

MINUTES
OF THE BOARD OF REGENTS
WESTERN KENTUCKY UNIVERSITY

June 27, 2008

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 for the specific purposes listed below:

- 1) Approval of the 2008 Tuition and Rates
- 2) Approval of 2008-09 Operating Budget
- 3) Approval of Bond Reimbursement Resolution
- 4) Approval of privately funded capital improvement project to add club seating to Diddle Arena.

The meeting was conducted in the Cornelius A. Martin Regents Room of the Mass Media and Technology Hall on the Western Kentucky University campus. The meeting was called to order by Chair Lois Gray at approximately 9:30 a.m., CDT.

AGENDA ITEM 2 - Invocation

Invocation was provided by Mr. Johnathon F. Boles, Student Regent Elect.

AGENDA ITEM 3 - Roll Call

The following members were present at the location indicated:

Ms. Lois Gray
Ms. Yvette Haskins
Ms. Judi Hughes
Mr. Jim Johnson
Mr. Jim Meyer
Dr. Patti Minter
Ms. Forrest Roberts
Ms. Tamela M. Smith

Ms. Johnson, Ms. Rogers, and Mr. Zielke were absent.

Others in attendance included: President Gary Ransdell; Ms. Liz Esters, Secretary to the Board of Regents and Staff Assistant to the President; Dr. Barbara G. Burch, Provost and Vice President for Academic Affairs; Mr. Tom Hiles, Vice President for Institutional Advancement; Dr. Richard Kirchmeyer, Vice President for Information Technology; Ms. Ann Mead, Vice President for Finance and Administration; Dr. Richard Miller, Associate Vice President for Academic Affairs and Chief Diversity Officer; Mr. John Osborne, Vice President for

Campus Services; Ms. Robbin Taylor, Vice President for Public Affairs; and Ms. Deborah Wilkins, Chief of Staff/General Counsel.

AGENDA ITEM 3 - Approval of revised 2008-09 Tuition and Mandatory Fees

Schedule, effective fall 2008.

FACTS: The Council on Postsecondary Education (CPE), by statute, has the authority to set tuition rates for all public colleges and universities. The CPE's Tuition Policy "provides a structured process for ensuring balance between the desire to maintain affordability for Kentucky's students and the need to provide sufficient revenue to reach the goals of the Public Agenda." Rates were to be submitted to the CPE for approval and subsequently were not approved. The following changes were made by the CPE:

- Full-time, resident, undergraduate tuition and fees were reduced from \$3,492 per semester to \$3,465, a reduction of \$27 per semester; **and**
- Authorization for WKU to increase the full-time, nonresident, undergraduate tuition and fees to a maximum of \$18,670 a year (\$9,335 per semester).

The Recommended Revised Tuition and Mandatory Student Fees Schedule provides the proposed rates. The tuition and fees increase for full-time, resident undergraduate students is \$284 more per semester or 8.0 percent. In recognition of our commitment to nonresident students and academic excellence and diversity goals, especially students assessed the Incentive Program tuition and fees rate, the maximum tuition and fees rates allowable are not being recommended for approval. The recommended rates for full-time, undergraduate, nonresident and Incentive Program reflect an increase of 10.5 percent rather than the maximum allowable rate increase of 13 percent. While the original recommendations included a 9 percent increase in these rates, it is necessary to propose a higher increase to partially offset the projected loss in revenue from the change in the resident tuition rate.

The revised Schedule reflects a lower rate for the Professional MBA than previously approved by the Board of Regents. The previously approved rate was based on a model of students enrolling full-time. The program is designed for part-time students only with a curriculum of 6 hours a semester in the fall and spring.

The revised 2008-09 Tuition and Mandatory Student Fees Schedule will create the capacity to fund all of the strategic initiatives previously presented to the Board of Regents at its April 24, 2008 meeting.

RECOMMENDATION: President Gary A. Ransdell recommends approval of revised

2008-09 Tuition and Mandatory Fees Schedule, effective fall 2008.

REVISED TUITION AND MANDATORY STUDENT FEES SCHEDULE PER SEMESTER

<u>Student Level</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Summer 2009/ Rate per Credit Hour</u>
Undergraduate			
Resident	\$3,208	\$3,465	\$289
Nonresident	7,735	8,544	712
Incentive	3,967	4,380	365
Graduate			
Resident	3,507	3,820	382

Nonresident, International	8,487	9,180	470
Nonresident, Domestic	3,839	4,180	418
Distance Learning (Per Credit Hour)			
Undergraduate	320	349	349
Graduate	421	458	458
Professional MBA (Per Semester)		4,142	N/A
GoArmyEd (Per Credit Hour)	250	250	250

The above full-time rates, excluding the Professional MBA Program, include the following mandatory student fees:

Student Athletics Fee \$193
Student Centers Fee \$ 56

Motion to approve the 2008-09 Tuition and Mandatory Fees Schedule, effective fall 2008, was made by Mr. Myers, seconded by Ms. Hughes, and carried unanimously.

AGENDA ITEM 5 - Approval of the 2008-09 Budget

FACTS: The Western Kentucky University 2008-09 Budget is WKU's financial plan for the fiscal year beginning July 1, 2008, and ending June 30, 2009, and it includes the proposed Operating Budget and Capital Budget. The budget document includes the following components:

- Revenue Summary;
- Expenditure Summary by Organizational Area (Unrestricted, Restricted, and Auxiliary Enterprises);
- Expenditure Summary by Program Classification Structure (PCS);
- Budget Narratives by area that summarize Strategic Plan priorities;
- Expenditure Detail by unit, and
- Capital Budget.

The Operating Budget includes Educational and General (E&G) and Auxiliary Enterprises revenues and expenditures. E&G revenue consists of unrestricted revenue - - primarily state appropriations and tuition and fees - - and restricted revenue (e.g., federal funds for student financial aid and extramural funding for grants and contracts). Auxiliary Enterprises revenue is derived from the self-supporting activities of the University such as housing (reimbursed costs from the Student Life Foundation), food services, and bookstore operations.

The Capital Budget provides a listing of major capital and lease/purchase projects, funding sources, and the current status of these projects. High-priority capital projects, which are included in the 2008-09 Budget, include maximum authorizations approved by the General Assembly, but depending on resources some projects will be completed at a lower scope or may be delayed until FY 2010 or later.

2008-09 State Appropriations Reduction

Prior to building the 2008-09 budget, the University made difficult decisions to reduce the base budget by \$5,047,100 due to a 6 percent reduction in state funding. While efforts were made to minimize the impact of these reductions, it is likely that all areas of the University will feel the impact in 2008-09. Reductions in the base budget have been made in filled and vacant positions and across operating budgets. Additional base reallocations and revenue have been identified to partially offset the reduction. Implementation of the budget reduction is summarized as follows:

Provost/Academic Affairs, \$2,526,900

Consolidate departments of Computer Science and Mathematics and eliminate one department head, postpone implementation of ASL Program (sign language), eliminate 23 faculty positions, reduce administrative and support positions in Provost's Office, eliminate four staff positions, selected retirements from tenured positions not replaced at same level, reduce approval of sabbaticals, increase student/faculty ratio, reduce funding for visiting faculty, reduce funding for three administrative appointments, modest reductions in student employment and operating, equipment, and classroom renovations, and move DELO to revenue dependent status.

Athletics, \$147,300

Eliminate men's soccer program.

Campus Services and Facilities, \$428,400

Reduce operating funds and equipment purchases, eliminate one position in Facilities Management, reduce utilities budget based on projected energy efficiencies, and close bowling alley at close of fall semester.

Finance and Administration, \$112,000

Reduce emergency contingency for Environment, Health and Safety, eliminate one support position and advertising budget in Human Resources, reduce postage costs by implementing e-billing in December, reduce postage, overtime, consulting, printing and computer/equipment budgets across the division. (Chief of Staff/General Counsel's budget reduction is made in Environment, Health and Safety and is included here due to the reorganization.)

Information Technology, \$221,700

Reduce IT Division travel and professional development, reduce staff hardware and software replacements, move from 3-year to 4-year computer replacement for faculty and student labs, and reduce network upgrade.

Presidential, \$18,600

Reduce operating funds to President's Office and reduce expenses in President's Home.

Public Affairs, \$117,000

Reduce equipment budget, reduce federal consulting contract, reduce operating funds for Welcome Center, convert full-time position to part-time in University Relations, and eliminate Associate Vice President for University Relations position. (Institutional Advancement's budget reduction is made in University Relations and is included here due to reorganization.)

Student Affairs and Campus Services, \$260,200

Eliminate division. Eliminate vice president's position and corresponding support staff position.

Student Affairs, \$50,600

Reduce operating budgets including travel, student programming, printing and student worker funds, and eliminate one position in Preston Center.

Central Sources, \$1,164,400

Reduce central contingencies, and reduce health insurance budget by 3 percent with no change in premium or benefits structures. An increase in revenue from late payments and investment income is being budgeted to balance the budget.

Total \$5,047,100

2008-09 Revenue Summary

The 2008-09 budgeted revenue by source is summarized as follows:

	<u>Amount</u>	<u>Pct of Budget</u>
Tuition and Fees	\$131,783,000	40.0%
State Appropriations	82,296,300	25.0

Restricted Funds:

Grants, and Contracts	24,116,000	7.3
Student Financial Assistance	37,127,000	11.3
Net Asset Allocation	12,958,000	3.9
Other	21,385,700	6.5
Auxiliary Enterprises	19,891,000	6.0
TOTAL	\$329,557,000	100.0

WKU derives 65 percent of its operating revenue from tuition and fees and state appropriations. The largest source of revenue for WKU is tuition and fees. Setting of the tuition and fees rates is the responsibility of the Board of Regents and subject to approval by the Council on Postsecondary Education (CPE). The WKU Board of Regents approved a tuition and fees schedule that was subsequently not approved by the CPE. Included in the Executive Summary of the Operating Budget is a revised schedule: resident, undergraduate tuition and fees rate increase of 8 percent and nonresident, undergraduate tuition and fees rates increase of 10.5 percent.

The Operating Budget includes the projected revenue based on the 2008-09 tuition and fees rates and actual enrollment from fall 2007. Tuition and fees also include graduation fees, Student Athletics Fee, distance learning and contract instruction, correspondence study course fees, dual credit courses, and course-specific fees that are returned to the respective academic departments.

The second largest source of funding for WKU is from the Commonwealth of Kentucky. The state appropriations reflect the actions taken by the most recent Kentucky General Assembly. The 2008-09 state appropriations fund anticipated costs for existing state-supported bond issues, transfer to WKU's base budget funds for engineering and regional stewardship previously appropriated to the CPE, and reflect a recurring 6 percent reduction in state funding.

Restricted Funds include projected grants and contracts and student financial aid from primarily federal and state sources. The projected revenue for grants and contracts expenditures is being lowered by \$5 million. Due to economic challenges nationwide, WKU anticipates a drop in state and federal funding. Our focus will be to increase industrial contracts for research to compensate for the drop in state and federal funds. This would also bring greater visibility for WKU's research capabilities.

An increase of \$6.7 million in student financial assistance reflects actual awards data and projected student eligibility. The largest projected increases are in the federal programs of Pell Grants and Academic Competitiveness Grant, and state programs of KEES Program and College Access Program. Private funding for scholarships are raised and allocated in cooperation with the WKU Foundation and the College Heights Foundation, but are not included in the University's operating budget.

Auxiliary Enterprises include reimbursed costs for operating housing, centers operations, and the University Bookstore. The Auxiliary Enterprises 2008-09 revenue estimates are being increased by a total of \$854,000 above the approved FY 2008 budget with most of the increase attributable to increased bookstore sales.

2008-09 Expenditures Highlights

Funding priorities were presented to the Board of Regents early in 2008 and in the context of less state funding and a projected tuition revenue increase. The CPE reduced the proposed resident undergraduate tuition and fees rate increase from 9 percent to 8 percent. This action created a need for approximately \$700,000 to fund the priorities for the 2008-09 budget. Thus, additional base reallocations and increases in nonresident undergraduate tuition rates have been tapped to balance the 2008-09 Budget.

The proposed 2008-09 tuition allocations and reallocations to balance the budget are as follows:

UNAVOIDABLE COST INCREASES

Minimum Wage Increase (one-half to be funded by departments)	\$143,000
KERS Rate Increase	242,000
South Campus Addition, Maintenance and Utilities	357,000
Utilities	494,000
Employee Educational Benefits (faculty/staff and dependent child)	411,000
Educational Software Contracts Increases	99,000
Fire & Tornado Insurance Premium Increase	61,000
Contractual Obligations	30,000
Postage Rates Increase	16,000
Faculty Promotions/Tenure	357,000
Subtotal	2,210,000

STRATEGIC INITIATIVES

Scholarships/Financial Aid	
Statutorily Mandated Financial Aid	404,000
Athletics Grants-in-Aid	446,000
Top-it-Off Program	338,000
Gatton Academy Scholarships (graduates of Academy)	240,000
Institutional/Departmental Scholarships	1,883,000
Graduate Assistantships (tuition increase offset)	168,000
Libraries Subscriptions/Periodicals	150,000
Owensboro/Elizabethtown (BRAC) Extended Campus Programs	612,000
Educational Leadership Doctoral Program	120,000
Honors College Programs	370,000
Study Abroad/Internationalization Program	280,000
Campus Crisis/Communication/Police CCTV	61,000
Faculty Salary Compression/Market Adjustments,	
Annualized Cost, \$300,000 (effective August 1, 2008)	\$ 284,000
Campaign Budget	50,000
\$500 Raise per Full-time Employee (with fully satisfactory performance)	1,078,500
Subtotal	6,484,500

OTHER CAMPUS POLICIES

Parking & Transportation (Year 7 of 10)	58,000
Restricted Tuition Programs	93,000
Subtotal	151,000

TOTAL **\$8,845,500**

SOURCES:

Tuition Increase (fall/spring)	\$8,448,000
Reallocate Workers Compensation Budget (reduce rate per position)	200,000
Move Workers Compensation Manager to Workers Compensation Budget as a Direct Expense	52,500
Increase in Facilities and Administrative Cost Recovery from	
Grants and Contracts and Reallocate to Base Budget	45,000
Increase in DELO Online Learning Tuition to Base Budget	100,000
TOTAL	\$8,845,500

Capital Budget

The Capital Budget includes projects authorized by the 2008 General Assembly and from previous biennia. These projects will address many of the projects identified in WKU's Six-Year Capital Plan and the Deferred Maintenance Plan.

House Bill 406 includes several projects with duplicate authorization. The authorization allows WKU to proceed with its own funds; however, should there be surplus General Funds from FY 2009, a contingency plan may allow for some projects to be funded with state funds.

The FY 2009 Capital Budget includes maximum authorization; some projects will be completed at a lower scope or may be delayed until FY 2010 or the next biennium. The following highlights authorizations provided by the 2008 General Assembly:

<u>Project Name</u>	<u>Estimated Cost</u>	<u>Status</u>
2008-10 Authorized Projects:		
State General Fund Bonds		
Contingency Plan in 2010:		
Materials Characterization/ICSET, Phase II	4,500,000	
Renovate Science Campus, Phase III	9,000,000	
Business College Building Replacement, Phase I	5,800,000	
Total	19,300,000	
CPE Capital Renewal, Replacement and Maintenance		
Pool Allocation, Matching Funds	1,003,700	Planning
Agency Bonds/University Funds		
Acquire Property/Construct Parking Lots, Bonds	4,600,000	Design
University Funds	690,000	
Total	5,290,000	
Van Meter Hall Renovation, Bonds	18,400,000	Design
University Funds	2,760,000	
Total	21,160,000	
Ivan Wilson Fine Arts Ctr Renovation, Bonds	9,200,000	Planning
University Funds	1,380,000	
Total	10,580,000	
Expand Preston Center, Bonds	11,500,000	Design
University Funds	1,725,000	
Total	13,225,000	
Renovate Science Campus, Phase III, Bonds	9,000,000	Design
University Funds	3,000,000	
Federal Funds	3,000,000	
Total	15,000,000	
Business College Building Replacement, Phase I, Bonds	5,800,000	Planning
Materials Characterization/ICSET, Phase II, Bonds	4,500,000	Design
University Funds	600,000	
Total	5,100,000	
Total	76,155,000	
University Funds		
Renovate Downing University Center, Phase III	2,000,000	Planning
Renovate Underground Electrical Infrastructure	6,000,000	Planning
Miscellaneous Maintenance Pool	10,000,000	Planning
Upgrade Steam Plant Air Quality System	2,680,100	Design

Convert WKYU-NPR and WKYU-PBS to Digital/HD	2,645,000	Planning
Purchase Property for Campus Expansion	2,000,000	As needed
Renovate/Expand Carroll Knicely Center, Phase II	1,500,000	Planning
Performance Contract, Guaranteed Energy Savings	TBD	Design
Replace Field, Houchens/L. T. Smith Stadium	800,000	Design
Total	27,625,100	
Private Funds		
Construct Baseball Clubhouse	1,000,000	Planning
Club Seating for Diddle Arena	773,000	Design
Total	1,773,000	

RECOMMENDATION: President Gary A. Ransdell recommends that the Western Kentucky University Board of Regents approve the 2008-09 Budget.

Motion to approve the 2008-09 Budget was made by Ms. Hughes and seconded by Mr. Johnson.

Ms. Mead and Dr. Ransdell responded to various questions from Board members.

Ms. Smith commented, "I was looking back through here on some of the mandated increases, unavoidable costs and expenditures, salary increases for the staff, the market adjustments for the faculty; and within the budget, there's also a faculty replacement pool for computers. Therefore, when I look at the budget from the staff's point--from the standpoint of the people whom I'm elected to represent--there's a glaring absence of staff issues. Last summer when we did the survey of where the faculty were in the benchmarks, and there was a percentage; when they did the staff, there was no percentage comparison to the benchmarks or checks done on where we stand on that. We know that we're understaffed seriously; we know that it's even worse now than it was; we know that there's staff taking on additional workloads because people in their departments have been let go."

"There's no plan for a computer replacement pool for the staff--we're doing the payroll with our computers; we're the ones doing budget; we're the ones doing HR and retirement benefits. The faculty have almost \$300,000 to replace equipment but there's nothing for the staff. We've been trying for years to get that, and no one will fund it. So I just want to explain that when the budget comes to vote, I will be voting no on it because there's nothing there that addresses the staff issues at all. There doesn't appear to be any kind of focus or attention being given to that area. I do think the President has tried to do a very good job in a very difficult

situation, and I do applaud the \$500 raise because it does benefit the staff. That is probably the only item in there; but we need to look at the staff issues because we keep doing more and more with fewer people and no cost adjustments for that.”

Dr. Ransdell responded, “One thing (I can’t be entirely specific because I’ve not finished the process; but, hopefully, I should this evening) is the net number, as we start the July 1 year, of salary increases above \$500 and new positions and reclassifications, etc. One of the things, frankly, that I’m troubled with and it’s taken me a week or two to try and get a handle on it is the surprisingly large number of staff increases, both in new positions and salaries, that I’m having a hard time working through. I have some concerns about some of the funding sources for some of those, but it’s hundreds—far more than faculty. Most of it is paid for by departmental funds or other fund sources, and that’s what I’m trying to get a handle on—some other fund sources, some of which I need to discuss with the Vice President over that division, but suffice to say, from a faculty standpoint, it’s a net reduction of positions; from a staff standpoint, it’s a net significant increase so the needs are being met—maybe not all the needs—but the needs are being met to the extent possible, again not always with central funding, a lot of it with departmental funding. The reality of it is every new position, every increase comes back centrally the following year when salary increases are approved out of the central funding source.

“So, you’re right, but it’s a little bit more complex picture than that, and from the information that I’ve got on my desk right now, there’s actually more than meets the eye that is being done from a staff standpoint. Executive administration is down; faculty is down; staff, skilled positions are up, and I can’t approve them all.”

Ms. Smith stated, “I know the departments have had to take on funding the new positions because they have to have them as the workloads increase. As we’ve grown, the workload has gone up, the numbers have gone up, and I’m hearing from the staff in the departments that can’t fund their own, so they are just lost. They are the ones who are here working until 6 and 7 at night, and they are the ones who are here working on the weekends that I talk to and hear from. There may be increases, but we need those increases where we can get them, and I would hope that you would consider that we really need the staff positions.”

Dr. Minter thanked President Ransdell for acknowledging that the faculty have lost positions and stated, “I am happy to vote for a budget that includes this \$500 raise, although I have gotten more flack about that from my faculty than anything else in this budget, and they’re

not wrong particularly—senior faculty being harmed by it, but I can't vote for something that would be unfair—1 percent raise would have been grossly unfair to our staff—I can't support anything that would have been grossly unfair to our staff even if it does not give more senior faculty the compensation they deserve. I'm taking the hit for the team this time, but we've seriously got to look at our priorities, and we have to start putting money back into academics—I want to talk about tax to DELO here in just a second, but our faculty-student ratio is going unacceptably high. I think we all know we can't get where we want to be as a leading university with those kind of faculty-student ratios that are opening up, and we don't have the same experience. If we don't have the same experience, students go elsewhere. We are so tightly budgeted, plus or minus a hundred students makes a big difference. People come here for an outstanding experience, and we have to make sure that we have the resources to provide that experience or they will go elsewhere, and our budget woes will continue."

"Academic Affairs and DELO have basically been taxed \$100,000 to help take care of the extra 1 percent we had to cut; and while I think that is the right thing to do, I want to know when do we get that money back? The Distance and Extended Learning and Outreach—it's a revenue producer—it's our bookstore—it is the opportunity for us to produce a fair amount of revenue that we can put back into academics and to do things that we might not otherwise be able to do through the budgeting process. So, when do we get that back?"

Provost and Vice President for Academic Affairs Burch explained, "Actually, I would have shouted a little louder if it had been a real cut, and it is a real cut, but actually there's a percentage of the DELO distribution that goes back to the University, and what basically the President and Ms. Mead asked us to do was to take part of that discretionary, it's actually \$200,000, and make part of it recurring; so, the University is still taking the same distribution, which, I think, is a pretty fair one, but has chosen to reduce University flexibility in how to use that money by putting \$100,000 of it into the base budget, and let the remaining 10 percent be flexible. The bottom line is, it did not change the distribution pattern."

Dr. Minter also questioned the \$174,000 listed for men's soccer, asking, "Will it take three full years to get that down to zero?"

Ms. Mead indicated that the grants-in-aid budget was left at the maximum allowing the time for all decisions to be made.

Dr. Minter asked again if, in three years, the amount declines to zero.

President Ransdell noted, "They have met their budget cut; once those scholarships have exhausted for the young men currently earning them, those scholarships will probably be redirected to other programs."

Ms. Hughes' motion to approve the 2008-09 budget carried with Ms. Smith voting nay.

AGENDA ITEM 6 - Approval of Reimbursement Resolution

FACTS: The 2008 General Assembly has authorized Western Kentucky University to issue agency-funded debt for several capital projects. The authorization totaling \$46.9 million for construction projects is for the 2008-10 biennium and includes projects for which WKU requested authority to issue agency bonds. Scopes have been increased from the previous legislative session, when the projects were vetoed, in recognition of inflationary pressures on construction budgets.

The following agency bonds projects are authorized at the following amounts with indicated fund source:

Van Meter Hall Renovation	16,000,000	agency bonds
Preston Health & Activities Center	10,000,000	agency bonds
Campus Parking Improvements	4,000,000	agency bonds
Science & Technology Hall Renovation	6,500,000	agency bonds
Fine Arts Center Renovation/Expansion	8,000,000	agency bonds
GFCOB Building Planning & Design	2,400,000	agency bonds
Total	\$ 46,900,000	

Portions of these projects have been started with architect consultants already at work. Because of timing, it will be necessary to pay for some project costs prior to the issuance of bonds. It is anticipated that WKU will sell bonds in Fall 2008.

The Reimbursement Resolution allows Western Kentucky University to reimburse itself from bond proceeds for project expenses. Western Kentucky University is eligible to make reimbursement from agency bond proceeds up to (I) the later of eighteen months after a payment is made or a project is placed in service and (II) sixty (60) days prior to approval of the Reimbursement Resolution. It is anticipated that the University will not need the full eighteen (18) months reimbursement window due to the anticipated bonds sales within less than a year.

RECOMMENDATION: President Gary A. Ransdell recommends that the Reimbursement Resolution be approved.

Motion for approval of the Reimbursement Resolution was made by Mr. Myers, seconded by Ms. Haskins, and carried unanimously.

(Resolution follows)

**A RESOLUTION OF
THE BOARD OF REGENTS OF
WESTERN KENTUCKY 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 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, Western Kentucky University (the "Borrower") wishes to ensure compliance with the Reimbursement Regulations;

NOW, THEREFORE, be it resolved as follows by the Board of Regents of Western Kentucky 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 Western Kentucky 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 and payment of costs of issuance of approximately \$46,900,000; and

(b) The Capital Expenditures to be reimbursed are to be used for (I) the renovation of Van Meter Hall, (ii) the renovation and expansion of the Preston Health & Activities Center, (iii) Campus Parking Improvements, (iv) the renovation of Science & Technology Hall, (v) the renovation and expansion of Fine Arts Center, and (vi) planning and design work for the Gordon Ford College of Business Building.

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.

Adopted at a duly convened meeting of the Board of Regents of Western Kentucky University on the 27th day of June, 2008.

WESTERN KENTUCKY UNIVERSITY

Attest:

By: Lois W Gray
Chairman, Board of Regents

By: Elizabeth W. Esters, Secretary

AGENDA ITEM 7 - Approval of privately funded capital improvement project

to add club seating to Diddle Arena.

Background: Although Diddle Arena underwent renovation in 2004, there remained one end section that was not completed during the renovation, and this project would fill in this void with additional club seating. The Hilltopper Athletic Foundation is providing all the necessary funds (\$773,000.00) for the project, primarily through leases of the sixteen (16) Diddle Arena Suite Leases. This project will result in an improvement to state-owned property with ownership of the improvements to accrue to the University upon completion of the project. The Athletic Department will assume all related operational costs for care and maintenance. No additional state General Funds will be requested for operations and maintenance costs.

The University has certified that the private funds (\$773,000) for the project are available. All revenues from the sale of the seats in the club area will remain with the Athletic Department as part of the arena's suite/club financial structure.

Approval of this project will allow improvements to take place during the summer and fall in time for the upcoming 2008-2009 basketball season.

Motion to approve a privately funded capital improvement project to add club seating in

Diddle Arena by Mr. Myers, seconded by Ms. Haskins; carried unanimously.

itself. I think it is a fundamental part of the enrollment stability that we have enjoyed for the last dozen years or so.”

Dr. Richard Kirchmeyer reviewed the update on wireless campus which is found in the Board packet.


With no other business to come before the Board, motion for adjournment was made by Ms. Haskins, seconded by Mr. Johnson, and carried. Meeting adjourned at approximately 2:20 p.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 the second quarterly meeting held April 24, 2008, in the Cornelius A. Martin Regents Room in the Mass Media and Technology Hall on the Western campus, 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
April 18, 2008


Elizabeth W. Esters
Secretary
April 18, 2008