

MINUTES
SPECIAL MEETING
BOARD OF REGENTS
WESTERN KENTUCKY UNIVERSITY

November 22, 2002

AGENDA ITEM 1 - Call to Order

Required statutory notice having been given, a special meeting of the Board of Regents of Western Kentucky University was held via interactive television from Grise Hall, Room 137, on the Western campus, and Room 166 of the Glasgow South Regional Postsecondary Education Center. The meeting was called to order by Chair Gray at approximately 8:25 a.m. CST. Specific purposes for the meeting were outlined in notification to the Board dated October 29, 2002, and to the media on November 15, 2002; specifically:

- ✓ Recommendation and approval to authorize the University to enter into a new Third-Party Administrator agreement/contract for the University's health insurance plan; and
- ✓ Recommendation and approval of a Presidential Employment Agreement.

AGENDA ITEM 2 - Roll Call

The following members were present

Mr. Howard Bailey (Grise Hall)
Mr. Kristen T. Bale (Grise Hall)
Dr. Robert L. Dietle (Grise Hall)
Mr. Robert Earl Fischer (Grise Hall)
Ms. Lois W. Gray (Grise Hall)
Mr. Cornelius A. Martin (Grise Hall)
Ms. LaDonna G. Rogers (Glasgow Campus)
Ms. Jamie L. Sears (Grise Hall)
Mr. James B. Tennill (Grise Hall)
Ms. Beverly H. Wathen (Grise Hall)

Mr. Sheffer was absent; however, he participated in the discussion via telephone.

AGENDA ITEM 3 - Approval and authorization for the University to negotiate and enter into a Third-Party Administrator agreement/contract with Anthem Blue Cross Blue Shield for the University's 2003 Health Insurance program.

BACKGROUND: The University's Employee Benefit Committee considered and recommended to the President a new third-party administrator (TPA) for the University's Employee Health Insurance program.

Quotes were solicited from potential providers on both a fully-insured and self-insured basis. MedBen also provided plan renewal information for consideration. The Employee Benefits Committee evaluated quotes and other relevant information provided by each prospective provider and MedBen.

The Committee recommended the following to President Ransdell:

- Self-insurance continues to be favored by the Committee as the most appropriate means of providing employee health care coverage.
- Anthem Blue Cross should be recommended as the new third-party administrator for the reasons stated below.
- Three plan options should be offered to provide employees with a broader range of plan choices.

Anthem was recommended by the Committee to act as the new third-party administrator for the following reasons:

- Cost projections and actuarial calculations were deemed to be the most credible
- Expectation that general plan administration would be improved.
- Anthem's provider discounts are among the highest in the industry, resulting in cost controls.
- Anthem's nation-wide provider network will allow seamless coverage for employees on sabbaticals and other leaves, in addition to dependent children attending college in other areas of the country.
- Re-insurance coverage will be provided through Anthem and will ensure no financial exposure or gaps between plan benefits and the re-insurance policy.
- Administrative fee guarantees have been provided for 2004 and 2005.

The proposed contract with Anthem will include the following items:

- Initial contract period of one (1) year with options for renewal and termination.
- Administrative fees of \$28.43/employee/month and estimated annual cost of \$500,482.
- Re-insurance contract providing coverage for large claims in excess of \$150,000.
- COBRA (continuation coverage) and HIPPA administration at a fee of \$1.00/employee/month.

The University's monthly contribution to employee health cost will increase from \$315 to \$341 effective January 1, 2003.

Premiums (employee out-of-pocket cost) for each of the three plans are provided below.

Monthly Basis

	<u>Blue Access High</u>	<u>Blue Access Low</u>	<u>Blue Economy</u>
Single	0	N/A	N/A
E/Spouse	252.00	185.00	123.00
E/Child(ren)	162.00	104.00	52.00
Family	481.00	380.00	286.00

The parties must enter into an agreement prior to December 31, 2002. Once drafted, a copy of the proposed agreement will be circulated to the Board members for their review.

Motion that the Board approve and authorize the President to negotiate and enter into a Third-Party Administrator agreement/contract with Anthem Blue Cross Blue Shield for the University's 2003 Health Insurance program was made by Mr. Martin, seconded by Ms. Wathen and carried unanimously.

President Ransdell reported that a contract will be finalized and provided to the Board within two weeks. Dr. Ransdell also stated that dialogue has begun among the university presidents to explore ways for the eight universities to work together in some kind of consortium in regards to the self insurance program.

AGENDA ITEM 4 - Recommendation and approval of a presidential employment agreement

The following statement was read by Ms. Kristen Bale, who chaired the President's Contract Review Committee:

"On September 12, 1997, Dr. Gary Ransdell was appointed as Western Kentucky University's 9th president. The Board at that time was searching for a leader who would bring creativity and passion to the job; someone with a progressive vision and the courage to dare for greater things for our university. The Board wanted someone who would be tireless and relentless in their efforts to re-energize the Western spirit both within the institution and outside its walls as far as the imagination would allow.

*"Over the past five years, the Board has seen Dr. Ransdell meet the challenge offered. Using nearly 100 years of Western academic strength as a springboard and the strategic plan, Challenging the Spirit, as guidance, Dr. Ransdell has initiated "a transformation of Western from an institution of regional importance to a university of national importance." (Taken from The Beginning of a Transformation, booklet.)
Reviewing the progress Western has made during the last five years under Dr. Ransdell's leadership has been impressive. Let me mention a few highlights.*

- Western has led the way amongst the Commonwealth's eight public universities in enrollment growth while the quality of the applicant pool strengthens and the retention rate of our students increases.*
- Western is host to the nationally-ranked School of Journalism and Broadcasting, the Commonwealth's only program to be so ranked.*
- Western has experienced a "dramatic growth in sponsored programs and applied research."*
- Western has \$136 million dollars of construction ongoing comprised of two new academic buildings and renovation of student dorms, dining halls, Downing University Center, and Diddle Arena complemented by the completed Guthrie Tower and Carillon.*

- *Western's five-year capital campaign exceeded its goal of \$78 million by the fourth year and the campaign's goal is now raised to \$90 million.*
- *Western has responded to the Commonwealth's challenge of impacting our local economy with new baccalaureate programs in engineering and by developing the Center for Research and Development.*
- *Western was one of six universities in the United States to receive an upgrade in its bond rating by Moody's as a result of Western's significant growth, its consistently balanced budget, and its successful capital campaign.*

"This is only a "snapshot" of Western's progress these last few years, but time does limit. Recognizing the remarkable achievements to date, which have led to unprecedented progress on our campus, the President's Contract Review Committee believes that Western Kentucky University should make every effort to continue on this path of transformation. Furthermore, the presence of Dr. Ransdell is felt to be vital to this process and would ensure the continuation of our positive momentum. Therefore, an innovative contract and compensation package has been developed for Dr. Ransdell with the conviction that, under his inspired leadership, even greater heights await our wonderful university.

"Also, the Western Kentucky University Foundation has indicated its support of Dr. Ransdell and his leadership of Western by agreeing to entertain at its next regular meeting action to confirm a financial commitment in support of Dr. Ransdell. I want to personally thank the Foundation and its leadership for their participation and support in this process.

"Therefore at this time, I, Kristen Bale, move that the Board authorize and approve the Employment Agreement between Western Kentucky University and Gary A. Ransdell. In addition, I move that Dr. Ransdell's salary be raised in accordance with the compensation outlined in this Agreement. Both items of information are in front of you."

The motion was seconded by Mr. Martin and carried with Regent Dietle voting no. The amended contract follows:

Western Kentucky University
EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") made as of this 22nd day of 2002, by and between Western Kentucky University (hereinafter "Western Kentucky University" or "the University") and Gary A. Ransdell (hereinafter referred to as "Gary Ransdell" or "President").

WITNESS

WHEREAS, Gary Ransdell is employed as President of Western Kentucky University in good standing; and accepts the terms and conditions set forth in this agreement; and

WHEREAS, the President and the Board of Regents ("the Board") of Western Kentucky University entered into an Employment Agreement on September 12, 1997, which was amended from time to time, thereafter; and

WHEREAS, the parties now desire to enter into a new agreement effective January 1, 2003, and to record the terms and conditions of his employment in this Employment Agreement (herein "the Agreement").

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, Western Kentucky University and Gary Ransdell covenant and agree as follows:

- I. **EMPLOYMENT.** Pursuant to the terms and conditions of this Agreement, Western Kentucky University agrees to employ Gary Ransdell as its President and Gary Ransdell agrees to serve as the President of Western Kentucky University and to render services to the University as set forth herein.
- II. **INITIAL TERM.** The initial term of employment will commence at the time of the execution of this agreement and will end on **June 30, 2006**, unless extended in accordance with the provisions of paragraph VII.
- III. **DUTIES.** The President shall well and faithfully serve the University in such capacity as aforesaid; and shall at all times devote his whole time, attention, and energies to the management, superintendence, and improvement of the University to the utmost of his ability; and shall do and perform all such services, acts, and things connected therewith, including, but not limited to, the responsibilities enumerated in Article VI of the *Bylaws of the Board of Regents of Western Kentucky University*, as shown in attachment "A" to this Agreement. Participation in any outside organizations, associations, clubs, or groups shall be consistent with the importance and dignity of the presidential office. Any paid directorships, board memberships, or consultancies are to be assumed only with the concurrence of the Board.

IV. **COMPENSATION.**

- A. **BASE SALARY.** Commencing January 1, 2003, the President's salary shall be two hundred ten thousand, three hundred twenty dollars and no cents (\$210,320.00). The President's base salary for subsequent years will be reviewed and established annually on or before March 31 of each calendar year by the Board, with such annual adjustment to be effective on July 1 of that year, to the average percentage salary increase granted to the faculty at Western Kentucky University. Other special salary adjustments may be granted by the Board, in its discretion. It is also agreed and understood that so long as the President's performance is deemed satisfactory following evaluation by the Board, the base salary amount shall remain competitive (i.e., at or near the top of) the salaries paid to the presidents of the other comprehensive institutions in the Commonwealth of Kentucky.
- B. **DEFERRED INCENTIVE PAYMENT PLAN / 457(f) PLAN.** A Deferred Payment / 457(f) Plan has been created and structured as an incentive for Gary Ransdell to remain with the University for the terms of the Agreement and thereby provide stability to the University's Chief Executive position and allow the full dedication of Gary Ransdell's resources to address and implement the goals and visions of the University. Therefore, in addition to the President's base salary and upon consultation with the President, the monthly cash value of twenty-eight percent (28%) of the annual base salary shall be placed into a 457(f) compensation plan account. Effective upon completion of the following years of employment, the President shall be entitled to the following amounts, less appropriate state, local, and federal withholdings on any deposits or earnings accrued as of the date of payment to the President.

<u>Year Ending</u>	<u>Percentage Vested</u>
June 30, 2003	Twenty percent (20%) of the fund
June 30, 2004	Forty percent (40%) of the fund
June 30, 2005	Sixty percent (60%) of the fund
June 30, 2006	Eighty percent (80%) of the fund
June 30, 2007	One hundred percent (100%) of the fund

All payment shall be made to the President in the form of additional compensation. If the President's employment relationship with the University is terminated in either the sixth, seventh, eighth, ninth, or tenth year of employment as provided in paragraph VIII, the President will be entitled only to the amount of funds indicated above for each completed year of service and any further obligations of the University as herein stated are null and void and all remaining funds accrued hereunder shall revert to the University, or the contributing source of the funds, as appropriate.

- C. **BENEFITS.** The President shall receive maximum benefits accorded to faculty or administrators of the University including, without limitation:
1. Insurance/Indemnification. The University shall provide the President with director's and officer's liability insurance coverage under the same terms and conditions applicable to trustees and/or officers.
 2. Health Insurance. The University will provide medical insurance coverage for the President under the University's traditional health insurance plan.
 3. Retirement. The President will be eligible to participate in KTRS or the University's Optional/Alternative Retirement Plans. The University and the President will make contributions into whichever plan is selected by the President, as provided by law.
 4. Disability Insurance. The University will provide the President with disability insurance coverage for seventy percent (70%) salary coverage. Disability payments under this provision shall be made and only made following the same definitions, criteria, and limits as established by the University's group disability plan.
 5. Automobile. During the initial term of this Agreement and any subsequent term, the University will provide the President with a leased automobile (full-sized or comparable) every two (2) years. The President will be entitled to use the automobile for personal as well as professional use. The University will insure the vehicle, provide maintenance service, and will reimburse the President for fuel and oil expenses. The President shall maintain records of use and mileage, separating professional use from personal use, providing such records to the University for its tax reporting purposes. The President shall be solely responsible for the payment of any federal income tax resulting from personal use of the automobile.
 6. University Entertainment / Other Expenses. The University or its designee shall pay initiation and monthly dues for the President in an area club acceptable to both the President and the Board. The University shall also pay or arrange for the payment to the President reasonable and necessary University-related entertainment expenses, other non-entertainment expenses related to the Presidency, and ongoing needs related to the President's Home. Such expenses are to be post-audited by the Board.
 7. University Travel. The University shall reimburse the President for the reasonable and necessary expenses of travel by his spouse and him. Such travel is to be post-audited by the Board.
 8. Life Insurance. The University will provide the President with term life insurance equal to two-and-one-half (2 ½) times the base salary.
 9. Vacation. The President shall be entitled to vacation benefits as provided by University policy. However, the President shall be immediately credited with fifteen (15) years of service for purposes of calculating the President's vacation benefits.
 10. Housing. The University requires that the President reside in a residence chosen by the University. The University reserves the right to select the house which it

requires that the President reside in and from time to time alter, remodel, or replace the house, and such alteration and remodeling are to be commissioned by the Board prior to the arrival on campus of the President. The University understands that in providing the President with this residence for his convenience and requiring the President to live in this residence should not cause the President to incur any tax liability. The University shall cover all costs for the operation of this housing, including utilities, maintenance, basic custodial and domestic services, and University-related entertainment. In the event of the President's death, the President's family will be allowed to remain in the President's home for a minimum of three months.

11. **Sabbatical Leave.** The Board agrees after six or more years of service, the President shall be eligible with Board approval for a sabbatical leave under the following conditions:

- i. The President is eligible for a sabbatical leave of six (6) months, to be taken at the time that it is acceptable to the Board. Such leave may be reserved by the President, as an option, to commence at a time of any agreed or involuntary termination of the President's services hereunder.
- ii. Under the conditions of 11i, above, the President shall be entitled to full salary and all fringe benefits payable during any such sabbatical with the exception of the use of the President's house, which will be vacated by the President (and family) within thirty (30) days following termination, but only if terminated, unless extended by the Board.
- iii. Additional sabbatical leave to that provided above may be allowed the President at any time by the University at such time by and upon such conditions as are deemed appropriate. Such additional leave shall be granted at the sole discretion of the Board.

V. **ACADEMIC APPOINTMENT.** The President shall hold the rank of tenured full professor in the Department of Education, Administration, Leadership and Research in the College of Education and Behavioral Sciences.

VI. **PHYSICAL EXAMINATION.** The President shall undergo a comprehensive physical exam once a year. Should expenses for the examination exceed or not qualify for coverage under the President's medical insurance coverage, the University will pay up to One Thousand Dollars (\$1,000.00) for the exam.

VII. **EXTENSION:** The parties agree that if circumstances do not exist that would justify dismissal for cause under KRS 164.360, including, but not limited to, the criminal violation of the laws of Kentucky and/or the United States during any year of this agreement, the term of this Contract shall be extended by one additional year at the end of each year of this four (4) year agreement, providing for a continuous term of four (4) years for each of the years in the initial term of this agreement, provided, however, that this extension provision shall not be construed to create an employment term that exceeds four (4) years at any given time, in accordance with the provisions of KRS 164.360(2).

VIII. **SEPARATION.**

- i. The Board of Regents may remove the President from office at any time for any reason justifying dismissal for cause under KRS 164.360, including, but not limited to, the criminal violation of the laws of Kentucky and/or the United States. Said removal shall be based on a vote of two-thirds (2/3) of the members of the Board. Should the President be terminated as provided herein, the obligations of Section II, and all other provisions of this Agreement herein, shall no longer be binding.

- ii. If the President terminates his employment relationship and this agreement with the University without cause prior to its expiration, and within one (1) calendar year of the date of his termination, he accepts or undertakes any other administrative employment or appointment in higher education, including, but not limited to, another presidential, chancellorship, or university development position, the President shall pay to the University as liquidated damages, an amount equal to his base salary as of the date of termination, multiplied by the remaining years of his employment term. If less than one year is remaining on the employment term, then the President shall pay the University the required sum on pro-rated basis (1/12th) for the remaining months of that year.
- iii. If the President terminates this Agreement without cause and within one (1) calendar year of the date of his termination, he does not accept or undertake any other administrative employment in the field of higher education as described herein, the President shall have no financial obligations as provided in this paragraph. In either event (termination with or without cause by the President), any sums that would have accrued to the President under the provisions of paragraph IV(B) following the date of termination shall be deemed waived and forfeited by the President.

IX. **LONGEVITY INCENTIVE.** As an incentive for a long-term commitment on the part of the President, the parties also agree to the following:

- A. If the President remains and is employed as of January 1, 2007, and has received a "satisfactory" or better performance evaluation as of that date, the parties agree that his salary shall be increased twenty-five per cent (25%) over his base salary as of January 1, 2007.
- B. If the President elects to retire after January 1, 2012, and has received a "satisfactory" or better performance evaluation as of that date, he will be eligible to receive as supplemental retirement, an annual payment equal to twenty-five per cent (25%) of his total salary as of the date of retirement, for a period of ten (10) years following his date of retirement. It is understood that this retirement payment shall be in addition to any personal or existing retirement benefits to which the President shall be entitled to by virtue of his employment at the University. In addition to the supplemental retirement provisions contained herein, if the President remains and is employed with the University as President as of January 1, 2012, and elects to retire after this date, the University will provide health insurance coverage for the President that is equal to the insurance coverage available to regular, full-time employees of the University for a period of ten (10) years following the date of his retirement. It is understood that the President shall be responsible for a contribution toward the premium rate equal to that paid by regular, full-time employees at the University during this time period.

X. **EVALUATION.** The parties agree that the President shall be evaluated by the Board in accordance with the provisions of Article VI of the *Bylaws of the Board of Regents for Western Kentucky University*. It agreed that the provisions of Paragraphs IV(A), VII, and IX, shall be contingent upon the President receiving a "satisfactory" performance evaluation by the Board, as provided herein.

XI. **NOTICE.** If the President desires to terminate his presidency without cause, he shall provide not less than ninety (90) days' written notice to the Board of Regents. The President shall be entitled only to the benefits provided herein.

XII **COMPLETE AGREEMENT.** The Agreement constitutes the complete Agreement between the parties and incorporates all prior discussions, agreements, and representations made in regard to the matters set forth herein. This Agreement

shall not be amended, modified, or changed except upon the mutual consent of the President and the Board. Any amendment to modification, to be effective, must be reduced to writing and signed by all parties to this Agreement.

This agreement entered into this 22nd day of November, 2002 by:

Lois Gray
Chair, Board of Regents
Western Kentucky University

Gary Ransdell
President
Western Kentucky University

Following expressions of appreciation to Dr. Ransdell from various members of the Board, Dr. Ransdell commented,

“Five years ago when I was accepting this position, the Board asked if I would be willing to stay for the long term—to make this a long-term commitment? I said yes at the time, but we stopped short of defining what that long-term might be. I was confident five years ago that we could achieve the things that the Board was seeking in the transformation of the University to national prominence, but we had yet to define how that was going to be brought about; and really what a transformation meant. What I’ve observed and what I’ve felt and what I’ve enjoyed by the very strong team of university officers that I’ve been fortunate to have been surrounded by, most of which we’ve built in the last five years, gives me every assurance that it can be done. And we are defining what a transformation for an institution means—attitudinally, financially, physically, from a curriculum standpoint. In every quality indicator just about that one could measure, we’re making progress. Perhaps the most important one of those, in my opinion, is the one that I wasn’t sure whether we could bring about or not, and it is attitude. What I found five years ago in the university, a faculty, an administration, and even students—there was a hunger for this University to be better, more nationally prominent, and to do the things that we committed to paper, committed to measurable performance indicators in our strategic plan. Because of that hunger, because of that desire, there’s been a spirit of cohesion, a spirit of “can do,” a spirit of “yes, we can be ambitious and be successful,” and that’s been the most encouraging thing for me.

“I’ve been very fortunate—I’ve spent four of the last five years with a son going through Western; I’ll spend the next three and a half with a son going through Western. That adds a personal element that makes the adrenalin flow a bit faster and the energy level a bit higher, so this is a family thing with Julie, Patrick, Matthew and Gary. I am, at this point in 2002, because of the confidence that this Board has expressed in me and my family and my administrative team and what we’re about at this University, I am willing to commit the rest of my career to Western. I

look forward to that; this is a four-year rollover contract; there are five and ten-year incentives which I have every intention of fulfilling and achieving. I have no idea when retirement day might come, but this gives me the confidence that anything—whatever it might be—that might come along in the meantime, I can brush aside and focus all of my energy and all of my attention on this University’s transformation and our pursuits. I will say that one of the things that I’ve come to learn these five years is for all the change that we’ve made, for all the progress that we’ve made, a transformation will take a generation. It will take many classes of students coming and leaving and a category of our alumni who understand a great university of national prominence and that can only happen from what they glean from their undergraduate experience and their graduate experience and how they are, then, equally dedicated to our goals. So, it is my intention to impact a generation of students and alumni of this university; and with the faculty that we have and the administration and staff, I am entirely confident that that can be achieved, and I look forward to doing everything that I can, and any energy expressed these past five years is simply a token of what we are going to exhibit the next five, ten, or however many years beyond that. So I’m grateful for this Board—just this week, I received a comment from a president of another university in Kentucky complimenting me on our Board and how fortunate we are to have a Board that is cohesive, that’s focused on a strategic plan and transformation; he was most complimentary of the relationship that I’m fortunate to enjoy with this Board. So people are noticing us in a lot of ways, and it’s a great source of pride. There’s no other campus anywhere in this nation or beyond where I could have the passion for and the dedication to and feel the excitement and pride that I think people are beginning to feel; even those who felt it in the past, they’re feeling a sense of renewal of those emotions for Western. I want to be a part of that—I want to lead that, and I think there is great potential for this University in the next few years, and I’m dedicated to bringing that to fruition. Thank you.”

Ms. Bale was recognized and thanked for her role as Chair of the Contract Review Committee and all the work that she did to bring the amended contract forward to the Board for approval.


In addition, the Board asked that the minutes of the meeting reflect its appreciation of the role that Julie Ransdell plays for the University in opening her house, supporting, cheerleading, and for being an integral part of the University in many ways in an uncompensated capacity.

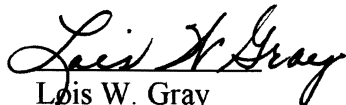
Also, the Board commended and congratulated Dr. James Ramsey, an alumni of Western Kentucky University, for his appointment as President of the University of Louisville and expressed its great pride in his accomplishments.


With no further business on the agenda, motion for adjournment came from Mr. Fischer, seconded by Ms. Wathen. The meeting adjourned at approximately 9 a.m.

CERTIFICATION OF SECRETARY

I hereby certify that the minutes herein above set forth an accurate record of votes and actions taken by the Board of Regents of Western Kentucky University in a special meeting held November 22, 2002, via interactive television from Grise Hall, Room 137, on the Western campus, and Room 166 of the Glasgow South Regional Postsecondary Education Center, and further certify that the meeting was held in compliance with KRS 61.810, 61.815, 61.820, and 61.825 (enacted as Sections 2, 3, 4 and 5 of House Bill 100, 1974 Regular Session, General Assembly).


Elizabeth W. Esters
Secretary


Lois W. Gray
Chair
January 31, 2003


Elizabeth W. Esters
Secretary
January 31, 2003