

MINUTES
OF THE BOARD OF REGENTS
WESTERN KENTUCKY UNIVERSITY

August 3, 2000

AGENDA ITEM 1 - Call to Order

Required statutory notice having been given, the third quarterly meeting of the Board of Regents of Western Kentucky University was held in the Derby Room of the Radisson Inn Conference Center in Louisville, Kentucky. The meeting was called to order by Chairman Martin at approximately 1:45 p.m. EDT.

AGENDA ITEM 2 - Invocation

The invocation was provided by Mr. John Paul Blair, Director of Corporate and Foundation Relations.

At a luncheon prior to the Board meeting, the Oath of Office was administered to Mr. Howard E. Bailey, newly-elected staff regent; Ms. Cassie Martin, a Glasgow junior and newly-elected President of the Student Government Association, and Mr. Cornelius A. Martin, who was reappointed by the Governor for a second six-year term. The Oath of Office was administered by Ms. Liz Esters, Secretary to the Board of Regents and Notary Public.

AGENDA ITEM 3 - Roll Call

Mr. Howard E. Bailey
Ms. Kristen T. Bale
Mr. Robert Earl Fischer
Ms. Lois W. Gray
Ms. Peggy W. Loafman
Ms. Cassie F. Martin
Mr. Cornelius A. Martin
Professor Mary Ellen Miller
Mr. Ronald Sheffer
Mr. James B. Tennill, Jr.
Ms. Beverly H. Wathen

Others present included President Gary Ransdell; Ms. Esters, Staff Assistant to the President and Secretary to the Board of Regents; Dr. Barbara Burch, Provost and Vice President for Academic Affairs; Mr. Fred Hensley, Chief Public Affairs Officer; Mr. Tom Hiles, Vice President for Development and Alumni Affairs; Dr. Richard Kirchmeyer, Vice President for Information Technology; Ms. Ann Mead, Chief Financial Officer;

Mr. John Osborne, Assistant Vice President for Student Affairs; Dr. Gene Tice, Vice President for Student Affairs and Campus Services; Dr. Wood Selig, Athletics Director; Ms. Deborah Wilkins, General Counsel, and Dr. Randall Capps, Parliamentarian.

**AGENDA ITEM 4 - Reorganization of the Board applying to the following:
Chair, Vice Chair, and Secretary for elected positions and Treasurer and
Parliamentarian for appointed positions**

In response to Chair Martin's call for nominations, Mr. Tennill placed in nomination the names of Ms. Kristen Bale for Chair and Ms. Lois Gray for Vice Chair. The motion was seconded by Mr. Sheffer. No other nominations were received. The motion carried unanimously.

Ms. Kristen Bale, newly-elected Chair, assumed the position by thanking Mr. Martin for his two-year service as Chair, noting some of the accomplishments during his tenure as follows:

- ☞ Strategic Plan was approved for 1998-2003
- ☞ Honorary Degrees Policy was approved
- ☞ Gordon Ford College of Business was named
- ☞ Post Tenure Review Policy
- ☞ School of Journalism & Broadcasting
- ☞ Adopted Principles for Setting Tuition and for the first time set tuition rates for 2000-2002
- ☞ WKU Research Foundation established
- ☞ Student Life Foundation established
- ☞ University Senate approved
- ☞ Feasibility Study for renovation of Diddle Arena initiated
- ☞ Hattie L. Preston Intramural Sports Complex named and dedicated
- ☞ Intellectual Property Policy approved
- ☞ Successful funding acquired from the 2000 legislative session
- ☞ Endowment grew from \$20.6 million to \$37.5 million.
- ☞ *Challenging the Spirit* - the first-ever capital campaign for WKU and the second largest public campaign in the history of the state of Kentucky was announced with a goal of \$78 million of which \$42.3 was already committed

Mr. Martin's warm-up for service as chair came in 1997 when he chaired the Presidential search committee!

AGENDA ITEM 5 - Committee appointments for 2000-2001

Chair Bale dispensed of this item until conversations can be held with Ms. Gray and others to make the committee assignments.

Ms. Bale asked for nominations for the position of Secretary. Ms. Wathen placed in nomination the name of Liz Esters for Secretary; Ms. Loafman seconded, and the motion carried unanimously.

Ms. Bale also dispensed with appointments of Treasurer and Parliamentarian until the October meeting.

AGENDA ITEM 6 - Disposition of minutes of the May 19, 2000, meeting

Minutes of the May 19, 2000, meeting were presented for adoption without reading inasmuch as copies were mailed to members of the Board on July 19. Motion for approval was made by Mr. Fischer, seconded by Mr. Martin, and carried unanimously.

AGENDA ITEM 7 - Committee Reports

Academics and Student Affairs Committee, Ms. Lois Gray, Chair

REQUEST: Approval of the reactivation of an Associate of Applied Science Degree in Fire Technology

FACTS: Western offered an associate degree program in Fire Technology from 1975 through 1982. It was registered with the Council on Higher Education at that time under HEGIS Code #55070. In November, 1982, the university voluntarily suspended the program because of changing institutional priorities and a limited market demand for the degree. With the recent growth and program expansion of the Community College of Western Kentucky University, a new needs assessment was undertaken to determine current potential demand for a degree program in this area. As a result of discussions with the Bowling Green Fire Department and other regional fire departments, a significant area need for such a program has been identified.

The Fire Technology Associate Degree is designed for fire service and fire-related professionals, to provide technical, managerial and academic competencies in preparation for career entry and/or advancement. Although the program is focused on practical training for fire service professionals, it will also serve those in fire insurance, government and industrial organizations.

Classes are scheduled to meet the needs for non-traditional students and will be taught by active professionals in the field of fire service. The curriculum requires a minimum of 64 semester credit hours. Required general education courses include: ENG 100C, SPCH 145C or SPCH 161C, CSCI 145C, Humanities Elective, PSY 100C, MATH 116C or MATH 100C, CHEM 101C, and PHYS 101C. Required courses in Fire Technology include: FT 130C, FT 131C, FT 132C, FT 135C, FT 232C, FT 234C, FT 235C, SFTY 331, BT 256C, and six or seven semester hours of approved electives.

Western will coordinate efforts with the Kentucky Community and Technical College System in offering this program. In particular we plan to work with Bowling Green Technical College. Reactivation of this program will address the

University's Strategic Plan goals including **Strategic Goal 1: Increasing Student Learning, and Strategic Goal 4: Enhancing Responsiveness to Constituents.**

RECOMMENDATION: President Ransdell recommends the reactivation of an Associate of Applied Science Degree in Fire Technology effective with the Fall 2000 semester.

MOTION to reactivate an Associate of Applied Science Degree in Fire Technology, effective with the Fall 2000 semester, was made by Ms. Gray, seconded by Professor Miller and carried unanimously.

Informational items provided to the Board included:

- Transitional restructuring of programs in Teacher Education in the College of Education and Behavioral Sciences; and
- Plan to increase retention rates of undergraduate students.

EXECUTIVE COMMITTEE, Mr. Cornelius A. Martin, Chair

President Ransdell noted he had discussions with all Board members about Collegiate Health Care and noted that daily movement in this regard is encouraging. He stated, "There have been some curve balls that came our way that were unexpected; we've made decisions that were in Western's best interest. President Ransdell asked Ms. Wilkins, General Counsel, to summarize the University's current position with regard to **Collegiate Health Care, Inc.** (as of August 3, 2000.) Ms. Wilkins reported the following:

Building:

1. **University has proposed to waive CHC's obligation to build the building at this time.**

- Health Center will remain in current location;
- An Amended Agreement provides that CHC may submit a proposal for construction of a building in the future.

2. **CHC will be responsible for:**

- Restoring site to a useful purpose (grading and graveling in prep for parking lot, completing drainage on site);
- Any expenses incurred by CHC to date with regard to financing the construction, and development, design, or construction of new facility;
- CHC will pay an appropriate rental fee to WKU for use of Academic Complex space.

Services:

1. University will retain CHC services for management and operation of the Center, including provision of staff and equipment.
2. Will develop a fee-for-service program, including expansion of services to faculty and staff.
3. Implement the computer application system ("Electronic Health Care System) and completion of applications to allow WKU health care center to become approved providers for insurance per CHC, will be in place by 8/14.
4. Has a physician on staff, effective 8/21/2000: Dr. Allen Redman, Board Certified Internist, previously in private practice and with a background in sports medicine.

Miscellaneous:

Term proposed is one year; with one-year renewal clause. Expires 8/1/2001.

President Ransdell and Ms. Wilkins responded to various questions from Board members.

Concerns were expressed about the soft waiver for insurance that is included on the bill that students receive. President Ransdell stated "We have serious concerns about the soft waiver," and explained that the bill includes a statement that you must submit a waiver form to avoid having to pay the insurance and another brochure with a form that you have to fill out and send in with your payment to waive the insurance portion of it. This was a clause that was negotiated in the contract with Collegiate Health Care.

Dr. Ransdell stated, "In hindsight, having experienced the soft waiver format the first time through the month of August, I'm very uncomfortable with that concept because we force the consumer to have to act to avoid paying it. This a not a comfortable way to do business for a University, in my opinion. We've learned that by going through this, and we're going to change it. We will make it very easy for the student to pay tuition and fees and only pay other expenses they would choose to pay easily, conveniently, and without a lot of effort on their part. This is not good business, and we will correct it; but for now, we have to work our way through this for the fall. We are concerned with the manner in which this is being thrust upon rather than offered to our students; and we will correct that."

Ms. Wilkins noted that "Students who don't want/need the insurance will be reimbursed the fees collected for insurance."

FINANCE AND BUDGET COMMITTEE, Mr. Earl Fischer Chair

Self-Insurance Program:

Ms. Wilkins also provided the Board with an informational update on the status of the current deficit in WKU's Self-Insurance Program. A summary of her comments follows:

1. Past History of Program / Reasons for Deficit - Two Primary Issues

- Faulty Assumptions were made by consultant in developing model for RFP.
 - A. Assumed that WKU would continue a gatekeeper plan - WKU did not.
 - B. Assume pharmacy formulations would be utilized - WKU did not.
 - C. Absence of gatekeeper plan resulted in provider fees being higher than estimated
 - D. Lack of complete and accurate past claims data from CHA, BCBS and Humana impacted accuracy of cost estimates for future claims.
 - (1) HMO data is rarely "solid."
 - (2) All providers use different methods of reporting and report formats.

2. Factors beyond WKU's control

- A. National trends saw significant increases in pharmacy costs.
 - (1) Drug companies began to heavily advertise drugs.
 - (2) As a result, cost and consumer demand rose.
 - (3) Nationally, pharmacy costs were historically 7% of benefits; this year national costs rose to almost 20% of benefits; WKU's was 24%.
 - (4) WKU had no way to control, as it had no formulary in place.
 - (5) In 1999, WKU paid \$1.03 million in pharmacy; for first six months of 2000, paid \$532,000.00
- B. National trends saw all health care costs increase, up almost 15% over previous year.

II. Future / How do we resolve the problem?

1. Certain factors are different today than they were in the past.

- A. 2001 projected plan costs are based on actual claims data for an 18 month period; not "estimated," and not based on partial or inaccurate information.
- B. 2001 projected plan costs are also based on actual plan designs, including network discounts.

2. Plans and plan options have been revised.

- A. WKU reducing number of plans from 5 to 3; utilizes major aspects of two of the most popular of the 5, in which 93% of employee were enrolled.
- B. WKU may implement three networks.
 - (1) Commonwealth Health Plan - a basic HMO/gatekeeper plan.
 - (2) Center Care Plus

(3) Center Care (broadest in scope, most expensive to both employee and WKU.

3. Proposed plan designs have been modified.
 - A. All plans now have “co-pay” provisions.
 - B. Deductibles have increased.
 - C. All hospital stays now have co-pay provisions, in addition to deductibles.
4. University Contribution has increased from \$170.00 to \$215.00, effective 1/1/2001.

III. Timelines

1. July through August - set plans and get specific and stop loss insurance quotes.
2. August to November - educate campus on new plans
3. November - begin open enrollment
4. January, 2001 - plan year begins.

President Ransdell plans to inform the campus community with as much detail as he possibly can at the fall opening convocation, and the Human Resources staff will have considerable campus communication during the months of September and October.

The proposed implementation steps and timetable for 2001 Health Insurance Plan were listed as follows:

August 1-31	Seek re-insurance cost quotes.
September 1-8	Analysis of re-insurance cost quotes and review of total projected plan cost by University executive management.
September 11	Approval of all health plan elements and final premium structure by University executive management.
Sept. 15-Oct. 15	Employee education sessions with representatives of MedBen, CenterCare, and Human Resources
Oct. 30-Nov. 3	Annual open enrollment period for employees
January 1, 2001	Health plan effective date.

INSTITUTIONAL ADVANCEMENT COMMITTEE, Mr. Ronnie Sheffer, Chair

Progress toward Strategic Plan Goals:

Mr. Tom Hiles, Vice President for Development and Alumni Affairs provided an update on the goals outlined below that was also provided in written form to Board members in their packets:

- Increasing University’s combined endowment to \$50 million;
- Combined Endowment Assets - \$37.2 million (6/30/00);
- Gift Comparison 7/99-6/00;
- Reaching a level of \$25 million in deferred gift inventory;

- Providing 25 new endowed faculty positions;
- Achieving 20% participation among alumni in the University's annual giving program;
- Number of annual gift donors and number of annual gifts;
- President's Circle Members;
- Achieving a level of \$10 million a year in private gift support;
- Private giving by category - 7/99-6/00 - Total gifts of \$8.2 million;
- Distribution of Private Gifts - \$8.2 million (6/30/00);
- Purpose of Private Gifts
- Endowment Investment Performance; and
- *Investing in the Spirit* Capital Campaign for Western

In addition, Mr. Hiles announced a \$150,000 gift commitment from Terry Scariot and John Kelly, two former senior executives of DESA, both of Bowling Green for scholarships for children and grandchildren of DESA employees who are pursuing degrees from Western.

Public Affairs:

Mr. Fred Hensley, Chief Public Affairs Officer, reviewed the Media Report that is found on pages 57-58 of the agenda packet.

AGENDA ITEM 8 - Recommendation for approval of personnel recommendations since May 19, 2000.

RECOMMENDATION: Approval of the recommended personnel items found on pages 60-71 in the agenda. (Those recommendations are contained in the next twelve pages.)

Ms. Bale presented the recommended changes in personnel for approval, and motion to approve was made by Mr. Martin, seconded by Ms. Gray, and carried unanimously.

AGENDA ITEM 9 - President's Report

President Ransdell's report consisted of:

- **introduction of Dr. Gene Tice, the new Vice President for Student Affairs and Campus Services** who came aboard on August 1;
- **Mandatory Meals Plan** - Dr. Ransdell announced that this discussion is being tabled for an indefinite period of time until a number of other issues such as student health services can be addressed. This will be reviewed and discussed again as a part of the next contract negotiations with Aramark.
- **Chestnut Street Property** - The following item was added to the agenda as an action item:

REQUEST: Approval of leasing the Chestnut Street property to the Student Life Foundation.

FACTS: The Board of Regents authorized the approval of the purchase of the Chestnut Street property at a cost of \$750,000 at its December 17, 1999, meeting. The source of funds was the University Reserve. President Ransdell stated that the University Reserve would be reimbursed, preferably by the end of the fiscal year. Subsequent discussions occurred with the fraternities and sororities about the feasibility of a Greek Village. Too few organizations indicated that they would commit to purchasing the property and constructing new houses. The Student Life Foundation Board was contacted about its interest in the property for new student housing/apartments. The Student Life Foundation could not commit, at this point, to buying the property. The Board, however, supported leasing the property in order for staging, storing, and coordination side related to the renovation of the residence halls.

Preliminary plans, subject to Board of Regents approval, are to lease the property to the Foundation with the revenue compensating the University for the amount of interest the \$750,000 would earn as part of the State's investment pool. This arrangement would continue until either party determined the lease should be terminated.

RECOMMENDATION: President Gary Ransdell recommends that the Board of Regents authorize and delegate authority to the President to negotiate the terms of a lease between Western Kentucky University and the Student Life Foundation for the Chestnut Street property.

MOTION: Approve the authorization and delegation of authority to President Ransdell to enter into a lease agreement with the Student Life Foundation for the Chestnut Street property.

Dr. Ransdell reviewed the information provided in the "facts" part of the recommendation noting that the Student Life Foundation wishes to focus on the business at hand of renovating the residence halls at the current time. At some point in the future they may want to explore additional elements in the portfolio for apartment-style living

off campus. Currently, however, they don't want to distract themselves or delude their efforts and not be as effective as they can be with the renovation that is just beginning. They are not willing to invest three quarters of a million dollars in a piece of property they are not sure they will utilize. Therefore, what they have suggested is an interest in leasing the property from the University to use as a staging area for the extensive construction that will be under way for the next two years. They would like to negotiate a lease arrangement with the University at a rate equal to what three quarters of a million dollars would earn were it cash in our reserve fund. In the event of an emergency where we had to have \$3 million in cash out of our reserve, we would take a bridge loan (either through our Foundation or a local bank); get the three quarters of a million; put the property on the market, sell it, repay the bridge loan, and be made whole. We will negotiate a lease that if either party wants out on short notice we will have that option.

Mr. Fischer expressed a concern that the original motion contained a clause with some specificity about the purpose and the alternatives if the specified intent did not pan out. Since the original motion adopted by the Board would place the property back on the market should the specified intent not result, Mr. Fischer asked if the current motion before the Board would still address the original motion adopted in December.

President Ransdell noted that, while leasing the property was not an option that was contemplated this past year, he maintains an interest in protecting that property for the University. If it is sold, in all probability the buyer would put sub-standard student housing that would compete directly with the Student Life Foundation with the residence halls being only a block away.

Mr. Martin noted the contract or agreement of sale could contain a covenant that would restrict the use of the property. He felt the lease agreement was only a short-term fix to a long-term problem and that a decision should be made about permanent use or else at the expiration of the lease, a determination would still need to be made about what to do with the property.

President Ransdell felt he needed the luxury of time to contemplate the options for long-term use of the property. The concept of a retirement village, zero-lot patio homes for retired faculty/staff is one possibility that has previously been shared with the Board. It will take some time to put a committee together to explore that option. There

are other options, such as the possible alumni center site as suggested by Mr. Sheffer.

Mr. Martin stated, “I think leasing it is a great idea, but we need to make a decision up front on what to do with the property. I feel a good decision would be that you don’t wait five years to decide what you’re going to do with the property. I think you can add to the motion that, within ninety days or six months, that we make a decision what will be done with the property. What I’m trying to do is force us to do something, rather than wait five years or two years and the Student Life Foundation decides they don’t want it any more or give a ninety-day notice or whatever.”

Mr. Fischer stated, “The Board is fully aware of the motion passed to the purchase the property on Chestnut Street; after review of that motion, the Board has decided to act in the following manner: (1) ***I move that the Board approve the authorization and delegation of authority to President Ransdell to negotiate the terms of a lease agreement between Western Kentucky University and the Student Life Foundation for the Chestnut Street Property.*** The motion was seconded by Ms. Gray.

President Ransdell stated, “I will try to negotiate a lease with the Student Life Foundation; I’m going to explore other options for the use of that property. In a year, I will bring a recommendation for the use of the property or the sale of it. I would like to start a lease right away in order to generate the revenue stream.”

(2) ***Mr. Martin moved to approve the original recommendation with an added clause that “within one year, the Board will make a decision about the long-term permanent use of this property.*** This motion was seconded by Ms. Loafman and carried unanimously.

The Board voted unanimously to approve Mr. Fischer’s original motion. The approved motion as amended follows:

Approve the authorization and delegation of authority to President Ransdell to negotiate the terms of lease agreement between Western Kentucky University and the Student Life Foundation for the Chestnut Street Property, and “within one year, the Board will make a decision about the long-term permanent use of this property.”

RECOMMENDATION:

The President recommends that in accordance with KRS 164A, the Board accept, approve, and ratify the appraisal report of seventeen (17) residence halls prepared by Brantley Appraisal Company on April 25, 2000, in conjunction with the transfer of said halls to the Student Life Foundation, Inc.

Secretary's Note: Copies of these appraisals were provided to the Board members and are filed in the Board's original files.

Background:

The transfer of the seventeen (17) residence halls to the Student Life Foundation, Inc., has been consummated. As a part of this transfer, and to bring the transaction to closure, pursuant to KRS 164A the Board should formally accept, approve, and ratify the appraisal report performed on the property by Brantley Appraisal Company.

The following motion was made by Mr. Fischer and seconded by Mr. Martin: In accordance with KRS 164A, motion that the Board accept, approve, and ratify the appraisal report of the seventeen (17) residence halls transferred to the Student Life Foundation, Inc., prepared by Brantley Appraisal Company, dated April 25, 2000." The motion carried unanimously.

- **Update on Capital Construction Projects** - John Osborne, Associate Vice President for Campus Services, introduced and welcomed the new Director of Facilities Management, Doug Ault. His background information follows:

Douglas K. Ault

Employment History

Doug has twenty-five years of Facilities Management experience, specializing in quality driven facility design, construction and physical plant management. He has a proven track record in leading large, integrated facility organizations.

From April 1996 until June 2000, Doug served as Director of Physical Plant at Georgia State University, the major urban research University in the University System of Georgia with an enrollment of 24,000 students. The Physical Plant Department of Georgia State provides maintenance and support services for over 4 million square feet of space in 47 major buildings in the heart of Atlanta with a full-time staff of approximately 310 employees. While at Georgia State, he re-engineered the organization to better support the academic and research needs of the University by implementing a Zone Maintenance program; creating an integrated Work Management Center; and implementing intensive training and employee development programs as well as ongoing customer feedback programs. The Seven Habits of Highly Effective People, Continuous Quality Improvement, Peer Evaluation, and Self-directed Work Teams were also introduced.

From 1987 to 1996, Doug served as Director of Design and Construction at Penn State University where he planned and directed a ten-year \$2 billion building program at 22 campuses across the state of Pennsylvania; this was the largest Capital Program in Penn State's history. Major projects included a new sports and convocation center (Bryce Jordan Center), two major medical center additions (Hershey Medical Center), student housing, classroom and lab facilities, a new 250-acre research park, three libraries, an on-campus hotel and continuing education center, varied infrastructure and renovation projects. Introduced innovative contracting approaches including Construction Management, Fast-Track, Design-Build and Partnering.

Before working at Penn State, he was involved in facilities management for the Department of Defense, first as a commissioned officer in the Navy Civil Engineer Corps and later as a civilian consultant to the Deputy Assistant Secretary of Defense for Installations and Logistics. He was involved in oversight and implementation of a worldwide “Model Facilities” program.

Professional Associations/Publications

- Registered Professional Engineer in Virginia and Pennsylvania
- Published numerous technical articles and reports and co-authored *Classroom Design Standards* (First Edition).
- Active in APPA, the Association of Higher Education Facilities Officers and has been a speaker at regional and national meetings for APPA and NACUBO; served as a chapter officer and regional committee person.

Formal Education

B.S., Engineering, United States Naval Academy, 1975
 B.S., Civil Engineering, University of Michigan, 1977
 M.S., Construction Management, University of Michigan, 1978
 Graduate, Command & Staff School, U.S. Naval War College, 1990

In addition, Mr. Osborne provided the following status report on the Journalism/Technology Building; the Science Complex Facilities, and Performance Contracting.

JOURNALISM AND TECHNOLOGY BUILDING STATUS

<u>Original</u>	<u>Revised</u>
<ul style="list-style-type: none"> ➤ <i>Scope:</i> 105,000 gsf including instructional space, student computing center, main administrative computer room, offices and auditorium. Also included was renovation of the southeast wing of Academic Complex and adding a connector between the buildings. ➤ <i>Budget:</i> \$18,500,000 total budget with \$14,300,000 set aside for construction. ➤ <i>Schedule:</i> Start construction 5/00 and complete 12/01 	<ul style="list-style-type: none"> <i>Scope:</i> 93,000 gsf including instructional space and student computing center and offices. The main administrative computer room has been removed and will remain in Wetherby. The auditorium has been removed, but provisions will be made in the design to allow for addition in the future. Other changes include the deletion of the Academic complex renovation and the connector between the buildings. • <i>Budget:</i> \$18,500,000 total budget with \$14,000,000 set aside for construction. • <i>Schedule:</i> Start construction 5/01 and complete 12/02

SCIENCE COMPLEX FACILITIES

- Concept:**
- Establish replacement facility (Ogden Hall) for Science & Technology Hall and Snell Hall
 - Construct Research and Development Facilities on South Campus and Main Campus
 - Renovation of Thompson Complex Center Wing and North Wing
- Scope:**
- Construct Ogden Hall including research & development space, 111,540 sq. ft.
 - Construct South Campus research & development facility, 31,295 sq. ft.
- Budget:**
- Ogden Hall \$ 24,204,180
 - South Campus \$ 6,971,015

Subtotal Phase I	\$ 31,175,195
• Renovation Thompson Complex Center and North Wings - Phase II	<u>\$ 20,000,000</u>
Total	\$ 51,175,195

Phase I - Funding in current biennium

- Construction of Ogden Hall
- Construction of South Campus Facility

Phase II - Funding to be requested in 2002-2004 biennium

- Restoration of Thompson Complex Center Wing & North Wing

Timeline (Phase I):

- A & E selection November 1, 2000
- Design November 1, 2001
- Bid Award January 1, 2002
- Construction start date February, 2002
- Construction end date August, 2003

Timeline (Phase II):

- Funding request 2nd biennium

Funding:

\$15,000,000	CPE
<u>\$10,000,000</u>	Economic Development
\$25,000,000	

PERFORMANCE CONTRACTING

Definition: A method of using guaranteed energy savings to finance needed energy-efficient, capital improvement projects.

- Benefits:**
- make building improvement without using capital improvement dollars
 - replace aging & inefficient equipment and reduce accumulated deferred maintenance
 - reduce energy costs without sacrificing service
 - improve quality of learning environments

Timeline:

- November 1999 Board of Regents meeting
- December 1999 Decision by Armond Russ to make this a “state” contract process by Division of Engineering
- January-March, 2000 RFP development
- April 10, 2000 RFP Issued by Division of Contracting and Administration, Frankfort, for two projects:

<u>Scope #1</u>	<u>Scope #2</u>
1 Cherry Hall	1 Environmental Science & Tech
2 Helm Library	2 Cravens Library
3 Grise Hall	3 Tate Page Hall
4 Wetherby Admin. Bldg.	4 Academic Complex
5 Ivan Wilson Center	5 Kentucky Building

- April 26, 2000 Pre-Bid Conference
- May 12, 2000 Proposals Received from seven (7) ESCOs
- June 7, 2000 Proposals Reviewed and Evaluated resulting in short list of three (3) ESCOs
- June 14, 2000 Campus Tour of 10 buildings with ESCOs
- July 19, 2000 Oral Presentations by ESCOs and selection of “Best Proposal” by review committee, consisting of:
 - Keith Abbott, Division of Engineering
 - John Stapleton, Department of Energy
 - Owen Lawson, Department of Energy
 - Ben Johnson, WKU

- John Osborne, WKU

Project Budget: \$2,163,000 authorized by General Assembly, 1998
\$3,750,000 authorized by General Assembly, 2000
\$5,913,000

Project is on hold until the Department of Finance and Legal Staff can resolve language in statute regarding "tax exempt" financing issues. Possibility exists that RFP will be required to be re-issued before award of contract.

- **Update on Engineering Degrees** - Dr. Ransdell commented, "In March when we went to the Council on Postsecondary Education requesting approval for stand-alone programs in mechanical, electrical, and civil engineering, there were a lot of turf issues and a lot of tensions; and while we had all the data to support our case, we didn't get approval. What we did was turn a lot of heads because the data on engineers per capita in Kentucky, per capita income, all the things that engineering helps address; was valid and consequently, what was an adversary in March is now our greatest advocate at the Council on Postsecondary Education. We have the agreement which is provided in the agenda packet that is a statewide engineering strategy. The reality is that Western has been in engineering education for thirty years. We are the only University positioned to now move forward in the three main engineering disciplines--mechanical, electrical, and civil. We'll be able to move forward with an engineering physics degree and an environmental engineering degree, very narrowly defined. We now have a proposal to UK and U of L asking them how they propose to partner with us in these joint degrees. We're in a position to now select which we want to partner with in each of the three degree programs."

"We intend to have a curriculum ready for approval at the November meeting of the Council on Postsecondary Education and will begin receiving students into a formal program in the spring. The beauty of the joint degree is that students who transfer into our program, or who are currently at Western and move into these three programs, will immediately be able to sit for the engineering licensing exam before we become accredited. It will take four to five years to achieve accreditation; once we become accredited, it's no different than the stand-alone program we were pursuing because the accreditation is based on what you provide at that site with your faculty. This is a very exciting opportunity for us. We are now in a position to fulfill our responsibility for economic development in south central Kentucky, and engineering is fundamentally critical to our mission in that regard. This is a major move for Western."

AGENDA ITEM 10 - Other Business

Mr. Earl Fischer read and moved approval of the following resolution:

RESOLUTION

WHEREAS, Dr. Thomas C. Meredith served as the eighth President of Western Kentucky University from August 31, 1988, until May 11, 1997; and

WHEREAS, Dr. Meredith earned a bachelor's degree from Kentucky Wesleyan College, a master's degree from Western Kentucky University, and a doctorate in education from the University of Mississippi; and

WHEREAS, among his accomplishments as President were the introduction of Western's first strategic plan, *Western XXI* and *Moving to a New Level While Keeping Old Traditions*, in

addition to the establishment of the Distinguished Professorship Program and several new master's degree programs; and

WHEREAS, through these efforts, Dr. Meredith charted the pathway for academic excellence at Western Kentucky University; and

WHEREAS, under his administration, the Institute for Economic Development was created, the campus became fully computer-networked, two new residence halls and a health and activities center were opened, and Western's Hall of Distinguished Alumni and Athletic Hall of Fame were established; and

WHEREAS, Dr. Meredith was a dedicated servant and an effective advocate for Western Kentucky University and was recognized as a champion for higher education throughout the Commonwealth of Kentucky; and

WHEREAS, on February 5, 1997, he was named Chancellor of the University of Alabama System and assumed that position on June 1, 1997; and

WHEREAS, Dr. Meredith has a deep affection and love for his alma mater, *Western Kentucky University*, and its students;

Now Therefore Be It

RESOLVED: that this Board of Regents finds it appropriate and desirable to name the new Sorority Hall "*Meredith Hall*" in recognition and honor of the eighth President of this great University.

Ordered on the 3rd day of August in the year of our Lord, two thousand.

The motion was seconded by Ms. Loafman and carried unanimously.

Motion to approve resolutions of appreciation for Ms. Amanda Coates and

Ms. Joy Gramling was made by Professor Miller, seconded by Mr. Fischer, and carried unanimously. Those resolutions follow:

RESOLUTION

WHEREAS, Ms. Amanda J. Coates, Brownsville, Kentucky, has served as a member of the Board of Regents of Western Kentucky University from July 1999 to July 2000; and

WHEREAS, her term of office was characterized by able leadership, faithful service, and dedication to her responsibilities; and

WHEREAS, her loyal service and leadership have made significant and lasting contributions to the University; and

WHEREAS, such leadership and dedicated efforts are deserving of special recognition; Therefore, be it

RESOLVED, that the Board of Regents of Western Kentucky University in a meeting on August 3, 2000, does hereby

express its appreciation to Ms. Amanda J. Coates for her contributions and extends best personal wishes for continued success in all her endeavors; be it

FURTHER

RESOLVED, that this resolution be spread upon the minutes and that a copy thereof be presented to Ms. Coates as an expression of the esteem in which she is held by the members of this Board.

Ordered at Louisville, Kentucky, this 3rd day of August in the year of our Lord two thousand.

/s/ Chair
Board of Regents

/s/ President
Western Kentucky University

RESOLUTION

WHEREAS, Ms. N. Joy Gramling was elected by her colleagues as the first staff representative on the Board of Regents of Western Kentucky University in 1994 and reelected in 1997 for three-year terms; and

WHEREAS, Ms. Gramling has worked diligently and devoted exceptional time and energy to the deliberations of the Western Kentucky University Board of Regents; and

WHEREAS, Ms. Gramling served as a member of the Board during the selection and appointment of the ninth President of Western Kentucky University; and

WHEREAS, her term in office was characterized by faithful service and dedication to her responsibilities; and

WHEREAS, through her tireless dedication to the needs of staff constituents and to concerns shared by all who care for Western, Ms. Gramling has made significant and lasting contributions to the University; and

WHEREAS, such leadership and dedicated efforts are deserving of special recognition; therefore, be it

RESOLVED, that the Board of Regents of Western Kentucky University in a meeting on August 3, 2000, does hereby express its appreciation to Ms. Joy Gramling for her contributions as the first-ever staff regent of Western Kentucky University and extends best personal wishes for success in all her endeavors; be it

Further

RESOLVED, that this resolution be spread upon the minutes and that a copy thereof be presented to Ms. Gramling as an expression of the esteem in which she is held by members of this Board of Regents.

Ordered at Louisville, Kentucky, this third day of August in the year of our Lord two thousand.

/s/ Chair
Board of Regents

/s/ President
Western Kentucky University

The meeting recessed at 5:10 p.m. (EDT) for dinner and reconvened at Foxhollow at approximately 8:15 p.m to conclude the President's report which consisted of (1) Gateway Conference, (2) Arena Feasibility Study Overview, and (3) Athletic Department Overview.

Arena Feasibility Study Overview:

Dr. Wood Selig, Athletics Director introduced Mr. Larry Leis, Chairman and CEO, of Louis & Henry, a Louisville firm that has conducted the feasibility study. Board members were provided with an Executive Summary, a preliminary draft of the final document which is expected in the next month. Dr. Selig reviewed the highlights of the study from a marketing standpoint:

- ▶ Price tag of a new 8,000 seat arena is in the range of \$66 million, excluding the land acquisition costs;
- ▶ Renovation would cost somewhere in the neighborhood of \$21 million;
- ▶ Challenges in Bowling Green specific to the community --The immediate income in Bowling Green and the thirty-five mile radius around Bowling Green is \$10,000 less than the average median income. There is less discretionary income in this area to support events that might be brought to an arena.
- ▶ Discussed a recent lack of history as far as ticket sales in support of Western athletic events; so when you talk to minor league franchises, it becomes difficult for them to think about relocating or putting a franchise in Bowling Green. A strong showing of ticket support cannot be exhibited right now for Western Kentucky University.

Mr. Leis reviewed what a new arena and a renovated arena would entail and responded to questions from Board members.

Dr. Selig noted that discussions are ongoing with city and county government officials to determine who wants to participate in a new arena or a renovated facility, and at what level.

In discussing the budget situation, Dr. Selig pointed out the fact that the student fee for athletics is \$16 per semester and in 1983, it was \$15. There was a \$26 component added in 1995 for Title IX to help add women's softball, women's swimming, and women's soccer. Collectively, the student fee for athletics is \$42 per semester, or roughly 17% of the overall athletic budget. In the Sunbelt and Gateway Conferences, current research shows that most colleges and universities' athletic budgets at comparable levels are supported by about 35-40% from student fees.

President Ransdell stated he would keep the Board informed as the discussions move forward with city and county in this regard.

Gateway Football Conference: Dr. Selig reviewed events that have occurred over the past few months in football noting that on June 2, the Ohio Valley Conference Commissioner informed us that Western would either join the OVC in all sports or remove the football program from that Conference after this year. A presentation was made to the Gateway Conference in St. Louis on June 20 to seek membership in that conference. A positive vote on that day admitted Western to the Gateway Conference; a six-year agreement will soon be signed with the Conference, and the 2001-02 schedules near confirmation. Dr. Selig distributed to members of the Board data about the Conference that included current members and other pertinent data.

Dr. Selig commented, “As we try to transform our intercollegiate athletic programs to more of a national name, moving from the OVC to the Gateway Conference will enhance our football program more than anything we could have possibly done. It’s a unique opportunity to play and compete at the highest level.” He noted that it will be with some challenges. The average Gateway football institution’s budget is \$1.7 million; and Western’s football budget is \$1.1 million. Western will enter the Conference with the lowest budget in the Conference with a \$600,000 disparity between the average budget of the Gateway Conference member and Western’s budget.

A \$3 million anonymous gift prior to the move to the Gateway Conference will help subsidize the athletic scholarships in football bringing to the maximum allowable number of 63 scholarships for the IAA level. The shortfall in the budget comes in the categories of travel (an additional \$100,000, approximately), and in operations and salaries. The \$3 million gift and the move to the Gateway Conference have prompted others to consider gifts to the football program.

Dr. Selig reported the following internal actions to address and adjust to the budget shortfall:

- all athletic programs will be evaluated (currently there are 19, soon to be 20 programs);
- staff has been cut by 2 positions--administrative assistant; and a ticket office position resulting in \$70,000 savings;

- travel policies are being reviewed;
- on the revenue-generating side, there is a need to increase the number of home games (only 11 home basketball games for men last year; and 11 or 12 for women);
- added a group ticket sales director;
- more guaranteed games (Wisconsin has been signed for the 01 season for approximately \$300,000);
- external--there is a new Ticket Manager; a new HAF Director; a new Marketing Director; a new radio contract; and an Associate Athletic Director for External;
- a new plan with HAF this year called 110 Percent Club encourages members to give 10% more; 33% of people who've given this year have increased their donations by 10%;
- Enhancement Fund has grown by \$1 million; with \$3 million in proposals pending. These are endowments that will produce 4 ½ percent spending policy; thereby requiring approximately \$22 million to generate \$1 million in spendable income;
- Each head coach is being encouraged to become a fundraiser with funds generated going to their respective program. These efforts are being coordinated with the Development Office.

Discussion followed on how to raise additional revenue to be competitive in the Gateway Conference.

Dr. Selig emphasized the lower student fees at Western compared to competition in the Sun Belt and Gateway Conferences. With the current athletic budget of \$6 million--the University supplies \$3 million from E&G; \$1 million is generated from student fees; and approximately \$2 million comes from NCAA revenue, post-season play, season tickets; HAF, etc. Dr. Selig stated the need for an additional \$2 million to support the current programs.

Comparison data was circulated on student fees vs. athletic budget in the various conferences which clearly reflected Western's last-place position in both conferences.

Secretary's Note: This information is filed in the Board's official files. Dr. Selig reviewed the current student fee of \$42 (of which \$26 is designated for Title IX) that generates a little over \$1 million. The estimated need of an \$8 million budget for athletics would require an additional \$1.8 million. To get to that figure would require a \$90 per-semester student fee increase. This would raise the percentage of total budget from student fees to 34% and would put Western at the average of other schools in these

two conferences.

Dr. Ransdell, felt the Board mandated 3.4% of E & G budget creates more problems than solutions with all of it being used in subsidizing salary increases and scholarship increases. The Board-commissioned study by Fred O' Bear lead to the reaffirmation of the 3.4% and indicated that the appropriation from the E&G budget was at the low end of the Sun Belt, OVC, and a few other conferences comprised of peer institutions.

President Ransdell made a recommendation to **discontinue the mandated 3.4% from E&G budget and treat athletics the same as every other department.**

Following a lengthy discussion related to the athletic budget, student fees, and related issues Chair Bale stated she felt the Board was not ready to vote on this item noting that further information and study is needed on some components. Ms. Bale asked for comparative data on student fees from Murray and Eastern be provided along with phase-in options for the proposed \$90-increase.

The Board meeting will reconvene Friday morning following breakfast. Members disassembled at approximately 10:15 EDT.

The Board reconvened at approximately 8:30 a.m., Friday, August 4. Chair Bale thanked Dr. Selig "for his well-researched, well-presented, compassionate presentation the previous evening." After conferring with President Ransdell, Ms. Bale asked Dr. Selig to prepare for a discussion of any recommendation before the Executive Committee in six to eight weeks. The Executive Committee will discuss and make a recommendation to the October 27, 2000 Board meeting.

The formal Board meeting adjourned at approximately 8:30, Friday.

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 third quarterly meeting held August 3, 2000, in the Derby Room of the Radisson Inn Conference Center in Louisville, Kentucky, 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

Kristen T. Bale
Chair
October 27, 2000

Elizabeth W. Esters
Secretary
October 27, 2000