b>	<b><u>\$ (335,408)</u></b>	<b><u>\$ 11,355,081</u></b>
<b>Total Expenditure Authorizations</b>	<b><u>\$ 81,284,100</u></b>	<b><u>\$ 83,080,101</u></b>	<b><u>\$ 3,465,390</u></b>	<b><u>\$ 86,545,491</u></b>



**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period April 1, 2001 to June 30, 2001**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Tuition and Fees**

Unbudgeted revenue allocated during the fourth quarter totalled \$116,850.

- Summer school revenue was increased by \$108,825 to cover summer school payroll
- Unbudgeted revenue of \$8,000 from the Floral Design course fee was allocated to Agriculture and University Farm.

**Government Appropriations**

Unbudgeted revenue allocated during the fourth quarter totalled \$2,780,125.

- \$2,584,866 from CPE Endowment Trust Fund was transferred to the MSU Foundation
- \$195,000 from the CPE Enrollment Growth & Retention funds was allocated primarily to Academic Affairs to support retention efforts. The total amount received during 00/01 was \$350,000.

**Sales & Services of Educational Activities**

Unbudgeted revenue allocated during the fourth quarter totalled \$73,389.

- Eagle Athletic Fund (EAF) support from the MSU Foundation totalled \$14,283. The funds were budgeted in various athletic programs.
- An additional \$44,693 was allocated from English Language Center revenue to fund expenditures for that program.

**Budgeted Fund Balance – E&G**

Budget allocations from fund balance for E&G purposes totalled \$425,161 in the fourth quarter.

- \$160,000 allocated for Reed Hall renovation of Rad Tech lab
- \$14,385 allocated for disposal of hazardous chemicals
- \$75,000 allocated for development of James parking lot property
- \$20,871 allocated to pay off the debt service on the Optical Scanner equipment
- \$35,920 allocated to Distance Learning for software upgrade
- \$91,313 allocated to divisions for various equipment needs
  - \$25,000 to University Relations
  - \$13,445 to Administration & Fiscal Services
  - \$10,000 to Student Life
  - \$42,868 to Academic Affairs

**Budgeted Fund Balance – Auxiliary**

\$22,636 allocated to pay off the debt service on snack vending equipment

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period April 1, 2001 to June 30, 2001**

<u>From:</u> <u>Revenue and Other Additions</u>	<u>To:</u> <u>Division/ Budget Unit</u>	<u>Amount</u>	<u>Description</u>
Government Appropriations	Non-Mandatory Transfers	\$ 2,584,866	Funds were received from the CPE Endowment Trust Fund and subsequently transferred to the MSU Foundation

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of April 1, 2001 to June 30, 2001**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
Project II - 2000	\$ 1,580,000		In Progress
Project III - 2001	980,000		In Progress
Project IV - 2002	1,700,000		In Design
Project V - 2003	812,000		Scheduled
	<u>\$ 5,072,000</u>		
2000-02 Capital Renewal and Maintenance Pool			
(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Life Safety - E&G	\$ 200,000		In Progress
1990 Clean Air Act Compliance - E&G			
Claypool-Young Chiller Replacement	200,000	August, 2000	Completed
Ginger Hall, Reed Hall, Laughlin Chiller Replacement	800,000		In Progress
Roof Replacement - Button, Rice Maint. Bldg., Claypool-Young, Combs	550,000		In Progress
Mechanical Systems Replacements	570,000		In Progress
Ceiling Tile Replacement (Rader & Laughlin)	100,000		In Progress
Window Replacement (Rader)	150,000		In Progress
Gas Fired Boiler Installation	380,000		In Progress
Central Campus Reconstruction	300,000		In Progress
	<u>\$ 3,250,000</u>		
Residence Hall Repairs (ME, CO, WI, AT)	\$ 300,000		In Progress

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of April 1, 2001 to June 30, 2001**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
Project II - 2000	\$ 1,580,000		In Progress
Project III - 2001	980,000		In Progress
Project IV - 2002	1,700,000		In Design
Project V - 2003	812,000		Scheduled
	<u>\$ 5,072,000</u>		
2000-02 Capital Renewal and Maintenance Pool			
(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Life Safety - E&G	\$ 200,000		In Progress
1990 Clean Air Act Compliance - E&G			
Claypool-Young Chiller Replacement	200,000	August, 2000	Completed
Ginger Hall, Reed Hall, Laughlin Chiller Replacement	800,000		In Progress
Roof Replacement - Button, Rice Maint. Bldg., Claypool-Young, Combs	550,000		In Progress
Mechanical Systems Replacements	570,000		In Progress
Ceiling Tile Replacement (Rader & Laughlin)	100,000		In Progress
Window Replacement (Rader)	150,000		In Progress
Gas Fired Boiler Installation	380,000		In Progress
Central Campus Reconstruction	300,000		In Progress
	<u>\$ 3,250,000</u>		
Residence Hall Repairs (ME, CO, WI, AT)	\$ 300,000		In Progress

**ACCEPT 2001-2002 AUDIT REPORT,  
FOURTH QUARTER FINANCIAL  
REPORT, AND AMEND  
OPERATING BUDGET**

**BOR (V-A-4)  
December 6, 2002**

---

**Background:**

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. At the June 1, 2002 meeting the Board of Regents approved the recommendation of the Audit Committee for the appointment of Crowe, Chizek and Company to conduct the 2001-02 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on November 15, 2002. Ms. Laurie Williams, a CPA with Crowe, Chizek and Company, presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unqualified opinion on the financial statements. The statements in the report were presented in the new format as required by *Government Accounting Standards Board Statement 35*.

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

**Recommendation:**

That the Board accept the audit report for the fiscal year ended June 30, 2002, as presented by Crowe, Chizek and Company, accept the reports related to the 4<sup>th</sup> quarter financial information and capital outlay, and amend the operating budget for the 2001-02 fiscal year.

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

**BOR (VI-A-5)  
November 30, 2001**

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**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of September 30, 2001 for the first quarter of the fiscal year that will end on June 30, 2002. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Recommendation:**

That the Board accept the first quarter financial statements and amend the operating budget.

**RESOLUTION REGARDING ACCESS ROAD  
FUNDING TO ANTENNA SITE**

**BOR V-A-7  
December 6, 2002**

---

**Background:**

The Kentucky Transportation Cabinet is providing up to \$519,500 in reimbursable state funds for the construction of an access road to the site of the large aperture satellite antenna. The Cabinet requires the Board of Regents pass a resolution authorizing the President of the University to execute the agreement.

**RESOLUTION  
BY  
THE MOREHEAD STATE UNIVERSITY BOARD OF REGENTS**

**Whereas,** Morehead State University has requested financial assistance from the Commonwealth of Kentucky Transportation Cabinet Department of Highways for funding to construct an access road to the site of a new satellite tracking antenna,

**Whereas,** the Department has agreed to make up to \$519,500 in state funds available to the University on a reimbursable basis for the construction of the road,

**Whereas,** the Department requires that a resolution be adopted authorizing the President of the University to execute the agreement between the Department and Morehead State University,

**Whereas,** KRS 164.350 confers upon the Board of Regents it general powers and responsibilities to carry out the purposes of Morehead State University,

**Whereas,** Article III.A.3 of the duly adopted Bylaws of the Morehead State University Board of Regents describe the President of the University as the Chief Executive Officer of the University responsible for the operation of the University,

**Therefore, Be it Resolved by the Morehead State University Board of Regents,** that President Ronald G. Eaglin may execute agreements on behalf of the University; and in particular the AGREEMENT BETWEEN COMMONWEALTH OF KENTUCKY TRANSPORTATION CABINET DEPARTMENT OF HIGHWAYS AND MOREHEAD STATE UNIVERSITY, to secure the funding for the access road for the construction of a new satellite tracking antenna.

**Adopted this 6<sup>th</sup> day of December 2002.**

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Buckner Hinkle, Jr., Chair

**ATTEST:**

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Carol Johnson, Secretary



RESOLUTION HONORING  
MADGE WALTERS BAIRD

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BOR (IV)  
November 30, 2001

**WHEREAS**, Ms. Madge Walters Baird of Pikeville, Kentucky, has served with distinction as a member of the Board of Regents of Morehead State University since 1998; and

**WHEREAS**, Ms. Baird's distinguished service on the Board of Regents consistently has reflected her high ethical standards and deep, personal commitment to academic excellence; and

**WHEREAS**, Ms. Baird previously served the University with distinction as vice chair of the Presidential Search Committee in 1991-92,

**THEREFORE**, be it resolved by the Board of Regents of Morehead State University that Ms. Madge Walters Baird be and hereby is commended for her three years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for her loyalty.

Done this thirtieth day of November, 2001.

\_\_\_\_\_  
Buckner Hinkle Jr., Chair

ATTEST:

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

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

## HONORARY DOCTORAL DEGREES

BOR (V)  
November 30, 2001

### **Background:**

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

Two outstanding persons – Kentucky Tourism Secretary Ann Latta and Jackson bank executive J. Phil Smith – were nominated for honorary doctoral degrees in conjunction with winter commencement. The Honorary Degree Advisory Committee reviewed the personal and professional qualifications of Ms. Latta and Mr. Smith and unanimously recommended that each be awarded the honorary degree of DOCTOR OF PUBLIC SERVICE at the Winter Commencement ceremony on December 15, 2001.

Ann Latta was named Secretary of the Kentucky Tourism Development Cabinet by Governor Paul Patton in December 1995 and reappointed for a second term in December 1999. She is the first person with a professional background in travel and tourism to head the agency. A graduate of the University of Kentucky, she became the first woman elected mayor of the City of Prestonsburg and was re-elected to a second term. During her eight years in office, concentrating on tourism as the city's primary economic development focus, tourism spending more than doubled and she led the drive to build the Mountain Arts Center.

A 1948 graduate of Morehead State University, J. Phil Smith perhaps is the best known citizen of Breathitt County, having recently been honored as “Man of the Century” for his tireless work on behalf of his community. In addition to his leadership in banking, economic development and the arts, he is the longtime chairman of the Board of Trustees of Lees College and served several times as acting president of the two-year college, now a branch campus of Hazard Community College. One of the founders of the MSU Foundation, Inc., Smith also was a member of the first group of graduates to be inducted into the MSU Alumni Hall of Fame in 1966. He and his wife, Donna, are the parents of three MSU graduates.

### **Recommendation:**

That the Board of Regents approve the awarding of honorary degrees of DOCTOR OF PUBLIC SERVICE to Ann Latta of Prestonsburg, Ky., and J. Phil Smith of Jackson, Ky., at the Winter Commencement ceremony on December 15, 2001.

## **PERSONNEL ACTIONS**

**BOR (VI-A-2)  
November 30, 2001**

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### **Background:**

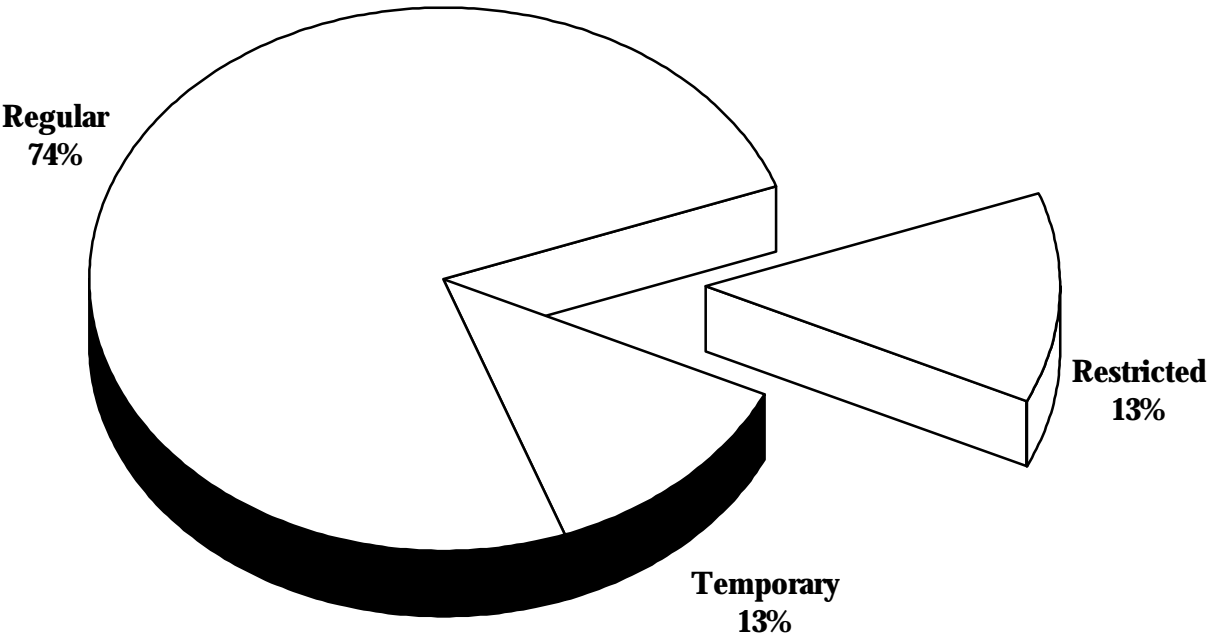
The Personnel Action Request Report includes actions related to:

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

### **Recommendation:**

That the Board ratify the Personnel Actions for the period September 10, 2001, through November 2, 2001.

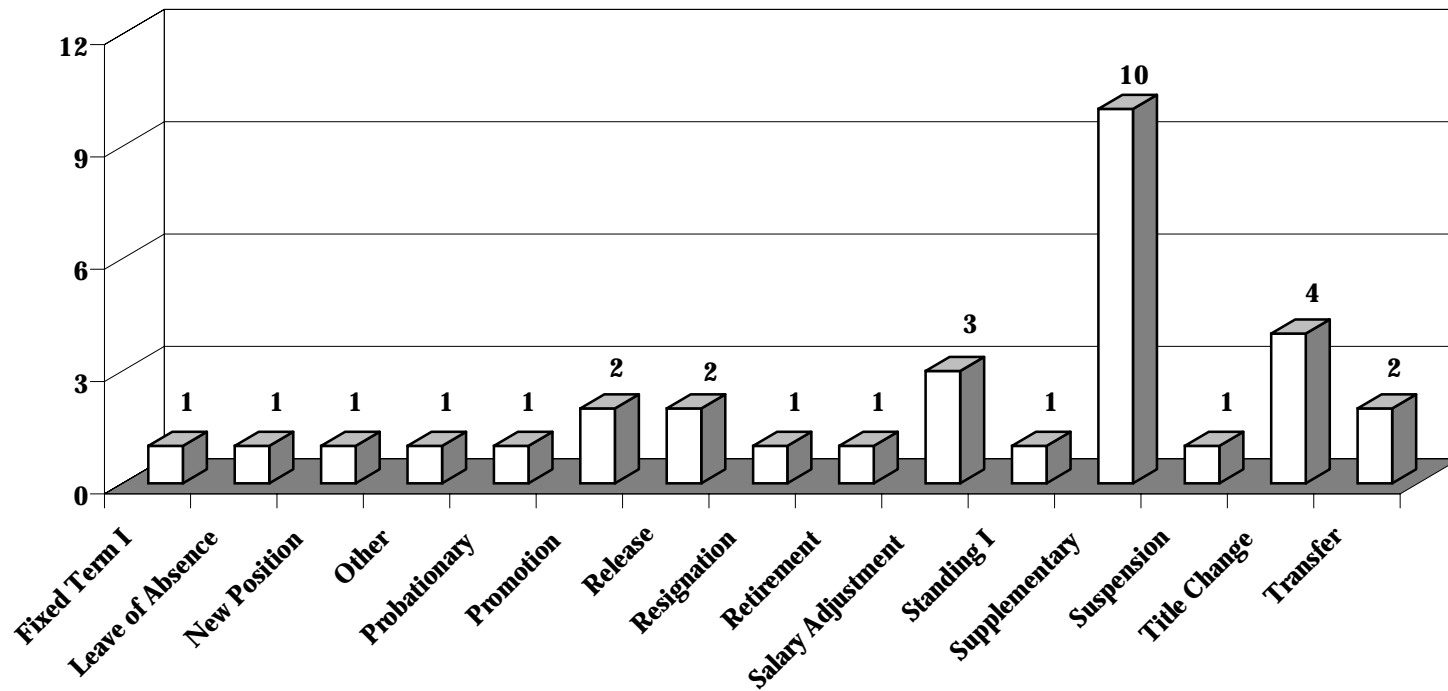
**PERSONNEL ACTION REQUEST**  
**9/10/01 thru 11/2/01**



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**Total Number of PARs = 32**

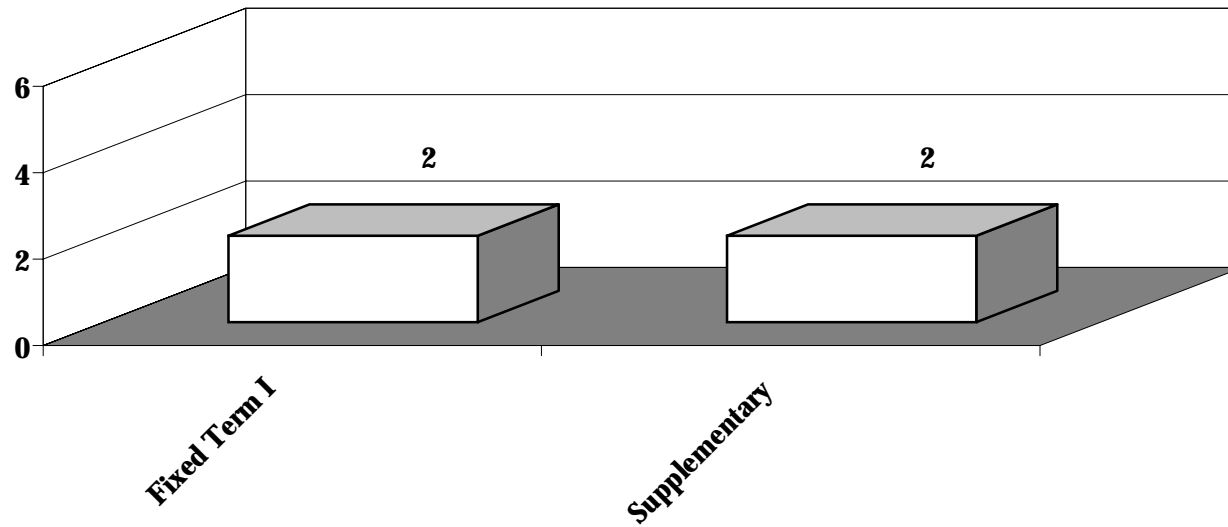
## PERSONNEL ACTIONS FOR COVERED ROSTER POSITIONS 9/10/01 thru 11/2/01



**Total Number of PARs= 24**

**Total Number of Actions = 32**

**PERSONNEL ACTIONS FOR NON-ROSTERED  
TEMPORARY APPOINTMENTS  
9/10/01 thru 11/2/01**

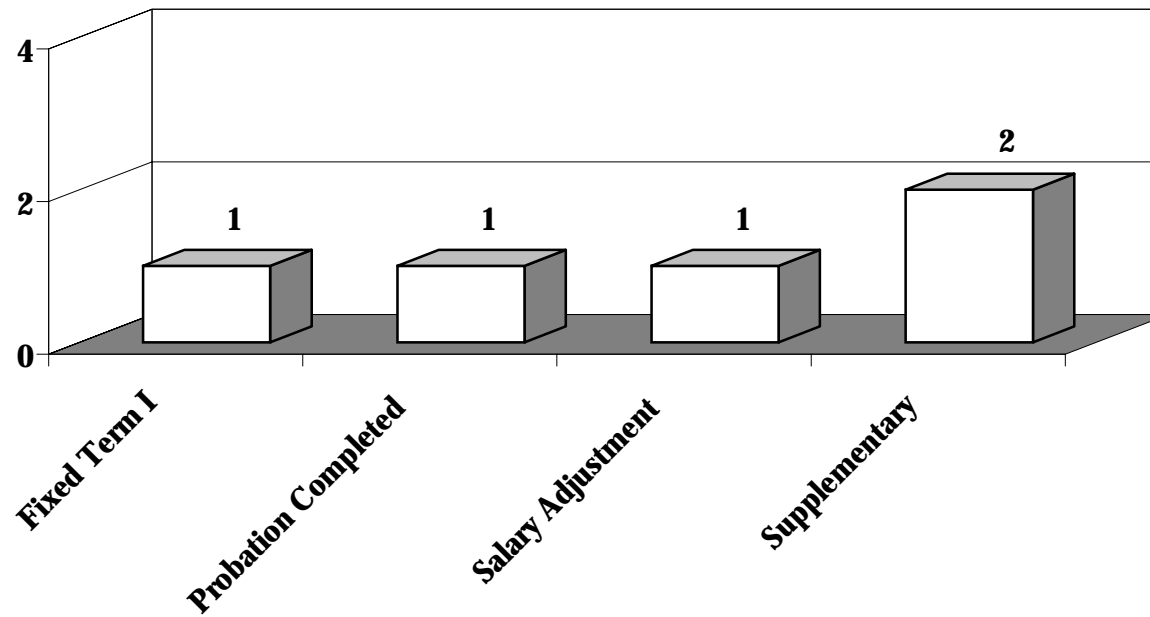


**Total Number of PARs = 4**

**Total Number of Actions = 4**



**PERSONNEL ACTIONS FOR RESTRICTED  
APPOINTMENTS  
9/10/01 thru 11/2/01**



**Total Number of PARs = 4**

**Total Number of Actions = 5**

<u>DEPARTMENT NAME</u>	<u>July 1 Authorized Positions</u>	<u>Current Authorized Positions</u>	<u>+/- Position Adjustments</u>	<u>Current Position Strength</u>	<u>% Current Strength</u>
OFFICE OF THE PRESIDENT	7.00	6.00	-1.00	5.00	83.33
DIVISION OF UNIVERSITY RELATIONS	29.50	31.50	2.00	31.50	100.00
DIVISION OF DEVELOPMENT	13.00	14.00	1.00	10.00	71.43
DIVISION OF ADMINISTRATION AND FISCAL SERVICES	110.00	111.00	1.00	105.00	94.59
PHYSICAL PLANT	155.70	155.70	0.00	148.70	95.50
DIVISION OF STUDENT LIFE	119.30	125.30	6.00	123.30	98.40
DIVISION OF ACADEMIC AFFAIRS	29.00	29.00	0.00	25.00	86.21
CAUDILL COLLEGE OF HUMANITIES	144.75	144.11	-0.64	130.11	90.29
COLLEGE OF BUSINESS	54.50	54.50	0.00	49.50	90.83
COLLEGE OF EDUCATION	81.00	84.00	3.00	68.50	81.55
COLLEGE OF SCIENCE AND TECHNOLOGY	152.60	152.60	0.00	146.60	96.07
INSTITUTE FOR REGIONAL ANALYSIS & PUBLIC POLICY	14.50	14.50	0.00	10.00	68.97
GRADUATE AND UNDERGRADUATE PROGRAMS	41.50	45.14	3.64	41.14	91.14
CAMDEN-CARROLL LIBRARY	<u>39.50</u>	<u>39.50</u>	<u>0.00</u>	<u>38.50</u>	<u>97.47</u>
	991.85	1006.85	15.00	932.85	92.65

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

## DEFINITIONS OF THE DIFFERENT KINDS OF APPOINTMENTS

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

\* Regular status denotes an appointment of a faculty, administrative, or staff member to a full-time position, with benefits fully covered, that will exist for at least six calendar months.

\*\* Non-Regular status denotes an appointment of a faculty, administrative, or staff member to a position that is less than full-time or is full-time for a period not to exceed six calendar months.

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

FIXED TERM I

RESIGNATION

LEAVE OF ABSENCE

RETIREMENT

NEW POSITION

SALARY ADJUSTMENT

OTHER

STANDING I

PROBATION COMPLETED

SUPPLEMENTARY

PROBATIONARY

TITLE CHANGE

PROMOTION

TRANSFER

RELEASE

**Appointment Status Actions  
9/10/2001 - 11/02/2001**

<b>Name</b>	<b>Title</b>	<b>Department</b>	<b>Roster ID</b>	<b>Position Base Salary</b>	<b>Salary</b>	<b>Description</b>	<b>Effective Date</b>	<b>Fund Source</b>
BALDWIN, ALAN ROMANS	Assistant to the Provost	Office of the Provost	3166	\$57,121.00	\$57,121.00	Title Change (From Assistant to EVPAA to Assistant to the Provost)	09/22/2001	
BARCUS, HOLLY REBEKAH	Asst. Professor of Demography	Inst. Region. Analy. Pub. Pol.	3320	\$37,500.00	\$38,500.00 (\$1,000.00 incr.)	Salary Adjustment (Received doctoral degree)	08/13/2001	Opening Bud-Undist.
CARLEY, MICHAEL TOLMAN	Police Officer	Office of Public Safety	2031	\$9.57/hr.	\$9.57/hr.	Leave of Absence (Called to active military duty)	10/12/2001	
CARLEY, MICHAEL TOLMAN	Police Officer	Office of Public Safety		\$9.57/hr.	\$9.57/hr.	Other (Returning from military leave)	11/04/2001	

**Appointment Status Actions**  
**9/10/2001 - 11/02/2001**

**Name**

**Title**

**Department**

**Roster ID**

**Position Base Salary**

**Salary**

**Description**

**Effective Date**

**Fund Source**

2031

\$9.57/hr.

CONNELL, DANIEL J.  
 Assoc. VP, Acad. Out. & Supp.  
 Academic Outreach & Support  
 942  
 \$80,652.00

\$88,000.00  
 (\$7,348.00 incr.)

Promotion  
 Salary Adjustment  
 Title Change  
 (From Dean, Ext. Camp.,  
 Cont. Ed., Ac. Sup. to  
 Assoc. VP, Acad. Out. &  
 Support)

09/01/2001

Roster ID # 003337

GADDIS, MARCUS D.  
 Asst. Professor of Accounting  
 Accounting, Economics & Finan.  
 2096  
 \$55,104.00

\$55,104.00

Release

05/10/2002

**Appointment Status Actions  
9/10/2001 - 11/02/2001**

**Name**

**Title**

**Department**

**Roster ID**

**Position Base Salary**

**Salary**

**Description**

**Effective Date**

**Fund Source**

GOLDY, DENISE ANN  
Assoc. Professor of Nursing  
Nursing & All. Health-BSN Prog  
297  
\$47,918.00

\$47,918.00

Resignation

09/28/2001

HAIL, MICHAEL W.  
Dir., Div. App. Res. Ser.&Pol.  
Inst. Region. Analy. Pub. Pol.  
3048  
\$45,649.00

\$62,767.00  
(\$17,118.00 incr.)

Standing I  
New Position  
Salary Adjustment  
Transfer  
Title Change  
Promotion  
(From Research & Devel.

09/17/2001

Opening Bud-Undist.



**Appointment Status Actions  
9/10/2001 - 11/02/2001**

**Name**

**Title**

**Department**

**Roster ID**

**Position Base Salary**

**Salary**

**Description**

**Effective Date**

**Fund Source**

<b>Position Base Salary</b>	<b>Salary</b>	<b>Description</b>	<b>Effective Date</b>	<b>Fund Source</b>
		Director to Director, Div. App. Res. Serv. & Pol.)		
LEUENBERGER, TIMOTHY RICHARD Instructor of Nursing Nursing & All. Health-BSN Prog	\$24,800.00	Fixed Term I	10/08/2001 - 05/10/2002	Roster ID # 000297
MCCORMICK, BEVERLY JOYCE Asst. VP for Academic Affairs Honors Res. Leader. College 3170 \$77,220.00	\$77,220.00	Transfer (From Asst. VP for Retention to Asst. VP for Acad. Affairs, Honors Res. Lead. Coll.)	09/01/2001	
MCDERMOTT, MICHAEL D. Asst. Professor of Agriculture Agricultural & Human Sciences 237 \$39,830.00	\$39,830.00	Release	05/10/2002	

**Appointment Status Actions  
9/10/2001 - 11/02/2001**

**Name**

**Title**

**Department**

**Roster ID**

**Position Base Salary**

**Salary**

**Description**

**Effective Date**

**Fund Source**

MINOR, MARK GEORGE Dept. Chair, Eng. For. Lang. English, Foreign Lang. & Phil. 2820 \$74,773.00	\$74,773.00	Retirement	07/01/2002	
MOORE, MICHAEL R. Provost & Executive V.P. Office of the Provost 2220 \$113,700.00	\$113,700.00	Title Change (From Exec. VP for Acad. Affairs to Provost & Exec. Vice President)	09/22/2001	
SAMONS, COY DAVID Director of Gear-Up Gear-Up Program	\$61,800.00	Probation Completed Salary Adjustment (From \$60,000 to \$61,800. \$1,800 incr.)	08/18/2001	Restricted
SAMONS, COY DAVID Director of Gear-Up Gear-Up Program	\$61,800.00	Fixed Term I	09/15/2001 - 09/14/2002	Restricted
VEST, DAVID ASHLEY	\$23,500.00/annual	Fixed Term I	09/24/2001 - 06/30/2002	

**Appointment Status Actions**  
**9/10/2001 - 11/02/2001**

**Name**

**Title**

**Department**

**Roster ID**

**Position Base Salary**

**Salary**

**Description**

**Effective Date**

**Fund Source**

Head Tennis Coach  
 Tennis  
 1207  
 \$28,739.00

Probation

WALTERS, MICHELE ANN  
 Instructor of Nursing  
 Nursing & All. Health-ADN Prog

\$32,000.00 /9 mo.

Fixed Term I

10/15/2001 - 05/10/2002

Roster ID # 000976  
 Roster ID # 000577

WRIGHT, TIMOTHY J.  
 Police Telecommunicator/TAC  
 Office of Public Safety  
 319  
 \$9.44/hr.

\$9.44/hr.

Suspension  
 (With pay)

09/11/2001

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

supplementary

TOTAL FOR THIS REPORT = \$23,760.00

<b>Managerial Duties</b>	<b>\$14,414.00</b>
<b>Over The Road</b>	<b>\$374.00</b>
<b>Teaching</b>	<b>\$4,624.00</b>
<b>Other</b>	<b>\$4,348.00</b>

**Supplemental Actions  
09/10/2001 - 11/02/2001**

Name Title Current Salary	Supplement	Description	Effective Date
<b>Office of Athletics</b>			
VANSICKLE, JENNIFER LOUISE Women's Softball Coach \$33,062.00	\$2,000.00	Facilities Event Asst.	08/30/2001 - 11/30/2001
WAGNER, MARC TIMOTHY Assistant Baseball Coach \$9,285.00	\$180.00	Scoreboard Operator	09/22/2001 - 10/27/2001
<b><u>Geog., Government &amp; History</u></b>			
SCOTT, ALANA CAIN Assoc. Professor of History \$39,856.00	\$5,000.00	Asst. to Dean, CCH	09/10/2001 - 05/10/2002
<b><u>Off. Dean, College of Business</u></b>			
ALBERT, ROBERT LEWIS Dean, College of Business \$102,698.00	\$3,776.00	Teach seminar in Beijing	07/23/2001 - 08/03/2001
WILLIAMS, L. K. Professor of Accounting \$87,042.00	\$5,000.00	Asst. to Dean, Col. Bus.	08/01/2001 - 05/31/2002
<b><u>Elem. Read. &amp; Spec. Education</u></b>			
MCGHEE, CONNIE LOU Regional Monitoring Specialist \$31,143.00	\$1,059.00	IECE grant	08/20/2001 - 09/30/2001
TIERNEY, LELANA GRAVES Program Consultant \$34,988.00	\$909.00	IECE grant	08/20/2001 - 09/30/2001
<b><u>Educational Services Unit</u></b>			

**Supplemental Actions  
09/10/2001 - 11/02/2001**

Name Title Current Salary	Supplement	Description	Effective Date
BALDWIN, ALAN ROMANS Assistant to the Provost \$57,121.00	\$2,000.00 \$1,000.00 \$1,000.00 \$200.00	Duties as Director of ELC Duties as Director of ELC Duties as Director of ELC TEP Writing	06/01/2001 - 06/30/2001 07/01/2001 - 07/15/2001 07/16/2001 - 07/31/2001 09/20/2001 - 09/20/2001
<b><u>Health, P.E. &amp; Recreation</u></b>			
DUNN, GARY W. Offensive Coordinator \$33,051.00	\$600.00	Teach 1 hr.	10/15/2001 - 12/14/2001
<b><u>Psychology</u></b>			
FOX, AMY JO Medical Dept. Psychologist \$51,100.00	\$1,800.00 \$110.00	Teach 3 hrs. Over the Road	08/20/2001 - 12/14/2001 08/20/2001 - 12/14/2001
<b><u>Inst. Region. Analy. Pub. Pol.</u></b>			
HAIL, MICHAEL W. Dir., Div. App. Res. Ser., & Pol. \$62,767.00	\$2,414.00	Asst. to Dean of IRAPP	07/01/2001 - 09/16/2001
<b><u>Office of Continuing Education</u></b>			
LEWIS, MARGARET Director, MSU @ Prestonburg \$72,550.00	\$1,800.00 \$1,800.00 \$264.00	Teach 3 hrs. Teach 3 hrs. Over the Road	08/20/2001 - 12/14/2001 08/20/2001 - 12/14/2001 08/20/2001 - 12/14/2001
<b><u>Beg. TIP (Educat. Serv. Unit)</u></b>			
BLAIR, SHIRLEY S. Dir., Educational Service Unit \$62,891.00	\$5,000.00 \$248.00 \$1,239.00 \$744.00 \$496.00 \$248.00 \$700.00 \$248.00	PT3 Grant KTIP trainings 5 KTIP trainings Lead Trainers training 2 KTIP trainings 1 KTIP training Teach MSU 101 1 KTIP training	06/11/2001 - 05/31/2002 06/21/2001 - 06/21/2001 07/11/2001 - 07/23/2001 07/22/2001 - 07/27/2001 08/02/2001 - 08/06/2001 08/09/2001 - 08/09/2001 08/20/2001 - 11/15/2001 10/13/2001 - 10/13/2001

**Supplemental Actions  
09/10/2001 - 11/02/2001**

**Name**

**Title**

**Current Salary**

**Supplement**

**Description**

**Effective Date**

**Gear-Up Program**

CONNELL, DANIEL J.

Assoc. VP, Acad. Out. & Supp.

\$88,000.00

\$2,000.00 Liaison for Gear-Up Prog.

\$2,000.00 Liaison for Gear-Up Prog.

05/01/2001 - 06/30/2001

07/01/2001 - 08/30/2001

**AMEND PERSONNEL POLICY PG-11, LEAVE  
OF ABSENCE WITHOUT SALARY FOR  
EXTENDED ACTIVE MILITARY SERVICE**

**BOR (VI-A-3)  
November 30, 2001**

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**Background:**

The Uniformed Services Employment and Reemployment Rights Act (USERRA), (Title 38 U.S. Code, Chapter 43, Sections 4301-4333, Public Law 103-353), significantly strengthens and expands the employment and reemployment rights of all uniformed service members.

The attached revised policy PG-11, Leave of Absence without Salary for Extended Active Military Service modifies and enhances certain sections of the policy, predominantly reemployment rights and procedures and benefits administration to bring Morehead State University in compliance with USERRA.

Specific changes in the policy include:

- Extending eligibility to part-time employees;
- Eliminating requirement for employee to provide employer with copy of orders to active duty (prohibited by USERRA);
- Allowing employee to use all or portions of their accumulated vacation leave for extended military service in lieu of leave without pay;
- Clarifying employees' rights with regard to maintaining health and dental insurance coverage;
- Clarifying employees' rights with regard to receiving retirement credit for time on extended military leaves of absence;
- Establishing university procedures for administering vacation and sick leave;
- Complying with the Act with regards to employees' re-employment rights under differing leave duration; and
- Establishing the University's right to determine re-employment eligibility for an employee returning from an extended active military service leave.

All changes in PG-11 are mandated by state and federal law and do not represent discretionary decisions by the University.

The University's General Counsel has reviewed the proposed revisions. Members of the University Council, Staff Congress and Faculty Senate have been afforded opportunity for comment.

**Recommendation:**

That the Board of Regents amend PG-11, Leave of Absence without Salary for Extended Active Military Service.



Policy: PG-11

Subject

Leave of Absence without Salary  
for Extended Active Military Service

Approval Date: 07/01/85

Revision Date:

PURPOSE:

To establish the University's support and commitment to employees who are called to active or volunteer duty as members of the National Guard or military reserves. ~~protect the re-employment rights of a regular, full-time faculty or staff member during an absence caused by entry into extended United States military service (or public health service) whether voluntary or otherwise.~~

ELIGIBILITY

FOR LEAVE:

Each ~~regular~~ full-time or part-time University faculty or staff member, who has completed at least one day of regular employment with the University immediately preceding the effective date of the requested military leave and who has been ordered to report to active duty on a specific date, is eligible upon advance written or verbal notice to the University or otherwise giving notice as prescribed by law ~~presentation of a copy of such order.~~

LENGTH OF LEAVE:

For the purposes of this policy, extended active military service is considered to be more than 14 calendar days. Military service of 14 days or less falls under the guidelines of PG-10, Leave of Absence With Pay for Short-Term Military or National Guard Service or Training Duty.

Military Leaves of Absence under this policy are generally without pay; however, at the option of the employee, any accrued vacation leave may be used.

The cumulative length of the military leave of absence and all previous absences from a position of employment at the

University by reason of service in the uniformed services generally shall not exceed five years except as set forth in the Uniformed Services Employment and Reemployment Rights Act (USERRA). (Contact the Office of Human Resources for more information). ~~A leave of absence for active military service may not exceed a maximum of 48 consecutive calendar month except that an extension of 12 months may be granted if the extension is at the request and convenience of the government.~~

LENGTH OF  
SERVICE CREDIT:

The period of a military leave of absence will be added to any length of service credit that a faculty or staff member may have otherwise.

MEMBERSHIP IN  
~~faculty or staff member:~~  
EMPLOYEE BENEFITS:

~~During a leave of absence for military service, a~~

Health and Dental Insurance: If the military leave is for 30 or fewer days, employees will remain on the University's health and dental care plan. If the leave is for more than 30 days, employees may elect COBRA coverage for themselves and their dependents, if applicable. Prior to a military leave, provisions must be made for timely payment of any premiums/contributions due by the employee to ensure uninterrupted coverage. Upon return to active service with the University, health and dental insurance coverage will be reinstated without any waiting period or exclusions for pre-existing conditions, other than waiting periods or exclusions that would have applied had there not been an absence for military service.

Other University Insurance Programs: These benefits cease 31 days from the end of the pay period in which the leave of absence for military service becomes effective. Upon return to active duty, participation in the University's life insurance program will be in force immediately and will not be subject to underwriting approval.

Retirement Programs: During any period of unpaid military leave, no retirement contributions are paid by the University or by the employee on military leave. Upon return to active employment,

~~employees may receive service credit by paying the appropriate contributions according to regulations established by the applicable retirement system.~~

~~Vacation and Sick Leave: Vacation and Sick Leave will not continue to accrue during any unpaid leave period. Military leave will count as active employment for purposes of determining the appropriate vacation and sick leave accrual rate. Upon return to active employment following a military leave, vacation and sick leave balances will be restored and immediately available to the employee.~~

~~TIME OFF BEFORE MILITARY LEAVE COMMENCES:~~ The employee is to be afforded ~~sufficient~~ enough time off from the employer prior to starting military duty in order to travel to the duty location and arrive fit to perform the military service.

~~How much time this is should be given. Determination of exact time shall be made on a case-by-case basis.~~

Cannot be provided personal protection in the University's health care plan. This includes coverage for dependents.

May receive retirement credit under certain conditions.

Cannot continue protection in other insurance programs of the University. These benefits cease 31 days from the end of the pay period in which the leave of absence for military service becomes effective. Reinstatement of these benefits will occur upon return to active service with the University.

~~PAYMENT OF SALARY EQUIVALENT OF VACATION TIME:~~ The salary equivalent of the vacation time accumulated by a staff member shall be paid as part of the final salary payment.

~~RETURN TO ACTIVE UNIVERSITY SERVICE:~~ It is intended that a regular faculty or staff member may return to active service with the University if he/she so desires, at the termination of the military leave as long as he/she . Insofar as it can be arranged, this return will be to the faculty or staff member's original position or to a position determined by the University to be an equivalent position.

~~To take advantage of this privilege, the faculty or staff member shall notifies his/her immediate supervisor or Dean within 90 days of release from service of his/her intention to return to active University employment within the time frames set forth below:~~

a). Less than 31 days service: By the beginning of the first regularly scheduled work period after the end of the calendar day of duty plus time required to return home safely and an eight-hour rest period. If this is impossible or unreasonable, then return must be as soon as possible.

b). 31 to 180 days: Employee must notify his/her immediate supervisor or Dean within 14 days of his/her completion of service. If the 14<sup>th</sup> day falls on a non-business day, then notification may be delivered on the next business day thereafter. If this is impossible or unreasonable through no fault of the employee, then as soon as possible.

c). 181 days or more: Employee must notify his/her immediate supervisor or Dean within 90 days of completion of his/her military service. If the 90<sup>th</sup> day falls on a non-business day, then notification may be delivered on the next business day thereafter. If this is impossible or unreasonable through no fault of the employee, then as soon as possible.

d). Service-connected injury or illness: Reporting or notification deadlines are extended for up to two years for employees who are hospitalized or convalescing.

(Special conditions on time for requesting return to active employment apply for individuals hospitalized at time of release from service. In such instance, contact the Office of Personnel Services.). To insure that proper consideration can be given with regard to returning the faculty member or staff member to his/her original position, it is helpful if the faculty member or staff member would indicate his/her intention to return to active University employment prior to the expiration of the military leave of absence. When possible, this notification should be made within 30 calendar days after discharge or release from active duty.

As long as he/she meets the active duty separation requirements set forth in the Act, an employee returning from military leave shall return to the same position he/she would have had if continuously employed. In cases where military leave exceeds 90 days, an employee may be given a different job if substantially equivalent to the position held before initiating military leave. If the employee has been on active duty with the Kentucky National Guard, he/she must be returned to the position occupied before the leave, regardless of the length of the leave. The employee must be awarded any promotions and pay increases that are awarded to similarly situated employees.

The University will seek to reasonably accommodate employees who become disabled because of military service of whose prior disability is aggravated by military service.

The University reserves the right to request documentation evidencing eligibility for return to employment as permitted by law.

REPLACING AN  
EMPLOYEE ON  
MILITARY LEAVE:

If it is necessary to replace a faculty or staff member who is granted a leave of absence for military service, the appointment of the new person will be for a period not longer than the duration of the military absence of the original person. ~~However, during the period of employment, the new person will be considered a regular faculty or staff member and will have the privileges of such a faculty or staff member, except that he/she shall not be granted a military leave of absence.~~ The new person shall be informed in writing of the conditions of employment when employment begins.

**ACCEPT 2000-2001 AUDIT REPORT,  
FOURTH QUARTER FINANCIAL  
REPORT, AND AMEND OPERATING  
BUDGET**

**BOR (VI-A-4)  
November 30, 2001**

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**Background:**

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. At the June 8, 2001 meeting, the Board of Regents approved the recommendation of the Audit Committee for appointment of Crowe, Chizek and Company to conduct the 2000-2001 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on November 10, 2001. Mr. Edwin Olliges, partner with Crowe Chizek, presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unqualified opinion on the financial statements. The management letter relating to the auditor's review of the University's internal controls reported no findings of material weaknesses in the financial control system.

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

- Management's discussion and analysis of the financial information in the audited financial statements
- Amendments to the operating budget for the period April 1 to June 30, 2001
- Budget amendments greater than \$200,000 incurred in the fourth quarter
- Capital outlay status reports

**Recommendation:**

That the Board accept the audit report for the fiscal year ended June 30, 2001 as presented by Crowe, Chizek and Company, accept the reports related to the 4<sup>th</sup> quarter financial information and capital outlay, and amend the operating budget for the 2000-2001 fiscal year.

**Management's Discussion and Analysis**  
**First Quarter Financial Statements**  
**Morehead State University**  
**September 30, 2001**

This discussion and analysis of Morehead State University's financial statements provide an overview of the University's financial activities for the quarter that ended on September 30, 2001. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

#### Using These Financial Statements

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides information about the unrestricted current funds revenues, expenditures, and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University.

#### Financial Highlights

Morehead State University's financial picture has remained stable through the first quarter of the 2001-2002 fiscal year. The University operated with a surplus of revenues over expenditures and transfers in the amount of \$13,296,913. That level of operating surplus is expected during the first quarter of any fiscal year. Revenue streams are larger during the start of the fall and spring terms, while expenditures are more evenly spread throughout the year. As the year progresses, the variance between revenues and expenditures will narrow and will be reflected in an appropriate operating surplus or deficit.

Significant trends and variances during the first quarter are summarized as follows:

- Investments increased approximately \$17 million from the first quarter of the previous year. However, the total is consistent with the amounts at June 30, 2001.
- Accounts receivable increased by about \$200,000 from the first quarter of the previous fiscal year. This increase is mainly attributable to an increase in federal and state grant funds receivables.
- The percentage of revenue assessments compared to budget projections are in line with expectations of the first quarter of a fiscal year and are consistent with the percentages of the previous year.
- The 2001-02 operating budget was based on a projected enrollment of 8,600 students. Actual fall semester enrollment was 9,027 headcount

students. The increased enrollment level has increased tuition revenue from the original fall semester revenue projections.

- Overall expenditure trends are also proceeding according to the budget plan.

1) full-time and continuing part-time faculty, librarians and Executive, Administrative and Managerial employees, excluding supplemental actions not listed under Item 3, below;

2) full-time and continuing part-time non-classified Executive, Administrative and Managerial and Professional Staff positions (including supplemental actions);

3) supplemental actions for faculty acquiring managerial duties, excluding normal grant activities;

4) discipline;

5) leave of absences;

6) sabbaticals; and

7) retirements.

**Recommendation:**

That the Board ratify the Personnel Actions for the period September 10, 2001, through November 2, 2001.



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

**BOR (VI-A-5)  
November 30, 2001**

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**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of September 30, 2001 for the first quarter of the fiscal year that will end on June 30, 2002. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Recommendation:**

That the Board accept the first quarter financial statements and amend the operating budget.

**RATIFY 2002-2004 EXECUTIVE  
BRANCH BUDGET REQUEST**

**BOR (VI-A-6)  
November 30, 2001**

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**Background:**

On November 5, 2001, the Council on Postsecondary Education approved a 2002-2004 Operating and Capital Budget recommendation for the public postsecondary education institutions to the Governor and General Assembly. Morehead State University, as well as the other public postsecondary institutions, was required to submit a 2002-2004 Executive Branch Budget Request by November 15, 2001 to the Governor's Office for Policy and Management, the Legislative Research Commission, and the Council. This submission was made in accordance with the Council's recommendation regarding the state appropriation and capital project request approved on November 5, 2001.

A summary of Morehead State University's 2002-2004 Executive Branch Budget Request is attached hereto.

**Recommendation:**

That the Board of Regents ratify the University's 2002-2004 Executive Branch Budget Request.

**AMEND CAMPUS MASTER PLAN –  
MARTINDALE ESTATE**

**BOR (VI-A-7)  
November 30, 2001**

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**Background:**

The University's Campus Master Plan has long identified property owned by Mrs. Elizabeth Martindale as property the University would attempt to acquire given its availability. Mrs. Martindale died last year and the University has been in conversation and negotiation with her estate to acquire the property.

The approximate twelve-acre tract is located between the University's main campus and the east campus. (Site plan is provided.) The property is bound on the west by the University, on the east and north by private property, and on the south by Vaughn Avenue, a city street. Improvements to the property include a small, unoccupied single-family concrete block rental house and the 2,379 square foot main Martindale residence. Trailer pads are rented on another section of the property. If acquired, the Master Plan describes the long-term usage as "green and recreation space."

The primary frontage of the Martindale tract is in the Campus Master Plan. The tract where the main Martindale residence is located was not included in the Plan, but the University has been negotiating with the estate for the entire parcel. Amendment to the Campus Master Plan is requested to incorporate all of the Martindale estate. The additional land is reflected in the attached site plan.

Negotiations with the estate to acquire the property are progressing. The University has obtained two appraisals and the estate has obtained one appraisal. An interim strategy for acquiring the property might include leasing the property until such time as final terms can be negotiated.

**Land Acquisition Strategies and Policies**

In accordance with University policy related to real property management, the President may initiate the acquisition of real property included in the approved Campus Master Plan. Property not identified in the Campus Master Plan may be acquired when approved by the Board.

If the property value exceeds \$100,000, the University must obtain two appraisals from certified professional appraisers. The Martindale property will exceed the \$100,000 threshold.

University policy requires the Board of Regents approval of any lease the cost of which is greater than \$30,000. Further any lease that involves the Morehead State University Foundation, Inc., requires approval by the Board. A lease regarding the Martindale property may involve the Foundation. The lease cost would not exceed the \$200,000 annual threshold requiring prior legislative approval.

**Property Descriptions and Detail**

<b>PROPERTY LOCATION</b>	<b><u>OWNER</u></b>	<b>APPRAISAL PRICE</b>	<b>OFFER PRICE</b>
Lee Avenue	Elizabeth Martindale Estate	\$810,000.00	\$810,000.00
Property Description: The property is located between Morehead State University property on the west, private property on the north and east, and Vaughn Drive on the south. The single tract encompasses approximately 12 acres			

- A portion of the property lies within the boundaries of the Approved Campus Master Plan.
- In accordance with state procurement regulations the University has obtained two independent appraisals.
- The appraisal process has established the value of the property to be \$810,000.
- A lease of the property is being considered as an interim measure prior to acquisition.

**Recommendation:**

That the Board of Regents amend the Campus Master Plan to incorporate all of the property identified in the attached site plan as the Elizabeth Martindale property and authorize a lease of the property if necessary.

**FALL 2001 ENROLLMENT****BOR (VI-B-1)  
November 30, 2001**

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**HEAD-COUNT ENROLLMENT**

		<b>% Change</b>
1997	8,208	-1.6
1998	8,263	+0.7
1999	8,171	-1.1
2000	8,327	+1.9
2001	9,027	+8.4

**FULL-TIME EQUIVALENCY**

		<b>% Change</b>
1997	6,357	-1.5
1998	6,305	-0.8
1999	6,172	-2.1
2000	6,373	+3.3
2001	6,888	+8.1

**CREDIT-HOUR PRODUCTION**

		<b>% Change</b>
1997	99,008	-1.6
1998	98,198	-0.8
1999	96,107	-2.1
2000	99,223	+3.2
2001	107,014	+7.9

**REPORT ON HEALTH INSURANCE  
FOR PLAN YEAR 2002**

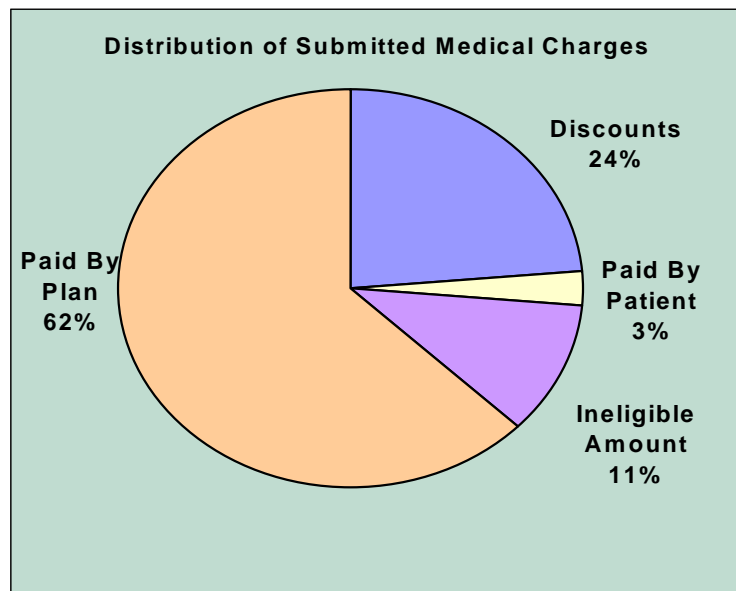
**BOR (VI-B-2)  
November 30, 2001**

**Background:**

President Eaglin has been steadfast in his commitment to maintaining an affordable yet financially sound health insurance program for University faculty and staff. This commitment was demonstrated in January 2000 when the University increased its monthly contribution rate for employees from \$140 to \$210 and structured the plan offerings to better enable employees at all pay scales to participate fully in quality health programs for themselves and their dependents. This strategy was successful! During the calendar year 2001, more employees were able to add dependent coverage to their plans and notably higher usage of the plan benefits were recorded.

Plan year 2001 was also the first year that detail plan and usage data was available from our health provider to assist in plan analysis. For example, Graph 1, from the MSU third quarter health insurance report demonstrates the disparity of cost-sharing in our current HMO Plan. This type of detailed information along with research efforts within the Office of Human Resources, and in conjunction with the Employees Benefit Committee, has provided a basis for the changes in the University health insurance plan for 2002.

**GRAPH 1: HMO Plan**



**Plan Year 2002**

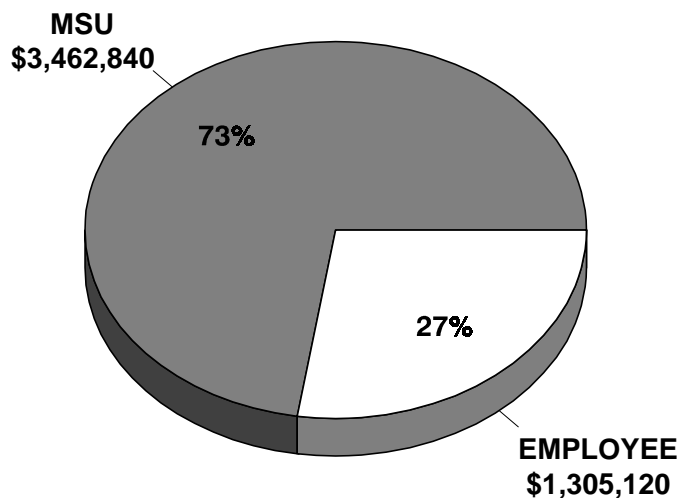
Improved benefits and increased usage in 2001, as well as double-digit inflationary increases, resulted in an average 55% cost increase for all plans. These factors necessitated changes in the both the 2002 plan structure and contribution rates to enable continuation of an affordable, yet financially sound, health care program for all employees. The University has once again made the strategic decision to increase its average health care insurance

contribution by \$88 per employee per month, effective January 1, 2002. With this increase, the University has more than doubled its contribution level during the past two calendar years – from \$140 per employee per month in 2000 to \$298 per employee per month in 2002. Had the same total dollar amount allocated toward employee health benefits been used for salary increases, the salary pool would have been increased by an additional 2% in 2000 and 2.5% in 2001.

In addition to increasing its share of employee contributions into the plan, the University is committing \$500,000 from the general fund balance to revitalize the health insurance reserve that has been depleted by rising health care costs and increased health care insurance utilization. Meeting these funding needs presented a challenge to the administration given the projected forecasts of cuts in state budget appropriations in 2002/03 but was valued as a critical piece of the overall employee compensation package.

The following chart projects the total health care plan cost for 2002. Total plan costs include both projected claims cost and all administrative costs. The chart also shows the percentages of total cost contributed by the University and by the employees.

**Total Expected Plan Cost  
for 2002 = \$4,767,960**



Even with plan design changes including higher employee premiums, co-pays and deductible amounts aimed to better control costs, the 2002 Plan will enable MSU employees to benefit from health care insurance costs that are lower on average than those paid by other state higher education or state government employees.

The following table compares Morehead State University's average contribution of \$298 per month per contract across all tiers of the Base PPO Plan with the plans offered by other universities and state government most closely matching the MSU Base PPO Plan. MSU contributes \$42 more toward employee premiums than the average contribution rate and is currently exceeded only by the contribution of WKU.

**TABLE 1: Comparison of University and Employee Contribution Per Month Per Health Insurance Plan**

	MoSU	NKU	EKU	WKU	MuSU	UK	UofL	State Govt	KSU	AVG
<b>University Contribution</b> (Ave. amount per contract per month)	\$ 298	\$ 251	\$ 237	\$ 315	\$ 291	\$ 209	\$ 245	\$ 234	\$ 220	\$ 256
<b>Employee Contribution - PPO Base Plan</b>										
Single	\$0	\$6	\$0	\$0	\$47	\$44	\$6	\$0	\$0	\$11
2-Person	\$110	\$209	\$173	\$139	\$113	\$319	\$282	\$292	\$243	\$209
Family	\$210	\$201	\$336	\$305	\$182	\$497	\$336	\$351	\$477	\$322

The administration held multiple open meetings with representatives from all employee categories to discuss the following two strategic assumptions related to developing a 2002 health care plan:

- The plan should offer basic employee health care (single plan) coverage to be offered to employees at no cost to the employee.
- A higher contribution level for 2-person coverage and a still higher level for family coverage should be made for those employees electing to subscribe to those plans.

Differing contribution amounts across plans and tiers within each plan represent a deviation from the University's current practice of applying one contribution rate regardless of plan choices. University administration sought out and gained the support of faculty and staff representatives for the differences in University contribution rates between plan levels, recognizing that the increased cost pressures on employees attempting to insure family members was an important factor in employee recruitment and retention.

Guided by the assumptions above and the overall philosophy that employee health insurance is a vitally important part of the total employee compensation package, the following schedule of plans, premiums, and contributions for Plan Year 2002, effective January 1, 2002 (Table 2) was implemented and disseminated to all employees.



**TABLE 2: Plan Premiums and Contributions for Plan Year 2002**

<b>Plan</b>	<b>Total Premium</b>	<b>University Contribution</b>	<b>Employee Cost</b>
<b><u>PPO Base</u></b>			
Single:	<b>\$270</b>	<b>\$270</b>	<b>\$ 0</b>
Two-person:	<b>\$430</b>	<b>\$320</b>	<b>\$110</b>
Family:	<b>\$590</b>	<b>\$380</b>	<b>\$210</b>
MSU Husband & Wife 2-Person*	<b>\$430</b>	<b>\$540</b>	<b>\$ 0</b>
MSU Husband & Wife Family**	<b>\$590</b>	<b>\$540</b>	<b>\$ 50</b>
<b><u>PPO Premium</u></b>			
Single:	<b>\$360</b>	<b>\$240</b>	<b>\$120</b>
Two-person:	<b>\$660</b>	<b>\$320</b>	<b>\$340</b>
Family:	<b>\$890</b>	<b>\$380</b>	<b>\$510</b>
MSU Husband & Wife 2-Person*	<b>\$660</b>	<b>\$480</b>	<b>\$180</b>
MSU Husband & Wife Family**	<b>\$890</b>	<b>\$480</b>	<b>\$410</b>
<b><u>HMO</u></b>			
Single:	<b>\$320</b>	<b>\$240</b>	<b>\$ 80</b>
Two-person:	<b>\$490</b>	<b>\$320</b>	<b>\$170</b>
Family:	<b>\$650</b>	<b>\$380</b>	<b>\$270</b>
MSU Husband & Wife 2-Person*	<b>\$490</b>	<b>\$480</b>	<b>\$ 10</b>
MSU Husband & Wife Family**	<b>\$650</b>	<b>\$480</b>	<b>\$170</b>

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

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

**REPORT OF MAJOR GIFTS  
SINCE SEPTEMBER 1, 2001  
2001**

**BOR (VI-B-3)  
November 30,**

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The following is a list of gifts of \$10,000 or more that have been recorded since September 1, 2001, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.

**Private Gifts**

<u>Amount</u>	<u>Donor(s)</u>	<u>Type or Purpose</u>
\$60,604.32	R & J Development	Gift-in-kind
\$58,421.00	Mountain Telephone Corporation	Scholarship
\$30,000.00	KOCH Foundation, Inc.	Equipment Purchase
\$12,925.00	Al Crabb	Gift-in-kind
\$11,205.00	Gene and Sue Caudill	Gift-in-kind

**CPE State Matching Funds**

<u>Amount</u>	<u>Purpose</u>
\$250,000.00	Computer Information Systems Department Chair Endowment
\$150,000.00	C. Louise Caudill Allied Health/Nursing Scholarship
\$100,000.00	Adron Doran Endowment for Education Leadership
\$80,000.00	Gregory Palmer Endowment for Business
\$55,000.00	Buckner and Sally Hinkle Endowment for Humanities

**Total Assets**

Total net assets of the Morehead State University Foundation, Inc. as of November 15, 2001, were \$14,439,763.00.

**Background:**

The University's Campus Master Plan has long identified property owned by Mrs. Elizabeth Martindale as property the University would attempt to acquire given its availability. Mrs. Martindale died last year and the University has been in conversation and negotiation with her estate to acquire the property.

The approximate twelve-acre tract is located between the University's main campus and the east campus. (Site plan is provided.) The property is bound on the west by the University, on the east and north by private property, and on the south by Vaughn Avenue, a city street. Improvements to the property include a small, unoccupied single-family concrete block rental house and the 2,379 square foot main Martindale residence. Trailer pads are rented on another section of the property. If acquired, the Master Plan describes the long-term usage as "green and recreation space."

The primary frontage of the Martindale tract is in the Campus Master Plan. The tract where the main Martindale residence is located was not included in the Plan, but the University has been negotiating with the estate for the entire parcel. Amendment to the Campus Master Plan is requested to incorporate all of the Martindale estate. The additional land is reflected in the attached site plan.

Negotiations with the estate to acquire the property are progressing. The University has obtained two appraisals and the estate has obtained one appraisal. An interim strategy for acquiring the property might include leasing the property until such time as final terms can be negotiated.

**Land Acquisition Strategies and Policies**

In accordance with University policy related to real property management, the President may initiate the acquisition of real property included in the approved Campus Master Plan. Property not identified in the Campus Master Plan may be acquired when approved by the Board.

If the property value exceeds \$100,000, the University must obtain two appraisals from certified professional appraisers. The Martindale property will exceed the \$100,000 threshold.

University policy requires the Board of Regents approval of any lease the cost of which is greater than \$30,000. Further any lease that involves the Morehead State University Foundation, Inc., requires approval by the Board. A lease regarding the Martindale property may involve the Foundation. The lease cost would not exceed the \$200,000 annual threshold requiring prior legislative approval.

## Property Descriptions and Detail

PROPERTY LOCATION	OWNER	APPRAISAL PRICE	OFFER PRICE
Lee Avenue	Elizabeth Martindale Estate	\$810,000.00	\$810,000.00
Property Description: The property is located between Morehead State University property on the west, private property on the north and east, and Vaughn Drive on the south. The single tract encompasses approximately 12 acres			

- A portion of the property lies within the boundaries of the Approved Campus Master Plan.
- In accordance with state procurement regulations the University has obtained two independent appraisals.
- The appraisal process has established the value of the property to be \$810,000.
- A lease of the property is being considered as an interim measure prior to acquisition.

### **Recommendation:**

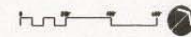
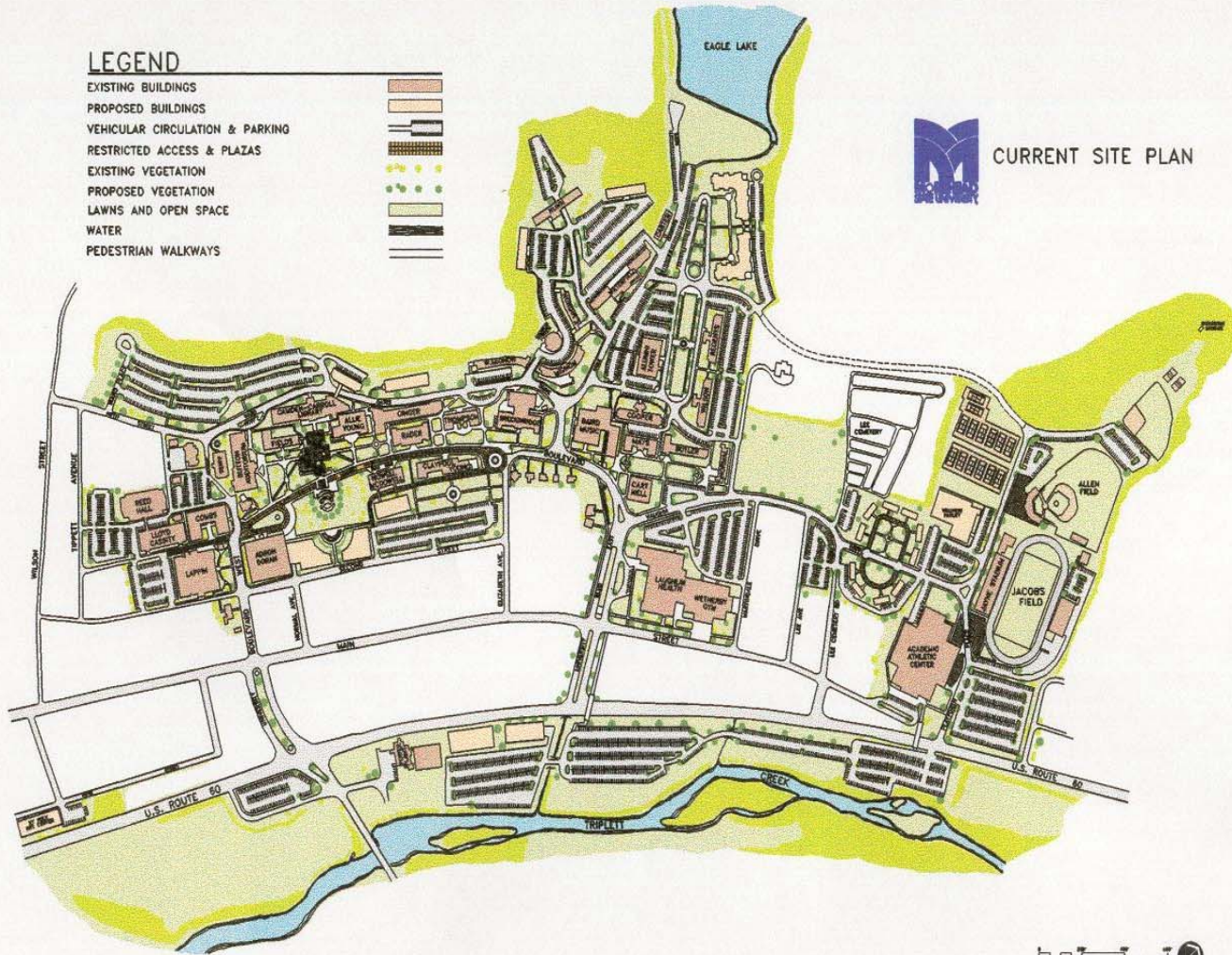
That the Board of Regents amend the Campus Master Plan to incorporate all of the property identified in the attached site plan as the Elizabeth Martindale property and authorize a lease of the property if necessary.

**LEGEND**

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



**CURRENT SITE PLAN**

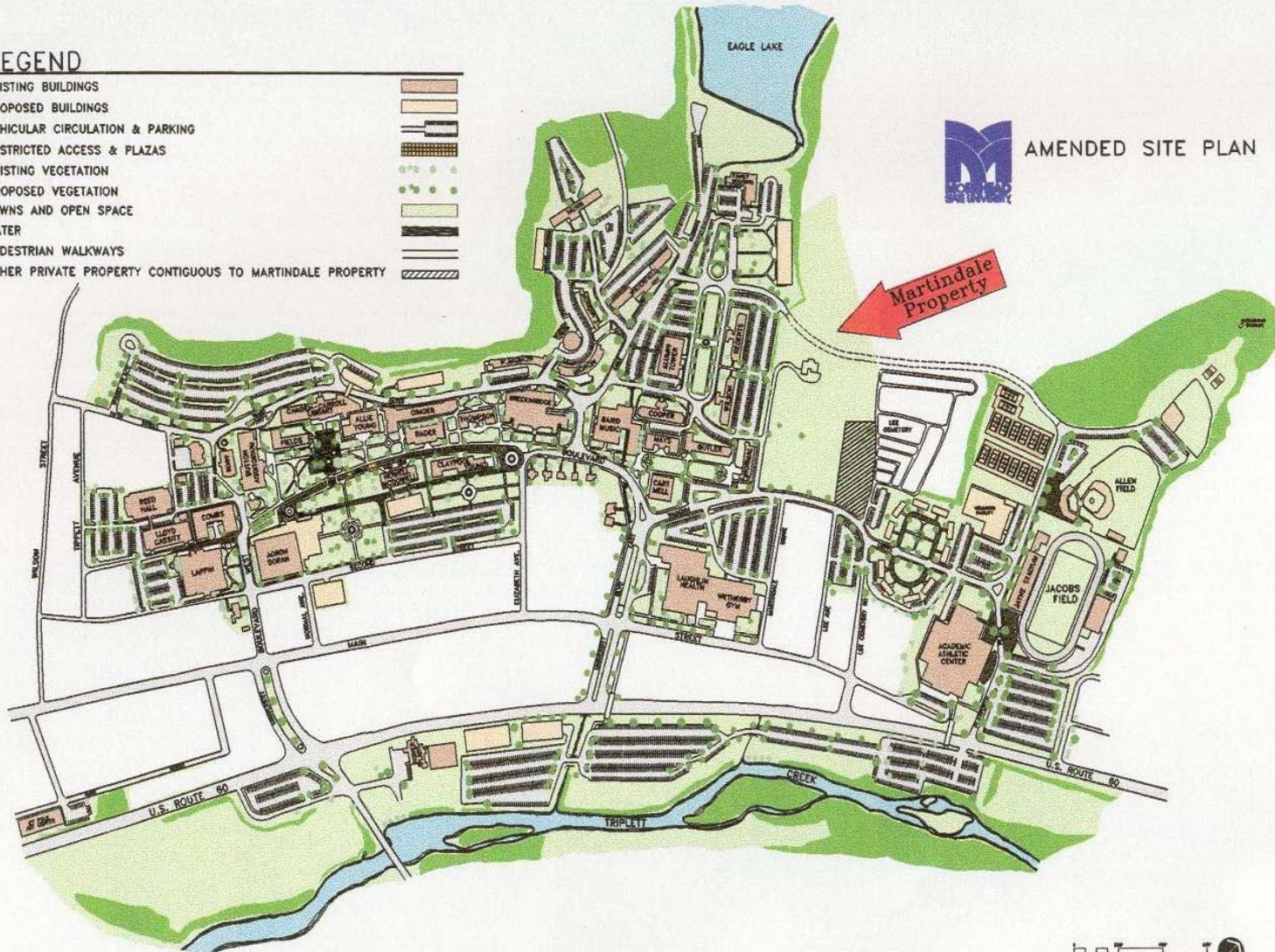


**LEGEND**

- EXISTING BUILDINGS 
- PROPOSED BUILDINGS 
- VEHICULAR CIRCULATION & PARKING 
- RESTRICTED ACCESS & PLAZAS 
- EXISTING VEGETATION 
- PROPOSED VEGETATION 
- LAWNS AND OPEN SPACE 
- WATER 
- PEDESTRIAN WALKWAYS 
- OTHER PRIVATE PROPERTY CONTIGUOUS TO MARTINDALE PROPERTY 



**AMENDED SITE PLAN**



**APPROVE LOCATION OF LARGE  
APERTURE (18 M) FULL MOTION  
RADIO TELESCOPE AND ACCESS ROAD**

**BOR (VIII-A-3)  
September 27, 2002**

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**Background:**

All but the final federal earmark is in place and request for proposals (RFP) are being solicited in regard to the acquisition of a large aperture – 18 meter – full motion radio telescope to be situated on University land, north of the main campus overlooking Eagle Lake. The estimated \$4.2 million project scope has received all appropriate state approvals dating back to March 2001.

The acquisition of a new antenna is part of a joint venture with the National Aeronautics and Space Administration (NASA). The project began with a plan to relocate an existing 18-meter NASA Goddard satellite tracking station from Wallops Island, Virginia to Morehead State University as part of the University's Astrophysics Laboratory. The decision to move away from relocating the NASA antenna was based on a year-long analysis of the project and the cost factors associated therewith.

The project will provide substantial academic benefits and foster economic development throughout the Eastern Kentucky region by establishing a world-class, state-of-the-art research facility for students in astrophysics, satellite communications, electrical engineering and software development. The new instrument will replace the existing Morehead Radio Telescope (MRT) and be combined with the current HI receiver of the MRT.

In addition to the predominate federal funding available to the project, state and University funds will also be applied along with grant funding from the Kentucky Science and Education Foundation. The planned funds sources and project expenditures are detailed in the attached.

The RFP outlines a process to select the successful proposal by November 22. The successful contractor would have about one-year to build the antenna. The antenna would be assembled on the site and be operational for testing in the Fall 2004.

Construction of an unpaved access road to the top of the ridge behind the campus is to begin in November and be completed by May 2003. Entry to the road will be in the vicinity of Nunn Hall and follows the east side of a ridge to join an existing road close to the top of the ridge. At the top of the ridge, the road will continue to follow the existing road/path to the site. The road will be approximately 4,000 feet long when completed.

The state Transportation Cabinet has committed \$269,500 in funding for the road and an additional \$250,000 has been earmarked in the 2002-2003 State Road Fund. The estimated project cost is \$540,000. Upon completion of the antenna project consideration will be given to paving the road and installing guardrails. The road will have a maximum grade at lower elevations of 20 percent, thus paving and guardrails may become a second phase for the road.

An environmental assessment has been conducted and submitted to the Small Business Administration as part of that agency's grant approval process. The environmental assessment did not reflect any significant issues related to wildlife or plant life that would either delay or prevent the project.

A public forum was conducted on campus on September 16, to inform students, faculty and staff and local community members. Over 100 student, faculty, staff and community members participated. President Eaglin, Professor Ben Malphrus, Dean Gerald Demoss, Mayor Bradley Collins, Mike Craft., Road Engineer from Palmer Engineering, and Clayton Whitney, Environmental Engineer with the Smith Management Group represented Morehead State University. The forum was positively received and there was no unfavorable opinions expressed regarding the project.

**Recommendation:**

That the Board of Regents approve the site and access road location regarding the Large Aperture 18 Meter Full Motion Radio Telescope.



**HEAD-COUNT ENROLLMENT**

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

**FULL-TIME EQUIVALENCY**

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

**CREDIT-HOUR PRODUCTION**

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

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

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

**Gift Income Comparison  
July - March '99, '00, '01**

<b>Fund/Type</b>	<b>July 1999 – March 2000</b>	<b>July 2000 – March 2001</b>	<b>July 2001 - March 2002</b>
Unrestricted	\$ 71,622.50	\$ 75,458.79	\$ 69,907.56
Colleges, Departments, and Other Units	\$ 173,101.67	\$ 198,831.51	\$ 267,547.86
Eagle Athletic Fund	\$ 133,904.17	\$ 111,048.19	\$ 113,544.78
Scholarships (unendowed)	\$ 95,702.50	\$ 123,268.91	\$ 128,130.34
Endowments	\$ 1,306,733.33	\$ 728,608.37	\$ 575,478.37
Gifts-in-kind	\$ 280,205.83	\$ 194,829.44	\$ 324,182.15
Total Gifts	\$ 2,061,270.00	\$ 1,432,045.21	\$ 1,478,791.06

## **WMKY RADIO EVOLVING TO MOREHEAD STATE PUBLIC RADIO**

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

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

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

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

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

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

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

WMKY signed on the air June 15, 1965, as a 10-watt station operating from the Combs Building on the MSU campus. The station later became a charter member of National Public Radio (NPR).

Other full-time staff members of Morehead State Public Radio are James Hall, chief engineer; Paul Hitchcock, program director; Charles Compton, news director; Chuck Mraz, sports director and assistant news director; Greg Jenkins, operations director; Debbie Cline, broadcast operations specialist; and Allison Modaff, marketing assistant.

**AUTHORIZE MEMORANDUM OF AGREEMENT  
AND LEASE WITH OPTION TO PURCHASE  
AGREEMENT WITH THE CITY OF MOREHEAD;  
AND AMEND THE CAMPUS MASTER PLAN  
IN REGARD TO KENTUCKY CENTER  
FOR TRADITIONAL MUSIC**

**BOR (V-A-6)  
December 6, 2002**

**Background:**

The Kentucky Center for Traditional Music (KCTM) was established in June 2000 and recognized by the Morehead State University Board of Regents on June 1, 2002, as an affiliated foundation of the University. Since inception, the City of Morehead, Morehead Tomorrow and the University have been working in partnership to secure a permanent home for the KCTM.

Grants to the City of Morehead totaling \$800,000 have been secured to allow for the purchase and development of property for the KCTM. The University and City, as part of the partnership effort, have identified a building and land located in the First Street Arts District for acquisition. The City is agreeable to acquiring the property, making modest improvements to the building and then transferring operational and management authority to the University through a 10-year lease with option to purchase agreement.

The Big Store property, an approximate .59-acre tract located on East First Street near the Kentucky Folk Art Center has been identified as the future home of the KCTM (site plan is provided). The property consists of a two-story 29,469 square foot privately owned structure (and an adjoining 940 square feet structure). The owner is a willing seller, however, the price the City will pay the seller for the properties has not been agreed upon at this point.

Once the City acquires the Big Store property, they will undertake some modest improvements to the building and site within the resources available from the grants. The building is in only fair condition and roof work and other stabilization efforts will be undertaken prior to the property being leased to the University. Once operational control of the facility is transferred (via the lease) to the University, the University will continue to seek the resources to fully develop the property. The University's initial capital construction budget request to the state in 2002-2004 described the then potential project scope to be \$6 million.

Under the terms of a Memorandum of Agreement between the City of Morehead and the University (draft copy attached), the University will lease the property from the City for 10 years with the annual lease cost forgiven each year. (Under the terms of the grant agreement, the City must retain an interest in the property for 10-

years.) The lease with option to purchase agreement will be entered into at the completion of the initial phase (described in the MOA) of the project, projected to be no later than July 1, 2004. The City will not be able to cancel the lease once MSU has improved the property. At the end of the 10-year period, the University will acquire the property for \$1.

**Land Acquisition Strategies and Policies:**

The property is not currently a part of the University's Campus Master Plan. In accordance with University policy related to real property management, the President may initiate the acquisition of real property included in the approved Campus Master Plan. Property not identified in the Campus Master Plan may be acquired when approved by the Board.

It is the University's intent to enter into the attached agreement with the City to enter into a lease of the property with option to purchase. At the point the lease with option to purchase the property is entered into the property would be incorporated into the Campus Master Plan.

**Recommendation:**

That the Board of Regents authorize the Memorandum of Agreement and future lease with option to purchase agreement with the City of Morehead; and amend the Campus Master Plan in regard to the Kentucky Center for Traditional Music.

**DRAFT**  
**MEMORANDUM OF AGREEMENT**  
**BETWEEN**  
**CITY OF MOREHEAD, KENTUCKY**  
**AND**  
**MOREHEAD STATE UNIVERSITY**

This AGREEMENT is made and entered into by and between the City of Morehead, Kentucky, party of the first part, hereinafter referred to as the “City” and Morehead State University, party of the second part, hereinafter referred to as “MSU”.

**WITNESSETH:**

**WHEREAS, MSU desires to locate the Kentucky Center for Traditional Music at 109 East First Street, Morehead, Kentucky;**

**WHEREAS, the Department of Local Government has approved funding in the amount of \$500,000.00 through a Community Development Block Grant for the acquisition of the Big Store Property located at 109 East First Street, Morehead, Kentucky and owned by Jim Barker;**

**WHEREAS, said funding will be payable to the City;**

**WHEREAS, the City will also receive funding in the amount of \$300,000.00 from Renaissance Kentucky for said project;**

**WHEREAS, the City has agreed to acquire and improve said property using the above referenced grant funds;**

**WHEREAS, the City may continue to assist the University in seeking external fund sources for the KCTM. If successful in obtaining additional funding, the City would act as a pass-through agency for any external funding it secured in support of the KCTM.**

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the City and MSU hereby agree as follows:

**1. The Project: With the funding referenced above, the Big Store property located at 109 East First Street shall be acquired, and in accordance with the Grant Agreement between the City and the Commonwealth of Kentucky Department of Local Government, the property shall be cleared and the site prepared. Additionally, in accordance with the Grant Agreement, the roofs shall be fixed to stabilize the site and the consignment shop business shall**

**be relocated. Said work must be completed by June 30, 2004 in accordance with the Grant Agreement.**

2. **Project Funding:** The City shall use the \$800,000 acquired through the above-referenced grants toward the completion of the project as described above. It is specifically agreed that the City shall not be obligated to expend any additional funds other than those grant funds listed herein toward the completion of the project as described above. Should the City determine that the funds are going to be insufficient to complete the project, the City shall provide notice to MSU to proceed to complete the project in accordance with the Grant Agreement. MSU shall put forth its best efforts to assure the timely completion of the project. Once said grant money is expended and the project completed, MSU shall assume responsibility for funding the completion of the development of the KCTM.

3. **Rental Income:** During the initial site work, the City will enter into a lease agreement with the business occupant of the Big Store. The City shall be entitled to all rental payments under said lease agreement until the project is completed. These payments shall become part of the project funds and used for completion of the project.

4. **Grant Agreement Terms:** MSU agrees to abide by all terms of the Grant Agreement between the Commonwealth of Kentucky, Department for Local Government and the City of Morehead for funding in the amount of \$500,000.00 for the Kentucky Center for Traditional Music, a copy of which is attached hereto and made a part of this agreement.

5. **Indemnification:** To the extent permitted by law, if permitted at all, MSU shall indemnify, save harmless and exempt the City, its officers, agents, servants, and employees from and against any and all suit actions, legal proceedings, claims, demands, costs, expense, and attorney fees incident to any work done in the performance of this agreement. It is specifically understood and agreed that should MSU fail to complete the project in accordance with the Grant Agreement upon notice to proceed from the City leaving the City to bear the responsibility for completion of the project, MSU shall indemnify the City for all costs, including any and all costs for the enforcement of this Agreement, incurred by it for completion of the project in accordance with the Grant Agreement.

6. **Real Property:** Upon completion of the project the City shall enter into an irrevocable Lease with Option to Purchase with MSU with regard to the subject property. Likewise, should the City be unable to complete the project per the provision of Paragraph 2, the City would enter into a Lease with Option to Purchase Agreement with MSU at that time.

**In accordance with the terms of the Grant Agreement between the Commonwealth of Kentucky, Department for Local Government, the City shall retain an interest in the property for 10-years commencing upon completion of the project or the execution of the Lease with Option to Purchase Agreement with MSU.**

**MSU shall pay the City one dollar (\$1) for an exclusive Option to Purchase the property during the term(s) of the lease and any lease renewal terms.**

**The initial term of the Lease with Option to Purchase shall end on June 30 of the current fiscal biennium of the Commonwealth. At the end of the initial term, the lease shall renew automatically under the same terms and conditions for additional renewal periods of 24-months each, not to exceed three automatic renewal periods. However, at the end to the last 24-month renewal period, the City shall agree to renew the lease under the same terms and conditions as the original term in order to satisfy the grant terms for the City to maintain an interest in the property for 10-years. It is the University's intent at the end of 10 years, to execute the option to purchase and acquire the property from the City by paying the City one dollar (\$1.00).**

**Further, said Agreement shall provide that all lease payments shall be forgivable so long as MSU is making progress in the development of the property.**

7. Insurance: The City shall maintain and insure the property until such time the property is leased to the University with an Option to Purchase. MSU shall be responsible for insuring the property on behalf of MSU at the time is obtains the option to purchase. The City shall insure its interests, if any.

8. Governing Law: This Contract shall be governed by, and construed under and in accordance with the laws of the Commonwealth of Kentucky.

9. Assignment: This Agreement and the rights and obligations hereunder may not be transferred, pledged, encumbered, assigned, anticipated or alienated by either party.

10. Entire Agreement: This Agreement contains all the terms, conditions, and promises of the parties hereto. No modification of this Agreement, or any provisions thereof, shall be valid or binding unless in writing and executed by both parties hereto. A waiver by either party or any breach of any term or provision in this Agreement shall not be construed as a waiver of any succeeding breach of the same or any other term or provision.



**IN WITNESS WHEREOF, the parties hereto have executed this  
day of \_\_\_\_\_ 2002.**

**City of Morehead, Kentucky**

**Morehead State University**

\_\_\_\_\_  
**Bradley H. Collins, Mayor**      **Date**  
**Date**

\_\_\_\_\_  
**Ronald G. Eaglin, President**

\_\_\_\_\_  
**Secretary, Finance and**      **Date**  
**Date**  
**Administration Cabinet**

\_\_\_\_\_  
**Jane V. Fitzpatrick**  
**General Counsel**  
**Morehead State University**

**CONFIRM BOARD MEMBERS OF KENTUCKY  
FOLK ART CENTER; REVISE OPERATING  
AGREEMENT**

**BOR VIII-A-12  
March 16, 2002**

**Background:**

1. Under provisions of state law, the Kentucky Folk Art Center, Inc. (KFAC), was declared an affiliated corporation of Morehead State University by the Board of Regents on September 18, 1998. As such, the Board of Regents of the University must confirm the appointment of members of the KFAC Board of Directors. In addition, the relationship between the University and KFAC is governed by an operating agreement approved by both boards.

2. The KFAC Board of Directors met on December 4, 2001, and appointed three new board members – Stephen D. Jones of Maysville, Emma Perkins of Morehead and Gail H. Hart of Lexington. The Board of Directors also reappointed six members – Jean Dorton of Paintsville, Gwenda Adkins of Sandy Hook, Connie Collis of Lexington, O. Leonard Press of Lexington, Jean Sandifer of Lexington and Teresa Unseld of Winston-Salem, N.C. Ms. Unseld has since resigned from the Board of Directors due to her relocation of North Carolina. All appointed board members serve three-year terms.

3. The current operating agreement between the University and KFAC specifies that the Vice President for Administration and Fiscal Services shall provide administrative oversight and that the KFAC staff shall manage private gifts. In accordance with changes in the administrative structure of the University, it is proposed that the operating agreement be revised to assign oversight responsibility for KFAC to the Vice President for University Relations. To assure compliance with the University's fund raising procedures, it is further proposed that acknowledgement and recordkeeping of gifts to KFAC be managed by the MSU Foundation, Inc. The KFAC Board of Directors has approved both changes, subject to action by the Board of Regents.

**Recommendation:**

That the Board of Regents confirm the appointment of three new and five returning members of the Board of Directors of the Kentucky Folk Art Center, Inc., as identified herein, and that the Board of Regents approve revision of the operating agreement with the KFAC to reflect administrative oversight by the Vice President for University Relations and gift management by the MSU Foundation, Inc.

**REVISED MEMORANDUM OF UNDERSTANDING  
BETWEEN MOREHEAD STATE UNIVERSITY  
AND KENTUCKY FOLK ART CENTER, INC.**

Morehead State University (University) and Kentucky Folk Art Center, Inc. (KFAC) hereby agree to the following revised memorandum of understanding reflecting the affiliated foundation status of KFAC as per KRS Chapter 164A, adopted Sept. 11, 1998, by the KFAC Board of Directors and submitted to the Kentucky General Assembly's Administrative Regulation Review Subcommittee for adoption of the required Kentucky Administrative Regulation to authorize MSU to operate an affiliated corporation.

**KFAC Directors**

The election of KFAC Directors will be ratified by the MSU Board of Regents.

**Facility Support**

The University shall provide space for KFAC and shall provide utilities, repairs, insurance, maintenance, security, and custodial services.

**Permanent Collection**

KFAC shall serve as steward of the Folk Art Collection (Collection) owned by the University. KFAC will provide storage, conservation, registration and cataloguing services for the Collection. KFAC may also exhibit the Collection and conduct educational programming relating to the Collection. Individual pieces of the Collection may be deaccessioned when agreed upon by both parties, by following approved policies and procedures. Appraisals for the purpose of obtaining insurance and the insurance for the Collection shall be provided by the University.

**Personnel**

The University shall maintain, on its payroll, a Director and other professional and support personnel to manage and operate the KFAC. The employees assigned to KFAC will be subject to all University personnel and operating policies and regulations.

The Director of the KFAC shall maintain a reporting relationship to the KFAC Board of Directors and to the University's Vice President for Administration and Fiscal Services, **Vice President for University Relations**. The Board of Directors of KFAC shall assist in the selection and evaluation of the Director.

**KFAC Financial Responsibility**

As an affiliate agency of Morehead State University, KFAC will abide by all University regulations regarding purchases, expenditures, and record keeping, and provide quarterly financial statements of operations through KFAC. The Museum Store sales and purchases, KFAC admissions, donations, grants, sponsorships, memberships, and other program and operating income and expenses will be administered through KFAC accounts and reported to the University. In addition, the University and KFAC shall comply with the annual audit and externally funded reimbursement provisions of KRS 164A.610(1) and (3).

**Other Support Services**

KFAC may purchase goods from the University and utilize support services including but not limited to, printing services, telecommunications, vehicle leasing, postage, computer purchases, and other purchases made through University price contracts or bidding processes. KFAC will reimburse the University, as appropriate, for the cost of the goods and services.

**Record Review**

KFAC and the University agree that access to all KFAC personnel and financial records will be available to any authorized party designated by the University's Vice President for Administration and Fiscal Services **Vice President for University Relations** during the life of this agreement. Monthly activity and quarterly financial reports shall be provided by KFAC to individuals designated by the University.

**Fund Raising and Gifts Management**

KFAC will coordinate its fundraising activities with the University's Office of Development and will make reasonable efforts to solicit contributions only from donors mutually agreeable to the University and the KFAC. Gifts to the KFAC through the University will be received and recorded by the MSU Foundation, Inc. will be forwarded to the MSU Foundation, Inc., to be acknowledged, recorded and deposited for use by KFAC.

**Duration of Agreement**

This **revised** agreement shall be effective as of March 17, 2002, and shall remain in effect until such time as it is mutually amended or terminated by the University.

IN WITNESS WHEREOF, we have hereunto affixed our signatures this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**For Morehead State University**

**For Kentucky Folk Art Center, Inc.**

\_\_\_\_\_  
Signature

Signature

\_\_\_\_\_  
Title

Title

**For Morehead State University  
Foundation, Inc.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

**Background:**

PAc-34, establishes the policy and conditions for hiring and retaining non tenure-track faculty (Instructor). There are at least three conditions that necessitate this proposal:

1. There are several academic programs that require faculty to teach a large number of developmental and introductory courses (particularly mathematics, reading and composition). Most of these programs have a very limited enrollment in major and upper-level courses. Were all positions within any of these programs converted to tenure-track, a significant number of the faculty would very rarely be able to teach beyond developmental or introductory courses—a condition perceived as not desirable for faculty with terminal degrees seeking opportunities to teach in their primary area of expertise. The proposal permits hiring and retaining faculty with appropriate preparation for developmental and introductory courses without the demands of meeting tenure criteria until they are in a position that is mutually beneficial to the faculty member and the department.
2. A few disciplines, most notably within education, are experiencing serious problems in securing applicants with the requisite terminal degree. The discipline faculty are generally in agreement that a few of the difficult-to-fill positions are ones for which non-terminally degreed public school teachers and administrators are highly qualified—at least on a short-term basis, if not permanently. However, requiring non-terminally degreed faculty to successfully meet the current and standard criteria for tenure and promotion is not realistic.
3. Recent changes in the external environment of some externally accredited professional programs such as business and education have made it desirable to augment traditional faculty with a limited number of experienced professionals and practitioners. The belief is that instructional staff of this nature add a dimension to the program not always possible with more traditional faculty. Moreover, given an opportunity to secure an appropriate terminal degree, a faculty member in this category can eventually bring a stronger set of credentials not otherwise available to the program. However, our current policies make the recruitment of such accomplished and unique individuals very difficult.

As a result of the foregoing conditions, a number of positions within these programs experience an unhealthy rate of turnover. Others remain vacant and require an unhealthy reliance on adjunct faculty. Moreover, many programs are limited in their ability to respond to the rapid changes within the discipline and the marketplace and are, thus, less effective in meeting the needs of their constituents.

This policy is a result of one and one-half years of deliberation involving an ad hoc committee of faculty (including non tenure-track faculty), the Faculty Senate, department chairs, the

Deans Council, the Provost and the President. The Faculty Senate approved the proposed policy in the fall of 2001.

**Analysis:**

The major components of policy include the following:

- A description of the difference between Lecturers (part-time faculty) and Instructors (full-time, non tenure-track faculty)
- Guidelines regarding the qualifications for the appointment of Instructors, for the ratio of Instructors to tenure-track faculty, and for classifying positions as Instructor vs. tenure track
- Guidelines for the evaluation and reappointment or non-reappointment of faculty in the Instructor position

The policy will be effective with the appointment of faculty as Instructors for the 2002-03 academic year.

**Recommendation:**

That the Board of Regents approve PAc-34.

**Policy: PAc 34**  
**ALTERNATIVE CAREER-TRACK FACULTY**

Approval Date:

**PURPOSE:** The titles of part-time **Lecturer** and full-time **Instructor** are reserved for non-tenure-track faculty employed to address instructional needs of departments in which program requirements and teaching demands for developmental, associate-level, and specialty courses exceed staffing capacity of ST-1 faculty. While primary responsibility for upper-division and graduate instruction remains, across the University, with tenured and tenure-track faculty, such courses may be assigned to “non-tenure track faculty” who hold the proper academic credentials, as per Pac 1, when they cannot be taught by ST-1 faculty.

**GENERAL  
DESCRIPTION:**

**Lecturers** (formerly referred to as *part-time* or *Adjunct* faculty) are employed less than full time without University retirement or insurance benefits on a class-by-class or semester-by-semester basis. Although there is no assurance of continuing employment, neither is there a limit to the number of years one may serve as a Lecturer. Lecturers should have successful teaching experience.

**Instructors** (formerly referred to as *fixed-term* instructors) are full-time employees contracted with full benefits for a one-year term with a teaching load of no more than 27 credit hours recommended. With the approval of the department chair and college dean, Instructors may have appointments renewed on an annual basis provided there are continued/justified instructional needs, adequate funds, and satisfactory evaluations according to departmental faculty evaluation plans (FEP).

While Instructors will be evaluated primarily on teaching, they may provide service on departmental committees. Qualified Instructors may apply for tenure-track positions as they occur and may request to apply up to 3 years of service toward tenure.

At the time of employment a contract issued to a non-tenure track faculty member shall explicitly state the rank, and that the position is not tenurable. The title “Artist-in-Residence” or other appropriate title may be used synonymously with these types of appointments when appropriate.

**GENERAL  
GUIDELINES:**

In order to protect the tenure standing at the University, the percentage of faculty holding non-tenure-track appointments shall not exceed

percentages of the total faculty set by appropriate discipline specific accrediting agencies. It is the responsibility of the Office of the Provost to make every effort possible to ensure that these limits are not exceeded.

Qualifications for appointment of non-tenure track faculty should be flexible enough to meet the needs of each academic unit yet consistent with accreditation standards. Minimum qualifications shall be a degree appropriate to the teaching assignment or equivalent experience in the field or related field. An earned doctorate or equivalent experience in the field or related field is preferred for teaching upper-level courses. All appointments shall meet all applicable current criteria of the appropriate accrediting bodies.

### **PROCEDURE FOR RE-CLASSIFYING POSITIONS AND RE-ASSIGNING OR HIRING OF INSTRUCTORS;**

Tenure-track positions may be filled by an instructor only under one of the following conditions: (1) when a search for a tenure-track position has not resulted in a qualified hire or sufficient time is not available to pursue a successful search, in which case the instructor position will be used until a qualified candidate has been selected for the tenure-track position through a standard search; (2) when, in the judgment of the department chair, dean and Provost, enrollment patterns within the department/program or other conditions warrant filling a tenure-track position with an instructor as needed; in which case the department faculty will be consulted.

Any faculty who has previously served or is currently serving as an instructor is eligible for application and appointment, upon approval, to the positions. It is the responsibility of the department chair to select and interview candidates, but, whenever possible, candidates should meet with all members of the respective department.

### **ANNUAL REVIEW OF STAFFING NEEDS:**

Each department will annually review its staffing needs with regard to the nature and number of positions needed for the following year. Should a need for additional faculty be identified, the department should prepare a request indicating the nature and number of additional faculty needed. The request may be for one or more additional tenure-track lines, conversion of an instructor line to tenure-track, or additional instructor lines.

### **TERMINATION OF NON-TENURE TRACK FACULTY APPOINTMENTS:**



Appointments of non-tenure track faculty may be terminated before contract expiration for the reasons described in the appropriate section of the Faculty Handbook and according to the procedure described.

**EVALUATION OF NON-TENURE  
TRACK FACULTY:**

No later than May 1 of each year, and earlier if possible, all individuals holding the title of "Instructor" shall be notified if they will be retained for the following academic year. Such notification shall have been preceded by a performance evaluation similar to tenured and tenure-track faculty. The review will be based on the relative criteria for performance expectations as defined in the departmental FEP and any salary adjustments will fall within the PBSI Guidelines as established for all full-time faculty.

Instructors not notified by May 1 will be eligible for rehire as an instructor at the time that a clear need has been identified and upon completion of a performance evaluation as outlined in the foregoing paragraph. When possible, instructors with more than three years of consecutive service will be given at least a 12-month notification of non-renewal.

**FACULTY RIGHTS AND PRIVILEGES  
OF NON-TENURE TRACK FACULTY:**

All non-tenure track faculty shall be afforded rights of academic freedom and due process.

## **PROGRAM DELETION**

**BOR (VIII-A-4)  
March 16, 2002**

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### **Background:**

In November 1999, the Council on Postsecondary Education (CPE) approved a series of guidelines for creating and maintaining academic programs. The new guidelines required among other things, that the Council staff review the status of all existing programs in operation for more than four years and identify those that do not appear to be sufficiently and effectively contributing to the needs of the statewide system of postsecondary education in Kentucky. In February 2000, each university received a list of its academic programs that did not pass the Council's initial screen for productivity. Institutions were asked to review each identified program and make a written recommendation about its continuation, modification, elimination, or consolidation into a cooperative program. One identified program, the BA degree in Parks, Recreation and Leisure was assessed during 2000. Because this degree only provided options related to outdoor and recreation employment, the Department decided to move toward a more comprehensive and multi-disciplinary curriculum that would allow our students to be successful in a variety of sport/recreation employment venues. The proposed new program, BA in Sport Management, was presented to the BOR and approved at its March 3, 2001 meeting.

The CPE, at its February 4, 2002, meeting, approved our request to offer the BA in Sport Management, that will replace the BA in Parks, Recreation and Leisure.

### **Recommendation:**

That the Board approve the deletion of the Bachelor of Arts in Parks, Recreation and Leisure (CIP 31.0301).

**APPROVE NAMING OPPORTUNITIES FOR  
BRECKINRIDGE HALL**

**BOR (VIII-A-14)  
March 16, 2002**

**Background:**

Offices, laboratories and classrooms in the University's Department of Communication and Theatre were moved from Breckinridge Hall at the close of the 1999 spring semester for the \$14 million renovation and expansion of the 69-year-old building. Work is nearing completion. The renovated facility will house state-of-the-art classrooms, audio and video production studios, a digital broadcast center for WMKY Radio, new facilities for *The Trail Blazer*, a television newscenter, and a flexible theatre and multimedia auditorium.

Individuals and families have been given the option of naming areas of the new building through major gifts to the MSU Foundation, Inc. Many gifts and pledges for the naming opportunities are eligible to be matched by the Kentucky Council on Postsecondary Education. Named areas, which will be identified with appropriate and permanent signage, are to be approved by the University's Board of Regents.

Campaigns are currently in progress to name the following areas:

W. David Brown Seminar Room	Goal of \$15,000
Capt. Michael K. Gallagher Audio Studio	Goal of \$15,000
Kozy Hamilton Costume Shop	Goal of \$20,000
Harlan Hamm Speech Suite	Goal of \$15,000
Larry Netherton News Production Booth	Goal of \$10,000
Thom Yancy Television Seminar Room	Goal of \$15,000
Mary Jo Netherton Foreign Language Lab	Goal of \$15,000

Since funding will be secured for two rooms by Founders Day, April 4, 2002, it is recommended that the Board approve naming of the Capt. Michael K. Gallagher Audio Studio and Larry Netherton News Production Booth. The other rooms will be designated as "Campaigns in Progress" with limited recognition occurring during the rededication event.

Additionally, it is recommended that the theatre be named in honor of Lucille Caudill Little, who was the first member of the theatre faculty.

If approved, permanent signage will be unveiled for the two rooms and the theatre on Founders Day.

**Recommendation:**

That the Board of Regents approve the naming of Capt. Michael K. Gallagher Audio Studio, Larry Netherton News Production Booth, and Lucille Caudill Little Theatre in connection with the renovation of Breckinridge Hall as stated above and authorize the President to approve future naming opportunities related to this project.

**A MEMORIAL RESOLUTION**

**BOR (VI)**  
**March 16, 2002**

**WHEREAS**, Dr. Adron Doran served honorably and with distinction as the seventh president of Morehead State University from April 1954 through December 1977; and

**WHEREAS**, Dr. Doran's dynamic leadership resulted in the institution achieving unprecedented growth and state university status; and

**WHEREAS**, Dr. Doran's monumental contributions to the University were recognized in the naming of the University Center and in him receiving an honorary doctoral degree and the Founders Day Award for University Service; and

**WHEREAS**, President Emeritus Doran continued to be active in the life of the University and maintained interest in the well being of its students, faculty, staff and alumni throughout the balance of his life which ended November 22, 2001, at the age of 92;

**THEREFORE**, the distinguished life and notable professional career of President Emeritus Adron Doran be and hereby are remembered with eternal and heartfelt gratitude by the Board of Regents of Morehead State University and sincerest condolences are extended to his wife, Mignon Doran, and other family members.

Adopted this 16<sup>th</sup> day of March 2002.

ATTEST:

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Buckner Hinkle, Jr., Chair

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Carol Johnson, Secretary

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Ronald G. Eaglin, President

## SABBATICAL LEAVES, 2002

BOR (VIII-A-3)  
March 16, 2002

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### **Background:**

Faculty members desiring sabbatical leaves submit their application to be evaluated by their departmental committee, department chair, college dean, and the Professional Development Committee. These committee evaluations are forwarded to the Provost who recommends to the President for his recommendation to the Board of Regents.

### **Recommendation:**

That the Board of Regents approve the granting of sabbatical leaves to the following faculty members contingent upon funding being available within academic affairs.

#### Fall 2002

John Ernst, Associate Professor of History  
Stephen Tirone, Associate Professor of Art

**Background:**

Faculty members desiring tenure are responsible for developing their own tenure portfolios for submission to their peers and administrative supervisors for analysis and review during the first semester of the last year of their probationary period. These portfolios are reviewed by departmental committees as well as by the candidate's department chair and college dean. The University Tenure Committee receives and reviews the recommendations from these peer groups and administrators and forwards its recommendations 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 tenure for the following faculty member with the issuance of his contract for the 2002-2003 year:

Dr. Gerd Fricke, associate professor of mathematics

## TENURE WITH PROMOTION, 2002

BOR (VIII-A-1)  
March 16, 2002

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### **Background:**

Assistant professors who successfully gain tenure are automatically promoted to the rank of associate professor without further review by the University Promotion Committee. Faculty members are responsible for developing their own tenure portfolios for submission to their peers and administrative supervisors for analysis and review during the first semester of the last year of their probationary period. These portfolios are reviewed by departmental committees, as well as by the candidate's department chair and college dean. The University Tenure Committee receives and reviews the recommendations from these peer groups and administrators and forwards its recommendations 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 tenure and promotion to the associate professor rank for the following faculty members with the issuance of their contracts for the 2002-2003 year:

Dr. Stacy Baker, music  
Dr. Paul Becker, sociology  
Dr. Laurie Couch, psychology  
Dr. Thomas Creahan, economics  
Dr. Susan Creasap, music  
Dr. Darrin DeMoss, biology  
Ms. Yan Duan, nursing  
Dr. Claire Foley, English  
Dr. Joy Gritton, art  
Dr. John Hennen, history  
Dr. Brenda Malinauskas, nutrition/dietetics  
Dr. Adele Moriarty, education  
Dr. Dianna Murphy, government  
Dr. Eric Swank, social work  
Dr. Stacy Vollmers, marketing

**REPORT ON EASEMENT  
AND RIGHT OF WAY**

**BOR (VIII-B-2)  
September 27, 2002**

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**Background:**

The Commonwealth of Kentucky's Transportation Cabinet was required to obtain a right-of-way easement from Morehead State University related to Phase III construction of U.S. 60 (Bypass). In addition to the easement, the Transportation Cabinet will also pay the University for any future interest the University might have in the former CSX railroad right-of-way along the same property frontage that the Transportation Cabinet acquired in 1992 from CSX and the previous owner (of the property now owned by MSU).

Compensation for the easement was \$750. Total compensation paid the University was \$6,150. The easement is across the frontage of the parking lot that is located on the south side of U.S. 60 across from the Academic-Athletic Center.

The following easement has been granted by Morehead State University:

<b>Granted To</b>	<b>Date</b>	<b>Location</b>	<b>Purpose</b>
Transportation Cabinet Division of Right of Way		U.S. 60 Bypass Across from Academic-Athletic Center- Real Estate -.327 acres for right of way and easement - 2,591 sq. ft of permanent easement (See map)	The property is needed for construction of the Morehead Bypass Phase III



**APPROVE ENDOWMENT MATCH  
PROGRAM SUBMISSION**

**BOR (VIII-A-13)  
March 16, 2002**

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**Background:**

The 1997 Higher Education Improvement Act created the Regional University Excellence Trust Fund for the purpose of providing state matching funds in response to private support of endowed chairs and professorships, graduate fellowships, and for other academic purposes including scholarship.

Morehead State University was appropriated \$1.475 million by the 1998 General Assembly to match eligible endowments and was successful in securing the entire amount. The 2000 General Assembly appropriated \$2.95 million to be matched by gifts and pledges secured before June 30, 2002. To date MSU has received \$1,744,866 toward this goal.

Recently, the Council on Postsecondary Education established a subcommittee to review issues and concerns regarding the administration and reporting of the endowments during the first funding cycle. The findings of the subcommittee resulted in two significant revisions to the guidelines governing the administration and operation of the Endowment Match Program that affect comprehensive institutions.

First, the role of governing boards was expanded to require board review and approval of all donations, gifts and pledges that will be used to establish new endowments or expand existing endowments for which matching funds will be requested. Secondly, the universities' or foundations' audited financial reports are now required to include pledge payment schedules.

In order to comply with the new guidelines the proposed next submission for matching funds is provided for the Board's review and approval.

**Recommendation:**

That the Board of Regents approve the submission of new gifts eligible to be matched in the Regional University Excellence Trust Fund program.

**REPORT ON GUARANTEED ENERGY SAVINGS BOR (V-B-5)**  
**PERFORMANCE CONTRACTING December 6, 2002**

**Background:**

Morehead State University is in the process of selecting an Energy Service Company (ESCO) to conduct a campus wide energy conservation audit, consult regarding projects related to energy conservation and cost savings, and perform and fund the capital improvements related to the projects, if economically feasible.

Guaranteed energy savings performance contracting is a relatively new capital funding concept in Kentucky. The 2002 General Assembly approved specific procurement guidelines related to the concept and since that time, the Finance and Administration Cabinet has been working with Morehead State University and Western Kentucky University, plus KCTCS to develop proposals and issue contracts to secure the services of ESCOs. An ESCO will develop energy conservation projects that are economically feasible. Western Kentucky University already has an ESCO and installed projects under contract and is pursuing a second contract at this time. The Commonwealth's 2002-2003 Spending Plan authorizes Energy Saving Performance Contracts (ESPC) for the University.

The goal of the ESPC is to reduce energy consumption and related costs associated with energy and water. The resulting services and capital improvements will be provided and financed through a performance-based contract under which the agency a) incurs no initial capital costs b) achieves significant long-term savings, c) achieves a guarantee for energy savings, water savings operations and maintenance (O&M) savings (O&M savings includes materials and labor savings and will only be applicable at the option of Owner), d) obtains consistent levels of occupant comfort and building functionality, and e) captures ancillary benefits that may accrue as a direct result of such energy-related services and capital improvements.

The energy related improvements and services must result in guaranteed annual energy and water savings while guarantying minimum levels of occupant comfort and operations and maintenance. The combined savings achieved by the installed projects must be sufficient to cover all costs including debt service and contractor fees, maintenance, monitoring and other services, for the duration of the contract (maximum of 15 years). All savings projected under the Guaranteed Energy Savings Performance contract shall be guaranteed to the Commonwealth of Kentucky.

An ESCO is selected via a Request for Proposal. The Finance and Administration Cabinet has initiated the RFP process for MSU. The ESCO will be selected in December and energy audits for the campus will begin in January. Following the audit and feasibility analysis, a performance contract and project schedule would be developed. Because an installed project will be funded by the ESCO, no University

capital investment is necessary. Neither the University nor the ESCO is under an obligation to pursue a performance contract if the analysis is not favorable toward a guaranteed payback.

Once a guaranteed performance contract is entered into for a project, should the project not generate the guaranteed energy savings in any given year, the ESCO will be responsible for reimbursing the amount of the shortfall necessary to pay for the annual project debt service and all related contract obligations. Annual savings will be verified at a specified time each year in order to determine if the ESCO's guarantee needs to be exercised. The International Performance Measurement and Verification Protocol and the Federal Energy Management Program's Measurement and Verification Guidelines will be utilized to verify the energy savings.

The value of the projects are estimated to be between \$7-\$14 million dollars based on the size of the campus and estimates provided by ESCOs during their initial campus visits.

**HEAD-COUNT ENROLLMENT**

		<b>% Change</b>
1998	8,263	+0.7
1999	8,171	-1.1
2000	8,327	+1.9
2001	9,027	+8.4
2002	9,063	+ .4

**FULL-TIME EQUIVALENCY**

		<b>% Change</b>
1998	6,305	-0.8
1999	6,172	-2.1
2000	6,373	+3.3
2001	6,888	+8.1
2002	7,019	+1.9

**CREDIT-HOUR PRODUCTION**

		<b>% Change</b>
1998	98,198	-0.8
1999	96,107	-2.1
2000	99,223	+3.2
2001	107,014	+7.9
2002	109,391	+2.2

\*As of September 24, 2002

**FALL 2002 ENROLLMENT REPORT****BOR (V-B-1)  
December 6, 2002****HEAD-COUNT ENROLLMENT**

		<b>% Change</b>
1998	8,263	+0.7
1999	8,171	-1.1
2000	8,327	+1.9
2001	9,027	+8.4
2002	9,390	+4.0
1998-2002		+13

**FULL-TIME EQUIVALENCY**

		<b>% Change</b>
1998	6,305	-0.8
1999	6,172	-2.1
2000	6,373	+3.3
2001	6,888	+8.1
2002	7,243	+5.2
1998-2002		+14.9

**CREDIT-HOUR PRODUCTION**

		<b>% Change</b>
1998	98,198	-0.8
1999	96,107	-2.1
2000	99,223	+3.2
2001	107,014	+7.9
2002	112,806	+5.4
1998-2002		+14.9

**FALL 2001 ENROLLMENT****BOR (VI-B-1)  
November 30, 2001**

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**HEAD-COUNT ENROLLMENT**

		<b>% Change</b>
1997	8,208	-1.6
1998	8,263	+0.7
1999	8,171	-1.1
2000	8,327	+1.9
2001	9,027	+8.4

**FULL-TIME EQUIVALENCY**

		<b>% Change</b>
1997	6,357	-1.5
1998	6,305	-0.8
1999	6,172	-2.1
2000	6,373	+3.3
2001	6,888	+8.1

**CREDIT-HOUR PRODUCTION**

		<b>% Change</b>
1997	99,008	-1.6
1998	98,198	-0.8
1999	96,107	-2.1
2000	99,223	+3.2
2001	107,014	+7.9

**ACCEPT FIRST QUARTER  
FINANCIAL REPORT AND  
AMEND OPERATING BUDGET**

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**BOR (V-A-5)  
December 6, 2002**

**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of September 30, 2002 for the first quarter of the fiscal year that will end on June 30, 2003. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Recommendation:**

That the Board accept the first quarter financial statements and amend the operating budget.

## Management's Discussion and Analysis **First Quarter Financial Statements**

Morehead State University  
September 30, 2002

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the three months that ended on September 30, 2002. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

### **Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University. These financial statements have not been prepared in full accordance with *Government Accounting Standards Board Statement 35 (GASB 35)*. Interim statements are prepared using a fund approach to facilitate budget comparisons and management decisions. Year-end statements are prepared in the GASB 35 format.

### **Financial Highlights**

Morehead State University's financial picture remains stable through the first quarter of the 2002-2003 fiscal year. During the period July 1, 2002 through September 30, 2002 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$13,014,355. This level of operating surplus is expected at this time, since most of the billings for the Fall 2002 semester are reflected in the tuition and fees revenue and only expenditures through September 30, 2002 are reflected, and will continue to be more evenly reflected during the fiscal year. As the year concludes, the variance between revenues and expenditures will decrease and should reflect a more appropriate operating surplus or deficit.

As presented in the December 31, 2001 financial statements, since the Board ratified the University's 2002-2004 Biennial Budget request in November 2001, as proposed by the Council on Postsecondary Education, we have been officially apprised of the following reduction in state appropriations:



	2001/2002	2002/2003
Base Operating Budget (2%)	\$768,600	\$768,600
Operations and Maintenance Funding	\$101,800	0
Incentive Trust Funds (2%)	\$35,110	0
Total	\$905,510	\$768,600

**Significant trends and variances for the three months are summarized as follows:**

- As can be seen from the Statements of Net Assets, investments increased approximately \$9 million from the first quarter of the previous year and the reflected cash has increased by approximately \$2 million, for a net increase of \$11 million. The majority of the increase in cash and investments consists of bond proceeds from a refinancing issue. These funds will be used in the second quarter 2002-03 to retire older bonds issued at higher interest rates.
- Accounts receivable have remained stable as a whole compared to September 30, 2001, with the increase due to timing for billing for financial aid credits to student accounts.
- The net investment in capital assets has increased about \$5 million since September 30, 2001 but for the fiscal year the increase has been approximately \$1.2million. This fiscal year increase relates mainly to Life Safety Projects \$.5 million, Family Housing \$.4 million, Breckinridge and Dam Repairs \$.4 million, Library \$.6 million, and various internally managed projects and equipment purchases \$.6 million less estimated depreciation (about \$1.3 million), for a net increase of about \$1.2 million.
- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the first quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of September 30, 2002. Budgets for the major revenue categories of tuition and housing were based on projections of enrollment and residence hall occupancy. Fall semester projections for both these categories were exceeded.
- Expenditure trends also appear to be proceeding according to the budget plan, considering normal cyclical and timing differences.

**MOREHEAD STATE UNIVERSITY**  
**Statements of Net Assets**  
**September 30, 2002 and 2001**

<b>ASSETS</b>	<b><u>2002</u></b>
Cash	\$27,353,778
Investments in US government obligations - at cost	26,705,450
Accounts Receivable	10,715,244
Inventories	1,841,093
Notes Receivable	3,479,341
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>105,635,227</u>
<b>TOTAL ASSETS</b>	<b><u>\$175,730,134</u></b>

#### **LIABILITIES AND NET ASSETS**

##### **Liabilities**

Accounts payable	\$787,767
Accrued salaries and other liabilities	638,062
Unearned revenues-state and federal grants	1,528,823
Deposits	1,399,785
Accrued vacation pay	2,078,755
Bonds and notes payable	<u>35,812,974</u>
<b>Total Liabilities</b>	<b><u>\$42,246,166</u></b>

##### **Net Assets**

Capital	\$69,822,253
Non-capital	
Restricted	34,035,921
Non-restricted	<u>29,625,794</u>
<b>Total Net Assets</b>	<b><u>\$133,483,968</u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$175,730,134</u></b>
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#### **ANALYSIS OF NON-RESTRICTED FUND BALANCE**

**Allocations**

**Working Capital**

Accounts Receivable	\$6,850,914
Inventories	1,841,093
Cashier's Operating Funds	100,000
Budgeted Fund Balance-Capital Projects	4,465,395
Budgeted Fund Balance-Non-capital Projects	<u>3,498,736</u>
<b>Total Working Capital</b>	<b><u>\$16,756,138</u></b>
<b>Funded Reserves</b>	<b><u>\$1,265,263</u></b>
<b>Total Allocated Fund Balance</b>	<b>\$18,021,401</b>
<b>Unallocated Fund Balance</b>	<b><u>11,604,393</u></b>
<b>Total Unrestricted Fund Balance</b>	<b><u>\$29,625,794</u></b>

See Attached Notes To Statements of Net Assets

**NOTES TO STATEMENTS OF NET ASSETS**  
**MOREHEAD STATE UNIVERSITY**  
**SEPTEMBER 30, 2002 AND 2001**

1. These Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts receivable are shown net of allowance for uncollectible student accounts of \$305,639 at September 30, 2002, and \$247,247 at September 30, 2001. Also included in this category is the sum of \$4,217,861 receivable from federal and state grant agencies at September 30, 2002 and \$3,682,584 at September 30, 2001.
3. Notes receivable represent balances owed the University from borrowers who have participated in the National Direct Student Loan Program and the Nursing Student Loan Program. The balances are presented net of allowances for uncollectible accounts in the amount of \$149,631 at September 30, 2002, and \$151,885 at September 30, 2001.
4. Accumulated depreciation on buildings and equipment was \$101,972,140 at September 30, 2002, and \$86,696,727 at September 30, 2001.
5. Accrued salaries and other liabilities include amounts due for withheld and matching portions of payroll taxes and estimated claims payable but unsubmitted to the University's health insurance program.
6. Unearned revenues from federal and state grants represent amounts received but not expended at the balance sheet dates.
7. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets.
8. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
9. Restricted net assets include the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Fund**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the Three Months Ended September 30, 2003**

	2002-2003		
	Amended Budget	Actual	Percent of Actual to Budget
<b>REVENUES</b>			
<b>Educational and General</b>			
Tuition and Fees	\$27,092,365	\$14,942,435	55.15%
Gov't Appropriations	42,747,300	13,108,025	30.66%
City Grants	50,000	0	0.00%
Unrestricted Gifts	0	0	
Indirect Cost Reimbursement	328,658	151,137	45.99%
Sales & Services of Ed. Activities	1,084,001	346,670	31.98%
Other Sources	1,601,662	711,393	44.42%
Budgeted Fund Balance - E & G	7,429,311	0	
<b>Total Educational and General</b>	<b>\$80,333,297</b>	<b>\$29,259,660</b>	<b>36.42%</b>
<b>Auxiliary Enterprises</b>			
Housing	\$ 7,787,490	\$ 3,630,612	46.62%
University Store	3,384,000	1,472,314	43.51%
Food Services	651,500	151,026	23.18%
Other	196,500	75,442	38.39%
<b>Total Auxiliary Enterprises</b>	<b>\$12,019,490</b>	<b>\$ 5,329,394</b>	<b>44.34%</b>
<b>TOTAL REVENUES</b>	<b>\$92,352,787</b>	<b>\$34,589,054</b>	<b>37.45%</b>
<b>EXPENDITURES AND TRANSFERS BY DIVISION</b>			
<b>Educational &amp; General</b>			
President & Administration	\$ 596,998	\$ 171,566	28.74%
University Relations	1,969,602	539,265	27.38%
Development	855,319	172,450	20.16%
Administration & Fiscal Services	12,536,766	3,070,776	24.49%
Student Life	12,615,998	4,703,085	37.28%
Academic Affairs	42,405,649	8,745,459	20.62%
Other	9,313,809	1,766,779	18.97%
<b>Total Educational &amp; General</b>	<b>\$80,294,141</b>	<b>\$19,169,380</b>	<b>23.87%</b>

<b>Auxiliary Enterprises</b>			
Housing	\$ 8,059,858	\$ 806,945	10.01%
University Store	3,133,954	1,357,408	43.31%
Food Services	443,537	129,319	29.16%
Other	421,297	111,647	26.50%
<b>Total Auxiliary Enterprises</b>	<b><u>\$12,058,646</u></b>	<b><u>\$ 2,405,319</u></b>	<b><u>19.95%</u></b>
<b>TOTAL EXPENDITURES AND TRANSFERS BY DIVISION</b>	<b><u>\$92,352,787</u></b>	<b><u>\$21,574,699</u></b>	<b><u>23.36%</u></b>
<b>NET CHANGE IN FUND BALANCE</b>		<b><u>\$13,014,355</u></b>	

**2002 FOUNDERS DAY AWARD  
FOR UNIVERSITY SERVICE**

**BOR (V)  
March 16, 2002**

**Background:**

The Founders Day 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. The presentation is part of the annual Founders Day observance.

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; Sen. Woody May, 1993; Dr. J. E. Duncan, 1994; Sherman R. Arnett and Harlen L. Hamm, 1995; Dr. Adron Doran, 1996; Robert S. Bishop and K. Martin Huffman, 1997; and Dr. Charles J. Pelfrey, 1998; Carolyn S. Flatt, 1999; Dr. Earl J. Bentley, 2000; and Mrs. Mignon Doran, 2001.

The Founders Day Committee has recommended that the 2002 award be presented to Dr. C. Nelson Grote, the 11<sup>th</sup> president of the University who served from 1987 until 1992. The ceremony is scheduled as part of the Founders Day Luncheon at noon on Thursday, April 4.

President Emeritus Grote earlier spent 11 years on the campus as a division chair and college dean. Before returning to MSU as president, he was president of Schoolcraft College in Livonia, Mich., and chancellor of the Community Colleges of Spokane, Washington. A few years after retiring from MSU, Dr. Grote returned to higher education to serve as executive vice president of the newly-formed Kentucky Community and Technical College System (KCTCS). He played a key role in the organization of that system of two-year colleges and today remains an officer and board member of the KCTCS Foundation.

His five-year tenure as president of the University was marked by an enrollment increase of more than 50 percent, modernization of residence halls and the campus utilities system, establishment of additional extended campus centers and expanded involvement with the public schools and two-year colleges in the region. Dr. Grote and his wife, Wilma, remain active in the life of the University.

**Recommendation:**

That the Board of Regents approve the selection of Dr. C Nelson Grote of Morehead, Ky., as the recipient of the 2002 Founders Day Award for University Service.

**REPORT ON HEALTH INSURANCE  
FOR PLAN YEAR 2002**

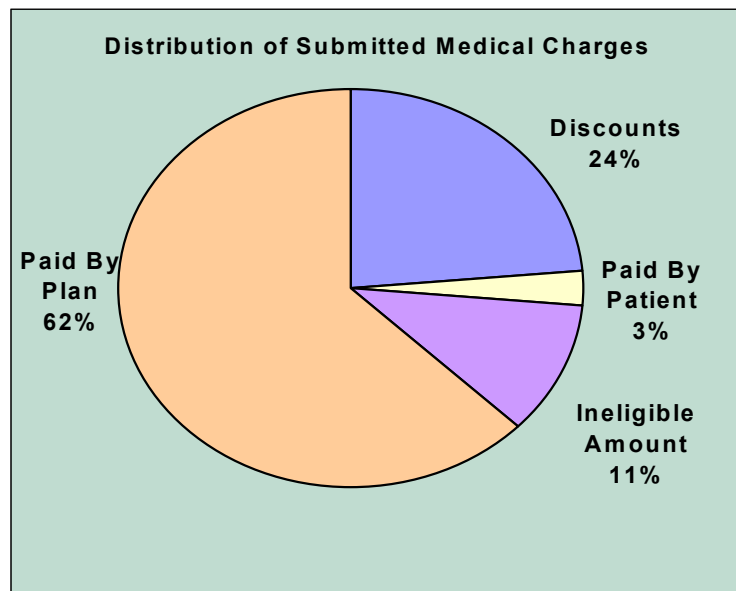
**BOR (VI-B-2)  
November 30, 2001**

**Background:**

President Eaglin has been steadfast in his commitment to maintaining an affordable yet financially sound health insurance program for University faculty and staff. This commitment was demonstrated in January 2000 when the University increased its monthly contribution rate for employees from \$140 to \$210 and structured the plan offerings to better enable employees at all pay scales to participate fully in quality health programs for themselves and their dependents. This strategy was successful! During the calendar year 2001, more employees were able to add dependent coverage to their plans and notably higher usage of the plan benefits were recorded.

Plan year 2001 was also the first year that detail plan and usage data was available from our health provider to assist in plan analysis. For example, Graph 1, from the MSU third quarter health insurance report demonstrates the disparity of cost-sharing in our current HMO Plan. This type of detailed information along with research efforts within the Office of Human Resources, and in conjunction with the Employees Benefit Committee, has provided a basis for the changes in the University health insurance plan for 2002.

**GRAPH 1: HMO Plan**



**Plan Year 2002**

Improved benefits and increased usage in 2001, as well as double-digit inflationary increases, resulted in an average 55% cost increase for all plans. These factors necessitated changes in the both the 2002 plan structure and contribution rates to enable continuation of an affordable, yet financially sound, health care program for all employees. The University has once again made the strategic decision to increase its average health care insurance

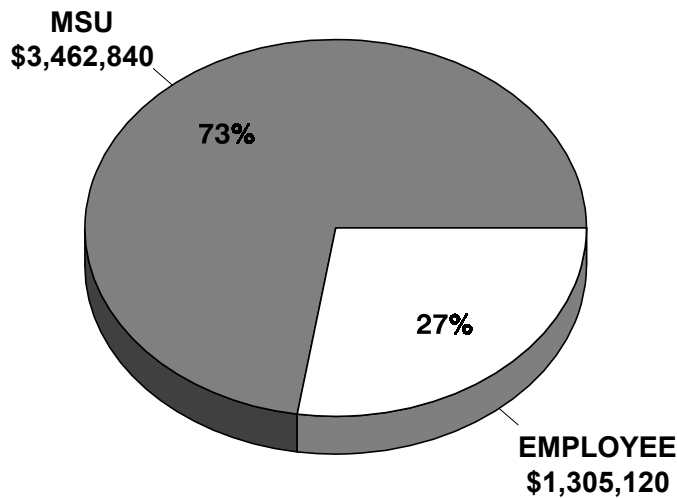


contribution by \$88 per employee per month, effective January 1, 2002. With this increase, the University has more than doubled its contribution level during the past two calendar years – from \$140 per employee per month in 2000 to \$298 per employee per month in 2002. Had the same total dollar amount allocated toward employee health benefits been used for salary increases, the salary pool would have been increased by an additional 2% in 2000 and 2.5% in 2001.

In addition to increasing its share of employee contributions into the plan, the University is committing \$500,000 from the general fund balance to revitalize the health insurance reserve that has been depleted by rising health care costs and increased health care insurance utilization. Meeting these funding needs presented a challenge to the administration given the projected forecasts of cuts in state budget appropriations in 2002/03 but was valued as a critical piece of the overall employee compensation package.

The following chart projects the total health care plan cost for 2002. Total plan costs include both projected claims cost and all administrative costs. The chart also shows the percentages of total cost contributed by the University and by the employees.

**Total Expected Plan Cost  
for 2002 = \$4,767,960**



Even with plan design changes including higher employee premiums, co-pays and deductible amounts aimed to better control costs, the 2002 Plan will enable MSU employees to benefit from health care insurance costs that are lower on average than those paid by other state higher education or state government employees.

The following table compares Morehead State University's average contribution of \$298 per month per contract across all tiers of the Base PPO Plan with the plans offered by other universities and state government most closely matching the MSU Base PPO Plan. MSU contributes \$42 more toward employee premiums than the average contribution rate and is currently exceeded only by the contribution of WKU.

**TABLE 1: Comparison of University and Employee Contribution Per Month Per Health Insurance Plan**

	MoSU	NKU	EKU	WKU	MuSU	UK	UofL	State Govt	KSU	AVG
<b>University Contribution</b> (Ave. amount per contract per month)	\$ 298	\$ 251	\$ 237	\$ 315	\$ 291	\$ 209	\$ 245	\$ 234	\$ 220	\$ 256
<b>Employee Contribution - PPO Base Plan</b>										
Single	\$0	\$6	\$0	\$0	\$47	\$44	\$6	\$0	\$0	\$11
2-Person	\$110	\$209	\$173	\$139	\$113	\$319	\$282	\$292	\$243	\$209
Family	\$210	\$201	\$336	\$305	\$182	\$497	\$336	\$351	\$477	\$322

The administration held multiple open meetings with representatives from all employee categories to discuss the following two strategic assumptions related to developing a 2002 health care plan:

- The plan should offer basic employee health care (single plan) coverage to be offered to employees at no cost to the employee.
- A higher contribution level for 2-person coverage and a still higher level for family coverage should be made for those employees electing to subscribe to those plans.

Differing contribution amounts across plans and tiers within each plan represent a deviation from the University's current practice of applying one contribution rate regardless of plan choices. University administration sought out and gained the support of faculty and staff representatives for the differences in University contribution rates between plan levels, recognizing that the increased cost pressures on employees attempting to insure family members was an important factor in employee recruitment and retention.

Guided by the assumptions above and the overall philosophy that employee health insurance is a vitally important part of the total employee compensation package, the following schedule of plans, premiums, and contributions for Plan Year 2002, effective January 1, 2002 (Table 2) was implemented and disseminated to all employees.

**TABLE 2: Plan Premiums and Contributions for Plan Year 2002**

<b>Plan</b>	<b>Total Premium</b>	<b>University Contribution</b>	<b>Employee Cost</b>
<b><u>PPO Base</u></b>			
Single:	\$270	\$270	\$ 0
Two-person:	\$430	\$320	\$110
Family:	\$590	\$380	\$210
MSU Husband & Wife 2-Person*	\$430	\$540	\$ 0
MSU Husband & Wife Family**	\$590	\$540	\$ 50
<b><u>PPO Premium</u></b>			
Single:	\$360	\$240	\$120
Two-person:	\$660	\$320	\$340
Family:	\$890	\$380	\$510
MSU Husband & Wife 2-Person*	\$660	\$480	\$180
MSU Husband & Wife Family**	\$890	\$480	\$410
<b><u>HMO</u></b>			
Single:	\$320	\$240	\$ 80
Two-person:	\$490	\$320	\$170
Family:	\$650	\$380	\$270
MSU Husband & Wife 2-Person*	\$490	\$480	\$ 10
MSU Husband & Wife Family**	\$650	\$480	\$170

\* For the MSU husband and wife both employed by MSU who have no dependents on their plan, MSU will contribute two single contributions toward a 2-person plan.

\*\* For the MSU husband and wife both employed by MSU who have dependents on their plan, MSU will contribute two single contributions toward a family plan.

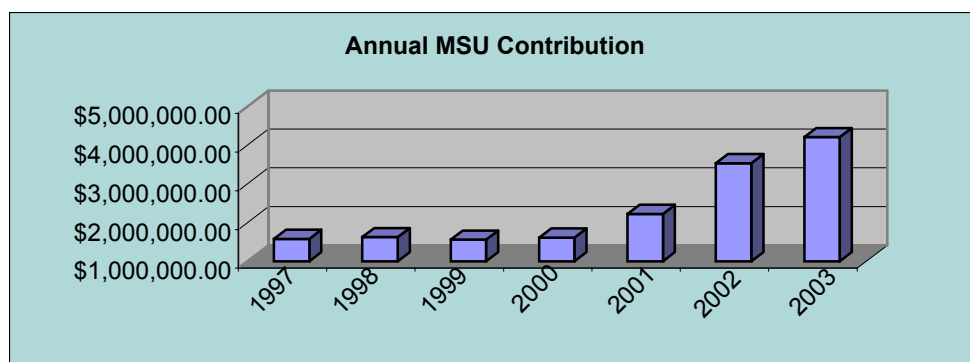
**REPORT ON HEALTH INSURANCE PLAN  
YEAR 2003**

**BOR (V-B-6)  
December 6, 2002**

Morehead State University is committed to providing all employees the most cost-effective health insurance coverage possible. As a result of rising health care costs and utilization, the University's health care program is projected to increase by 17% for the 2003 plan year. The University's health insurance plan has experienced similar cost increases for health insurance over the past three years and health care trend data suggests that double-digit increases will continue for the foreseeable future.

This 17% increase follows three years that have seen the University's contributions rise significantly. The level of University support in 2003 (\$4,207,000) is more than two and a half times (260%) the 2000 level of \$1,626,000 (see Graph 1). This extensive increase follows a 2% budget cut in 2001-2002, no new state funds appropriated to the University in 2002-2003, and a pending additional recurring state budget cut of at least 3% (representing \$1.2 million) during the current fiscal year.

**Graph 1**



In keeping with its commitment to provide quality, affordable health insurance for all employees, and as a result of the increasing costs of health care, health insurance has become the second largest budget item for the University – second to employee salaries.

Health insurance rates have out-paced the University's ability to provide free insurance to any group of employees; therefore, the University has made the difficult decision that all employees would be required to share in the cost of health insurance, beginning in 2003.

The Office of Human Resources was charged with providing a plan that would allow the University and its employees to better project health care costs in future years. Additionally, the plan should retain an adequate level of plausible plan choices and

establish a standard cost-sharing arrangement between the University and the employee for each plan choice.

To enable the University and its employees to better project health insurance costs, by plan choices, in future years, the following parameters were established:

- Each plan option (Base PPO, HMO, and Premium PPO) will be individually priced to be self-supporting. No plan option will be expected to subsidize or be subsidized by any other plan option.
- The premium cost difference between each tier of each plan option will be established according to the industry standard of the 2-person and family-coverage options being priced at 1.5 and 2.0 times the single coverage option, respectively.
- The University intends to support health insurance at an aggregate rate of 75% of the total costs of the health care plan. Additionally, the University's goal is to cost-share the price of each individual plan option according to Table 1.

**Cost Sharing: Table 1**

<b>PLAN</b>	<b>COVERAGE</b>	<b>EMPLOYEE</b>	<b>UNIVERSITY</b>
BASE	Single	15%	85%
	2-Person	20%	80%
	Family	20%	80%
HMO	Single	30%	70%
	2-Person	30%	70%
	Family	30%	70%
PREMIUM	Single	40%	60%
	2-Person	40%	60%
	Family	40%	60%

The Office of Human Resources established the 2003 Morehead State University Healthcare Plan with considerable assistance from other offices within the Division of Administration and Fiscal Services. The proposed plan was presented to the Staff Congress and Faculty Senate for review and input. With slight modifications, the plan was ultimately endorsed by the Employee Benefits Committee and approved by the President's Cabinet.

The rate and cost-sharing structure for the 2003 Plan is included as Table 2.

**2003 Health Insurance Rates: Table 2**

<b>Plan</b>	<b>Total Premium</b>	<b>University Contribution</b>	<b>Employee Cost</b>	<b>Increase from 2002 to 2003</b>
<b>PPO Base</b>				
Single:	\$281	\$250	\$ 31	\$ 31
Two-person:	\$422	\$316	\$105	\$ (5)
Family:	\$562	\$393	\$169	\$(41)
MSU Husband & Wife 2-Person*	\$422	\$500	\$ 0	\$ 0
MSU Husband & Wife Family**	\$562	\$500	\$ 62	\$ 12
<b>PPO Premium</b>				
	\$494	\$321	\$173	\$ 53
Single:	\$741	\$445	\$296	\$ (44)
Two-person:	\$988	\$543	\$445	\$ (65)
Family:	\$741	\$642	\$ 99	\$ (81)
MSU Husband & Wife 2-Person*	\$988	\$642	\$346	\$ (64)
MSU Husband & Wife Family**				
<b>HMO</b>				
Single:	\$467	\$350	\$ 117	\$ 37
Two-person:	\$700	\$490	\$210	\$ 40
Family:	\$934	\$611	\$323	\$ 53
MSU Husband & Wife 2-Person*	\$700	\$700	\$ 0	\$(10)
MSU Husband & Wife Family**	\$934	\$700	\$234	\$ 64
* For the MSU husband and wife both employed by MSU who have no dependents on their plan, MSU will contribute two single contributions toward a 2-person plan.				
** For the MSU husband and wife both employed by MSU who have dependents on their plan, MSU will contribute two single contributions toward a family plan.				

**RATIFY LEASE WITH OPTION TO PURCHASE  
WITH THE MOREHEAD STATE UNIVERSITY FOUNDATION, INC. BOR (V-A-8)  
December 6, 2002**

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**Background:**

It is the University's intent to enter into a lease with option to purchase agreement with the Morehead State University Foundation, Inc. (MSUF), effective December 1, 2002, regarding property it owns adjacent to campus. The MSUF responded to a University Request for Proposal to lease administrative office space in close proximity to the campus. The RFP required the respondent be willing to offer an option to purchase the leased property.

The property is known as the Hogge Building and is located south of Second Street on the corner of Second and Normal Avenue and is about 30 feet from the southeast corner of the Student Center. The two-story office building contains 10,080 square feet of space, is located on an 8,400 square foot tract that includes an approximate 3,200 square foot asphalt parking lot. The building is in good condition.

The University intends to utilize the property for student support services. It is planned that the Offices of Admissions, Housing, Financial Aid and Vice President for Student Life will relocate to the building. Currently, the State Department for Families and Children occupy 95% of the space in the building and will continue to do so through June 30, 2003, at which time their lease expires. Improvements in the property will be made to accommodate the student services functions before their relocations take place. Plans and cost estimates will be developed. The site identified in the attached site drawing is included in the Campus Master Plan. The lease with option to purchase agreement will provide for an annual lease payment of \$52,000, with \$5,000 of each annual lease payment being applied to the agreed upon purchase price. The University and Foundation have agreed upon a purchase price of not more than \$200,000. The purchase price is supported by two appraisals, the latest appraisal dated November 21, 2002.

**Land Acquisition Strategies and Policies**

In accordance with the University policy related to real property management, the President may initiate the acquisition of real property included in the approved Campus Master Plan. Property not identified in the Campus Master Plan may be acquired when approved by the Board.

University policy requires the Board of Regents approval of any lease the cost of which is greater than \$30,000. Further, any lease that involves the Morehead State University Foundation, Inc. requires approval by the Board.

**Recommendation:**

That the Board of Regents ratify a lease with option to purchase with the Morehead State University Foundation, Inc., in regard to the property located at 120 Normal Avenue, Morehead, Kentucky 40351.



**HONORARY DOCTORAL DEGREE**

**BOR (VII)  
SEPTEMBER 27, 2002**

**Background:**

Since 1988 the Board of Regents has awarded honorary doctoral degrees to outstanding individuals to recognize personal achievement and/or exemplary public service. The ad hoc Honorary Degree Advisory Committee screens nominations for such recognition and makes appropriate recommendations to the President and Board of Regents. The committee is composed of active and retired faculty and staff members and a representative of the MSU Alumni Association, Inc.

Ruth Boggs Shannon, a native Kentuckian and an outstanding citizen of Whittier, Calif., was nominated for an honorary doctoral degree in conjunction with winter commencement. The Honorary Degree Advisory Committee reviewed the personal and professional qualifications of Ms. Shannon and unanimously recommended that she be awarded the honorary degree of DOCTOR OF PUBLIC SERVICE at the Winter Commencement ceremony on December 14, 2002.

A 1945 graduate of Morehead State University and a member of the MSU Alumni Hall of Fame, Ms. Shannon has become one of the most respected civic leaders in Southern California on the basis of her activities on behalf of the performing arts, Whittier College, Huntington Library, Presbyterian Intercommunity Hospital and the Los Angeles Music Center. A former teacher from a family of teachers in Bracken County, Ms. Shannon has been honored by the MSU Foundation and the MSU Alumni Association for her philanthropic endeavors. She is a member of the Board of Trustees of Whittier College.

**Recommendation:**

That the Board of Regents approve the awarding of the honorary degree of DOCTOR OF PUBLIC SERVICE to Ruth Boggs Shannon of Whittier, Calif., at the Winter Commencement ceremony on December 14, 2002.

## HONORARY DOCTORAL DEGREES

BOR (V)  
November 30, 2001

### **Background:**

Since 1988 the Board of Regents has awarded honorary doctoral degrees to outstanding individuals to recognize personal achievement and/or exemplary public service. The ad hoc Honorary Degree Advisory Committee screens nominations for such recognition and makes appropriate recommendations to the President and Board of Regents. The committee is composed of active and retired faculty and staff members and a representative of the MSU Alumni Association, Inc.

Two outstanding persons – Kentucky Tourism Secretary Ann Latta and Jackson bank executive J. Phil Smith – were nominated for honorary doctoral degrees in conjunction with winter commencement. The Honorary Degree Advisory Committee reviewed the personal and professional qualifications of Ms. Latta and Mr. Smith and unanimously recommended that each be awarded the honorary degree of DOCTOR OF PUBLIC SERVICE at the Winter Commencement ceremony on December 15, 2001.

Ann Latta was named Secretary of the Kentucky Tourism Development Cabinet by Governor Paul Patton in December 1995 and reappointed for a second term in December 1999. She is the first person with a professional background in travel and tourism to head the agency. A graduate of the University of Kentucky, she became the first woman elected mayor of the City of Prestonsburg and was re-elected to a second term. During her eight years in office, concentrating on tourism as the city's primary economic development focus, tourism spending more than doubled and she led the drive to build the Mountain Arts Center.

A 1948 graduate of Morehead State University, J. Phil Smith perhaps is the best known citizen of Breathitt County, having recently been honored as “Man of the Century” for his tireless work on behalf of his community. In addition to his leadership in banking, economic development and the arts, he is the longtime chairman of the Board of Trustees of Lees College and served several times as acting president of the two-year college, now a branch campus of Hazard Community College. One of the founders of the MSU Foundation, Inc., Smith also was a member of the first group of graduates to be inducted into the MSU Alumni Hall of Fame in 1966. He and his wife, Donna, are the parents of three MSU graduates.

### **Recommendation:**

That the Board of Regents approve the awarding of honorary degrees of DOCTOR OF PUBLIC SERVICE to Ann Latta of Prestonsburg, Ky., and J. Phil Smith of Jackson, Ky., at the Winter Commencement ceremony on December 15, 2001.

## **HONORARY DOCTORAL DEGREES**

**BOR (IV)**  
**December 6, 2002**

### **Background:**

Since 1988 the Board of Regents has awarded honorary doctoral degrees to outstanding individuals to recognize personal achievement and/or exemplary public service. The ad hoc Honorary Degree Advisory Committee screens nominations for such recognition and makes appropriate recommendations to the President and Board of Regents. The committee is composed of active and retired faculty and staff members and a representative of the MSU Alumni Association, Inc.

Dr. Betty L. Siegel, the president of Kennesaw State University, and Judge Sara W. Combs, a member of the Kentucky Court of Appeals, were nominated for honorary doctoral degrees in conjunction with winter commencement. The Honorary Degree Advisory Committee reviewed the qualifications of Dr. Siegel and Judge Combs and unanimously recommended that both be awarded the honorary degree of DOCTOR OF PUBLIC SERVICE at the Winter Commencement ceremony on December 14, 2002.

A Kentucky native, Dr. Siegel has been president of Kennesaw State since 1981. The institution has evolved from a four-year college with an enrollment of 4,000 students and 15 academic programs to its current university status with 13,000 students and 50 degree programs. She is an internationally known lecturer and speaker on leadership. Dr. Siegel also has served as a consultant to educational, business, non-profit organizations, health services, government and civic groups. She was the recipient in 1998 of the OAK (Outstanding Alumni of Kentucky) Award from the Kentucky Advocates for Higher Education.

Judge Combs became the first woman to serve on the Kentucky Supreme Court in 1993. She has served as a member of the Kentucky Court of Appeals since 1994. On July 1, 2002, she became Chief Judge Pro Tem of the Court of Appeals. A native of Louisville, Judge Combs received her bachelor's, master's and law degrees from the University of Louisville. The U of L Law School named her among its Distinguished Alumni. Judge Combs is recognized as a trailblazer for women because of the inroads she has made in a male-dominated judiciary. She serves on the boards of Governors Scholars and the University Press of Kentucky.

### **Recommendation:**

That the Board of Regents approve the awarding of the honorary degree of DOCTOR OF PUBLIC SERVICE to Dr. Betty L. Siegel and Judge Sara W. Combs at the Winter Commencement ceremony on December 14, 2002.

**CONFIRMATION OF BOARD MEMBERS OF  
KENTUCKY FOLK ART CENTER, INC.**

**BOR (VIII-A-5)  
September 27, 2002**

**Background:**

1. Under provisions of state law, the Kentucky Folk Art Center, Inc. (KFAC), was declared an affiliated corporation of Morehead State University by the Board of Regents on September 18, 1998. As such, the Board of Regents of the University must confirm the appointment of members of the KFAC Board of Directors. In addition, the relationship between the University and KFAC is governed by an operating agreement approved by both boards.

2. The KFAC Board of Directors met on September 13, 2002, and appointed two new board members – Susan Neff of Morehead and Peter T. McNeill of Flemingsburg. The Board of Directors also reappointed three members – Pam Sexton of Lexington, and Cathy Shely and Denver Kinder, both of Morehead. All appointed board members serve three-year terms.

**Recommendation:**

That the Board of Regents confirm the appointment of two new and three returning members of the Board of Directors of the Kentucky Folk Art Center, Inc., as identified herein.

**REPORT ON LEASE PURCHASE  
AGREEMENT WITH MSUF, INC.  
MARTINDALE PROPERTY**

**BOR (VIII-B-3)  
September 27, 2002**

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**Background**

On July 18, Morehead State University executed a lease purchase agreement with the Morehead State University Foundation, Inc. (MSUF), to acquire the Martindale property. The Martindale property had long been identified as a major tract of land that was contiguous to the University's housing complex area that was important to the University's long-term development. The Board of Regents reaffirmed the University's desire and intent to acquire the property at its November 30, 2001, regular Board meeting when it authorized a lease of the property if necessary. As negotiations with the estate lingered, on June 1, 2002, the Board authorized a resolution to acquire the property via its statutory Eminent Domain authority.

The University's negotiations with the estate essentially concluded on May 31 when, at the request of the University, the MSUF took a purchase option on the property for the mutually agreed upon purchase price of \$990,000.

Authorization to acquire property identified in the approved Campus Master Plan is included in the Governor's 2002-2003 Spending Plan as:

**Land Acquisitions Related to Campus Master Plan  
Restricted Funds  
\$2,000,000**

The University's 2002-2004 Biennial Capital Budget Request submitted to the Council on Postsecondary Education, the Governor's Office for Policy and Management and the Legislative Research Commission on November 15, 2001, included the Land Acquisitions Related to Campus Master Plan project. The request was ratified by the Board of Regents at its November 30, 2001 regular meeting.

The University had requested the MSUF be involved in the acquisition for basically two reasons. One, the purchase price was going to strain the University's financial situation at a time of great economic uncertainty within the Commonwealth; and two, there was significant doubt as to whether the University would have a budget authorization to acquire the property in 2002-2004 in light of the budget stalemate that existed in the 2002 General Assembly. The estate was pressing that the sale be consummated and the Foundation agreed to acquire the property and lease purchase the property back to the University. The purchase price was supported by a qualified state contract appraisal dated December 18, 2001.

The lease purchase agreement and correspondence with and between the University and the Finance and Administration Cabinet is attached. A 10-year lease purchase agreement was executed with the MSUF on July 18, 2002. The interest rate for the purchase is tied to New York Prime (plus one percent) and will vary during the term of the agreement.

If carried to the full 10-year term and at the current interest rate, the total lease purchase cost of the transaction will be \$1,297,840. The University's annual lease purchase cost will be \$129,784, which does not exceed the \$200,000 annual threshold requiring prior legislative approval. Agency restricted funds for the annual payment have been budgeted in the University's Fiscal Year 2002-03 operating budget, which was approved by the Board on June 1, 2002.

On August 16, 2002, Finance and Administration Secretary T. Kevin Flanery approved our handling of this matter properly under the laws and regulations of the Commonwealth and agreed that the lease purchase agreement is in the best interest of Morehead State University. On September 17 the item was reported to the Capital Projects and Bond Oversight Committee.

Current plans for the property include the remodeling of the house for the President and Mrs. Eaglin. The renovation and expansion of the student center project makes it desirable to temporarily relocate the President's residence to this new site until the project is finished. The owners of all house trails on the site have been asked to remove them within a reasonable period of time. A second small concrete blockhouse will also be remodeled to serve to a guesthouse for visiting faculty and lecturers.

Discussions regarding the long-range usage of the property have included parking, recreational, Greek housing, single student apartments and a site for a future classroom building or two. The acquisition of the property provides the University with great flexibility regarding its future use.

**REPORT ON LOCATION OF LARGE  
APERTURE FULL MOTION RADIO  
TELESCOPE AND ACCESS ROAD**

**BOR (V-B-3)  
December 6, 2002**

**Background:**

All but the final federal earmark is in place and request for proposals (RFP) are being solicited in regard to the acquisition of a large aperture – up to 20 meter – full motion radio telescope to be situated on University land, north of the main campus overlooking Eagle Lake. The estimated \$4.2 million project scope has received all appropriate state approvals dating back to March 2001.

The acquisition of a new antenna is part of a joint venture with the National Aeronautics and Space Administration (NASA). The project began with a plan to relocate an existing 18-meter NASA Goddard satellite tracking station from Wallops Island, Virginia to Morehead State University as part of the University's Astrophysics Laboratory. The decision to move away from relocating the NASA antenna was based on a year-long analysis of the project and the cost factors associated therewith.

The project will provide substantial academic benefits and foster economic development throughout the Eastern Kentucky region by establishing a world-class, state-of-the-art research facility for students in astrophysics, satellite communications, electrical engineering and software development. The new instrument will replace the existing Morehead Radio Telescope (MRT) and be combined with the current HI receiver of the MRT.

In addition to the predominate federal funding available to the project, state and University funds will also be applied along with grant funding from the Kentucky Science and Education Foundation. The planned funds sources and project expenditures are detailed in the attached.

The RFP outlines a process to select the successful antenna design in January. The successful contractor is expected to take about one-year to build the antenna. The antenna would then be assembled on the site and be operational for testing beginning in the late 2004.

Construction of an unpaved access road to the top of the ridge behind the campus is to begin in early spring 2003 and be completed no later than the end of July. The access road will be in the vicinity of Nunn Hall and follows an existing road to just below the top of the ridge. The existing road will need to be significantly improved to achieve the desired widths and grade. At the top of the ridge, the road will continue to follow the existing road/path to the site. The road will be approximately 2,500 feet long when completed.

The state Transportation Cabinet has committed \$519,500 in funding for the road. It is anticipated that the road and related work can be constructed with the available funding.

An environmental assessment has been conducted and submitted to the Small Business Administration as part of that agency's grant approval process. The environmental assessment did not reflect any significant issues related to wildlife or plant life that would either delay or prevent the project.

A public forum was conducted on campus on September 16, to inform students, faculty and staff and local community members. Over 100 student, faculty, staff and community members participated. President Eaglin, Professor Ben Malphrus, Dean Gerald Demoss, Mayor Bradley Collins, Mike Craft, Road Engineer from Palmer Engineering, and Clayton Whitney, Environmental Engineer with the Smith Management Group represented Morehead State University. The forum was positively received and there were no unfavorable opinions expressed regarding the project or the then proposed site. Since that forum the site has been relocated along the same ridge but approximately 1,000 feet west of the initial site.

Though the antenna will be located on University owned property, an easement from a private property owner is being sought to allow trees to be removed to provide the antenna an appropriate horizon. The property owner has agreed to sell the University an easement. Appraisals are being obtained.



**REPORT OF MAJOR GIFTS  
SINCE SEPTEMBER 1, 2001**

**BOR (VI-B-3)  
November 30, 2001**

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The following is a list of gifts of \$10,000 or more that have been recorded since September 1, 2001, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.

**Private Gifts**

<u>Amount</u>	<u>Donor(s)</u>	<u>Type or Purpose</u>
\$60,604.32	R & J Development	Gift-in-kind
\$58,421.00	Mountain Telephone Corporation	Scholarship
\$30,000.00	KOCH Foundation, Inc.	Equipment Purchase
\$12,925.00	Al Crabb	Gift-in-kind
\$11,205.00	Gene and Sue Caudill	Gift-in-kind

**CPE State Matching Funds**

<u>Amount</u>	<u>Purpose</u>
\$250,000.00	Computer Information Systems Department Chair Endowment
\$150,000.00	C. Louise Caudill Allied Health/Nursing Scholarship
\$100,000.00	Adron Doran Endowment for Education Leadership
\$80,000.00	Gregory Palmer Endowment for Business
\$55,000.00	Buckner and Sally Hinkle Endowment for Humanities

**Total Assets**

Total net assets of the Morehead State University Foundation, Inc. as of November 15, 2001, were \$14,439,763.00.

**REPORT OF MAJOR GIFTS SINCE  
JUNE 1, 2002**

**BOR (VIII-B-8)  
SEPTEMBER 27, 2002**

The following is a list of gifts of \$10,000 or more that have been recorded since June 1, 2002, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.

<u>Name</u>	<u>Type or Purpose</u>	<u>Gift Amount</u>
Leslie Jacobs	Gift-in-kind	\$75,000.00
Ruth Boggs Shannon	Endowment	37,419.20
Natalie Trucco	Gift-in-kind	30,000.00
Czar Coal Corporation	Endowment	25,000.00
E. Paul Lyon, Jr.	Endowment	20,000.00
Provenance Fine Arts Corporation	Gift-in-kind	18,800.00
Czar Coal Corporation	Gift-in-kind	16,634.00
Christopher S. Gallaher	Gift-in-kind	15,195.00
American Electric Power	Endowment	10,000.00
Citizens Bank	Special Project	10,000.00
E. O. Robinson Mountain Trust	Scholarship	10,000.00
James H. Thomas	Endowment	<u>10,000.00</u>
		<b>\$278,048.20</b>

**PERSONAL SERVICE CONTRACTS**  
**July 1, 2002 through September 17, 2002**

<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>
Computer Information Systems, Inc. Corbin, KY	Provide consulting services and oversight to the University regarding the installation of GPS weather stations.	September 15, 2002	January 15, 2003	\$ 33,600.00	Proposal
University Accounting Service, Inc. Brookfield, WI	Billing and accounting service for the Federal Perkins Loan program.	July 1, 2002	June 30, 2003	\$ 27,000.00	Proposal
C.L. Moore & Assoc., Inc. Morgan Hill, CA	Assist the MSU Space Science Center faculty and staff with activities and decisions related to achieving project goals.	July 1, 2002	June 30, 2003	\$ 49,334.00	Reference
McBrayer, McGinnis, Leslie and Kirkland Lexington, KY	Provide legal representation.	July 1, 2002	June 30, 2003	\$ 40,000.00	Proposal
Sturgill, Turner, Barker & Moloney, PLLC Lexington, KY	Provide legal representation.	July 1, 2002	June 30, 2003	\$ 30,000.00	Reference

**PERSONAL SERVICE CONTRACTS**  
**July 1, 2002 through September 17, 2002**

<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>
Morehead Clinic Morehead, KY	Deliver health care to students of MSU through the Caudill Health Clinic.	July 1, 2002	June 30, 2003	\$ 191,376.00	Proposal
Crowe, Chizek and Company, LLP Louisville, KY	Provide audit services as required by KRS 164A.570.	July 1, 2002	June 30, 2003	\$ 42,600.00	Proposal
C.L. Moore & Assoc., Inc. Morgan Hill, CA	Assist the MSU Space Science Center faculty and staff with activities and decisions related to achieving project goals.	May 1, 2002	June 30, 2002	\$ 21,833.00	Reference

**AMEND PERSONNEL POLICY PG-11, LEAVE  
OF ABSENCE WITHOUT SALARY FOR  
EXTENDED ACTIVE MILITARY SERVICE**

**BOR (VI-A-3)  
November 30, 2001**

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**Background:**

The Uniformed Services Employment and Reemployment Rights Act (USERRA), (Title 38 U.S. Code, Chapter 43, Sections 4301-4333, Public Law 103-353), significantly strengthens and expands the employment and reemployment rights of all uniformed service members.

The attached revised policy PG-11, Leave of Absence without Salary for Extended Active Military Service modifies and enhances certain sections of the policy, predominantly reemployment rights and procedures and benefits administration to bring Morehead State University in compliance with USERRA.

Specific changes in the policy include:

- Extending eligibility to part-time employees;
- Eliminating requirement for employee to provide employer with copy of orders to active duty (prohibited by USERRA);
- Allowing employee to use all or portions of their accumulated vacation leave for extended military service in lieu of leave without pay;
- Clarifying employees' rights with regard to maintaining health and dental insurance coverage;
- Clarifying employees' rights with regard to receiving retirement credit for time on extended military leaves of absence;
- Establishing university procedures for administering vacation and sick leave;
- Complying with the Act with regards to employees' re-employment rights under differing leave duration; and
- Establishing the University's right to determine re-employment eligibility for an employee returning from an extended active military service leave.

All changes in PG-11 are mandated by state and federal law and do not represent discretionary decisions by the University.

The University's General Counsel has reviewed the proposed revisions. Members of the University Council, Staff Congress and Faculty Senate have been afforded opportunity for comment.

**Recommendation:**

That the Board of Regents amend PG-11, Leave of Absence without Salary for Extended Active Military Service.

Policy: PG-11

Subject

Leave of Absence without Salary  
for Extended Active Military Service

Approval Date: 07/01/85

Revision Date:

PURPOSE:

To establish the University's support and commitment to employees who are called to active or volunteer duty as members of the National Guard or military reserves. ~~protect the re-employment rights of a regular, full-time faculty or staff member during an absence caused by entry into extended United States military service (or public health service) whether voluntary or otherwise.~~

ELIGIBILITY  
FOR LEAVE:

Each ~~regular~~ full-time ~~or part-time~~ University faculty or staff member, who has completed at least one day of regular employment with the University immediately preceding the effective date of the requested military leave and who has been ordered to report to active duty on a specific date, is eligible upon ~~advance written or verbal notice to the University or otherwise giving notice as prescribed by law~~ ~~presentation of a copy of such order.~~

LENGTH OF LEAVE:

~~For the purposes of this policy, extended active military service is considered to be more than 14 calendar days. Military service of 14 days or less falls under the guidelines of PG-10, Leave of Absence With Pay for Short-Term Military or National Guard Service or Training Duty.~~

~~Military Leaves of Absence under this policy are generally without pay; however, at the option of the employee, any accrued vacation leave may be used.~~

~~The cumulative length of the military leave of absence and all previous absences from a position of employment at the University by reason of service in the uniformed services generally shall not exceed five years except as set forth in the Uniformed Services Employment and Reemployment Rights Act (USERRA). (Contact the Office of Human Resources for more information). ~~A leave~~~~

~~of absence for active military service may not exceed a maximum of 48 consecutive calendar month except that an extension of 12 months may be granted if the extension is at the request and convenience of the government.~~

LENGTH OF  
SERVICE CREDIT:

The period of a military leave of absence will be added to any length of service credit that a faculty or staff member may have otherwise.

MEMBERSHIP IN  
EMPLOYEE BENEFITS:

~~During a leave of absence for military service, a faculty or staff member:~~

Health and Dental Insurance: If the military leave is for 30 or fewer days, employees will remain on the University's health and dental care plan. If the leave is for more than 30 days, employees may elect COBRA coverage for themselves and their dependents, if applicable. Prior to a military leave, provisions must be made for timely payment of any premiums/contributions due by the employee to ensure uninterrupted coverage. Upon return to active service with the University, health and dental insurance coverage will be reinstated without any waiting period or exclusions for pre-existing conditions, other than waiting periods or exclusions that would have applied had there not been an absence for military service.

Other University Insurance Programs: These benefits cease 31 days from the end of the pay period in which the leave of absence for military service becomes effective. Upon return to active duty, participation in the University's life insurance program will be in force immediately and will not be subject to underwriting approval.

Retirement Programs: During any period of unpaid military leave, no retirement contributions are paid by the University or by the employee on military leave. Upon return to active employment, employees may receive service credit by paying the appropriate contributions according to regulations established by the applicable retirement system.

Vacation and Sick Leave: Vacation and Sick Leave will not continue to accrue during any unpaid leave period. Military leave will count as active employment for purposes of determining the appropriate vacation and sick leave accrual rate. Upon return to active employment

following a military leave, vacation and sick leave balances will be restored and immediately available to the employee.

~~TIME OFF BEFORE MILITARY LEAVE COMMENCES:~~ The employee is to be afforded sufficient enough time off from the employer prior to starting military duty in order to travel to the duty location and arrive fit to perform the military service.

How much time this is should be given. Determination of exact time shall be made on a case-by-case basis.

Cannot be provided personal protection in the University's health care plan. This includes coverage for dependents.

May receive retirement credit under certain conditions.

Cannot continue protection in other insurance programs of the University. These benefits cease 31 days from the end of the pay period in which the leave of absence for military service becomes effective. Reinstatement of these benefits will occur upon return to active service with the University.

~~PAYMENT OF SALARY EQUIVALENT OF VACATION TIME:~~ The salary equivalent of the vacation time accumulated by a staff member shall be paid as part of the final salary payment.

~~RETURN TO ACTIVE UNIVERSITY SERVICE:~~ It is intended that a regular faculty or staff member may return to active service with the University if he/she so desires, at the termination of the military leave as long as he/she . Insofar as it can be arranged, this return will be to the faculty or staff member's original position or to a position determined by the University to be an equivalent position.

~~To take advantage of this privilege, the faculty or staff member shall notifies his/her immediate supervisor or Dean within 90 days of release from service of his/her intention to return to active University employment within the time frames set forth below:~~

a). Less than 31 days service: By the beginning of the first regularly scheduled work period after the end of the calendar day of duty plus time required to return home safely and an eight-hour rest period. If this is impossible or unreasonable, then return must be as soon as possible.



b). 31 to 180 days: Employee must notify his/her immediate supervisor or Dean within 14 days of his/her completion of service. If the 14<sup>th</sup> day falls on a non-business day, then notification may be delivered on the next business day thereafter. If this is impossible or unreasonable through no fault of the employee, then as soon as possible.

c). 181 days or more: Employee must notify his/her immediate supervisor or Dean within 90 days of completion of his/her military service. If the 90<sup>th</sup> day falls on a non-business day, then notification may be delivered on the next business day thereafter. If this is impossible or unreasonable through no fault of the employee, then as soon as possible.

d). Service-connected injury or illness: Reporting or notification deadlines are extended for up to two years for employees who are hospitalized or convalescing.

(Special conditions on time for requesting return to active employment apply for individuals hospitalized at time of release from service. In such instance, contact the Office of Personnel Services.). To insure that proper consideration can be given with regard to returning the faculty member or staff member to his/her original position, it is helpful if the faculty member or staff member would indicate his/her intention to return to active University employment prior to the expiration of the military leave of absence. When possible, this notification should be made within 30 calendar days after discharge or release from active duty.

As long as he/she meets the active duty separation requirements set forth in the Act, an employee returning from military leave shall return to the same position he/she would have had if continuously employed. In cases where military leave exceeds 90 days, an employee may be given a different job if substantially equivalent to the position held before initiating military leave. If the employee has been on active duty with the Kentucky National Guard, he/she must be returned to the position occupied before the leave, regardless of the length of the leave. The employee must be awarded any promotions and pay increases that are awarded to similarly situated employees.

The University will seek to reasonably accommodate employees who become disabled

because of military service of whose prior disability is aggravated by military service.

The University reserves the right to request documentation evidencing eligibility for return to employment as permitted by law.

REPLACING AN  
EMPLOYEE ON  
MILITARY LEAVE:

If it is necessary to replace a faculty or staff member who is granted a leave of absence for military service, the appointment of the new person will be for a period not longer than the duration of the military absence of the original person. ~~However, during the period of employment, the new person will be considered a regular faculty or staff member and will have the privileges of such a faculty or staff member, except that he/she shall not be granted a military leave of absence.~~ The new person shall be informed in writing of the conditions of employment when employment begins.

**REPORT ON 2002/2003  
PERSONNEL ROSTER**

**BOR (VIII-B-4)  
September 27, 2002**

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**Background:**

The 2002/2003 Personnel Roster contains a listing of the authorized positions as of July 1, 2002. Funding for each position listed in the roster report was provided for in the 2002/2003 Operating Budget and Fee Schedule approved by the Board on June 1, 2002.

The report is organized by department and shows the following information for each position:

Position ID number

Employee currently holding the position

Position title

Appointment status if not a regular, full-time appointment

Approved 2002/2003 salary for the position

Contract months for exempt (salary) employees

1 Policy: PG-9

2  
3 Subject

4  
5 Personal Leave of Absence Without Pay  
6 (Other than Military or Family Medical Leave)

7  
8 Approval Date: 07/01/85  
9 Revision Date: 06/22/94; 11/14/97;  
10 Technical Change Date: 04/30/91

11  
12 PURPOSE:

To provide for granting a regular, full-time faculty or staff member a personal leave of absence without pay upon recommendation and approval of the employee's supervisor(s).

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15  
16 PURPOSE OF LEAVE:

A personal leave of absence without pay may be granted for extended vacation, personal business, medical reasons (beyond the limits of PG-52, Family and Medical Leave), professional travel, approved formal study or educational leave, or job-related employment. Such leave of absence request must be submitted to the individual's supervisor at least sixty (60) calendar days in advance and approved by the immediate supervisor in writing on an Exception Approval Form (forms available in Office of Human Resources).

A non-faculty employee of the University has as his/her primary responsibility, the obligation to fulfill the work requirements of the position for which he/she was employed. At times, however, a non-faculty employee of the University may choose to take part in an assignment, task, or activity external to the individual's employment. Such activities may include, but are not limited to, consulting, teaching outside the University, directing, or participating in special activity projects (e.g., camps or workshops). Absence from official work assignments will be accountable by either official leave or vacation leave as outlined in the University's Personnel Policy Manual. Participation in all such activities must have proper approvals.

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34 NOTE: Such a personal leave may not be granted if it would cause an undue hardship on the operation of the department or create a conflict of interest.

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37 A personal leave of absence may be granted based on the individual's continuous, full-time service, as follows:

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40 An employee on such leave may have additional retirement system rights as provided by law.

41  
42  
43 Length of Continuous  
44 Service at Start Maximum Length  
45 of the Leave \_\_\_\_\_ of Leave Granted

47 During employee's  
48 probationary period Up to one month  
49  
50 Upon completion  
51 of employee's Up to 12 months  
52 probationary period  
53  
54 NOTE: For the purpose of this policy, a faculty member with a minimum of  
55 six months of continuous full-time service may request a personal leave of up  
56 to 12 months.  
57  
58 Short-term approved absences of less than one full pay period shall be handled  
59 as payroll deductions.  
60  
61 LEAVE LIMITS: The maximum of any continuous leave of absence, normally, cannot exceed  
62 twenty-four (24) months, unless otherwise provided in the law. Any  
63 employee who exceeds this period, regardless of the reason for the leave, will  
64 be released from the University. However, if extenuating circumstances exist,  
65 or if the leave may be in the best interest of the institution, the President may,  
66 upon request of the faculty or staff member, and the faculty or staff member's  
67 supervisor(s), recommend to the Board of Regents additional leave.  
68  
69 SERVICE AND SALARY An approved leave of not more than one year, may be counted towards  
70 DURING LEAVE: continuous service for promotion, tenure, and sabbatical leave when the leave  
71 is in the mutual interest of the faculty and the University; however, being on  
72 leave does not assure a pay increase or other fiscal benefits. A faculty member  
73 must make written application to his/her department head for such leave to be  
74 counted towards continuous service. The request for leave must be approved  
75 by the respective department head, dean and the Executive Vice President for  
76 Academic Affairs prior to the leave being granted (see PAc-2 and PAc-27).  
77  
78 INSURANCE COVERAGE: A faculty or staff member on a personal approved leave without pay for any reason  
79 other than a medical leave of absence as provided in this policy or an  
80 approved educational leave may elect to continue in the insurance plans in  
81 which he/she is participating at his/her expense. The University will continue  
82 to pay the insurance expense for faculty or staff on approved medical or  
83 educational leave; however, if he/she does not return to University  
84 employment for a minimum of six months at the termination of leave, he/she  
85 will be responsible for reimbursement for the insurance premiums paid by the  
86 University during the leave.  
87  
88 VACATION AND A faculty or staff member on a personal leave of absence without pay does  
89 SICK LEAVE not accumulate vacation or sick leave unless he/she is paid for 11 or  
90 ACCUMULATION: more workdays in that calendar month.  
91

92 The faculty or staff member may retain sick or vacation leave accumulated as  
93 of the beginning of an approved personal leave of absence.  
94  
95 UNIVERSITY A faculty or staff member does not receive pay or compensatory time for  
96 HOLIDAYS: any University holiday(s) that occurs while he/she is on leave of absence  
97 without pay.  
98  
99 JOB An employee granted a personal leave of absence without pay will be  
100 REINSTATEMENT: reinstated to the same or to a similar position at the expiration of the leave. If the  
101 employee does not return, at the agreed upon date, his/her employment will  
102 be terminated.  
103  
104 EARLY RETURN TO If a faculty or staff member desires to return before his/her approved  
105 ACTIVE SERVICE: leave ends, he/she is to contact the appropriate Administrative Officer to  
106 determine whether an acceptable date for early return can be arranged.  
107  
108

Subject

Leave of Absence with Pay for Short-Term Military or National Guard Services or Training Duty

Approval Date: 07/01/85

Revision Date: 03/26/87

PURPOSE:

To outline provisions of leaves of absence with pay for short-term, active military service or annual military field training.

U.S. MILITARY RESERVE DUTY OR KENTUCKY NATIONAL GUARD DUTY:

All regular faculty or staff members, either enlisted or commissioned in any reserve component of the United States Army, Navy, Marine Corps, Air Force, or Coast Guard, or who are members of the National Guard of the Commonwealth of Kentucky, are entitled to leaves of absence from their respective duties without loss of pay on all days not exceeding fifteen (15) calendar days or ten (10) working days if the employee's position is based upon a five (5) day workweek; twelve (12) days if the employee's position is based upon a six (6) day workweek; fifteen (15) days if the employee's position is based upon a seven (7) day workweek, in any one calendar year. Leave of absence under the policy will be granted only when the employee is engaged in active service or authorized training or activated for duty because of civil disturbance or emergency conditions. Accumulated vacation shall not be charged for absences from work to the limit described above. University approved absences beyond that limit are chargeable either to accumulated vacation or as payroll deductions as applicable. Such leave of absence request must be submitted to the immediate supervisor in writing on an Exception Approval Form (forms available in Office of Human Resources).

REQUIRED DOCUMENTATION FOR PAYMENT:

In order to qualify for continued University pay in accordance with the above provisions, the faculty or staff member must present to the University a copy of the signed orders or authorization mandating the absence and a copy of the military or national guard pay voucher for the period involved.

NOTE: This policy is intended in application to be consistent with applicable laws and not to exceed in interpretation or application the provisions of such applicable laws.

Subject

Vacation Leave

Approval Date: 07/01/85

Revision Date: 06/22/90; 09/17/93; 11/14/97;

PURPOSE:

To define conditions for vacation leave for regular, full-time, and continuing part-time employees classified as administrative staff or exempt and or nonexempt staff. This policy also applies to full-time faculty members who are eligible for vacation and who are employed on a 9, 10, 11 or 12-month basis.

ACCUMULATION FOR REGULAR FULL-TIME EMPLOYEES:

For regular, full-time employees hired after June 30, 1990, who have completed a six-month probationary period, vacation shall be accumulated at the rate of 7.5 hours or 8 hours, depending upon the length of the employee's regularly scheduled work day, one (1) work day for each month of regular employment through the first 4 years of continuous service; 9.38 hours (7.5 hour employee) and 10.00 hours (8 hour employee) one and one-quarter (1 1/4) work days per month for 5 to 9 years of continuous service; 11.25 hours (7.5 hour employee) and 12.00 hours (8 hour employee) one and one-half (1 1/2) work days per month for 10 to 14 years of continuous service; and 12.53 hours (7.5 hour employee) and 13.36 hours (8 hour employee) one and two-thirds (1 2/3) work days per month after 15 years of continuous service. See Table below for accumulation rates for each period of university service:

Years service	1 - 4 years	5-9 years	10-14 years	15 yrs & over
7.5 hrs/day	7.50 hours	9.38 hours	11.25 hours	12.53 hours
8.0 hrs/day	8.00 hours	10.0 hours	12.00 hours	13.36 hours

For regular, full-time employees hired before July 1, 1990, vacation shall be accumulated at the rate of 9.38 hours (7.5 hour employee) and 10.00 hours (8 hour employee) one and one-quarter (1 1/4) work days for each month of regular employment through the first 9 years of continuous service; 11.25 hours (7.5 hour employee) and 13.36 (8 hour employee) one and one-half (1 1/2) work days per month for 10 to 14 years of continuous service; and commencing July 1, 1991, 12.53 hours (7.5 hour employee) and 13.36 hours (8 hour employee) one and two-thirds (1 2/3) work days per month after 15 years of continuous service. See Table below for accumulation rates for each period of university service:

Years service	1-9 years	10-14 years	15 yrs & over
7.5 hrs/day	9.38 hours	11.25 hours	12.53 hours



47	<b>8.0 hrs/day</b>	10.0 hours	13.36 hours	13.36 hours
48				
49		<del>After completion of a six-month probationary period, An</del> employee		
50		accumulates vacation in any month in which the employee is paid for 11 or		
51		more days, except that pay received for accumulated vacation at time of leave		
52		without pay, termination of employment, death, or retirement will not be		
53		credited toward the 11 days. The <del>earned</del> <b>accrued</b> vacation day is to be applied		
54		to the employee's leave balance at the beginning of the month following the		
55		month in which the member works eleven or more days. Vacation days may		
56		not be used before <b>they are earned and applied to the employee's leave balance</b>		
57		<del>their actual accrual. Probationary employees do not receive any vacation credit</del>		
58		<del>during their probationary periods.</del>		
59				
60	<del>ACCUMULATION FOR</del>	<del>An individual designated as a continuing part-time employee</del>		
61	<del>CONTINUING PART-</del>	<del>(see PG-1), after completing a probationary period, shall earn</del>		
62	<del>TIME EMPLOYEES:</del>	<del>vacation at the rate of one full-time employee daily unit, depending on the</del>		
63		<del>length of service, for each 162 hours paid.</del>		
64				
65	ACCUMULATION FOR	A full-time faculty member who is determined to be eligible for		
66	SELECTED FULL-TIME	vacation accrual by the <b>Provost and Executive Vice President for Academic</b>		
67	FACULTY MEMBERS	<b>Affairs</b> based on employment on a <b>nine-, ten-, eleven- or twelve-month</b>		
68	EMPLOYED ON A <b>NINE-</b> , basis,	shall earn vacation for a period specified in the contractual		
69	<b>TEN-, ELEVEN- OR</b>	arrangement and at the rate detailed for regular full-time employees.		
70	<b>TWELVE-MONTH</b>			
71	<b>BASIS:</b>			
72				
73	ACCUMULATION FOR	Employees serving an initial probationary period will accrue vacation at		
74	EMPLOYEES SERVING AN	the rate of 7.5 hours (for 37.5 hour per week employees) or 8.0 hours (for		
75	INITIAL PROBATIONARY	40 hour per week employees) per month of employment. The vacation		
76	PERIOD	will not be vested and may not be taken until the employee successfully		
77		completes his/her probationary period. In the event the initial probationary		
78		period is extended for any reason, the employee will continue to accrue		
79		vacation at the rate specified above but it will not be vested nor will the		
80		employee be allowed to take vacation time until successfully completing the		
81		probationary period.		
82				
83	MAXIMUM	The maximum accumulation of vacation for a full-time employee		
84	ACCUMULATION:	shall be 30 work days.		
85				
86		<del>The maximum accumulation for a continuing, part-time employee depends on</del>		
87		<del>length of service and shall be one-half the maximum accumulation provided to</del>		
88		<del>full-time employees.</del>		
89		Vacation balances over the above maximums shall not be permitted.		
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91	VACATION USAGE:	The work requirements of the University shall take priority in the scheduling of		
92		vacation or other time off. Insofar as possible, however, consideration will be		

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given to any specific request by an individual; competitive requests for the same time off shall ordinarily be decided in favor of the person with the longer period of continuous service in the unit.

Vacation must be scheduled in advance and approved by the immediate supervisor in writing on an Exception Approval Form (forms available in the Office of Human Resources). Otherwise, the time off will may result in a salary deduction and is cause for disciplinary action, unless the supervisor judges the circumstances to have been an emergency.

An administrative unit may establish periods of time when vacation may or may not be taken and/or periods of time when vacation requests are to be submitted. If such latter times are established, vacation requests submitted other than during the specified periods shall be considered after requests received during the specified periods.

Only days on which the employee normally would have worked are charged against accumulated vacation.

Vacation leave is charged in not less than one hour units.

PAYOFF OF  
ACCUMULATED  
VACATION:

An nonprobationary employee who retires, terminates employment, returns or is reassigned to a non- vacation accruing position, dies, or commences a leave of absence without pay (except for illness, including maternity or injury--see PG-9) shall receive the cash equivalent for unused vested vacation as of that date or a maximum of 30 days. The cash equivalent for an hourly employee is determined by dividing the annual salary by 1,950 times seven-and-one-half (7 1/2) times the number of unused days for an employee on a thirty-seven and one-half hour work week; or by 2,080 times eight (8) times the number of unused days for an employee on a 40-hour week. The cash equivalent for an exempt employee is determined by dividing the salary by the number of days in contract (i.e. 195, 260, etc.). There is no other cash settlement for accumulated vacation.

~~SUPERSEDES: This policy supersedes PAd-2, "Vacation Leave for Employees Classified as Administrative," adopted by the Board of Regents on July 1, 1985; PSE-3, "Vacation Leave for Staff Exempt Employees," adopted by the Board of Regents on July 1, 1985; and PSNE-3, "Vacation Leave for Staff Nonexempt Employees," adopted by the Board of Regents on July 1, 1985. This policy also supersedes PAc-20, "Vacation Leave for Faculty Members on Twelve-Month Appointments," adopted by the Board of Regents on July 1, 1985.~~

Policy: PG-49

Subject

Sick Leave

Approval Date: 07/01/85

Revision Date: 06/22/90; 06/22/94; 11/14/97

PURPOSE:

To provide pay for a regular full-time ~~or continuing part-time~~ employee who is unable to work due to illness or injury.

SICK LEAVE  
REGULAR FULL-TIME  
EMPLOYEES:

A regular, ~~non-faculty~~ full-time employee, hired after June 30, 1990, accumulates 7.5 or 8.0 hours ~~one day~~ of sick leave per calendar month ~~or per month of contract, whichever is less (12 days per year).~~

A regular, full-time employee, hired before July 1, 1990, accumulates 7.5 or 8.0 hours ~~one day~~ of sick leave per calendar month ~~(12 days per year)~~. After 10 full years of service, the rate shall increase to 11.25 hours (7.5 hour employee) and 12.0 hours (8.0 hour employee) ~~one and one-half (1 1/2) days per month (18 days per year).~~

A regular full-time faculty member hired between July 1, 1990 and June 21, 1994, inclusively, accumulates 7.5 hours of sick leave per calendar month, regardless of the faculty member's contract months.

An employee accumulates sick leave in any month in which he/she is ~~actively employed and in paid status~~ for 11 or more days, except that pay received for accumulated vacation at the time of a leave of absence without salary, termination of employment, retirement, or death will not be credited toward the 11 days. The accrued sick day is applied to the employee's sick leave balance at the beginning of the month following the month in which the employee has worked eleven or more days. Sick leave days may not be used in advance of their actual accrual.

Upon appointment, a regular full-time administrative employee, as defined in PG-2, is credited with 90 hours ~~12 days~~ of sick leave. Beginning with the second year of employment the full-time regular administrative employee accumulates 7.5 hours ~~one (1) day~~ of sick leave per calendar month ~~or per month of contract, whichever is less (12 days per year)~~. This is added to any sick leave balance from the first year.

Upon appointment, a regular, full-time faculty member is credited with a sick leave accumulation equal to one day per month of appointment, i.e., 67.5

46 hours ~~nine days~~ for 9-month appointment, 75.0 hours ~~ten days~~ for 10-month  
47 appointment.  
48

49 Beginning with the second year of employment, the full-time regular faculty  
50 member accumulates 7.5 hours of sick leave per month of contract. This is  
51 added to any sick leave balance from the first year.  
52

53 ~~SICK LEAVE~~ ————— ~~Those administrative or academic employees who are designated as~~  
54 ~~ACCUMULATION FOR~~ ————— ~~continuing part-time (PG-1) will be granted a balance of six sick~~  
55 ~~CONTINUING PART-~~ ————— ~~leave days upon appointment.~~  
56 ~~TIME EMPLOYEES:~~

57 ~~Accrued sick leave may be accumulated indefinitely.~~

58  
59 ~~Staff members who are designated as continuing part-time employees (see PG-~~  
60 ~~1) shall earn one day of sick leave for each 162 hours paid.~~

61  
62 ~~Beginning with the second year of employment, continuing part-time~~  
63 ~~administrative or academic employees shall earn one-half (1/2) day of sick~~  
64 ~~leave per calendar month of continuous employment, i.e., six days per year.~~  
65 ~~This sick leave will be added to any sick leave balance from the first year.~~  
66

67 ILLNESS OR INJURY: Employees shall utilize paid sick leave for personal illness, injury, or any  
68 disability due to pregnancy, childbirth or recovery therefrom. A supervisor  
69 may request documentation of the circumstances if extended time off for  
70 illness or injury is anticipated or if it appears that the conditions for the usage  
71 of sick leave may not be appropriate. A supervisor may also request  
72 documentation as to when the employee can return to work.  
73

74 Upon request, ~~up to twelve days of paid sick leave may be charged, in a 12-~~  
75 ~~month period,~~ to care for an employee's son, daughter, ~~grandparent,~~  
76 grandparent, brother, sister, spouse or parent for illness or injury. If such  
77 leave is designated as Family and Medical Leave, up to 100% of the employee's  
78 accrued sick leave may be designated as paid sick leave. Supervisor may  
79 request documentation of the need for such time off. Sick leave absences are  
80 charged in not less than one-hour units.  
81

82 The term "parent" means the biological parent of an employee or an individual  
83 who stood in "loco parentis" to an employee when the employee was a child,  
84 i.e., an individual who was charged with parental rights and responsibilities for  
85 the employee.  
86

87 A "son" or "daughter" means a biological, adopted, foster child, stepchild,  
88 legal ward or a child of a person standing in loco parentis who is under 18  
89 years of age, or 18 years of age or older and incapable of self-care because of a  
90 mental or physical disability.  
91

92 In accordance with PG-52: Family and Medical Leave Policy, the University  
93 shall require the employee to first substitute accrued sick leave, then accrued  
94 vacation leave for any portion of the 12-week unpaid leave required in the  
95 Family and Medical Leave Act of 1993 for the serious illness of the employee  
96 or for the birth, adoption, or foster care of a child, or for a serious illness of a  
97 covered family member. The University, however, will not provide paid sick  
98 leave for any situation in which the employee would not normally receive paid  
99 sick leave.

100

101 Employees who are on extended sick leave should keep the department  
102 informed of his/her medical status on a regular basis. Supervisors may request  
103 additional documentation from the physician.

104

105 When a University holiday occurs during an absence chargeable to sick leave,  
106 that holiday is not charged as sick leave. If the employer's activity ceases for  
107 one or more weeks during an employee's leave, this time does not count  
108 toward the 12-week FMLA leave.

109

110 MEDICAL OR DENTAL ALLOWANCES: Paid sick leave may be used to cover absences because of dental or medical  
111 appointments. Such time shall be charged against sick leave. Short absences  
112 shall be accumulated and charged in not less than one hour increments.

113

114 SICK LEAVE AT TERMINATION OF EMPLOYMENT, RETIREMENT OR DEATH: Unused sick leave will not be paid upon termination of employment,  
115 retirement, or death. However, a members of the Kentucky  
116 Employees' Retirement Systems will receive service credit for a  
117 portion of his/her sick leave balance at retirement. Such credits  
118 shall be applicable only for retirement service.

119

120 WHEN ALL PAID SICK LEAVE IS EXHAUSTED: When an individual has used all of his/her sick leave and/or vacation  
121 leave, a leave of absence may be granted upon request up to the limits of the  
122 Leave of Absence Without Pay Policy PG-9, or the Family and Medical Leave  
123 Policy PG-52.

124

125 NOTIFICATION OF SUPERVISOR: In order to provide time to cover scheduled responsibilities, the  
126 individual is responsible for notifying his/her supervisor within a reasonable  
127 period of time, but prior to the start of the scheduled work period in which  
128 the absence is to occur. Failure to do so may be cause for denial of sick leave  
129 for the period of absence, and/or appropriate disciplinary action. Supervisors  
130 are responsible for insuring that Exception Approval Forms are completed  
131 and submitted to the Office of Human Resources.

132

133 PATTERN OF USE OF SICK LEAVE: If the pattern of sick leave utilization becomes suspect, the supervisor  
134 may notify the individual, in writing, requiring the individual to present a  
135 doctor's certificate for any sick leave absences that have or may occur. Failure  
136 by the individual to present such a certificate may result in disciplinary action  
137 including termination and/or payroll deduction for the time missed. When

138 significant improvement in attendance is shown, the employee will be relieved  
139 of the requirement to provide medical certification.  
140  
141 SICK LEAVE RECORDS: All official sick leave records shall be maintained in the Office of Human  
142 Resources.

1 Policy: PG-52

2 Subject

3  
4 Family and Medical Leave

5 Approval Date: 09/17/93

6 Revision Date: 06/01/2002

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9  
10 PURPOSE:

To provide faculty and staff members unpaid leaves of absence in keeping with the provisions of the Family and Medical Leave Act of 1993. The requirements of that Act and the provisions of this policy became effective August 5, 1993.

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15 CONDITIONS OF  
16 LEAVE:

Any University employee who has completed at least 12 months of service and who has worked at least 1,250 hours with the University in the previous 12 months is covered by this policy. Such an employee will be eligible to take an unpaid leave of absence for up to 12 work weeks during any 12-month the fiscal year (July 1 to June 30) period for the following reasons:

- 17 1. Birth of a son or daughter to the employee, in order to care
- 18 for such child;
- 19 2. Placement of a son or daughter with the employee for
- 20 adoption or foster care;
- 21 3. To care for an employee's son, daughter, spouse or parent
- 22 who has a serious health condition and/or;
- 23 4. Because of a serious health condition that makes the employee
- 24 unable to perform the essential functions of his/her job.
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33 Entitlement to a birth, adoption or foster care leave will extend for a 12-month  
34 period from the date of such birth, adoption or foster care placement  
35 completed within 12 months of birth, adoption or foster placement.

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37 DEFINITION:

A "serious health condition" is defined as an illness, injury, impairment or physical or mental condition that involves inpatient care in a hospital, hospice or residential medical care facility, or continuing treatment by a health care provider.

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42 The term "parent" means the biological parent of an employee or an individual  
43 who stood in "loco parentis" to an employee when the employee was a child,  
44 i.e., an individual who was charged with parental rights and responsibilities for  
45 the employee.

47 A "son" or "daughter" means a biological, adopted, foster child, stepchild,  
48 legal ward or a child of a person standing in loco parentis who is under 18  
49 years of age, or 18 years of age or older and incapable of self-care because of a  
50 mental or physical disability.

51  
52 MEDICAL  
53 CERTIFICATION:

The University requires health care provider certification of the need for  
a leave of absence because of a serious health condition of the employee, or of  
the son, daughter, spouse or parent of the employee. The certification is to  
state:

- 54 1. The date on which the serious health condition commenced;
- 55 2. The probable duration of the serious health condition;
- 56 3. The appropriate facts regarding the serious health condition;
- 57 4. A statement that the employee is needed to care for the son, daughter,  
58 spouse or parent (as applicable), and the estimated period of time such  
59 care will be needed;
- 60 5. A statement that the serious health condition makes the employee  
61 unable to perform the essential functions of his/her job.

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70 The University may, at its expense, require the opinion of a second health care  
71 provider of its choosing. If a conflict occurs between the opinions of the first  
72 and second health care providers, the opinion of a third health care provider,  
73 jointly chosen by the University and the employee, at the University's expense,  
74 may be required. This person's opinion will be final and binding.  
75 Recertifications on a reasonable basis, at the University's expense, are also  
76 permitted.

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78 NOTICE  
79 REQUIREMENTS:

Employees are to give at least 30 days notice of all foreseeable leaves for  
an expected birth or adoption, or for planned medical treatment. However, if  
the date of birth, adoption or medical treatment requires the leave to begin in  
less than 30 days, the employee is to provide as much notice as is practicable  
under the circumstances. Employees are to make a reasonable effort to  
schedule planned medical treatments so as not to unduly disrupt the  
University's operations. Supervisors are responsible for insuring that  
Exception Approval Forms are completed for FMLA leaves.

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87 BOTH SPOUSES  
88 EMPLOYED:

When both husband and wife are employed by the University, the  
aggregate number of work weeks of leave for both employees is limited to 12 weeks  
over a 12-month period if the leave is for a birth, placement for adoption or  
foster care, or to care for a sick parent. For other types of leaves under the  
Act (i.e., serious illness of the employee or the employee's spouse or child),  
each employee retains the right to take up to 12 work weeks of leave.



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94 INTERMITTENT LEAVES AND REDUCED LEAVE SCHEDULES: A leave due to a serious health condition of a child, spouse, parent or the employee may be taken intermittently or on a reduced work schedule, when medically necessary, if the employer and employee agree. Reduced leave means a leave that reduces an employee's usual number of work hours per day or per week.

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Substitution of Paid Leave: The University shall require the employee to substitute accrued sick leave or vacation leave for any portion of the 12-week unpaid leave required in the law for the serious illness of the employee or for the birth, adoption or foster care of a child, or for a serious illness of a covered family member. The University, however, will not provide paid sick leave for any situation in which the employee would not normally receive paid sick leave.

Vacation and Sick Leave Accumulation: A faculty or staff member on a leave of absence will not accumulate vacation or sick leave unless he/she is paid for 11 or more days in that calendar month.

University Holidays: A faculty or staff member will not receive salary or compensatory time for any University holiday(s) that occurs while he/she is on an unpaid leave of absence. If employer's activity ceases for one or more weeks during an employee's leave, this time does not count toward the 12-week FMLA leave.

Insurance Coverage: An employee may continue his/her group health, dental and life insurance coverages during a leave at the same level and under the same conditions he/she would have received had the leave not occurred. It is the employee's responsibility to make arrangements with the Office of Human Resources Payroll Office for payment of the required premiums if he/she is off the payroll during the leave of absence. Failure to do so may result in the termination of such insurance coverages. Notwithstanding the above, the University shall maintain its contributions to the group health, dental and life

138 insurance coverages at the same level and under the same conditions the  
139 employee would have received had the leave not occurred.  
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141 JOB REINSTATEMENT: An employee will be reinstated to the same or an equivalent position with the  
142 same pay and benefits that he/she received and under the same terms and  
143 conditions of employment as when the leave began.  
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145 In the event of a serious health condition, the University shall require the  
146 employee to provide certification from an appropriate health care provider  
147 indicating that he/she is able to resume work. Also, the University may  
148 require an employee on leave to report periodically on his/her status and  
149 intention of returning to work.  
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151 EARLY RETURN If a faculty or staff member desires to return to work before his/her  
152 TO WORK: approved leave ends, he/she is to contact the appropriate administrative  
153 officer to determine an acceptable date for returning to work.  
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## **Report from the President**

The following is a synopsis of the March 16, 2002, meeting of the Morehead State University Board of Regents. It is meant only as a brief overview. The BOR Agenda Book with detailed information is available for review at the Camden-Carroll Library.

## **Elected Officers**

After a discussion of officer positions, Regent Gene Caudill moved that the current slate of officers should remain unchanged. The Board unanimously approved. Board Chair Buckner Hinkle Jr., then reappointed Porter Dailey as treasurer.

## **Founders Day Award for University Service**

The Board unanimously approved President Emeritus C. Nelson Grote as the 2002 recipient of the Founders Day Award for University Service. Dr. Grote had spent 11 years on the campus, serving as division chair and college dean, prior to serving a five-year tenure as president (1987-1992).

## **Memorial Resolution**

The Board adopted a Memorial Resolution for Dr. Adron Doran who served as the University's seventh president, 1954-1977. Dr. Doran, who remained active in the University's activities, was recognized with the naming of the University Center and receiving an honorary doctoral degree. He died Nov. 22 at the age of 92.

## **Sabbatical Leave Recipients**

Two faculty members who had completed sabbatical leaves during the last year shared their experiences with the Board.

Dr. Suzanne Tallichet, associate professor of sociology, continued research begun at Penn State on women coal miners. She is working on a book that will be titled "Daughters of the Mountain."

George Eklund, associate professor of English, went to New York to write poetry. He said he believes the time allowed him to do creative writing. Two poems he completed on leave have been published in professional journals.

## **Executive Session**

The Board went into executive session from 9:35-11:15 a.m. to discuss personnel matters and pending litigation. When the Board reconvened, Chair Hinkle reported that during the session no action was taken.

## **Tenure with Promotion**

The Regents approved the granting of tenure and promotion to associate professor rank for several faculty members, with the issuance of their 2002-2003 contracts: Dr. Stacy Baker, music; Dr. Paul Becker, sociology; Dr. Laurie Couch, psychology; Dr. Thomas Creahan, economics; Dr. Susan Creasap, music; Dr. Darrin DeMoss, biology; Yan Duan, nursing; Dr. Claire Foley, English; Dr. Joy Gritton, art; Dr. John Hennen, history; Dr. Brenda Malinauskas, nutrition/dietetics; Dr. Adele Moriarty, education; Dr. Dianna Murphy, government; Dr. Eric Swank, social work; and Dr. Stacy Vollmers, marketing.

## **Tenure**

Dr. Gerd Fricke, associate professor of mathematics, was granted tenure with the issuance of his 2002-2003 contract.

## **Sabbatical Leaves**

The Board approved the granting of sabbatical leaves, contingent upon funding being available within academic affairs, to Dr. John Ernst, associate professor of history, and Stephen Tirone, associate professor of art, for Fall 2002.

Chair Hinkle noted that the policy of allowing faculty members to share their sabbatical experiences was a good one that should continue.

## **Program Deletion**

The Board approved deletion of the Bachelor of Arts in Parks, Recreation and Leisure degree, based on a departmental recommendation. This degree provided only options related to outdoor and recreation employment. The department has decided to move toward a more comprehensive and multi-disciplinary curriculum that would allow students to be successful in a variety of sport/recreation employment venues. The Council on Postsecondary Education has already approved a new bachelor's degree in sport management.

## **Personnel Policy, PAc-34**

The Board approved Personnel Policy, PAc-34 Alternative Career-Track Faculty, which establishes the policy and conditions for hiring and retaining non-tenure track faculty or instructors.

Dr. Michael Moore, provost, explained that in recent years, the policy allowed faculty to teach five years then be released. A new person, usually lacking in experience, was then hired and the process was repeated. The new policy provided a description of the lecturer vs. instructors; guidelines regarding the qualifications/classifications of instructors and the guidelines for evaluation and reappointment/non-reappointment of faculty in the instructor position.

## **Personnel Actions**

The Regents approved the Personnel Actions for the period of Nov. 5 through Feb. 15. The actions included two resignations and five retirements.

## **Second Quarter Financial Report Accepted/Operating Budget Amended**

The Board accepted the financial statements and amended the operating budget for the second quarter of the fiscal year that will end June 30.

## **Sale of Consolidated Educational Buildings Revenue Bonds, Series L, Ratified**

The Board ratified the actions taken by the Vice President for Administration and Fiscal Services and the Associate Vice President for Fiscal Services on Dec. 11, relating to the sale of Consolidated Educational Buildings Revenue Bonds, Series L. The Board had authorized the sale of these bonds at its Sept. 22 meeting with proceeds to be used to refinance portions of ConEd Series H and I bonds that were issued in 1986 and 1992. The vice president and associate

vice president had been authorized to serve as its designees to review and accept the bids for the bonds which resulted in a net present value debt service savings of more than \$213,000.

### **Sale of Housing and Dining System Revenue Bonds, Series Q, Authorized/ Reimbursement Resolution Adopted**

The Board authorized the sale of Housing and Dining System Revenue Bonds, Series Q, in the spring of 2003, which will be used to finance the final phase of the residence hall sprinkler program. The bond issue, in the amount of \$4.4 million, will cover the cost for Phase IV and V of the project.

As the University will advance funds to cover the cost of Phase IV in 2002, the Board adopted a resolution stating its intent to reimburse costs incurred upon issuance of the bonds.

### **Approve Banking Services Contracts**

The Board authorized Firststar Bank as the depository for all funds collected on the main campus and designated the Heritage Bank in Ashland, Commercial Bank in West Liberty, Citizens National Bank in Prestonsburg, and the Citizens Bank in Jackson to serve as depositories for funds collected at the extended campus centers.

### **Lease with MSU Foundation Inc. Approved**

The Board approved the real property lease with the Morehead State University Foundation, Inc., for property located at 149 East Main Street in Morehead. The facility will be used for relocation of the University Bookstore during the renovation of the Adron Doran University Center, which is estimated to take 18-24 months. The University plans to negotiate for other available space for additional and temporary storage space for the bookstore.

### **KFAC Board Members Approved/Operating Agreement Revised**

The Regents confirmed appointment of three new and five returning members of the Board of Directors of the Kentucky Folk Art Center, Inc. The new members are Stephen D. Jones of Maysville, Emma Perkins of Morehead, and Gail H. Hart of Lexington. Reappointed to the board were Jean Dorton of Paintsville, Gwenda Adkins of Sandy Hook, Connie Collis of Lexington, O. Leonard Press of Lexington, Jean Sandifer of Lexington, and Teresa Unseld of Winston-Salem, N.C. who has since resigned. All appointed members serve three-year terms.

The Board authorized a new operating agreement with oversight responsibility for KFAC to the Vice President for University Relations and recordkeeping of gifts to be managed by the MSU Foundation, Inc.

### **Endowment Match Program Submission Approved**

The Board approved the submission of new gifts eligible to be matched in the Regional University Excellence Trust Fund program. MSU was appropriated \$1.475 million by the 1998 General Assembly which was matched by eligible endowments. The 2000 General Assembly appropriated \$2.95 million to be matched by gifts and pledges secured before June 30. To date, MSU has received \$1,744,866 toward this goal.

The University has \$299,009 in potential gifts that will be submitted to the Council on Postsecondary Education in the "Bucks For Brains" Program.

### **Naming Opportunities in Breckinridge Hall**

The Board approved naming of facilities in the newly renovated and expanded Breckinridge Hall in ceremonies on Founders Day, April 4: Capt. Michael K. Gallagher Audio Studio and Larry Netherton News Production Booth. In addition, the Lucille Caudill Little Theatre will be named in recognition of the first member of the theatre faculty.

Other naming opportunities, titled "Campaigns in Progress" with recognition scheduled for a later date are: W. David Brown Seminar Room, Kozy Hamilton Costume Shop, Harlen Hamm Speech Suite, Tom Yancy Television Seminar Room, and Mary Jo Netherton Foreign Language Lab.

### **Land Acquisition for Martindale Estate Approved**

The Board approved the Order authorizing the acquisition of the Elizabeth Martindale estate located north of Vaughn Drive in Morehead, by Eminent Domain proceedings, if necessary. This property, which lies within the boundaries of the approved Campus Master Plan, consists of 12-14 acres. If the purchase is made, MSU will use the property for green and recreational space as defined by subsequent plans depending on growth and student needs.

### **Resolution**

Chair Hinkle introduced a resolution in response to House Bill 507, regarding the 2002-2004 biennial executive budget. "The proposal is still intact and will require action to undo," he said. The Board adopted the resolution which will be sent to the governor, legislative leaders and the media outlets. The resolution described the effects the bill would have on the Board of Regents and its powers, as well as the institutional autonomy of Kentucky's public universities.

### **Preliminary Report on Spring 2002 Enrollment**

The Board accepted a preliminary report for 2002 spring enrollment at 8,586 students, a 9.4 percent increase over last year.

### **2002-2004 Executive Branch Budget Request/ Preliminary 2002-2003 Operating Budget**

Beth Patrick, associate vice president for planning and technology, presented the 2002-2004 Executive Branch Biennial Budget Request as proposed by the Council on Postsecondary Education. She noted that the University had been notified of a 2 percent, or \$748,000 reduction in this year's budget.

Based on an enrollment of 8,772, Patrick outlined the plan for 2002-2003 that included an 8 percent increase in tuition and fees. Additional revenue would come from a \$50 per credit hour increase in graduate tuition for the Master of Business Administration program and a \$50 housing surcharge to aid in putting sprinklers in the residence halls.

Other items impacting the budget are a 2 percent salary pool allotment; 27 percent increase in tuition waiver expense; 43.4 percent increase in health insurance for 2002; 10 percent increase in health insurance for 2003, and 7.3 percent increase in postage expenses.

### **2001 Strategic Planning Report Card**

Patrick reported that the goals of the University, as outlined in the "Pride & Promise: Morehead State University Strategic Plan 2001-2006, were being evaluated. The Report Card

for 2001 included 29 performance indicators of which 17 have been measured and scored. Measurement processes and baseline data for the remaining 11 indicators are being developed.

### **Status Report on KCTM**

Keith Kappes, vice president for University Relations, reported on the activities at the Kentucky Center for Traditional Music (KCTM). In his remarks, he noted that the center had hosted a number of vocal groups, nearly 30 students were enrolled in traditional music classes and negotiations were underway to appoint the first traditional music visiting professor.

He also discussed upcoming activities that were collaborations between KFAC and the Morehead Tourism Commission and Kentucky Folk Art Center. Grant and gift requests have been submitted to support a visiting professorship, additional staff and facilities.

Kappes introduced Don Rigsby, KCTM director.

### **Major Gifts**

Major gifts, recorded since Nov. 15, included 10 entries totaling \$253,900. The monies had been designated for special projects, gifts-in-kind, endowments and scholarships.

### **Other Business**

The Board of Regents will meet on Friday, May 10, for a work session. The next regular meeting will be Saturday, June 1.

### **President's Report**

President Ronald G. Eaglin addressed the Board with a series of items. Included was: "Board Briefs," which includes achievements in the departments; Campus Environment Survey is in progress; the "President's Report for July 2000-December 2001 was completed and may be viewed on the Web; faculty members in the Department of Music will be performing in a "Musicians on the Loose" faculty showcase at Shawnee State University, April 18; Vice President Mike Mincey is retiring as vice president of Student Life and director of athletics, Madonna Weathers will assume his post on a one-year appointment, starting July 1; April 4 is Founders Day and President Emeritus C. Nelson Grote will receive the Founders Day Award for University Service; and the Spring Gala is April 27 and all Board members are encouraged to attend. Upcoming dates: May 10, work session; May 11, Spring Commencement; June 1, Board meeting, with a new faculty and student regent coming on board in the fall.

*Compiled by the Office of University Communications*

**REPORT OF PRIVATE GIVING**  
**July 1, 2001 – June 30, 2002**

**BOR (VIII-B-7)**  
**September 27, 2002**

Private giving to Morehead State University for 2001-2002 increased by 9.07%, surpassing the \$1.9 million mark. Gifts from 4,965 individuals, corporations, and other entities were received by the MSU Foundation, Inc., on behalf of the University during the 2001-2002 fiscal year. The Office of Development and Alumni Relations processed 9,745 gifts from various sources.

**Gift Income Variance**  
**2000-2001 / 2001-2002**

<b>Giving Summary</b>	<b>July 2000-June 2001</b>		<b>July 2001-June 2002</b>		<b>Variance</b>	
Unrestricted	\$ 87,054.51	4.93%	\$ 89,273.69	4.64%	\$ 2,219.18	2.55%
Colleges, Departments, Units	\$ 232,807.59	13.19%	\$ 330,081.06	17.15%	\$ 97,273.47	41.78%
Eagle Athletic Fund	\$ 119,938.61	6.80%	\$ 120,915.35	6.28%	\$ 976.74	0.81%
Scholarships (unendowed)	\$ 130,404.45	7.39%	\$ 145,264.49	7.55%	\$ 14,860.04	11.40%
Endowments	\$ 799,684.81	45.32%	\$ 674,362.97	35.04%	\$ (125,321.84)	-15.67%
Gifts-in-kind	\$ 394,740.00	22.37%	\$ 564,806.92	29.35%	\$ 170,066.92	43.08%
<b>Total Gifts</b>	<b>\$ 1,764,629.97</b>	<b>100.00%</b>	<b>\$ 1,924,704.48</b>	<b>100.00%</b>	<b>\$ 160,074.51</b>	<b>9.07%</b>

**Regional University Excellence Trust Fund**  
**2001-2002 Bucks for Brains Activity**

2000-2002 Allocation	\$2,925,000
2000-2001 Received	\$1,110,775
<b>2001-2002 Goal</b>	<b>\$1,814,225</b>
2001-2002 Received	\$ 635,000
2001-2002 Submitted, Match Not Received	\$1,179,225
<b>2001-2002 Committed Toward Goal</b>	<b>\$1,814,225</b>



**RATIFY 2002-2004 EXECUTIVE  
BRANCH BUDGET REQUEST**

**BOR (VI-A-6)  
November 30, 2001**

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**Background:**

On November 5, 2001, the Council on Postsecondary Education approved a 2002-2004 Operating and Capital Budget recommendation for the public postsecondary education institutions to the Governor and General Assembly. Morehead State University, as well as the other public postsecondary institutions, was required to submit a 2002-2004 Executive Branch Budget Request by November 15, 2001 to the Governor's Office for Policy and Management, the Legislative Research Commission, and the Council. This submission was made in accordance with the Council's recommendation regarding the state appropriation and capital project request approved on November 5, 2001.

A summary of Morehead State University's 2002-2004 Executive Branch Budget Request is attached hereto.

**Recommendation:**

That the Board of Regents ratify the University's 2002-2004 Executive Branch Budget Request.

**REPORT ON REAL  
PROPERTY LEASES**

**BOR (VIII-B-5)  
September 27, 2002**

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**Background:**

Policies related to Real Property Management approved by the Board of Regents on April 30, 1993, require that all leases be reported annually to the Board. The Lease Report reflects those Lease Agreements in effect on July 1, 2002

## REAL PROPERTY ACQUISITIONS

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### Background:

In accordance with policies approved by the Board of Regents on April 30, 1992 and September 17, 1999, related to real property management, the President may initiate the acquisition of real property included in the approved Campus Master Plan.

### REAL PROPERTY ACQUISITION

PROPERTY LOCATION	OWNER	APPRAISAL PRICE	ACQUISITION PRICE
236 East Second St.	Morehead State University Foundation, Inc.	\$50,000	\$50,000
Property Description: The approximate .091-acre tract includes a two-story 912 square foot frame house.			

The Morehead State University Foundation, Inc. acquired the real property located at 236 East Second St. on December 21, 2002. In March 2002, the University obtained an appraisal for the property estimating the value to be \$50,000. The attached Campus Master Plan site drawing reflects the location of the property acquired.

- The property is included in the approved Campus Master Plan.
- In accordance with state procurement regulations, an independent appraisal was obtained in March 2002.
- We believed the value established by the appraisal to be reasonable.
- The approved Campus Master Plan site drawing reflects the location of the property.
- The closing date was August 8, 2002.
- The house has been razed and area is being used for parking.

<b>PROPERTY LOCATION</b>	<b>OWNER</b>	<b>APPRAISAL PRICE</b>	<b>ACQUISITION PRICE</b>
133 Third Street.	Morehead State University Foundation, Inc.	\$120,000	\$119,928
Property Description: The approximate .276-acre tract includes a one-story 1,192 square foot frame house.			

The Morehead State University Foundation, Inc. acquired real property and improvements located at 133 Third Street on April 20, 2001. Subsequently, the University entered into a short-term lease with the Foundation for the use of the property. The University obtained appraisals for the property estimating the value to be \$120,000. The University purchased the property on August 8, 2002 at a cost of \$119,928. The attached Campus Master Plan site drawing reflects the location of the property acquired.

- The property is included in the approved Campus Master Plan.
- In accordance with state procurement regulations, an independent appraisal was obtained in November 2000.
- We believed the value established by the appraisal to be reasonable.
- The approved Campus Master Plan site drawing reflects the location of the property.
- The closing date was August 8, 2002.
- The house on the property will be razed and area developed for parking.

<b>PROPERTY LOCATION</b>	<b>OWNER</b>	<b>APPRAISAL PRICE</b>	<b>ACQUISITION PRICE</b>
208 Martindale Drive	Paul and Suanne Blair	\$89,000	\$89,000
Property Description: The property is Lots Nos. 37, 38, 39 in Section "D" of College Subdivision to the City of Morehead, KY and portion of Tract No. 4 of same subdivision. (.205-acre) The property includes two garages. (1,092 square feet and 960 sq feet with office)			

Morehead State University acquired real property and improvements located at 208 Martindale Drive on October 25, 2002. In September 2002, the University obtained an appraisal for the property estimating the value to be \$89,000. The attached Campus Master Plan site drawing reflects the location of the property acquired.

- The property is included in the approved Campus Master Plan.

- In accordance with state procurement regulations, an independent appraisal was obtained in September 2002.
- We believed the value established by the appraisal to be reasonable.
- The approved Campus Master Plan site drawing reflects the location of the property.
- The closing date was October 25, 2002.
- The storage type buildings on the property will be used as additional storage and warehouse space for the Physical Plant.

**ADOPT REIMBURSEMENT RESOLUTION  
RELATED TO HOUSING AND DINING  
SYSTEM REVENUE BONDS, SERIES Q**

**BOR (VIII-A-4)  
September 27, 2002**

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**Background:**

On March 16, 2002, the Board authorized the sale of Morehead State University Housing and Dining System Revenue Bonds, Series Q. The Series Q bonds will finance Phases IV and V of the five-year residence hall sprinkler project. The combined cost estimates for the two phases is \$3,850,000. To minimize costs of issuance and interest expense, the University delayed the sale of the bonds until the spring of 2003. The bond issue will have an approximate size of \$4.4 million. That amount includes the cost estimates for the projects, costs of issuance, and the required debt service reserve.

Phase IV of the project was completed in the summer of 2002. The University advanced approximately \$700,000 to complete the project. The advanced funds will be reimbursed to the University from the bond proceeds. The Board adopted the appropriate reimbursement resolution on March 16, 2002.

The University will initiate Phase V of the residence hall sprinkler program in 2003. Phase V is the final segment of the five-year project and will involve Nunn Hall, Waterfield Hall, Normal Hall and Butler Hall. The cost estimate for Phase V is \$3,000,000.

The Nunn Hall project is the largest component of the Phase V sprinkler plan, and is very important in the summer programming of the University. The nature and design of the building allows much of the work to be conducted in the spring semester without major disruption to the student occupants. Therefore, Nunn Hall was separated from the remainder of Phase V and bid separately. Bids opened for the project on September 16, 2002. The contract will be awarded in the amount of \$1,181,000 with work projected to commence in January 2003.

The Series Q bonds cannot be sold until a budget is adopted by the state. Therefore it will be necessary to advance University funds to initiate the Nunn Hall portion of Phase V. The contracts for the sprinkler projects for the three remaining residence halls involved in Phase V will not be awarded until a state budget is adopted and the Series Q bonds can be sold.

The advanced funds will be reimbursed from the bond proceeds. To comply with federal regulations governing the issuance of tax exempt obligations, the Board must adopt a resolution stating its intent to reimburse costs incurred prior to the issuance of the bonds.

**Recommendation:**

That the Board adopt the attached reimbursement resolution.

A RESOLUTION OF THE BOARD OF REGENTS OF  
MOREHEAD STATE UNIVERSITY DECLARING OFFICIAL

INTENT WITH RESPECT TO REIMBURSEMENT OF  
TEMPORARY ADVANCES MADE FOR CAPITAL  
EXPENDITURES TO BE MADE FROM SUBSEQUENT  
BORROWINGS; AND TAKING OTHER ACTIONS IN  
CONNECTION THEREWITH

WHEREAS, Treasury Regulations § 1.150-2 (the “Reimbursement Regulations”), issued pursuant to § 150 of the Internal Revenue Code of 1986, as amended, (the “Code”) prescribes certain requirements by which proceeds of tax-exempt bonds, notes, certificates or other obligations included in the meaning of “bonds” under §150 of the Code (“Obligations”) used to reimburse advances made for Capital Expenditures (as hereinafter defined) paid before the issuance of such Obligations may be deemed “spent” for purposes of §§ 103 and 141 to 150 of the Code and therefore, not further subject to any other requirements or restrictions under those sections of the Code; and

WHEREAS, such Reimbursement Regulations require that the Borrower (as hereinafter defined) make a Declaration of Official Intent (as hereinafter defined) to reimburse any Capital Expenditure paid prior to the issuance of the Obligations intended to fund such Capital Expenditure and require that such Declaration of Official Intent be made no later than sixty (60) days after payment of the Capital Expenditure and further require that the Allocation (as hereinafter defined) of the proceeds of such Obligations to reimburse such Capital Expenditures occur no later than eighteen (18) months after the later of the date of the Capital Expenditure was paid or the date the property acquired with the Capital Expenditure was placed in service, except that any such Allocation must be made no later than three years after such Capital Expenditure was paid; and

WHEREAS, Morehead State University (the “Borrower”) wishes to ensure compliance with the Reimbursement Regulations;

NOW, THEREFORE, be it resolved as follows by the Board of Regents of Morehead State University as follows:

SECTION 1. Definitions. The following definitions apply to the terms used herein:

“*Allocation*” means written evidence that proceeds of Obligations issued subsequent to the payment of a Capital Expenditure are to effect the reimbursement of the Borrower for such payments.

“*Borrower*” means Morehead State University.

“*Capital Expenditures*” means any expense for an item that is properly depreciable or amortizable or is otherwise treated as a capital expenditure for purposes of the Code, as well as any costs of issuing Reimbursement Bonds.

“*Declaration of Official Intent*” means a written declaration that the Borrower intends to fund a Capital Expenditure with an issue of Reimbursement Bonds and reasonably expects to be reimbursed from the proceeds of such an issue.

“*Reimbursement*” means the restoration to the Borrower of money temporarily advanced from other funds of the Borrower to pay for Capital Expenditures before the issuance of Obligations intended to fund such Capital Expenditures. “To reimburse” means to make such a restoration.

“*Reimbursement Bonds*” means Obligations that are issued to reimburse the Borrower for Capital Expenditures previously paid by or for the Borrower.

“*Reimbursement Regulations*” means Treasury Regulations § 1.150-2 and any amendments thereto or superseding regulations, whether in proposed, temporary or final form, as applicable, prescribing conditions under which the proceeds of Obligations when allocated or applied to a reimbursement will be treated as “spent” for purposes of §§ 103 and 141 to 150 of the Code.

SECTION 2. Declaration of Official Intent.

- (a) The Borrower declares that it reasonably expects that the Capital Expenditures described in Section (b), which will be paid prior to the issuance of any Obligations intended to fund such Capital Expenditures, will be reimbursed with the proceeds of Obligations, representing a borrowing by the Borrower in the maximum principal amount for such reimbursements, funding of a debt service reserve and payment of costs of issuance of approximately \$3,000,000; and
- (b) the Capital Expenditures to be reimbursed are to be used for Phase V of the Borrower’s sprinkler project.

SECTION 3. Reasonable Expectations. The Borrower does not expect any other funds (including the money advanced to make the Capital Expenditures that are to be reimbursed), to be reserved, allocated on a long-term basis, or otherwise set aside by the Borrower or any other entity affiliated with the Borrower, with respect to the Capital Expenditures described in 2(b).

SECTION 4. Effective Date. This Resolution shall be effective from and after its date of adoption.

**BOARD OF REGENTS OF MOREHEAD  
STATE UNIVERSITY**

By: \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary



**REPORT ON OPERATING AGREEMENT  
BETWEEN MOREHEAD STATE  
UNIVERSITY AND MOREHEAD STATE  
UNIVERSITY FOUNDATION, INC.**

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**BOR (VIII-B-9)  
September 27, 2002**

**Background**

The Operating Agreement Between Morehead State University and the Morehead State University Foundation, Inc., has been reviewed, updated and signed by President Eaglin and Barbara Ender, CEO, MSU Foundation. The agreement was jointly reviewed by the staff of the MSU Foundation, Porter Dailey and Mike Walters to insure compliance with the July 1, 1999 operating agreement approved by the Board of Regents in June 1999. Minor modifications were made to the agreement to reflect current operating practices.

The Operating Agreement continues the University and Foundation's fiduciary relationship regarding private gifts and the state's Bucks for Brains endowment program.

## **Report from the President**

The following is a synopsis of the Sept. 27, 2002, meeting of the Morehead State University Board of Regents, which was held at the MSU at West Liberty center. It is meant only as a brief overview. The BOR Agenda Book with detailed information is available for review at the Camden-Carroll Library.

### **Oath of Office**

Jon Woodall, University legal counsel, administered the oath of office to the new board members: Dr. Charles H. Morgan, professor of psychology, faculty regent; Jason S. Rainey, Winchester senior, president of the Student Government Association and the student regent; and Virginia Fox of Frankfort, recently appointed to the board by Gov. Paul Patton.

### **Introductions**

Joyce LeMaster of Morehead, president of the MSU Alumni Association, was welcomed to her first meeting. The Board also greeted Sen. Walter Blevins.

Dr. Michael Moore, provost, introduced Dr. Dan Connell, associate vice president for academic affairs who has oversight of the extended campuses, and Dr. Jonell Tobin, director of the Morehead State University at West Liberty. Dr. Connell gave an overview of the extended campus programs and MSU's commitment to the region. Dr. Tobin discussed the history of the center and how it had grown since its inception in 1987. She then introduced Amy McLoney, adult basic education (ABE) coordinator/teacher at the West Liberty site. The ABE program, in operation since 1987, has served 6,615 and awarded 690 General Equivalency Diploma (GED). Since July 1, 325 persons have been served and 356 have enrolled in classes.

Dr. Eaglin introduced Chip Smith, the new athletics director. He then noted this would be the last meeting for Tim Rhodes, director of admissions, financial aid and housing, who was retiring after more than 30 years, to devote all his time to the ministry.

### **Resolution**

The Board adopted a resolution of commendation for Juanita Mills of Lakeside Park for her service to the University since 1997. She resigned from the board because of the demands of her business.

### **Electing a Vice Chair**

With the resignation of vice chair Mills, Chair Buckner Hinkle Jr. appointed a nominating committee to elect a vice chair. Dr. Charles Rhodes was asked to chair the group, with members Gene Caudill, Jason Rainey and Dr. Charles Morgan. The group also will consider whether to limit the terms of the chair and vice chair, as appropriate. The committee will report at the next regular meeting of the board.

### **Honorary Degree**

The Board approved the awarding of an honorary Doctor of Public Service degree to Ruth Boggs Shannon of Whittier, Calif., at winter commencement on Dec. 14. An MSU graduate and a Kentucky native, she is a member of the MSU Hall of Fame. She is

considered a most respected civic leader in Southern California on the basis of her activities on behalf of the performing arts, Whittier College, Huntington Library, Presbyterian Intercommunity Hospital and the Los Angeles Music Center. A former Bracken County teacher, she has been honored by the MSU Alumni Association and the MSU Foundation for her philanthropic endeavors.

### **Sabbatical Leave 2002**

The Board ratified the change for the sabbatical leave of Dr. Wayne Willis, professor of education to the 2002 fall semester. He was approved for a leave during the spring 2002 semester but postponed the leave to serve during that time as assistant to the dean of education.

### **Personnel Actions**

The Board ratified the Personnel Actions for the period May 13 through Sept. 6. During that time, 14 faculty members and two staff persons resigned; and 8 staff and 3 faculty members retired, according to the report presented by Roger Barker, director of human resources.

### **Revenue Bonds**

In March, the Board authorized the sale Housing and Dining System Revenue Bonds, Series Q, to finance Phases IV and V of the five-year residence hall sprinkler project. To minimize costs of issuance and interest expense, the University delayed sale of the bonds at a cost of approximately \$4.4 million until spring of 2003.

In his remarks, Mike Walters, associate vice president of fiscal services, noted that Phase IV of the project was completed in summer of 2002 with the University advancing approximately \$700,000.

Phase V will involve Nunn, Waterfield, Normal and Butler halls at an estimated cost of \$3,000,000. Nunn Hall, the largest component of the final phase, is very important to summer programming. Building design will allow much of the work to be conducted during the spring semester without major disruption to the student occupants. Therefore, Nunn Hall was removed from Phase V and bid separately. The contract has been awarded for \$1.2 million with work to begin in January.

As Series Q bonds cannot be sold until a budget is adopted by the state, it will be necessary to advance University funds to initiate the Nunn Hall portion of Phase V. The advanced funds will be reimbursed from the bond proceeds. To comply with regulations, the Board is required to state its intent to reimburse costs incurred prior to the issuance of the bonds.

The Board adopted a reimbursement resolution authorizing the expenditure of these expenditures relating to the Revenue Bonds, Series Q.

### **KFAC Board of Directors**

The Board confirmed the appointment of two new and three returning members of the Board of Directors of the Kentucky Folk Art Center, Inc. Appointed to the board were Susan Neff of Morehead and Peter T. McNeill of Flemingsburg. Reappointed were Pam Sexton of Lexington, and Cathy Shely and Denver Kinder, both of Morehead.

In his report, Keith Kappes, vice president for university relations, noted that Bonnie Eaglin had reached the three-term limit. The Board honored her for her service by naming its Outstanding Board Member Award in her honor.

### **Preliminary Report on Enrollment**

Dr. Michael Moore, provost, reported that as of Sept. 24, enrollment at the University was 9,063 students who were registered and paid, compared to a total of 9,027 from last year. Dr. Moore noted that the projected enrollment was 9,303, an increase from last year at this time. These figures are up for full-time equivalency (FTE) and credit-hour production. He stated that enrollment at the extended campuses was down in numbers but more students were taking a full load of classes.

In a discussion of reasons for enrollment growth, increased marketing efforts in the region and economic factors were believed to be the major reasons.

### **Easement and Right-of-Way**

Porter Dailey, vice president for administration and fiscal services, reported that the University had granted the Transportation Cabinet Division of Right of Way an easement to property needed for construction of the Morehead Bypass Phase III. For the property, formerly the CSX railroad right-of-way located across from the Academic-Athletic Center, the University received \$750 for the easement with a total compensation of \$6,150 against future claims on the property.

### **MSU Foundation Lease/Purchase Agreement**

On July 18, the University executed a 10-year lease purchase agreement at prime plus 1 percent with the MSU Foundation to acquire the Martindale property at a cost of \$990,000. Current plans call for remodeling of the house as a place for President and Mrs. Eaglin to live during the remodeling of the Adron Doran University Center.

### **Personnel Roster for 2002-03**

Vice President Dailey presented the 2002-03 Personnel Roster that included current roster positions, employees in those positions and approved salaries for the current year. Beth Patrick, associate vice president, stated that 60 percent of the University's budget was related to personnel. This percentage was reported as standard for an institution of the size of MSU.

### **Real Property Leases**

Vice President Dailey presented the lease report on agreements effective July 1. The report included lease agreements for parking spaces adjacent to the main campus and classroom and office space in Morehead, Pikeville, West Liberty, Prestonsburg and Ashland.

### **Personal Service Contracts**

Contracts of more than \$10,000 had been awarded to eight individuals/firms for the period July 1 through Sept. 17.

### **Private Giving**

Barbara Ender, vice president for development, stated in her report that private giving was up 9.07 percent, surpassing the \$1.9 million mark. The MSU Foundation received gifts from 4,965 individuals, corporations and other entities during 2001-02. The Office of Development and Alumni Relations processed 9,745 gifts from various sources.

A request for \$1,179,225 had been submitted for matching from the Bucks for Brains trust fund.

### **Major Gifts**

Since June 1, the University has received gifts totaling \$278,048.20 from individuals and corporations in cash, gift-in-kind, endowments, scholarships and special projects.

### **Operating Agreement**

As required by the bylaws of the MSU Foundation, the operating agreement between the Foundation and the University was reviewed. Minor modifications were made to the agreement to reflect current operating practices.

### **Executive Session**

The Board went into executive session to review personnel matters and potential litigation. Chair Hinkle noted that no action would be taken.

### **Radio Telescope Project**

Dr. Eaglin explained that the University was not ready to present this information to the board. It will become an agenda item at a later date.

### **President's Report**

President Eaglin invited the Board to attend some upcoming events: Homecoming, Oct. 17-19, with a Parade and Pep Rally kicking off the event on Thursday; Approximately 450 will graduate during Winter Commencement which is slated for Dec. 14 at 10:30 a.m. He also invited the Board members to stay for lunch when the Advisory Board of the West Liberty Center would join them; a tour of the building would follow.

### **Next Meeting**

The Board will have a work session on Friday, Nov. 15. The next quarterly meeting is scheduled for Friday, Dec. 6.

*Compiled by the Office of University Communications*

**REPORT OF MAJOR GIFTS  
SINCE SEPTEMBER 27, 2002**

**BOR (V-B-8)  
December 6, 2002**

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The following is a list of gifts of \$10,000 or more that have been received and/or recorded since September 27, 2002, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.

<u>Name</u>	<u>Type or Purpose</u>	<u>Gift Amount</u>
Lockheed Martin Corporation	Gift-in-Kind (Equipment)	\$51,200.00
Estate of Adron Doran	Adron Doran Endowment for Educational Leadership	\$60,000.00
James W. Bell	Annuities	\$100,000.00
Elmer R. Smith	Elmer R. and Donna N. Smith Endowment for Business	\$100,000.00
Norma F. Hogge	Gift-in-Kind (Property)	\$234,615.00
Elizabeth Martindale Estate	Gift-in-kind (Property)	\$310,000.00
		<hr/>
		<b>\$855,815.00</b>

**REPORT OF MAJOR GIFTS  
SINCE NOVEMBER 15, 2001**

**BOR (VIII-B-5)  
March 16, 2002**

<b>Major Gifts</b>		
The following is a list of gifts of \$10,000 or more that have been recorded since November 15, 2001, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.		
<u>Amount</u>	<u>Donor(s)</u>	<u>Type or Purpose</u>
\$50,000.00	Anonymous	Gift-in-kind
\$50,000.00	France M. George	Endowment
\$50,000.00	Elmer R. Smith	Endowment
\$35,000.00	Ruth L. Shannon	Endowment
\$29,500.00	K-MEC	Gift-in-kind
\$19,000.00	Siemens Bldg. Technologies, Inc.	Gift-in-kind
\$15,000.00	Melissa Brown	Gift-in-kind
\$12,000.00	Warren Doerr	Scholarship
\$10,000.00	Citizens Bank	Special Project
\$10,000.00	Gregory Palmer	Endowment

<b>Gift Income Comparison July-December '99, '00, '01</b>			
Fund/Type	July 1999- Dec. 1999	July 2000- Dec. 2000	July 2001- Dec. 2001
Unrestricted	\$47,270.85	\$53,506.49	\$37,500.06
Colleges, Departments and Other Units	\$114,247.10	\$114,046.23	\$135,916.78
Eagle Athletic Fund	\$88,376.75	\$76,895.17	\$81,341.48
Scholarships (unendowed)	\$63,163.65	\$16,843.05	\$100,199.19
Endowments	\$627,232.00	\$545,649.54	\$529,687.92
Gifts-in-kind	\$184,935.85	\$158,353.98	\$183,277.98
<b>Total Gifts</b>	<b>\$1,125,226.20</b>	<b>\$965,294.46</b>	<b>\$1,067,923.41</b>

RESOLUTION HONORING  
MADGE WALTERS BAIRD

BOR (IV)  
November 30, 2001

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**WHEREAS**, Ms. Madge Walters Baird of Pikeville, Kentucky, has served with distinction as a member of the Board of Regents of Morehead State University since 1998; and

**WHEREAS**, Ms. Baird's distinguished service on the Board of Regents consistently has reflected her high ethical standards and deep, personal commitment to academic excellence; and

**WHEREAS**, Ms. Baird previously served the University with distinction as vice chair of the Presidential Search Committee in 1991-92,

**THEREFORE**, be it resolved by the Board of Regents of Morehead State University that Ms. Madge Walters Baird be and hereby is commended for her three years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for her loyalty.

Done this thirtieth day of November, 2001.

\_\_\_\_\_  
Buckner Hinkle Jr., Chair

ATTEST:

\_\_\_\_\_  
Carol Johnson, Secretary

\_\_\_\_\_  
Ronald G. Eaglin, President



**BOR (VI)**

**RESOLUTION HONORING JUANITA MILLS**      **September 27, 2002**

**WHEREAS**, Juanita Mills, a respected citizen of Lakeside Park in Northern Kentucky, has served with distinction as a member of the Board of Regents of Morehead State University since 1997; and

**WHEREAS**, Ms. Mills' distinguished service on the Board of Regents consistently has exemplified her high ethical standards and strong personal commitment to institutional integrity; and

**WHEREAS**, Ms. Mills' tenure as a board member has reflected her professional collegiality and dedication to academic excellence and her abiding concern for the welfare of the entire University community,

**THEREFORE**, be it resolved by the Board of Regents of Morehead State University that Ms. Juanita Mills be and hereby is commended for her five years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for her efforts.

Done this twenty-seventh day of September, 2002.

ATTEST:

\_\_\_\_\_  
Buckner Hinkle, Jr., Chair

\_\_\_\_\_  
Carol Johnson, Secretary

\_\_\_\_\_  
Ronald G. Eaglin, President

## SABBATICAL LEAVE, 2002

BOR (VIII-A-1)  
September 27, 2002

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### **Background:**

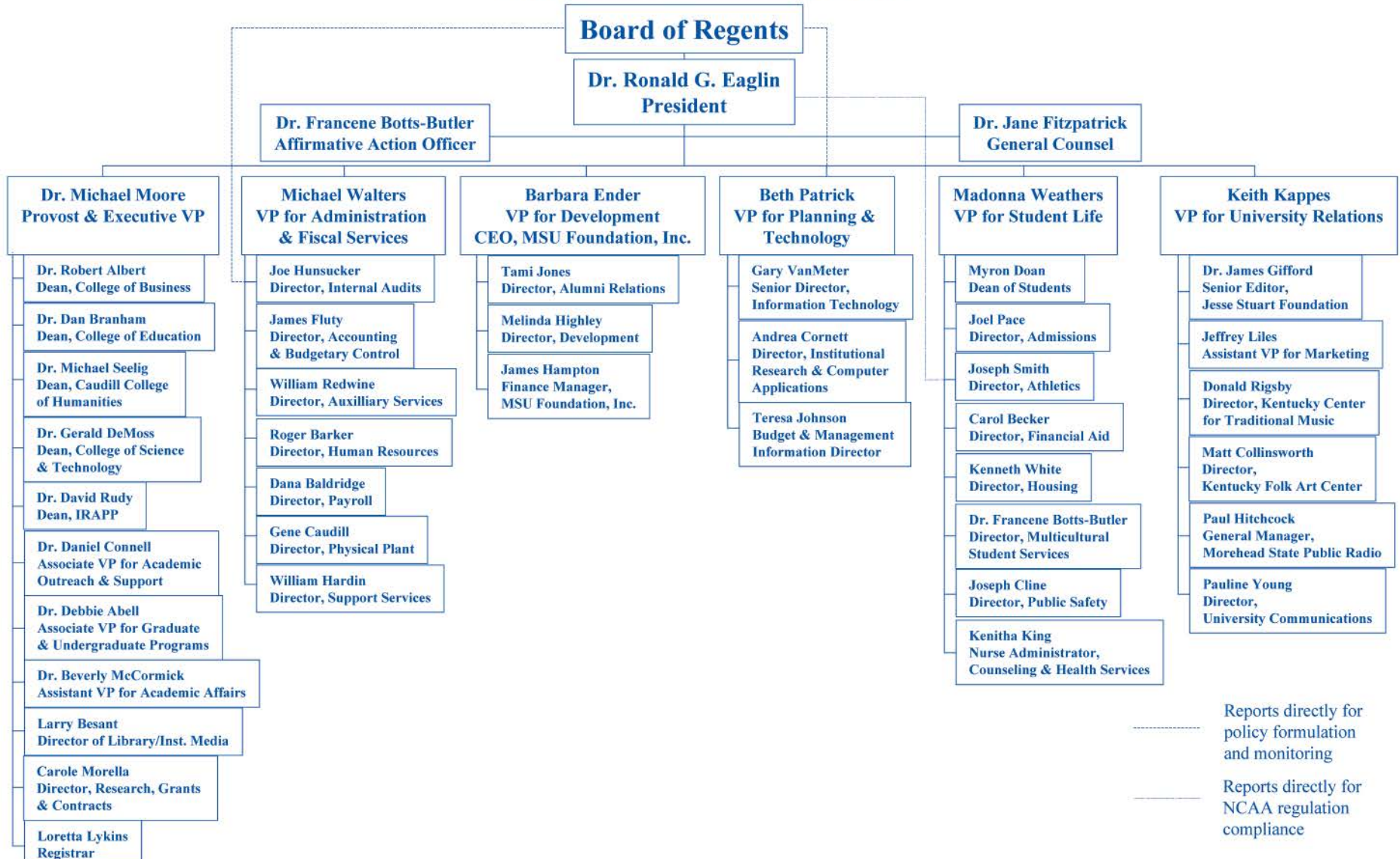
Faculty members desiring sabbatical leaves submit their application to be evaluated by their departmental committee, department chair, college dean, and the Professional Development Committee. These committee evaluations are forwarded to the Provost who recommends to the President for his recommendation to the Board of Regents.

Dr. Wayne Willis applied for a sabbatical for the Spring 2002 semester and his application was approved at the March 3, 2001, Board of Regent's meeting. However, he was asked to postpone his sabbatical leave until the Fall 2002 semester in order to serve as assistant to the dean of education during the Spring 2002 semester.

### **Recommendation:**

That the Board of Regents ratify the change of semester for the sabbatical leave of Dr. Wayne Willis, professor of education.

# MOREHEAD STATE UNIVERSITY Organization Chart 2003-2004



# Morehead State University

## Visioning Retreat

August 28-29, 2003



### SECTIONS

I. Areas of Vision . . . . .	page 2
II. Realizing the Vision . . . . .	page 10
III. Disseminating the Vision . . . . .	page 13

*If we dream alone it's just a dream, but if we dream together it's reality.*

—From a Brazilian folk song

The Three Pitfalls of Visioning

- Focusing only on change
- Not thinking big enough
- Leaving your vision on the mountaintop

## SECTION I: AREAS OF VISION FOR MOREHEAD STATE UNIVERSITY

### REGIONAL ENGAGEMENT

#### **Vision Statement**

Morehead State University is the driving force for providing opportunities and choices for all citizens (people) in an economically thriving region that values lifelong learning and services and community partnerships.

Think globally; act locally

Economic development

Using expertise

More direct involvement

Expanding region = Louisville

Expanding K-16 partnerships

Driving force

University as catalyst for high tech economic development

Catalyst for lifelong learning

Service opportunities womb to tomb

Preparing you for success

Creating opportunities and choices



MSU explodes myth of Eastern Kentucky!!!

#### *THINGS TO KEEP*

- Regional engagement but "expand" region
- Opportunity and supportive environment
- Personal/ informal environment
- Regional engagement
- High priority and focus on addressing the needs of the service region
- Focus on serving the people of Eastern Kentucky
- The passion to share this region
- Outreach Eastern Kentucky Internationally

#### *THINGS TO CHANGE*

- Stronger connections between P-12 institutions as laboratories in public schools

- Public education so we no longer need to offer as much developmental education
- Regional engagement to include state, national, and international opportunities
- No "wall" at Winchester
- Utilize university faculty and staff expertise more heavily to help develop regional initiatives
- Greater emphasis on service

#### *THINGS TO EXPAND/CREATE*

- Expand efforts to benefit our region
- Excellent public schools throughout Kentucky
- Increase access through collaboration with schools, other post-secondary education and business to create a seamless system of education
- A line at the end about responsiveness to the needs of the region—they are changing
- Use alumni as mentors for students focusing on fields of study
- More late afternoon/evening classes for adults in general and working adults, including evening office hours so working adults can be served
- Class opportunities for senior citizens



#### **INTERNATIONAL STUDIES**

##### **Vision Statement**

MSU's well-funded international program creates appreciation of and support for international opportunities through extensive participation in study abroad, interaction between students of differing cultures, and a vibrant international studies academic program.

#### *THINGS TO KEEP*

- Outstanding study abroad programs—but to increase number of students participating

#### *THINGS TO EXPAND/CREATE*

- International Studies through partnership—focus on counties with similar profile to your local market so you can transfer model
- Create degree programs (BA & MA) in international studies
- Strong well-funded international education program where the vast majority of MSU students can have some form of study abroad experience
- Expand mission to attract more diverse population
- Create major center for recruiting and training volunteers to help with Chi (card not legible)

## **CAMPUS LIFE**

### **Vision Statement**

MSU takes a holistic approach to education through its aesthetic, functional campus environment that is diverse, safe and fosters individual and community growth and interaction.

### *THINGS TO CHANGE*

- Realize the master plan of a pedestrian friendly campus
- Eliminate motor vehicles on campus: reduce noise, improve air, promote exercise, free up space
- Develop a parking plan that takes into account classification of students
- Change the format of MSPR to a student formatted and hosted station

### *THINGS TO EXPAND/CREATE*

- Offer comfortable, up to date and safe living environment in all MSU resident halls
- More secure campus by implementing a secure "card access" plan
- Maintain impetus that exists with MSU's compliance with the Kentucky plan ensuring that we meet goals in recruitment, retention and graduation. As Hispanic students graduate from high school, we must realize our diversity initiatives and programs. Create programs geared toward recruiting Hispanic students, GED completers, and transfers.
- Easier access to campus
- Create a community in which cultural and educational diversity can flourish
- Create meaningful educational experiences that mature students to be engaged in their education and therefore have students develop self-confidence and become positively engaged in the University Community reinforcing personal need to graduate and to help others do the same. Thus, greater retention, graduation rates, positive atmosphere, productive alumni; the list goes on.
- Weekend events for campus students to keep them in Morehead
- Summer class schedule at the same time the spring semester is developed so students can better plan their schedules

## **TEACHING AND LEARNING**

### **Vision Statement**

By providing an environment to develop and learn, MSU is recognized regionally and nationally as an institution that produces outstanding graduates through superb teaching and exemplary programs.

### *THINGS TO KEEP*

- Ability of students (graduates) to be successful
- Produce teachers that will return to easternmost counties of Kentucky and make a positive difference in these future students' lives
- Strong teacher education programs
- Professors teaching freshman classes
- Ideal that all persons have opportunity to participate in higher education
- Providing all students the opportunity to learn (Develop education)
- Focus on teaching and learning

- Quality instruction as the top priority
- Recognized for superb teaching
- Focus on excellence in teaching: relatively small class sizes, direct contact of students with full faculty
- Small class sizes that enable professors to identify students by ability as well as name
- Excellence in teaching includes small classes and a reputation for caring for all students. "My name is \_\_\_ and all my professors know it."
- Commitment to teaching excellence
- Maintain what we are doing right—dare to change the areas we can make stronger

### *THINGS TO CHANGE*

- In the mission statement, delete “participate and change” to “develop and learn” through higher education
- Allow students to select their own general education courses
- Attract more outstanding high school graduates from not only region, but nationally and globally
- Develop way for all teacher ed. graduates to be more fond of and proficient in math

### *THINGS TO EXPAND/CREATE*

- Recognized regionally and nationally as an institution that through superb teaching and exemplary programs, produces outstanding graduates who have leadership roles in our society
- Reputation for academic excellence, which includes emphasis on recruiting good students, attracting strong and diverse faculty, and more institutional support and encouragement for research
- "Nationally" recognized for superb....
- New college of business funded by benefactors
- Graduates who value their role as citizens of their communities

## **TECHNOLOGY**

### **Vision Statement**

Students graduate with current, practical, discipline-specific technology knowledge, skills, and experience required for professional success (not just email, word processing, or Blackboard).

### *THINGS TO KEEP*

- Excellence in technology education to meet the demands of modern society
- In the forefront of technology
- Recognized statewide and beyond for its technological leadership
- Strong initiatives and support for technology in teaching and learning

### *THINGS TO CHANGE*

- Become HUB of space science study
- Develop a campus-wide technology plan
- Increase access to post-secondary education by delivering education to all learners, including adults, without limitations of space, location, and time though use of latest technology



### *THINGS TO EXPAND/CREATE*

- Preeminent program in space science in the country
- Catalyst for high tech economic development in the region
- Avenues for the innovation and enhancement of new ideas and technologies
- Wireless campus where every student has a laptop and every classroom is wired
- Premium counseling and education leadership program in US, a model program for taking learning to students through DL, and state of the art technology to support

### **RESEARCH**

#### **Vision Statement**

All our programs include research as an integral part of learning, providing a national model for student and faculty collaboration.

### *THINGS TO CHANGE/CREATE*

- Add stronger individual and university commitment to research integrated to teaching and learning, increased active learning and action agendas, decentralization of power with increased autonomy and accountability
- More opportunity for research
- Support for research
- Level of support and recognition for research activities
- String music program that can be taken to K-12 schools throughout Eastern KY--Strong program to train K-12 string teachers, string camps for K-12 college students and teachers, large university orchestra, junior orchestra made up of K-12 students from area
- Strong GED graduate program to focus on recruitment nurturing, retention of and graduation of GED graduates
- An engineering degree program



## **INSTITUTIONAL CULTURE**

### **Vision Statement**

The institutional culture at MSU promotes in students, faculty, and staff and administration a desire for academic and social success coupled with a strong desire for community commitment where failure is not considered an option.

### ***THINGS TO KEEP***

- Focusing on the identified areas of expertise in current vision statement to continue strengthening them
- Community of scholars, faculty passion for teaching and caring for students
- Maintain culture in which many faculty and staff view their jobs as lifelong career opportunities
- Rich cultural heritage
- Keep our focus on personal attention to students
- Pride in our past
- Placing an importance on integrity
- Sense of place, purpose, and mission for MSU
- Friendly attitudes
- Placing value on the cultural heritage of our service region—Kentucky Folk Art Center, Kentucky Center for Traditional Music
- High expectations for students, faculty and staff
- Opportunities for students with poor records to come to MSU and succeed. It's expensive, and often frustrating, but we have enough victories to make it all worthwhile.
- Opportunities to participate in higher education, recognition for superb teaching and learning
- Embrace ideal that all persons have opportunity to participate in higher education
- Streamlined administrative processes

### ***THINGS TO CHANGE***

- Increase synergy between and among departments, colleges, divisions
- Redefine the core of MSU's mission: be strict about keeping our activities within the core and phase out the rest. With funding under constant pressure we need to narrow the focus on where we spend our dollars.
- Continue to increase faculty and student diversity
- Change "poor me" attitude--quit apologizing for being born and/or educated in Eastern Kentucky. Take pride in how far the region has come and how far the University has come.
- Change line that says "even stronger institution" to be a "stronger" statement. If we wish to be a "public Berea" then that should be defined.
- Image of "less dynamic" or "less important" institution
- More student-centered language in vision, be committed to educating the students academically, socially, etc.
- Work as systems instead of individual units
- Institutional emphasis on process that forgets about people, include facilities with no places for students to gather

### *THINGS TO EXPAND/CREATE*

- A place to bring children to start their dreams
- Greater appreciation of positive uniqueness of MSU
- A truly seamless system of education, transfer particularly
- More appreciation of arts, i.e. create an "Arts Series"
- Move exemplary programs to the national and international level
- More collaboration and development of excellence in teaching with less focus on trying to measure it
- One or two "flag" programs

### **OTHER TOPICS NOT ADDRESSED IN SMALL GROUPS BUT IDENTIFIED AS AREAS OF INTEREST**

#### **CITIZENSHIP**

##### *THINGS TO EXPAND/CREATE*

- More emphasis on civic education. The name of the game in the 21<sup>st</sup> century will be creating "citizens" not just workers
- Graduates who are engaged in service to their community
- More civic orientation as a part of student education
- Do more civic capacity with students to let them reach out to young people in local communities

#### **CURRICULUM**

##### *THINGS TO KEEP*

- "Public Service" Education, Teacher education, IRAP

##### *THINGS TO EXPAND/CREATE*

- Require a foreign language
- Science: 1. Space Science (we're only just starting, so can't say "keep") 2. Enhance program/reputation for computers, Science map (kids in this century will be lost if not grounded in these)
- Require learning experience at each class level for undergraduates

#### **FINANCES**

##### *THINGS TO KEEP*

- Keep the focus on recruitment and retention, realizing that we will need to begin focusing on more transfers, GED completers, and Hispanic students as they become high school graduates

##### *THINGS TO CHANGE/CREATE*

- Means by which more people are financially able to attend MSU
- Position in admissions dedicated to recruiting and serving adults
- Partnerships with private enterprise with MSU getting a "piece of the action"
- Decentralize budget process
- A \$60 million endowment

- Development of a four-year budget process (based on revenue/expenditure assumptions; integrated to long-term planning; reviewed and revised annually)

## **ARTS**

### **THINGS TO KEEP**

- Strong music program, tradition, literature music
- Strong initiatives and support for the arts: music, art, theater, folk art, and traditional music

### ***THINGS TO EXPAND/CREATE***

- MSU press to take advantage of the passion for creative writing in this region (publish poetry, fiction, non-fiction by authors from Eastern Kentucky)

## **HEALTH CARE**

### ***THINGS TO CHANGE***

- Expand career options in health care
- Allied-Health Professionals to serve the needs of region and nation



## **SECTION II: REALIZING THE VISION: PROMISING AREAS AND BARRIERS**

### **PROMISING AREAS—GROUP ONE**

- Believe that "it" will really happen
- Develop people who believe in the vision
- Recruit exceptional students to help achieve the vision
- Communicate the vision and its intended results
- Develop seamless and alternative methods to deliver learning
- Establish a four-year budget model and process
- Specific programming with students to promote a lifelong commitment to academic, social, and community involvement
- Focus on "best practices" in all fields but take also ownership for preparing teachers
- Identify roles and responsibilities for the vision
- Increase community and university response to international and diverse students

### **BARRIERS**

- A sense that "it can't be done" or that there is no internalization and focusing at a level of "30,000 ft" that a basic value of connecting the university and all its families (faculty, staff, students) to a greater mission is the most important thing. IT WILL TAKE NO ADDITIONAL DOLLARS, only a change in attitude!

### **TO OVERCOME BARRIERS**

- Specific discussion that focuses on how to accomplish one institutional goal!
- Inventory of efforts university-wide (honors and military) for instance, and how to make one mission
- Specific programming that addresses/"rally" the troops!

### **PROMISING AREAS—GROUP TWO**

- Evaluate all university programs (keep the best, revise the rest!)
- Use faculty/volunteers to insure that at risk families have access to, value, and use lifelong learning opportunities in primary service region (university family, faculty, students, staff, community)
- Streamline administrative procedures
- Embrace and integrate more fully the adult and lifelong learner
- Adopt a client-centered, service-oriented approach with students, families, and communities
- Leadership/apprentice/internship for all students
- Create a culture of shared vision
- Enhance/facilitate social/economic conditions/factors of the region
- Engage faculty/staff/students on partnerships/collaborative efforts throughout the region's schools, business, and community organizations
- Student put first in all university decisions
- Broader definitions of teaching/learning
- More consistent long-term planning and follow through
- Develop more flexible teaching/research schedules

## **BARRIERS**

- To extent we take ourselves, our systems, and processes more seriously than we take our students/clients
- Politics on major decisions
- Fear of change/inertia
- Time
- External walls
- Traditional scheduling lack of flexibility

## **PROMISING AREAS—GROUP THREE**

- Raise more
- Communicate
- Stay focused, model the mission
- Consistency
- Collaboration across lines
- Expand student market--adult
- Recruit better students--help HS
- Prioritize direction of resources
- "Buy in" at all levels of organization
- Improve reputation externally

## **BARRIERS**

- \$\$\$\$
- Lack of cohesiveness and pride in organization
- Mission = action? More effective communication
- On campus versus off campus
- Faculty expectation too low
- "Traditional" thinking/global
- Lack of value of education
- Lack of sustained commitment--reinforce success
- Overcome "poor me" attitude--role model success
- External perceptions--spread the word about quality
- Lack of budget flexibility--paternalism
- Bottom up management
- More participatory management
- Put a real pride into pride and promise
- Expand and improve marketing messages, internally and externally

## **PROMISING AREAS—GROUP FOUR**

- Visionary leadership to identify flagship initiatives
- Teacher Ed--teach future teachers how to instill a love of math in their students
- Prof. Devel.--program should reflect current market trends and best practices
- Increase collaboration across division lines
- Providing and making service accessible to our region/community
- Articulate our vision to all constituents (legislature)

- Campus-wide service culture
- Develop a comprehensive technology plan
- The leadership must pursue all avenues of funding for present and future projects
- Enhance national and international marketing of MSU
- Vision should lead planning and budgeting
- Reward system that supports the vision
- Attract, support, and foster the development of top-notch and diverse faculty

### **BARRIERS**

- Resistance to change
- "Turf issues"

### **TO OVERCOME BARRIERS**

- Review and examine entire university structure and budget with eye to vision of the university and mission critical versus mission discretionary activities
- Increase enrollment
- Training, getting more involved time and patience
- Encourage collaboration
- Transparent planning collaboration

### **PROMISING AREAS—GROUP FIVE**

- Continuous and strengthened strategic planning to ensure clarity of: functions of academic programs and student support services, effective organizational structure to support the functions, prioritization of goals and resources to support the goals, collaboration needs (internal departments and external region)
- Action Items: Decentralize leadership and resources (with empowerment and accountability for decision-making), maximize funding opportunities (partnerships K-12 and businesses in region), mentoring programs--student to student, student to alumni
- Enhance competitive position to attract "top flight" faculty, staff, and students

### **BARRIERS**

- Money
- Resistance to change
- Apathy (internal and external)

### **TO OVERCOME BARRIERS**

- External partnerships
- Internal prioritization and efficiency
- Open collaboration and decision-making processes
- Sticking to "the plan"
- Promote value structure (social and personal)
- Promote value of education at "whole family" level
- Eliminate "entitlement" attitudes by placing value on performance

## SECTION III: DISSEMINATING THE VISION

- With whom do we need to share the work we have done?
- What is the message?
- How do we convey it?

### **Whom?**

All stakeholders: faculty, staff, students (current and prospective), alumni, business and local community, peer institutions, high school faculty, counselors, legislative, president and administrator, CPE, governing groups, divisions

### **Message**

This is inclusive process, shared vision, unique service institution, and unique contribution

What is our unique headline?

Establish board—here are our core values—recognize and implement them

Human values

Historic mission still drives us but it's getting bigger—we still have the spirit

Provide outstanding education and meet individual needs

Focus on improvement and opportunities

High tech university—silicon "holler"

### **How do we convey?**

Persistently, concisely, collaboratively

All have part in crafting the words

Vision statement: convey a true, understandable, believed message—live it in decision-making

Integrate visioning process into daily life; keep it simple—modeling everyday

### **Idea**

Get faculty to devote about ten minutes of class

1. Campus Vision Day--Employee input
  - a. Dismiss classes
  - b. Divide all employees into groups of fifty
    1. Initially within own group
    2. Mixed groups
  - c. Off-campus advisory boards
  - d. On-campus advisory boards
  - e. Alumni boards, etc.
2. Identify and train facilitators and faculty
3. Student input—same process
  - a. Use MSU 101
  - b. Capstone courses
  - c. Off-campus classes
4. All input gathered together
5. Who creates vision? Leadership--president, boards, planning committee
6. Message—Inclusive process, shared vision
7. To all constituents: public high schools, CPE, legislature, campus



## **2002 WINTER GRADUATES**

**BOR (V-A-1)  
December 6, 2002**

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### **Background:**

Four hundred eight (408) students have applied for graduation at the December 14, 2002, Winter Commencement. This includes 19 associate degrees, 303 bachelor degrees and 86 master degrees.

### **Recommendation:**

That the awarding of degrees to all candidates who successfully completed all degree requirements as approved by the faculty of the University at the 2002 Winter Commencement on December 14, 2002, be approved.

**Morehead State  
University**

**Year-to-Date Gift  
Income Report**

Summary by Constituency

October 31, 2002

<u>Description</u>	<u>2001</u>	<u>2002</u>	<u>Variance</u>
Degreed Alumni	\$78,950.94	\$203,452.95	\$124,502.01
Non-degreed Alumni	1,836.00	646,554.00	644,718.00
Faculty/Staff	10,034.48	39,033.85	28,999.37
Retirees	2,507.50	3,640.00	1,132.50
Parents	6,420.43	17,020.00	10,599.57
Corporate Contributors	206,671.50	121,898.88	(84,772.62)
Other Organizations	0.00	66,168.75	66,168.75
Foundations	853.62	864.08	10.46
Sponsorships	0.00	4,500.00	4,500.00
Friends of MSU	52,498.88	117,954.72	65,455.84
<b>GRAND TOTALS</b>	<b>\$359,773.35</b>	<b>\$1,221,087.23</b>	<b>\$861,313.88</b>

Included in above totals are matching gifts (\$9,095.00) and Gift-in-Kind of (\$708,758.48).

## FALL 2002 ENROLLMENT REPORT

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### HEAD-COUNT ENROLLMENT

		<b>% Change</b>
1998	8,263	+0.7
1999	8,171	-1.1
2000	8,327	+1.9
2001	9,027	+8.4
2002	9,390	+4.0

### FULL-TIME EQUIVALENCY

		<b>% Change</b>
1998	6,305	-0.8
1999	6,172	-2.1
2000	6,373	+3.3
2001	6,888	+8.1
2002	7,243	+5.2

### CREDIT-HOUR PRODUCTION

		<b>% Change</b>
1998	98,198	-0.8
1999	96,107	-2.1
2000	99,223	+3.2
2001	107,014	+7.9
2002	112,806	+5.4