



Board of Regents First Quarterly Meeting

Friday, January 25, 2013 ~ 9:00 a.m. (CST)
Cornelius A. Martin Regents Room (MMTH)

AGENDA

- Call to Order (*Mr. Frederick A. Higdon, Chair*)
- Invocation (*Mr. Howard Bailey, Vice President for Student Affairs*)
- Roll Call (*Dr. Melissa B. Dennison, Secretary*)
- Approval of Minutes (*Mr. Frederick A. Higdon, Chair*)

❖ Fourth Quarterly Meeting – October 26, 2012

1. FINANCE AND BUDGET COMMITTEE (*Mr. J. David Porter, Chair*)

Action Items:

- 1.1 Acceptance of Auditor's Report and Financial Statements for the Fiscal Year ended June 30, 2012 [pp. 1-2]
 - 1.2 Acceptance of 2012-13 First Quarter Statement of Revenues and Expenditures [pp. 3-3.1]
 - 1.3 Approval of FY 2013 Operating Budget Revisions [pp. 4-6]
 - 1.4 Approval of Personnel Actions [pp. 7-7.22]
 - 1.5 Approval of Internal Audit Work Plan for January 1, 2013, to June 30, 2013 [pp. 8-9]
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2. ACADEMIC AFFAIRS COMMITTEE (*Dr. Melissa B. Dennison, Chair*)

Action Items:

- 2.1 Approval of a Floristry Undergraduate Minor [pp. 10-12]
- 2.2 Approval of Emeritus Faculty Appointments [p. 13]
- 2.3 Approval of Sabbatical Leaves [pp. 14-15]

Information Items:

- Enrollment Report (*Dr. Brian Meredith*)
 - WKU Dual Credit Program: Increasing Access, Affordability, and Achievement [p. 16]
(*Dr. Beth Laves & Ms. Laura Ricke*)
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3. EXECUTIVE COMMITTEE (*Mr. Freddie Higdon, Chair*)

Action Items:

- 3.1 Approval of Revisions to Intellectual Property Policy [p. 17 and attached policy pp. 1-17]
 - 3.2 Approval of Athletic Employment Contract – Mr. Robert “Bobby” Petrino [p. 18 and attached contract pp. 1-14]
 - 3.3 Approval for the Transfer of Real Property in Hardin County [p. 19 and attached Resolution]
 - 3.4 Approval of Resolution of Appreciation for Mr. Robert D. Wilkey [p. 20 and attached Resolution]
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4. PRESIDENT’S REPORT (*Dr. Gary A. Ransdell, President*)

- 2013 Legislative Session (*Ms. Robbin M. Taylor*) [attachment]
 - Construction Progress Update (*Mr. John Osborne*) [attachment]
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EXECUTIVE / CLOSED SESSION – Update on pending litigation matters (*Ms. Deborah T. Wilkins*)

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

January 25, 2013

• **CALL TO ORDER**

Required statutory notice having been given, the first quarterly meeting of the Board of Regents of Western Kentucky University was held 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 Frederick A. Higdon at approximately 11:30 a.m., (CST).

• **INVOCATION**

The invocation was provided by Mr. Howard Bailey, Vice President for Student Affairs.

• **ROLL CALL**

The following Regents were present:

Mr. Frederick A. Higdon, Chair
Mr. J. David Porter, Vice Chair
Dr. Melissa B. Dennison, Secretary
Mr. Cory Dodds, Student Regent

Mr. Jim Johnson
Dr. Patricia H. Minter, Faculty Regent
Mr. John W. Ridley

Regents not in attendance:

Ms. Cynthia Harris
Mr. James Kennedy, Staff Regent
Mr. Laurence J. Zielke

Others in attendance included the following:

Dr. Gary A. Ransdell, President
Mr. Howard Bailey, Vice President for Student Affairs
Dr. Gordon C. Baylis, Vice President for Research
Dr. Randy Capps, Parliamentarian
Ms. Kathryn R. Costello, Vice President for Development & Alumni Relations
Dr. A. Gordon Emslie, Provost and Vice President for Academic Affairs
Ms. Julia McDonald, Senior Administrative Assistant
Ms. K. Ann Mead, Senior Vice President for Finance and Administration
Dr. Richard C. Miller, Vice Provost and Chief Diversity Officer

Mr. John Osborne, Vice President for Campus Services and Facilities
Dr. Robert Owen, Vice President for Information Technology
Mr. Todd Stewart, Director of Athletics
Ms. Robbin M. Taylor, Vice President for Public Affairs
Ms. Deborah T. Wilkins, Chief of Staff / General Counsel

In keeping with the policy of the Board, the agenda for the meeting and information and materials pertinent to items thereon had been mailed in advance of the meeting to members of the Board.

- **MINUTES**

The minutes of the fourth quarterly meeting held on October 26, 2012 were presented for adoption.

MOTION:

A motion to approve the minutes of the fourth quarterly meeting held on October 26, 2012, was made by Regent Patti Minter and seconded by Regent Cory Dodds.

ACTION TAKEN: ☒Approved unanimously ☐Not Approved ☐Other _____

- **CONSENT AGENDA**

Chair Higdon requested a motion for acceptance of the Consent Agenda for approval of all action items. Regent Minter requested item 3.2 under Executive Committee be removed from the Consent Agenda for discussion. Chair Higdon stated that in addition to item 3.2 under Executive Committee, items 3.3 and 3.4 are removed for discussion as they were not discussed at the Executive Committee meeting held on December 14, 2012.

MOTION FOR APPROVAL OF CONSENT AGENDA / ACTION ITEMS:

A motion for approval of all action items on the agenda—with the exception of item 3.2, 3.3, and 3.4 under the Executive Committee—was made by Regent Melissa Dennison and seconded by Regent David Porter.

ACTION TAKEN: ☒Approved unanimously ☐Not Approved ☐Other _____

1. FINANCE AND BUDGET – ACTION ITEMS *(Mr. J. David Porter, Chair)*

- 1.1 Acceptance of Auditor's Report and Financial Statements for the Fiscal Year ended June 30, 2012
- 1.2 Acceptance of 2012-13 First Quarter Statement of Revenues and Expenditures
- 1.3 Approval of FY 2013 Operating Budget Revisions
- 1.4 Approval of Personnel Actions
- 1.5 Approval of Internal Audit Work Plan for January 1, 2013, to June 30, 2013

DISCUSSION

Regent Minter:

My question is about action item 1.3 which is the Operating Budget Revisions. I would like to have a better explanation about the \$171,000 in revenue from Navitas royalties to be used for Academic Affairs' initiatives to include support for internationalization. What is that money going to be used for?

Provost Emslie:

We receive royalties from Navitas for students who are enrolled in the Pathways Program and from that account, we have allocated approximately 50% of those royalty revenues to finance the design work on the new Honors International Building and that cost is up to approximately \$800,000. That account started with the residual funds from the Colonial Courts International Building project and we are supplementing that money with Navitas royalties to cover the cost of the design phase.

Regent Minter:

Okay. So that account has a total of about \$900,000?

Provost Emslie:

Yes.

Regent Minter:

Thank you.

Ms. Ann Mead:

You do use some of the royalties to defray some of your obligations for internationalization.

Provost Emslie:

Yes. The other 50% of the royalties are being used to support other matters related to internationalization. For example, a staff member who is hired for the Office of International Programs is funded from that revenue stream also.

ACTION TAKEN: ☒ Approved unanimously/consent agenda approval ☐ Not Approved
☐ Other _____

2. ACADEMIC AFFAIRS – ACTION ITEMS (Dr. Melissa B. Dennison, Chair)

- 2.1 Approval of a Floristry Undergraduate Minor
- 2.2 Approval of Emeritus Faculty Appointments
- 2.3 Approval of Sabbatical Leaves

DISCUSSION

Regent Minter:

I just want to comment on action item 2.2 - Emeritus Faculty Appointment – and the excellent work of Dr. Robert C. Smith. He has made his mark on a number of students and this University. His work on this campus has been extremely noteworthy and I congratulate him on this appointment.

ACTION TAKEN: ☒ Approved unanimously/consent agenda approval ☐ Not Approved
☐ Other _____

ACADEMIC AFFAIRS – INFORMATION ITEMS

- The Enrollment Report was provided by Dr. Brian Meredith.
- Information regarding the WKU Dual Credit Program was presented by Ms. Laura Ricke.

3. EXECUTIVE COMMITTEE – ACTION ITEMS (Mr. Frederick A. Higdon, Chair)

- 3.1 Approval of Revisions to Intellectual Property Policy

ACTION TAKEN: ☒ Approved unanimously/consent agenda approval ☐ Not Approved
☐ Other _____

- 3.2 Approval of Athletic Employment Contract – Mr. Robert “Bobby” Petrino

MOTION:

A motion to approve the Athletic Employment Contract between Western Kentucky University and Robert “Bobby” Petrino was made by Regent David Porter and seconded by Regent Jim Johnson.

DISCUSSION:

Regent Minter:

I will make this short and sweet. This hire, and the hiring of the assistants and others who will complete his staff, represent a commitment to athletic spending without precedent at Western Kentucky University. Not surprisingly, I've received a steady stream of comments from my colleagues, not to mention links to every article in the country about this. The faculty concerns fall into three categories: 1) potential personnel issues, 2) possible damage to the academic reputation of WKU (this has been a huge cause for concern), and 3) the major long-term financial commitment to athletics that this hire represents, a clear shift towards ever-escalating athletic expenditures. These are all valid concerns, but I'd like to focus on the third point as it has the most troubling implications for the future of this institution. Athletic spending at WKU has increased by 38% between 2006 and 2011, from \$16.1 million to \$22.3 million annually.

Our athletic department is not self-supporting; it is subsidized by student athletic fees. The majority of its revenue—63%—comes from student fees and institutional support. So their financial fortunes are not entirely revenue-dependent, but in fact are linked to enrollment. If we lose enrollment or growth, then that is revenue they don't get. Student athletic fees also represent money that could be available instead for academic endeavors—we all know that the CPE considers the price that students pay for the entirety of their WKU experience, not what percentage of it goes to fund academics versus athletics, or other projects. Every time the university assesses a student fee, those are dollars we cannot use for academics.

When this Board passed what was then the largest contract amount in WKU history in an attempt to retain Coach Taggart, I pointed out that it was the biggest merit raise in our history. And now we have this: a commitment of over 850K (and undoubtedly more when the salaries of the new assistant coaches are made public at our April meeting), a large buyout clause that would likely be put back into personnel costs if Mr. Petrino leaves before his contract expires, and we have an escalation in athletic expenditures that should cause alarm for anyone reading our balance sheet. Enrollment is at best flat, at worst in decline. Our expenditures for debt service remain long-term obligations. And none of the concerns which faculty raise have been answered—our small across-the-board raise does not even cover cost of living and calls for merit pay have not produced it. So how did we find ourselves in this situation? And what does all of this mean? Simply stated, choices continue to be made, as they have over the past decade, to continually fund extra-curricular endeavors and other projects at the expense of the academic mission of the university. Prior to 2008, when the money was there to fund faculty growth and academic initiatives, it was spent elsewhere and now it is difficult to make up the difference given the budget climate. So the funding of entertainment over education is not a new trend, but it is one we must reverse immediately. Decisions like this hire demonstrate that WKU is still committed to funding entertainment at all costs, even as our enrollment flattens, our debt load expands, and our sources of new revenue dry up. To state the obvious, WKU must put the money into the academic mission and recognize the faculty and staff who fulfill it are as important as brick-and-mortar and extra-curricular concerns, because when funding is scarce, non-academic projects and extra-curriculars do not teach students, engage in research or public service, or retain the students which is obviously the key to our financial future. For these reasons, I cannot support the contract before the Board. Funding entertainment over education is the wrong thing to do, and it is the wrong time to do it. Let's instead focus on what we must in order to be a leading university with international reach. Thank you.

ACTION TAKEN: ☒ Approved with majority of votes ☐ Not Approved

☒ Other – Regent Minter voted nay

3.3 Approval for the Transfer of Real Property in Hardin County

DISCUSSION:

Regent Ridley:

I have a comment and please do not misinterpret this as negative comment about this wonderful project, however as a point of information and education for me as a new Board member, where could I be directed to the Board policy on the transferring of Real Property? This is the second meeting that I have attended where we have traded real estate. It doesn't have to be explained in this meeting, I just need clarification on that Board policy so I'm up to speed going forward.

Ms. Deborah Wilkins:

There is no Board policy, the statute simply states that the Board can make a determination based on the best interest of the University. The Board has never adopted a "policy" on transferring of Real Property but can make that determination based on the "powers" of the Board.

Regent Ridley:

Mr. Chairman, I direct to you then. Do we need to look at a policy that is broad enough to convey our responsibility as a Board as it relates to the transfer of Real Property? Maybe that is something we should explore at a later time.

Regent Johnson:

I think what John is saying is that the public announcement was made before the Board had an opportunity to take action, even though we were well informed and all in support. If we had concerns, we could have contacted the Board Chair and objected.

President Ransdell:

It was a question of whether or not to have a called meeting a day or two prior to a regularly scheduled meeting and I made the decision that given the prior communication and information that was provided, it probably wasn't necessary. However, if the Board decides it has to act before deals are finalized, then we need to know that so we can take that action going forward.

Ms. Deborah Wilkins:

Let me clarify that all parties understood that this transaction was subject to final Board approval.

Regent Porter:

I've been on the Board for four years and if I recall, this is the first time that this type of transaction has ever been brought before the Board and used as a gift. It is really a contribution of a joint venture that is mutually beneficial to both parties and doesn't cost us anything.

President Ransdell:

Yes. It would have been an entirely different scenario and circumstance if we had to pay for the property transfer.

Chair Higdon:

In regards to Regents Ridley's request and question about a Board policy for property transactions, I'm well aware that these property transactions are all unique situations that are treated individually, based on the circumstance when it arises. However, I would entertain input and suggestions on the best action

going forward. Do we want to form a committee to look further into creating a policy on property transactions?

President Ransdell:

Let me suggest that perhaps the best course of action might be for our General Counsel to take a look at the language in our Bylaws and determine the best way to proceed.

Chair Higdon:

Thanks.

MOTION:

A motion to approve and adopt the Resolution proposed by the President was made by Regent Cory Dodds and seconded by Regent John Ridley.

ACTION TAKEN: ☒Approved unanimously ☐Not Approved ☐Other _____

3.4 Approval of Resolution of Appreciation for Mr. Robert D. Wilkey

MOTION:

A motion to approve the Resolution in honor of former Board member, Mr. Robert D. Wilkey was made by Regent Jim Johnson and seconded by Regent John Ridley.

ACTION TAKEN: ☒Approved unanimously ☐Not Approved ☐Other _____

4. PRESIDENT'S REPORT (*Dr. Gary A. Ransdell*)

- An overview of the 2013 Legislative Session was provided by Ms. Robbin Taylor.
 - A Construction Progress Update was provided by Mr. John Osborne and Mr. Bryan Russell.
 - A Year-End Gift Endowment Report was provided by Ms. Kathryn Costello.
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CLOSED / EXECUTIVE SESSION

Motion to go into a closed / executive session as provided in KRS 61.810(1) for purposes of discussing pending litigation against the University was made by Regent David Porter, seconded by Regent Patti Minter, and unanimously approved. The Board went into closed / executive session at approximately 1:40 p.m. (CST).

At approximately 2:00 p.m. (CST), Chair Higdon returned the Board to open session:

“The Board has now returned to open session. The discussions and deliberations during the closed session were restricted to those stated in the motion, and no formal action was taken by the Board in closed session.

5. OTHER BUSINESS (*Mr. Frederick A. Higdon, Chair*)

Upcoming dates:

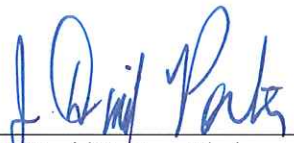
- Committee Meetings – **March 29 at 9:00 a.m. (CDT) - (MMTH – Regents Room)**
 - Second Quarterly Meeting – **April 26 at 9:00 a.m. (CDT) – (Augenstein Alumni Center)**
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6. ADJOURNMENT (*Mr. Frederick A. Higdon, Chair*)

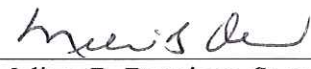
With no further business, Chair Higdon adjourned the meeting at approximately 2:05 p.m. (CST).

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 first quarterly meeting held January 25, 2013, 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).



Mr. J. David Porter, Chair
WKU Board of Regents
Approved on July 26, 2013



Dr. Melissa B. Dennison, Secretary
WKU Board of Regents
Approved on 7/26/13