

University of Central Missouri
Board of Governors
Plenary Session
October 23, 2008

The University of Central Missouri's (UCM) Board of Governors convened in Plenary Session at 8:30 a.m. in Union 237B on Thursday, October 23, 2008, on the university's main campus located in Warrensburg, Missouri. Presiding over the meeting was Board President Richard Phillips. In attendance at the meeting were Governors Walter Hicklin, Weldon Brady, Deleta Williams, Lawrence Fick, Edward Baker, Mary Long, and Ryan Sanders. Also present were University President Aaron Podolefsky, Interim General Counsel Marvin Wright, and Assistant Secretary to the Board Monica Huffman.

Plenary Session

Call to Order – Agenda Item No. 1

Mr. Phillips called the meeting to order and determined that a quorum was present to conduct business.

Oath of Office for New Board Member Mary Long – Agenda Item No. 2

Ms. Wanda Sue Dodson, Associate Judge for the Circuit Court of Johnson County, attended the meeting and administered the Oath of Office to new Board member Dr. Mary Long. Photographs were then taken of Judge Dodson and Dr. Long with her two sons.

Remarks by the Board President – Agenda Item No. 3

Mr. Phillips welcomed Dr. Long to the Board and introduced her sons. He provided a short biographical summary of Dr. Long and presented her with a special notebook for use in her work with the Board.

Mr. Phillips formally recognized Ms. Williams' service as Board President for 2007-2008. He read excerpts from a citation that he presented to her that listed the Board's many accomplishments under her leadership. An engraved gavel commemorating her tenure as Board President was also presented to Ms. Williams.

Mr. Phillips introduced Mr. Marvin Wright who is serving as interim General Counsel and welcomed those students present to observe the meeting.

Remarks by the University President - Agenda Item No. 4

President Podolefsky added his own thanks and appreciation to Ms. Williams for her support and leadership during the past year as Board President. He also welcomed Dr. Long and stated he looked forward to working with her. President Podolefsky highlighted a number of Homecoming activities and events planned for the upcoming weekend. Of particular note was recognition of the Distinguished

Alums, a Foundation Board meeting on Friday, the Homecoming Parade and Mules football game on Saturday, and celebrations of the Honor's College 50-year anniversary and the Aviation Program's 40-year anniversary.

President Podolefsky said that for the past several years UCM has been invited to send delegates to the Annual National Conference on Ethics in America at West Point. Four UCM students – Nicholas McDaniels, Karen Muller, Timasha Haliburton, and Katelyn Wharton – participated in this year's conference. President Podolefsky also recognized Dean Michael Wright who was recently named to the *Project Lead the Way* National Advisory Board. He noted that UCM's athletic teams are doing very well this year and that all have received national rankings. He thanked Mr. Jerry Hughes for his leadership.

President Podolefsky reported that the State's revenue is down 1.7% and that the State's budget is based on a 2.8% growth from last year. Additionally, the State's budget is built upon sufficient one-time funds. There is unlikely any cause for concern for this year; however, there could be cause for concern for next year's budget. As a precautionary measure, UCM will begin reviewing its base budgets and be cautious in its planning for next year.

General Session

Minutes of the September 17, 2008, Board of Governors Meetings – Agenda Item No. 5

Ms. Williams moved that the Board of Governors approve the minutes of the September 17, 2008, meetings. The motion was seconded by Mr. Fick and carried unanimously.

Reports

Governance Groups Written Reports – Agenda No. 6

Mr. Phillips said that written governance groups reports were included under Tab 4 of the meeting materials (Attachment 1).

Proposed Five-Year (2008-2013) Strategic Plan – Agenda Item No. 7

Dr. Rich Morrell presented the proposed Five-Year Strategic Plan on behalf of Provost George Wilson who has led the initiative for the past year. Dr. Wilson was unable to attend the meeting. Dr. Morrell referred the Board to Tab 5 of the meeting materials, which contained a draft of the plan (Attachment 2). He noted that work on the plan began in September 2007 and that there has been related activity every month since that time. The plan has been well vetted by the campus and has its strong support. Dr. Morrell thanked Mr. Phillips for his service on the Strategic Plan's Reconciliation Committee. Once the Board approves the plan, the next phase will be to articulate key performance indicators (KPIs).

President Podolefsky stated some plans can be lengthy and wordy; however, the proposed plan presented to the Board is concise. Draft KPIs were included with the plan, but the Board was not asked to approve these at this time. President Podolefsky explained that more time is needed to ensure the KPIs are aligned with the goals and that they are measurable. KPIs will be presented to the Board at a future date.

Mr. Hicklin stated that he liked the commitment that Goal 5 makes to diversity; however, noted there is no reference made to students, only to faculty and staff. President Podolefsky stated that the language for Goals 4 and 5 were carefully crafted to be as inclusive as possible. He noted that the objectives for Goal 4 address the commitment to a diverse student body. Mr. Hicklin said this was acceptable, however, thought it might be more apparent if language were included as part of a goal rather than an objective.

Mr. Hicklin moved that the Board of Governors approve the 2008-2013 Strategic Plan. The motion was seconded by Mr. Brady and carried unanimously.

Board Committee on Academic Affairs

Mr. Hicklin, Chair of the Board Committee on Academic Affairs, reported that the committee met yesterday afternoon. He was joined by Dr. Long who was appointed to serve on this committee by Mr. Phillips. Mr. Hicklin asked Dean Alice Greife to present the Academic Affairs agenda items on behalf of Provost Wilson.

Proposed Aviation 2+2 Maintenance Management Program – Agenda Item No. 8

Dean Greife referred the Board to Tab 6 of the meeting materials, which contained a briefing paper of the background information for this proposal (Attachment 3).

Following a brief overview of the program, Mr. Hicklin moved that the Board of Governors approve the implementation of an Aviation 2+2 Maintenance Management Program for fall 2009, contingent upon approval from the Coordinating Board for Higher Education. The motion was seconded by Mr. Fick and carried unanimously.

Graduate Certificate – Agenda Item No. 9

Dean Greife referred the Board to Tab 7 of the meeting materials, which contained a briefing paper of the background information for this proposal (Attachment 4).

Following a brief overview of the program, Mr. Hicklin moved that the Board of Governors approve the implementation of a Graduate Certificate in Women's and Gender Studies, contingent upon approval of the Coordinating Board for Higher Education. The motion was seconded by Ms. Williams and carried unanimously.

Census Date Enrollment Report – Agenda Item No. 10

Dean Greife asked Dr. Matt Melvin to present the Census Date Enrollment Report. Dr. Melvin referred the Board to Tab 8 of the meeting materials, which contained an Enrollment Scorecard and several other documents related to Census Date Enrollment (Attachment 5).

Dr. Melvin reviewed the Enrollment Scorecard and highlighted the following:

- This is the largest freshmen class since 1992-1993, with over 1,600 students.
- The demographic market for high school graduates is strong in Missouri through 2009-2010. A 4% decrease is anticipated throughout the State of Missouri for high school graduates through 2022. Consequently, many institutions including UCM, have typically relied upon the traditional student market and are now looking at ways to attract different types of markets.
- There's been a significant decrease in the number of students transferring to UCM with 30 credit hours or less, which places them in a freshmen status. This can largely be attributed to the high cost of attending college, the economy, and many students realizing that there is significant savings in attending community college the first two years.
- The average ACT scores for new admissions remain at 22.
- The retention rate for international students has been a concern for the past several years; however, retention has increased in the past year from 30% to 67%. This increase is attributed to the hard work of the International Program staff who have been proactive in assisting students to find the funds to help pay for their education. Additionally, they have strategically planned their international visits to build the applicant pool in countries that can support higher education.
- Four-year graduation rates increased from 21% to 26%. A realistic target is 30%. Five-year graduation rates are currently at 40.9% and has waived slightly. Six-year graduation rates decreased from 52% to 50.5%. A more realistic target is 55% to 60%. Graduation rates are indicative of the student population.
- The Graduate School had significant increases in student numbers, which is largely due to new programming.
- Over 11,000 students are included in the fall Census count; UCM will continue to register students that are off-schedule or off-Census. This is the fifth time in UCM's history that the student count exceeds 11,000.
- Over 16% of freshmen were students of color, which is an increase from past years.

Mr. Brady asked why the numbers in the “unknown” category for ethnicity is so large. Dr. Melvin stated that the question of ethnicity is optional on the application form. Some individuals choose not to respond to this question. President Podolefsky added that some individuals do not identify with any of the choices offered in this category and leave it blank.

President Podolefsky asked what the denominator for the class capacity is. Dr. Melvin stated it is the specified class size, or what the maximum capacity is for enrollment. President Podolefsky commended Dr. Melvin on the report.

President Podolefsky said that Dr. Melvin made references throughout his report pertaining to suggested goals. He said that these are good examples of what the university would want as strategic plan measures. An annual presentation will be made to the Board on the strategic plan showing a five-year graph of the different items.

Financial Aid Report – Agenda Item No. 11

Dr. Melvin referred the Board to Tab 9 of the meeting materials, which contained a Power Point of financial aid awarded in 2007-2008 (Attachment 6). He provided an overview of the material.

Grants Applications & Award Activity – Agenda Item No. 12

Mr. Hicklin referred the Board to Tab 10 of the meeting materials, which contained a copy of the 2007-2008 Sponsored Programs Annual Report (Attachment 7). He noted that Sponsored Programs facilitated 125 submissions to 55 agencies totaling \$15.3 million. Seventy-six awards were received from 36 agencies totaling \$8.3 million. Over \$3.3 million was awarded in FY 2008 to projects supporting teachers and teacher education. Additionally, \$490,000 in expenditures from active grants in FY 2008 supported students through student wages, tuition credit, scholarships, and graduate assistantships.

Mr. Hicklin stressed the importance of these dollars and how they enable UCM to provide quality programs to the students. He cautioned that these types of funds could diminish due to the current state of the economy, but encouraged Sponsored Programs to continue pursuing such funding.

Board Committee on Administration & Finance

Mr. Fick, Chair of the Board Committee on Administration & Finance, reported that the committee met yesterday afternoon. The Annual Report of Human Resources for FY 2007 was presented to the committee. Internal Auditor Michael Lucas presented a schedule of internal audits to the committee for FY 2009 and reported on the cash management audit that was conducted. Mr. Fick stated that the schedule of audits or the results of the cash management audit are available to any Board member interested in viewing them. The committee received a report of ongoing projects from Mr. Larry Ray that included the Pertle Springs Golf Course and driving range; the excavation of the Airport project, which is scheduled to begin soon; and the Morrow-Garrison asbestos abatement project. President Podolefsky added that the bleacher replacement project in the Multipurpose Building is also progressing, and that November 1 remains the target date for completion. Mr. Fick asked Dr. Roberts to present the agenda items listed under Administration & Finance.

Highway 13 Fence Replacement – Agenda Item No. 11

Dr. Roberts asked Mr. Mike Gebeke to join her, and reviewed the background information provided in the briefing paper included under Tab 11 of the meeting materials (Attachment 8).

Mr. Gebeke reported that more than 5,900 cars pass under the pedestrian overpass each day and that this is often one of the first impressions of the university that visitors receive. UCM contracted Moody Nolan, Inc. to design a wrought iron replacement fence for the current chain link fencing. He shared with the Board drawings of the proposed fence design. The design includes pillars with university crest on the sides that are distanced 20 feet apart with wrought iron fencing in between. The pillars were designed after the Administration Building pillars and the wrought iron fencing matches that of the wrought iron fence currently installed on the overpass. There is an emergency gate with two locks located on the west side of the highway leading up to Grinstead that would require Public Safety to unlock in order to allow emergency vehicles into the area. The pillars could have lights installed in them matching the pillars on the Administration Building; however, lights could not be installed on the pillars running along Highway 13.

UCM would like to make the wrought iron fencing and pillars the standard for the campus in high visibility areas. The proposed fencing has been discussed with the Master Plan consultants, who agree that it would help to define the edges of the campus. The design also ties in well to the Student Wellness Center.

If the design is approved by the Board, a Request for Bids would be issued. The estimated cost of the fence is \$150,000. Mr. Baker asked what the linear feet is for the proposed fence and stated that this would help to determine a fair cost. Mr. Gebeke did not have this information available at the meeting.

Mr. Brady stated that the proposed fencing would greatly enhance the aesthetics of the university. President Podolefsky added that an attractive entrance to the university benefits both UCM and the Warrensburg community. Mr. Brady asked if the bid would come back to the Board for approval. Dr. Roberts said that if the bid exceeds the President's authority amount of \$200,000, then it would come back to the Board for approval.

Mr. Brady moved that the Board of Governors approve the replacement of the existing chain link fence along Highway 13 with wrought iron fencing and pillars. The motion was seconded by Mr. Fick and carried unanimously.

Quarterly Investment Report - Agenda Item No. 14

Mr. Merrigan reviewed the Quarterly Investment Report that was included under Tab 12 of the meeting materials (Attachment 9). Due to the uncertainty in the financial markets, the university invested its fall tuition revenue in U.S. Government Treasury Notes and Bonds and collateralized CD's. Treasury Notes and Bonds generally have a lower yield than other types of fixed income securities. However, during the September financial market turmoil, Mr. Merrigan preferred to invest in the safest form of securities until the financial markets regain confidence and stability.

The recent events in the financial markets have caused interest rates on corporate and municipal bonds to increase. The increase in municipal bond rates may impact the interest rates for the Student Recreation Center Bonds as rates have increased from 4.5% to 5.78% during the last month for similar bonds that are already on the market. This is attributed to a large supply of bonds on the market but not many buyers. During September and early October, mutual fund money market and hedge funds sold a large volume of municipal and corporate bonds as money market investors pulled cash out of these funds. A contingency was built into the Student Recreation Center fee for the possibility of increased interest rates. At a 5.78% interest rate, the Student Recreation Center fee should still be sufficient to cover the estimated annual debt service of \$1,750,000 on the \$20.5 million Student Recreation Center bonds projected to be issued in the January/February timeframe.

Given the current higher interest rates, Mr. Brady asked if there has been any discussion about a three-year callable bond, with the possibility of re-financing the bonds sometime after the three-year period if interest rates decline in the future. Mr. Merrigan stated that when the Investment Banking - Request for Qualifications (RFQ) was issued and analyzed, the best callable provision was five years based on the quotes received from the seven investment banking firms that responded to the RFQ. Thus, the call provision is currently at five years. Mr. Merrigan concurred with Mr. Brady's suggestion and will discuss with Edward Jones, our investment banker, about reducing the call provision from five to three years. To lower the call provision from five to three years may require a higher initial interest rate when the bonds are originally issued.

Quarterly Statement of Revenues and Expenses - Agenda Item No. 15

Dr. Roberts provided a brief summary of the budget process for the benefit of Dr. Long, and then asked Mr. Merrigan to provide an overview of the September 30, 2008, Quarterly Statement of Revenues and Expenses included under Tab 13 of the meeting materials (Attachment 10).

Mr. Merrigan reported that fall semester student tuition revenue of \$28,267,434 exceeded the budget of \$28,170,135 by \$97,299. These amounts included main campus, extended campus, and on-line tuition revenues. Mr. Merrigan added fall tuition revenue was 6.7% higher than the prior year. On-line class activity and related tuition revenue continue to see significant gains.

As of September 30, 2008, the university had received 100% of their September 30 year-to-date allotted State of Missouri appropriation revenue. Given the declining economy, the university will continue to monitor State of Missouri revenue and its potential impact to UCM state appropriations.

Other revenue sources for the first quarter were trending to meet budget. The investment income budget was reduced at the beginning of the year to reflect the decrease in the Fed Funds rate from 5.25% to 1%.

Mr. Merrigan stated salaries and wages were trending in accordance with budget as of September 30. Expenditures for staff and faculty benefits were down from the prior year. Mr. Merrigan stated that this is the result of the university's health insurance claims experience being favorable. UCM received a refund of \$929,000 from Blue Cross/Blue Shield due to good claims experience, and this year's health insurance costs increased only 3-1/2% which is much lower than year's past.

President Podolefsky added UCM has had conversations with consultants and will likely reinstate the Health Care Alternatives Committee to review how the savings can best be used. Possibilities include a health reimbursement account that the monies could be put back into, or various services providing long-term benefits to faculty. Also, several years ago there was discussion about the possibility of self-insuring, but it was determined at that time that a \$2 million reserve would be needed.

Mr. Hicklin encouraged the university to find a way to pass some of these monies back to those employees enrolled in the health insurance plan. Dr. Roberts stated that the Health Care Alternatives Committee will be reestablished to review all of the possibilities.

The Board took a 10-minute recess at 10:00 a.m. and resumed meeting at 10:10 a.m.

Board Committee on Student and Alumni Affairs

Ms. Deleta Williams, Chair of the Board Committee on Student and Alumni Affairs, reported that the committee did not meet this month.

Board Business Items

Special Honors & Awards – Agenda Item No. 16

President Podolefsky noted that Tab 14 of the meeting materials included a background paper on Special Honors and Awards. Information about the individuals recommended for special honors was sent under separate cover and is included with the briefing paper as Attachment 11 to these minutes.

President Podolefsky provided the background on Mr. Mark James who was recommended to receive an honorary degree, Doctor of Laws, during the winter 2008 commencement exercises.

Mr. Hicklin moved that the Board of Governors bestow upon Mark James the honorary degree, Doctor of Laws, during the winter 2008 commencement ceremony.

President Podolefsky provided the background on Mr. Kea Sung Chung who was recommended to receive an honorary degree, Doctor of Humane Letters, during the spring 2009 commencement exercise.

Mr. Fick moved that the Board of Governors bestow upon Kea Sung Chung the honorary degree, Doctor of Humane Letters, during the spring 2009 commencement ceremony.

Amendments to BOG Policy 1.1.010 - Board of Governors Bylaws – Agenda Item No. 17

Included under Tab 15 of the meeting materials was a briefing paper and copy of the proposed amendments to BOG Policy 1.1.010 – Board of Governors Bylaws (Attachment 12).

Mr. Hicklin moved that the Board of Governors approve the amendments as recommended by the Office of the General Counsel. The motion was seconded by Mr. Baker and carried unanimously.

Request for Closed Session – November 20, 2008 – Agenda Item No. 18

Mr. Fick moved that pursuant to RSMO 610.021, that the Board of Governors meet in closed meeting, with closed record and closed vote, following the November 20, 2008, Plenary Session for the purpose of considering real estate matters, legal actions, and personnel matters. The motion was seconded by Mr. Hicklin and carried with the following roll call vote:

Walter Hicklin	aye	Lawrence Fick	aye
Weldon Brady	aye	Deleta Williams	aye
Edward Baker	aye	Richard Phillips	aye
Mary Long	aye		

Adjournment

There being no further business to discuss, the meeting adjourned at 10:25 a.m.

*Attachment Listing
October 23, 2008
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<u><i>Attachment No.</i></u>	<u><i>Attachment Description</i></u>
<i>1</i>	<i>Governance Groups Reports</i>
<i>2</i>	<i>Proposed Five-Year (2008-2013) Strategic Plan</i>
<i>3</i>	<i>Briefing Paper – Proposed Aviation 2+2 Maintenance Management Program</i>
<i>4</i>	<i>Briefing Paper – Graduate Certificate</i>
<i>5</i>	<i>Census Date Enrollment Report</i>
<i>6</i>	<i>Financial Aid Report</i>
<i>7</i>	<i>Grants Applications & Award Activity</i>
<i>8</i>	<i>Briefing Paper – Highway 13 Fence Replacement</i>
<i>9</i>	<i>Quarterly Investment Report</i>
<i>10</i>	<i>Quarterly Statement of Revenues & Expenses</i>
<i>11</i>	<i>Briefing Paper and Background Information – Special Honors & Awards</i>
<i>12</i>	<i>Briefing Paper – Proposed Amendments to BOG Policy 1.1.010 – Board of Governors Bylaws</i>