

**MINUTES**  
**OF THE BOARD OF REGENTS**  
**WESTERN KENTUCKY UNIVERSITY**

**March 15, 2000**

**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 teleconference from Grise Hall, Room 137 on the Western campus, Elizabethtown Community College, Room 144, and the Owensboro Campus, Room 107. The meeting was called to order at 2 p.m., CST, by Ms. Kristen Bale for the following purposes:

- *Approval of a Resolution approving the Order of Sale authorizing the sale and transfer of certain of the University's residence halls, their associated real property, together with all furniture, fixtures, and equipment associated with or used in conjunction with each of the residence halls to the WKU Student Life Foundation, Inc.; and*
- *Approval of the recipient of Honorary Doctorate Degree to be awarded May 7, 2000 Commencement.*

**AGENDA ITEM 2 - Roll Call**

*From Grise Hall, Room 137:*

Ms. Kristen T. Bale  
Ms. N. Joy Gramling  
Ms. Peggy W. Loafman  
Professor Mary Ellen Miller

*From Elizabethtown Community College, Room 144:*

Ms. Lois W. Gray

*From Owensboro Campus, Room 107*

Ms. Beverly H. Wathen

Ms. Coates, Mr. Fischer, Mr. Martin, Mr. Sheffer and Mr. Tennill were absent.

Ms. Esters announced a quorum present to conduct the official business.

Others present included President Gary A. Ransdell, Ms. Liz Esters, Secretary; Dr. Barbara Burch, Provost and Vice President for Academic Affairs; Ms. Deborah Wilkins, General Counsel; Ms. Ann Mead, Chief Financial Officer; Dr. Richard Kirchner, Vice President for Information Technology, and Mr. John Osborne, Assistant Vice President for Student Affairs. In addition, representing the Student Life Foundation were: Mr. Steve Catron, Legal Counsel; Mr. Pat Hall, Project Team Leader, and Mr. Brian Kuster, Director of Housing and Residence Life.

**AGENDA ITEM 3 - Approval of a Resolution approving the Order of Sale authorizing the sale and transfer of certain of the University's residence halls, their associated real property, together with all furniture, fixtures, and equipment associated with or used in conjunction with each of the residence halls to the WKU Student Life Foundation, Inc.**

**RESOLUTION ADOPTING ORDER OF SALE OF PROPERTY**

**WHEREAS**, Western Kentucky University, acting by and through its President, Dr. Gary A. Ransdell, has made a request to the Board of Regents for an Order Of Sale to authorize the sale and transfer of certain of its residence halls, their associated real property, together with all furniture, fixtures, and equipment associated with or used in conjunction with each of such residence halls to the WKU Student Life Foundation, Inc., all of which is more specifically described in a written request dated March 15, 2000; and,

**WHEREAS**, such written request is made and the Order of Sale would be granted pursuant to KRS 164A.575 which vest authority in the Board of Regents to sell or otherwise dispose of all or portions of the real and personal property of Western Kentucky University; and,

**WHEREAS**, the Board of Regents of Western Kentucky University has considered this written request and finds that it is in the best interest of the University and its students to grant the request of the University and to adopt an Order Of Sale granting such request.

**NOW THEREFORE, BE IT HEREBY RESOLVED**, that the following Order of Sale shall be and is hereby adopted:

**ORDER OF SALE**

Upon receipt and review of the written request of Western Kentucky University, acting by and through its President, Dr. Gary A. Ransdell, that the WKU Board of Regents adopt an Order of Sale authorizing the sale and transfer of the following residence halls, their associated real property, together with all furniture, fixtures, and equipment associated with or used in conjunction with each of the above-referenced residence halls (the "Request"), to the WKU Student Life Foundation, Inc. ("Foundation"):

- a. Douglas Keen Hall
- b. Hugh Poland Hall
- c. Pearce Ford Tower
- d. Bates-Runner Hall
- e. McLean Hall
- f. Sorority Hall
- g. Bemis Lawrence Hall
- h. Barnes-Campbell Hall

- i. North Hall
- j. South Hall
- k. East Hall
- l. West Hall
- m. Central Hall
- n. Gilbert Hall
- o. McCormack Hall
- p. Rodes-Harlin Hall
- q. Zacharias Hall

**IT IS HEREBY ORDERED AS FOLLOWS:**

1. The Real Estate, which is the subject of the Request, is more specifically identified attached in Attachment 1 to the Request. Legal descriptions for such real estate are attached to the Request and identified as Attachment 2, those descriptions being subject to engineering adjustments, which shall be completed as a part of the conveyance that is the subject of the Request. The Request includes the conveyance of the real estate, all improvements located thereon, together with all furniture, fixtures, and equipment associated with or used in conjunction with each of the referenced residence halls (the “Property”).
2. The Property is in need of major renovations and repairs, including deferred maintenance, and the installation of fire safety systems, all for the benefit of the students of WKU. The costs of these renovations cannot be funded through the existing financial structure of WKU. WKU does not currently possess, nor does it anticipate obtaining, the financing capacity necessary to undertake the needed repairs and renovations of the residence halls. This has resulted in the Property being unsuitable for public use, including the students of WKU. In response to this situation, the WKU Housing Task Force was created to evaluate the feasibility of the recapitalization of WKU’s residence halls through alternate means in order to find a mechanism to fund the needed improvements for the residence halls. The WKU Housing Task Force issued its report recommending a recapitalization plan whereby WKU will convey the Property to the Foundation in exchange for the retirement of all of WKU’s Housing and Dining bonded indebtedness and its undertaking of major renovations and repairs to the residence halls, including deferred maintenance, and the installation of fire safety systems. The conveyance authorized by this Order of Sale will render the Property more suitable consistent with the public interest, including the use and benefit of the students of WKU. Upon such transfer, WKU and the Foundation shall enter into a Management Agreement by which WKU will manage and operate the residence halls in substantially the same manner that it currently operates those facilities.

3. The sale price for the Property shall be at the appraised value as determined by the Secretary of the Finance and Administration Cabinet of the Commonwealth of Kentucky but in no event less than \$19,300,000.

**BE IT FURTHER RESOLVED**, that the President of Western Kentucky University or the Chair of the Board of Regents shall be and is hereby authorized to: (1) execute for and on behalf of the University any and all instruments required by law to convey the interest of the University in such property, both real and personal; and, (2) execute for and on behalf of the University any and all instruments necessary to carry out this conveyance or the operations of the residence halls and real property for the benefit of the students of Western Kentucky University, including but not limited to, contracts of sale, bills of sale, management agreements, easements and closing statements.

President Ransdell noted his appearance earlier in the day at the Capital Projects and Bond Oversight Committee where formal approval was received to conduct this action and transfer the deeds and properties to the Student Life Foundation. Dr. Ransdell stated, “We have pledged support for and complete cooperation with the Finance Secretary, John McCarty in the conduct of this transaction. We are very pleased with the partnership that has been forged in this project and actually received what I considered very satisfying comments from three or four members of the Capital Projects and Bond Oversight Committee for leading the way in creative change and finding ways to solve our own problems without going to the state for funding to do so.”

“Pending action by this Board at this meeting, we’re ready to move forward with the deeds to be transferred over the next couple of days; and then in approximately mid-April, the bonds will be issued through the three underwriters: First Union Securities; PNC Bank, and National City Bank. In the meantime, the Student Life Foundation will proceed with the issuing of bids for the construction phase of the project which we hope will be underway this summer.”

Motion to approve a Resolution approving the Order of Sale authorizing the sale and transfer of certain of the University’s residence halls, their associated real property, together with all furniture, fixtures, and equipment associated with or used in conjunction with each of the residence halls to the WKU Student Life Foundation, Inc., was made by Professor Miller and seconded by Ms. Gramling.

In discussion which followed, Ms. Gramling asked how the Management

Agreement between Western Kentucky University and the Student Life Foundation would affect current employees on campus. In response, Dr. Ransdell stated that while the Management Agreement is currently in a draft stage; it is being negotiated between the University and the Student Life Foundation. Finance Secretary John McCarty is helping draft that agreement so that it, too, can be a model that other University campuses are sure to follow in the future. In a nutshell, it is simply an operating agreement that allows the residence hall staff to stay in place and continue to operate our residence halls. The Student Life Foundation has no employees and will have no employees. They are simply a financial agent which allows the bonds to be sold to provide the resources for the renovation. All management, policy and procedures, and collection of fees will continue to be handled through the Student Life staff as they have been historically.

Ms. Gramling had another question related to sovereign immunity and whether it would cover all employees of the University. Mr. Catron commented, "If the employees are engaged in responsibilities as Western employees, then sovereign immunity would apply. If it is as the result of something that happened in the buildings themselves, then there would be insurance, and sovereign immunity would go away. In regard to the buildings and any liability that would arise, the Student Life Foundation has acquired a replacement insurance policy on all of the buildings insuring full replacement for \$100 million, and they have acquired a \$50 million liability insurance policy with regard to the casual coverage. Rather than having sovereign immunity, this entity will do what every other business does, and that is to insure against those risks, but if it is an occurrence that results from what a Western employee would do, then sovereign immunity applies."

Renovation is expected to begin May 16 on McLean Hall which is currently in design phase. A number of other repair-oriented projects will occur throughout a number of other halls on elevators, sprinkler systems, etc. this summer. Dr. Ransdell added, "By IRS requirement, we have a three-year window to use the bond proceeds; and it is possible to get up to a two-year extension. We have up to five years for completion; we will expedite to the extent possible."

Mr. Catron stated the underlying purpose of the resolution being considered by the Board is to meet the statutory requirements for the Board to sell the real estate under KRS 164A.575. The Statutes set up the exact procedures that must be followed in order for

land to be sold that is owned by a state university. The determination on whether or not to sell that property is vested in the Board of Regents. “In this case, Mr. Catron stated, “we are suggesting, and have included within this resolution and in the President’s Request that the basis for the Order of Sale is that the dormitory buildings and related facilities have become unsuitable for use of the students at Western as a result of their dire need of renovations. That forms the legal basis for the property to be sold.”

Ms. Bale asked Dr. Ransdell to address the fire safety mandate for the record. Dr. Ransdell noted the last time Western had a project before the Capital Projects and Bond Oversight Committee, it was to explain the sprinkler installation program which, as the Board knows, was to be done over a seven-year period without the issuing of additional debt in the auxiliary enterprises in the residence halls. That has now been expedited, and all sprinkler work will be done in the time line of this project. In fact, most of it will be done much more quickly than it would have otherwise been done in the seven-year period, plus four additional buildings that were not required to have sprinklers given the height of the building, are now going to be included. “We feel like we have not only expedited but we have increased the safety provision, and that’s what this whole objective is about,” Dr. Ransdell stated. “It is about recapitalization--physical assets to produce resources for the benefit of our students and for the safety and quality of lifestyle.”

Ms. Bale called for the question on Professor Miller’s motion. The motion carried unanimously.

**AGENDA ITEM 4 - REQUEST: Approval of the recipient of Honorary  
Doctorate Degree to be awarded May 7, 2000 Commencement**

**FACTS:** The University Honorary Degree Committee reviewed the credentials of several outstanding candidates for the honorary degree and has recommended the awarding of such degree at the 2000 May Commencement to Mr. Wendell Berry, a Kentucky farmer and writer.

- Mr. Wendell Berry espouses stewardship of our most precious national resource, the land, and a more humane approach in treatment of our neighbors. He is a native of Henry County, educated at Millersburg Military Institute in Kentucky and at the University of Kentucky, where he received a B.A. in 1956 and a M.A. in 1957. He advocates a return to the “old ways” of strong familial ties and community bonds for the sake of a healthy society. He believes the rural communities can be remade and sustained in today’s society, with positive consequences to everyone. Mr. Berry began writing both fiction and poetry as a university student, and his poems appeared in *Poetry: Chicago and Prairie Schooner* as early as 1957-1959.

A former Guggenheim Foundation fellow, Mr. Berry has received many awards including the National Institute of Arts and Letters Literacy award in 1971, and more recently, the Aiken-Taylor Award for Poetry from the Sewanee Review and the T.S. Eliot award from the Ingersol Foundation. Wendell Berry has contributed to the Commonwealth and to the nation through his writings and by practicing what he preaches: respect for the land and people.

**RECOMMENDATION:** President Ransdell recommends that an honorary degree be awarded to Mr. Wendell Berry at the 2000 May Commencement.

**MOTION:** Professor Miller moved approval of Mr. Wendell Berry as recipient of the honorary degree to be awarded on May 7, 2000. Motion was seconded by Ms. Gramling and carried unanimously.

President Ransdell announced to the Board that the Western Kentucky University Forensics Team won their second consecutive World Championship.

With no further business, motion for adjournment was made by Ms. Gramling and seconded by Ms. Loafman at 2:21 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 a special meeting held on March 15, 2000, via teleconference from Grise Hall, Room 137, on the Western campus; Elizabethtown Community College, Room 144; and Owensboro Campus, Room 107, 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).

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Elizabeth W. Esters  
Secretary

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Cornelius A. Martin  
Chair  
May 17, 2000

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Elizabeth W. Esters  
Secretary  
May 17, 2000