

Midwestern State University Board of Regents Meetings



February 11 and 12, 2016

Midwestern State University

Board of Regents Meetings

Schedule

Thursday, February 11, 2016

1:30 p.m. Board of Regents Meeting
Hardin Administration Building
J. S. Bridwell Board Room
Committee of the Whole
Executive Committee
Academic and Student Affairs Committee
Finance Committee
Audit, Compliance, and Management Review

Friday, February 12, 2016

9:00 a.m. Board of Regents Meeting
Hardin Administration Building
J. S. Bridwell Board Room

9:30 a.m. Board of Regents Retreat
Dillard College of Business Administration Building
Priddy Conference Room

**MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS**

Shawn G. Hessing, Chairman
Michael Bernhardt, Vice Chairman
J. Kenneth Bryant, Secretary
Tiffany D. Burks
R. Caven Crosnoe
F. Lynwood Givens, Ph.D.
Jeff Gregg
Nancy Marks
Samuel M. Sanchez
Megan Piehler, Student Regent

Midwestern State University Administration

Dr. Suzanne Shipley, President

Ms. Debbie Barrow, Director, Board and Government Relations

Dr. Francine Carraro, Director, Museum

Mr. Barry Macha, General Counsel

Vacant, Director, Internal Audits

Dr. Betty H. Stewart, Provost and Vice President for Academic Affairs

Dr. Marcy Brown Marsden, Dean, College of Science and Mathematics

Dr. Martin Camacho, Dean, Lamar D. Fain College of Fine Arts

Dr. Matthew Capps, Interim Dean, Billie Doris McAda Graduate School

Ms. Darla English, Registrar

Dr. James Johnston, Dean, Robert D. and Carol Gunn College of Health Sciences and Human Services

Dr. Michaelle Kitchen, Interim Dean, Gordon T. and Ellen West College of Education

Dr. Clara Latham, University Librarian

Dr. Terry Patton, Dean, Dillard College of Business Administration

Dr. Samuel E. Watson, III, Dean, Prothro-Yeager College of Humanities and Social Sciences

Vacant, Associate Vice President for Undergraduate Education and Assessment

Ms. Naoma Clark, Director, Academic Success Center

Dr. Lisa Estrada-Hamby, Director, Student Support Services

Dr. Kristen Garrison, Director, University Writing Center

Ms. Juliana Lehman-Felts, Coordinator, Redwine Honors Program

Dr. Michael Mills, Director, International Education

Dr. Magaly Rincón-Zachary, Director, Undergraduate Research

Dr. Marilyn Fowlé, Vice President for Business Affairs and Finance

Ms. Dawn Fisher, Director, Human Resources

Ms. Valarie Maxwell, Director, Budget and Management

Mr. Kyle Owen, Associate Vice President for Facilities Services

Ms. Kathy Rice, Director, Payroll

Mr. Stephen Shelley, Director, Purchasing

Mr. Chris Stovall, Controller

Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management

Ms. Gayonne Beavers, Director, Admissions

Mr. Patrick Coggins, Chief, University Police

Dr. Randy Glean, Director, International Services

Ms. Debra Higginbotham, Director, Disability Support Services

Mr. Jon Lane, Postal Services Supervisor

Ms. Kathy Pennartz-Browning, Director, Student Financial Aid

Mr. Dirk Welch, Director, Career Management and Testing Services

Dr. Keith Williamson, Medical Director, Vinson Health Center

Mr. Matthew Park, Associate Vice President for Student Affairs & Dean of Students

Ms. Cammie Dean, Director of Student Development and Orientation

Dr. Joey Greenwood, Director of Recreational Sports/Wellness Center

Dr. Pam Midgett, Director, Counseling Center

Mr. Dail Neely, Director, Student Conduct & Clark Student Center

Ms. Kristi Schulte, Director, Residence Life and Housing

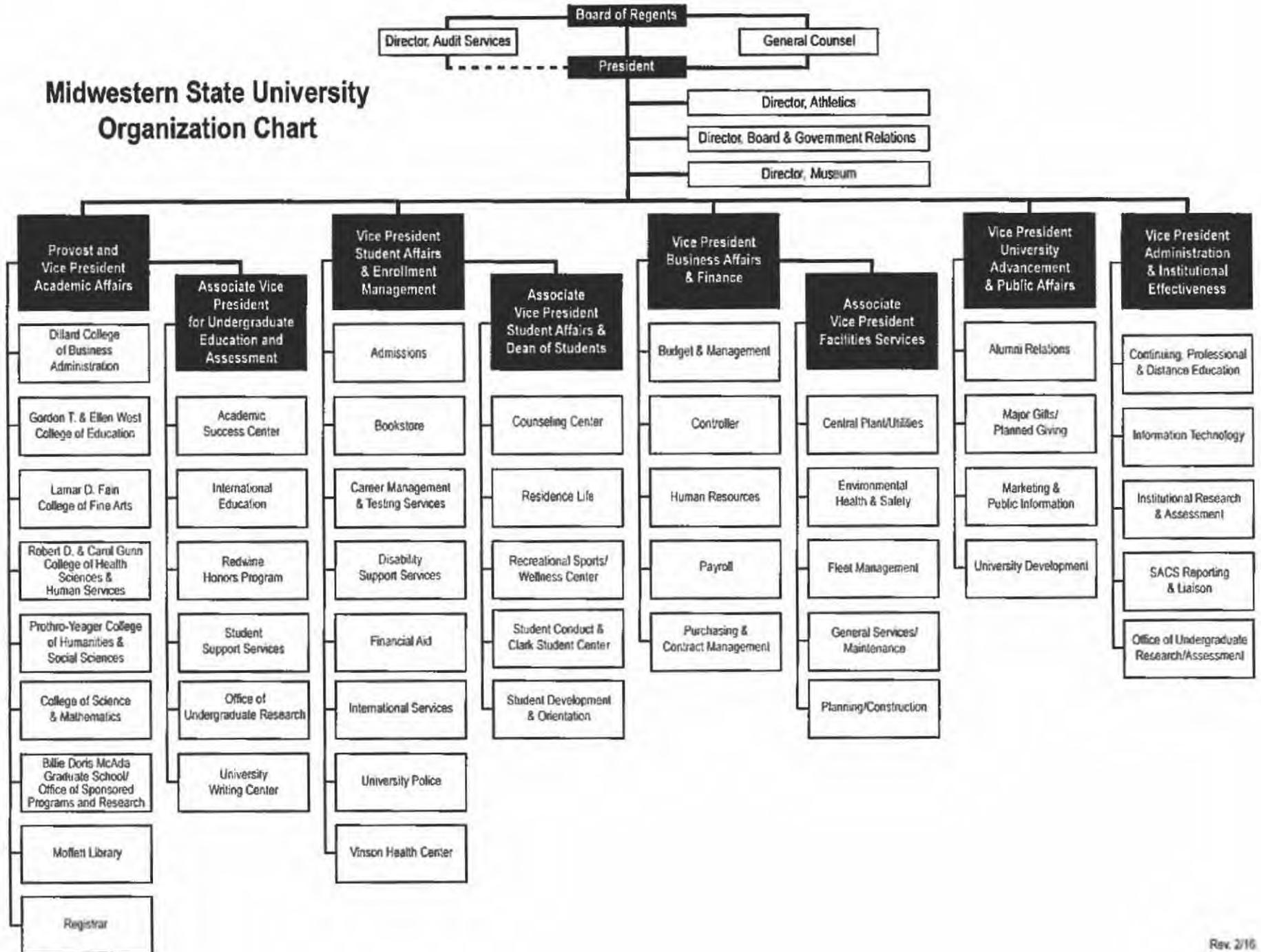
Dr. Robert E. Clark, Vice President for Administration and Institutional Effectiveness
Mr. Jim Hall, Interim Chief Information Officer
Mr. Mark McClendon, Director, Institutional Research and Assessment
Dr. Pam Morgan, Director, Center for Continuing, Professional, and Distance Education

Dr. Howard Farrell, Vice President for University Advancement and Public Affairs
Ms. Julie Gaynor, Director, Marketing and Public Information
Ms. Leslee Ponder, Director, Alumni Relations
Mr. Steve Shipp, Director, University Development

Mr. Charlie Carr, Director of Athletics
Mr. Damian Clarke, Head Women's Soccer Coach
Mr. Doug Elder, Head Men's Soccer Coach
Ms. Venera Flores-Stafford, Associate Director of Athletics/Senior Woman Administrator
Mr. Nelson Haggerty, Head Men's Basketball Coach
Ms. Noel Johnson, Head Women's Basketball Coach
Mr. Scott Linn, Head Tennis Coach
Mr. Bill Maskill, Head Football Coach
Mr. Kurt Portmann, Executive Associate Director of Athletics
Mr. Jeff Ray, Head Golf Coach and Coordinator, Champs Life Skills Program
Mr. Trey Reed, Assistant Director of Athletics for Sports Information
Ms. Natalie Rawson, Head Volleyball Coach
Mr. Koby Styles, Head Women's Cross Country and Track Coach
Mr. Brady Tigert, Head Softball Coach
Mr. Kyle Williams, Associate Director of Athletics, Development

Dr. David Carlston, Chairman, MSU Faculty Senate
Ms. Reagan Foster, Chair, MSU Staff Senate
Mr. Jesse Brown, President, MSU Student Government Association

Midwestern State University Organization Chart



MSU DASHBOARD AND ONLINE RESUME

Midwestern State University Dashboard Indicator and Projections

November 2015 Board of Regents Meeting

		Annual Performance				Target	
		Base Year (2008-09)	2013-2014	2014-2015	2015-16	2018-19	COPLAC 2014-15
1. Student Access							
1.a	Total Enrollment (Headcount)	6,093	5,870	5,874	6,043	6,230	3,845
1.b	FTE Enrollment (based on FT +1/3 PT)	4,819	4,605	4,653	4,886	4,922	3,569
1.c	Number of First-time, Full-time UG (Fall) (IPEDS definition)	706	831	828	820	900	629
1.d	Average Course Load of FT UG	13.85	14.06	13.92	13.91	13.97	N/A
1.e	Percent of Students Receiving Pell Grant (UG Fall)	24.6%	37.16%	37.90%	36.12%	41.72%	N/A
1.f	Number of Community College Transfer Students Enrolled <small>(transfersvar)</small>	1952	2207	1950	2,235	2,000	N/A
1.g	Percentage of Hispanic students enrolled (enr/%)	9.2%	14.0%	14.8%	16.3%	20.0%	6.4% (UG)
1.h	Percentage of African American students enrolled (enr/%)	12.7%	14.1%	13.8%	13.6%	14.5%	4.8% (UG)
1.i	Online and Distance Education (courses offered per year)	367	637	642		968	N/A
1.j	Distance Education Only (Fall)(var-distd2)	777	967	950	1,063	1075	N/A
2. Student Success							
		Base Year (2008-09)	2013-2014	2014-2015	2015-16	2018-19	COPLAC 2014-15
2.a	First Time Student Retention Rate (First year)	74.90%	68.28%	72.85%	69.40%	75.00%	77:10%
2.b	First Time Student Retention Rate (Second year)	61.00%	56.40%	53.21%	60.90%	55.00%	N/A
2.c	Transfer Student Retention Rate (First Year)	73.10%	68.30%	69.62%	72.70%	72.00%	N/A
2.d	Degree Efficiency Attainment ((AA*2+BA*4)/Fall UG FTE)	92.61%	97.79%	90.70%		95.00%	89.80%
2.e	First Time Student Graduation Rate (Four Year, Based on 4 year Cohort)	11.80%	20.64%	19.50%		32.15%	35.90%
2.f	First Time Student Graduation Rate (Six Year) (First Time Fulltime Cohort)	30.60%	45.47%	44.90%		52.00%	53.50%
2.g	Transfer Student Graduation Rate (Four Year)	50.80%	46.41%	43.20%		51.29%	N/A
2.h	Pass Rate on Certification Exam - Education	87.60%	97.00%	98.00%		95.00%	N/A
2.i	Pass Rate on Certification Exam - Nursing	73.48%	75.50%	76.98%		85.00%	N/A
2.j	Number of Degrees Awarded to At-Risk Students	814	877	778		958	N/A
2.k	Number of Degrees Awarded in STEM Fields	91	115	111		126	105
2.l	Number of Degrees Awarded in Health Science Fields	371	396	383		446	N/A
2.m	Total Degrees Awarded (Total)	1220	1270	1216		1300	956
3. Operational Effectiveness							
		Base Year (2008-09)	2013-2014	2014-2015	2015-16	2018-19	COPLAC 2014-15
3.a	State Appropriations per FTE Student	\$4,935	\$4,765	\$4,742		\$5,225	N/A
3.b	Total Expenditures per FTE Student	\$15,860	\$20,680	\$21,409		\$26,640	N/A
3.c	Student /Faculty Ratio (Using CDS FTE/Faculty FTE for Fall)	19.0	17.0	16.8		19.0	16.40
3.d	Administrative Cost Rate (as percent of operating budget)	10.33%	10.51%	10.80%		10.00%	N/A
3.e	Average SCH to Bachelor's degree	146.87	145.7	145.9		140	N/A
4. Competitive Resources							
		Base Year (2008-09)	2013-2014	2014-2015	2015-16	2018-19	COPLAC 2014-15
4.a	Total Annual Giving (AFR reported)	\$14,010,481	\$16,986,200	\$6,317,269		\$10,000,000	N/A
4.b	Total Endowment (university-held, Foundation, Charitable Trust)	\$44,588,397	\$73,514,557	\$68,154,607		\$80,087,716	20,918,741
4.c	Alumni Giving Rate	8%	5.30%	5.70%		6.00%	N/A

Gray shaded areas will not be updated until the end of FY 16

Target estimates are shown in gold

COPLAC - median score in green

Online Resume for Legislators and Other Policymakers MIDWESTERN STATE UNIVERSITY

Location: Wichita Falls, Northwest Region

Master's Accountability Peer Group: Angelo State Univ, Sul Ross Rio Grande, Sul Ross State Univ, Texas A&M - Central Texas, Texas A&M - Galveston, Texas A&M - San Antonio, Texas A&M - Texarkana, UNT Dallas, UT Brownsville, UT Permian Basin, UT Tyler, Univ of H - Clear Lake, Univ of H - Downtown, Univ of H - Victoria

Out-Of-State Peers: Ramapo College Of New Jersey, Southern Oregon University, Truman State University, University Of Illinois At Springfield, Western New Mexico University

Degrees Offered: Associate's, Bachelor's, Master's

[Institutional Resumes](#) [Accountability System](#) [Definitions](#) [Institution Home Page](#)

Enrollment						
Race/Ethnicity	Fall 2009		Fall 2013		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent
White	3,962	65.6%	3,299	59.5%	3,167	56.7%
Hispanic	645	10.7%	798	14.4%	856	15.3%
African American	769	12.7%	777	14.0%	838	15.0%
Asian	219	3.6%	181	3.3%	163	2.9%
International	353	5.8%	264	4.8%	239	4.3%
Other & Unknown	94	1.6%	229	4.1%	326	5.8%
Total	6,042	100.0%	5,548	100.0%	5,589	100.0%
TX First Time Transfers	Number	% of UG	Number	% of UG	Number	% of UG
Two-Year Institutions	364	6.7%	327	6.6%	320	6.5%
Other Institutions	79	1.5%	67	1.4%	43	.9%

Costs				
Average Annual Total Academic Costs for Resident Undergraduate Student Taking 30 SCH Texas Rates				
Fiscal Year	Institution		Peer Group	
	Average	Percent Increase	Average	Percent Increase
2010	\$6,544	.0%	\$5,460	.0%
2011	\$7,038	7.5%	\$5,877	7.6%
2012	\$7,304	3.8%	\$6,174	5.1%
2013	\$7,632	4.5%	\$6,200	.4%
2014	\$7,764	1.7%	\$6,418	3.5%
2015	\$8,088	4.2%	\$6,992	8.9%

Student Success						
One-Year Persistence of First-time, Full-time, Degree Seeking Undergraduates			Graduation Rates			
Enter Fall 2008			Enter Fall 2012		Enter Fall 2013	
Cohort	Number	Percent	Number	Percent	Cohort	Institution Rate
Total	671	84.9%	626	79.9%	835	82.0%
Same	73.3%	67.4%	71.5%	71.5%		
Other	11.6%	12.5%	11.3%	11.3%		
Two-Year Persistence of First-time, Full-time, Degree Seeking Undergraduates			National Comparison (IPEDS Definition)			
Enter Fall 2007			Enter Fall 2011		Enter Fall 2012	
Institution Persistence						
Cohort	716	626	617			
Total	74.4%	72.8%	70.8%			
Same	57.3%	55.1%	52.4%			
Other	17.2%	17.7%	18.5%			
Peer Group Persistence						
Cohort	605	493	507			
Total	70.1%	69.0%	68.4%			
Same	44.6%	45.8%	45.2%			
Other	25.6%	22.9%	23.3%			
Graduation Rates (IPEDS Definition)						
Cohort	Institution Rate	OOS Peers Rate				
Fall 2005 4-year	14.3%	17.5%				
Fall 2009 4-year	24.3%	20.0%				
Fall 2010 4-year	21.4%	19.8%				
Fall 2004 5-year	29.5%	31.6%				
Fall 2008 5-year	41.9%	37.4%				
Fall 2009 5-year	43.0%	35.7%				
Fall 2003 6-year	42.5%	36.3%				
Fall 2007 6-year	49.4%	42.4%				
Fall 2008 6-year	50.1%	45.3%				

Average Number of Fall & Spring Semesters and SCH Attempted for Bachelor's Degree						
Year	Institution			Peer Group Average		
	Grads	Sem	SCH	Grads	Sem	SCH
FY 2010	569	10.44	148.33	384	10.95	147.68
FY 2013	626	10.80	144.53	430	12.23	146.45
FY 2014	564	10.50	142.21	416	12.15	143.84

Six-year Graduation & Persistence Rate, Fall 2008		
Student Group	Cohort	Rate
<i>For Students Needing Dev Ed</i>		
Institution	132	57.6%
Peer Group	144	42.4%
<i>For Students NOT Needing Dev Ed</i>		
Institution	532	64.7%
Peer Group	428	64.7%

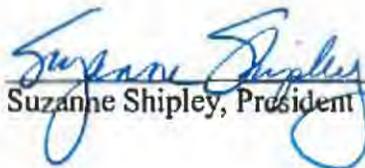
*Peer Group data is average for peer group.

Financial Aid						
Fiscal Year	Institution		Peer Group		OOS Peer Group	
	Percent	Avg Amt	Percent	Avg Amt	Percent	Avg Amt
Federal Student Loans						
2012	51%	\$7,190	47%	\$7,038	47%	\$7,039
2013	51%	\$7,319	46%	\$6,935	46%	\$5,657
Federal, State, Institutional or Other Grants Known by Institutions						
2012	61%	\$4,973	66%	\$5,165	65%	\$7,974
2013	64%	\$4,996	66%	\$5,130	64%	\$4,900
Federal (Pell) Grants						
2012	39%	\$3,876	45%	\$3,946	43%	\$4,072
2013	37%	\$3,860	43%	\$3,929	42%	\$3,160

Funding						
Source	FY 2009 Amount	Pct of Total	FY 2013 Amount	Pct of Total	FY 2014 Amount	Pct of Total
Appropriated Funds	\$30,444,009	41.2%	\$27,889,021	34.1%	\$29,323,163	34.8%
Federal Funds	\$7,484,568	10.1%	\$8,663,929	10.8%	\$8,989,835	10.7%
Tuition & Fees	\$26,518,675	35.9%	\$31,130,657	38.1%	\$31,048,888	36.9%
Total Revenue	\$73,869,379	100.0%	\$81,713,820	100.0%	\$84,240,687	100.0%

Financial Certification

We certify that financial transactions included in this report are correct to the best of our knowledge, and we further certify that funds to cover allocations listed in this report are available subject to realization of estimated income as budgeted.


Suzanne Shipley, President


Marilyn Fowlé, Vice President for
Business Affairs and Finance

January 27, 2015
Date

COMMITTEE OF THE WHOLE

**Board of Regents Meeting
February 11, 2016
1:30 p.m.**

Meeting Location: MSU Campus – 3410 Taft Boulevard
Hardin Administration Building - J. S. Bridwell Board Room

The Board of Regents of Midwestern State University (MSU) may deliberate and take action regarding any item on this agenda. This meeting will be continuous in that the Board reserves the right to take any agenda item out of the order or sequence that is listed below. The Board reserves the right to discuss any properly posted items in Executive Session whenever legally justified in accordance with the Texas Government Code Chapter 551.

The meeting will be streamed live at <http://www.mwsu.edu/welcome/president/regents-minutes>.

Call to Order – Chairman Shawn Hessing

Introduction of Visitors – Ms. Julie Gaynor

Introduction of new Chief of Police and Director of Residence Life and Housing – Dr. Keith Lamb

Opening Comments - Chairman Hessing

Public Comment

A public comment period will be provided in accordance with MSU Policy 2.22.

Discussion of Higher Education Issues and MSU Priorities

16-41. As part of Friday's board meeting the board will participate in a Board of Regents Retreat: Building Bridges To A Vibrant Future. The board will receive information and discuss the national landscape for higher education and MSU's strategic initiatives at that time.

Board Resolutions

16-42. Board resolutions will be presented as necessary, including Resolutions of Appreciation for neighboring churches that make parking available to university students, and a Resolution of Condolence upon the passing of former regent Charles Engelman.

Director of Audit Services

16-43. The Board of Regents will meet in closed session for consideration of any and all things leading to the selection of the Director of Audit Services as allowed by Texas Government Code, Chapter 551.074, Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees.

Real Property

16-44. The Board of Regents will deliberate regarding the purchase, exchange, lease, or value of real property in closed session as allowed by Texas Government Code, Chapter 551.072.

Executive Session

16-45. The Board may convene in Executive Session as necessary to consider any matters permissible under Chapter 551 of the Texas Government Code, including:

- A. Government Code, Chapter 551, Section .071 – Consultation with Attorneys Regarding Legal Matters, Pending and/or Contemplated Litigation, or Settlement Offers, or on a Matter in which the Duty of the Attorney to the Governmental Body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas Clearly Conflicts with Chapter 551 of the Texas Government Code.
- B. Government Code, Chapter 551, Section .072 - Deliberations Regarding the Purchase, Exchange, Lease, or Value of Real Property.
- C. Government Code, Chapter 551, Section .073 - Deliberations Regarding a Negotiated Contract for a Prospective Gift or Donation.
- D. Government Code, Chapter 551, Section .074 – Personnel Matters Relating to the Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, or Dismissal of Officers or Employees, or to Hear a Complaint or Charge Against an Officer or Employee.

EXECUTIVE COMMITTEE

Executive Committee

Membership

Shawn Hessing, Chairman
Mike Bernhardt, Vice Chairman
Kenny Bryant, Secretary
Tiffany Burks, Member-At-Large

Reading and Approval of Minutes

16-46. The minutes of the Executive Committee meeting November 12, 2015, will be recommended for approval of the committee as shown in the minutes' section of this agenda as Minutes Attachment 16-46.

Campus Construction Updates

16-47. Information regarding the status of current construction and repair and rehabilitation projects will be presented (see Attachment 16-47).

Allowance on Capital Project Budgets

16-48. The administration will discuss with the board options for establishing a policy that would allow the president to appropriate supplemental funding for construction projects in progress, provided the supplemental appropriations do not add scope to the project or exceed a certain percentage of the board-approved project budget, and a source of funds is identified. Similar policies are in place at other universities providing a 10% cushion. This item will be presented for discussion only and no action will be requested at this time.

Mass Communication Extension Construction Project Update

16-49. The board approved a \$5 million budget for this project in November 2014 and an architect was selected in February 2015. A Guaranteed Maximum Price (GMP) contract of \$4.6 million was authorized in November for this project. The architect originally believed the design would be within budget; however, the bids came in over budget by 15%. The administration worked with the architect and general contractor to get the project within 9% of the original budget. The option to redesign the space and reduce the size of the project from 14,700 square feet to approximately 12,000 square feet was reviewed. However, the current size of the project is at the minimum of what the Mass Communication department needs for the size and type of program offered. Additionally, reducing the scope of the project at this time would further delay construction by approximately six months. The administration requests the authorization to increase the project budget to \$5,500,000 and increase the GMP authorization to \$5 million. The source of funds for this increase would be a one-time partial reallocation of facilities Higher Education Assistance Funds (HEAF) funding.

Athletics, Intramural, Free-Play Facilities Updated Plan

16-50. The Board of Regents approved a plan for athletics, intramural, and free-play facilities at its December 16, 2015 meeting. At that time, the administration indicated that additional recommendations could be made in February contingent on pricing and additional planning. Pricing was favorable resulting in the administration recommending modifications to the plan approved in December as shown in Attachment 16-50). The administration recommends approval of the following.

1. Installation of artificial turf on all north campus fields to create a full-length football field, a ~90 yard football field, and a free-play area of ~79,000 square feet, as well as two concrete basketball courts, and related infrastructure modifications.
2. Installation of one soccer/football artificial turf field on the south campus as previously recommended.
3. Approval of a contract with AstroTurf for the turf fields. Three bids were received from state contract vendors for the turf fields and this firm is recommended based on best value.
4. Installation of new lighting for all fields and free-play areas.
5. Approval of a contract with Techline for the lighting package based on best value. The administration received two bids on the lighting.
6. Approval of the project at a total cost not to exceed \$4,566,200.

The administration intends to use the state's master lease program to pay for the lights and turf fields over 10 years as shown on the attachment.

Addition of Parking Lot

16-51. The administration will recommend the addition of a 244-space surface parking lot located in the space immediately south of the West Campus Annex, at a cost not to exceed \$700,000. The source of funds for this project would be Parking Fees or HEAF. The proposed lot is necessary to offset the increased demand for parking with the opening of a new residence hall in August 2016. The proposed site is accessible to all on-campus housing facilities. In addition, the athletics, intramural, and free-play facilities project relocates the current free-play function of the proposed parking site, mitigating the effect on recreation and free-play opportunities. The proposed parking lot would be available for use prior to the fall 2016 semester. The administration will further request authorization to issue contracts necessary to complete the project.

Gunn College of Health Sciences and Human Services Building Project - Architect Selection

16-52. Following the board's approval of the Gunn College of Health Sciences and Human Services building project in November 2015, MSU's Request for Qualifications (RFQ) process was initiated for the selection of an architectural firm to design the new building. An eight person committee of faculty and staff personnel reviewed the nineteen submissions and interviewed two firms. The administration will make an architectural firm recommendation and request approval to enter into a contract with this firm to provide the design for this project.

Texas Accessibility Standards (TAS)/Americans with Disabilities Act (ADA) – Fire Marshal Upgrades Project – Architect Selection

16-53. Following the November 2015 board approval of code improvement updates as part of the Tuition Revenue Bond (TRB) project, MSU's RFQ process was initiated for the selection of an architectural firm to design the TAS, fire marshal, deferred maintenance, and renovation modifications to Bolin Science Hall, Fain Fine Arts Center, South Hardin Administration Building, University Press, and Ferguson Hall. A six person committee of

faculty and staff personnel reviewed the nine submissions and requested additional information from two firms. The administration will make an architectural firm recommendation and request approval to enter into a contract with this firm to provide the design for this project.

Revalidation of Master Lease Resolution

16-54. The Board of Regents approved a master lease resolution in November 2004 authorizing the university's participation in the Texas Public Finance Authority Master Lease Purchase Program. The Bond Review Board has requested the Board of Regents' approval of an updated resolution shown in Attachment 16-54. The proposed resolution is identical to the one previously approved, with the exception of the effective date.

Wichita Falls Museum of Art at Midwestern State University - Ratification of Accessioned and Deaccessioned Artworks

16-55. In compliance with the Museum's Collections Management Policy, the Museum Director and Curator have recommended certain artworks for accession into and deaccession from the Museum's Permanent Collection. No state funds were used to purchase the artworks. The administration will recommend ratification of the accession and deaccession of the items shown in Attachment 16-55.

**EXECUTIVE COMMITTEE
ATTACHMENTS**

Status of Board-Approved Construction Projects

Project	BOR Project Approval Date	Architect/Engineering Firm Approved	BOR Approved Project Budget	Encumbered/Spent Dollars	Additional Projected Costs	Total Project Cost	Over/Under Budget
Student Housing Project	11/7/2014, 5/15/15	8/8/2014 Treanor Architects	\$35,250,000	\$33,825,707	\$1,424,293	\$35,250,000	\$0 (1)
Mass Comm Extension	11/7/2014 & 11/13/15	2/13/2015 Rees Associates	\$5,000,000	\$862,587	\$4,137,413	\$5,000,000	\$0
Roofing Project	2/13/2015	-	\$2,654,209	\$1,315,312	\$1,338,897	\$2,654,209	\$0
Athletics/Intramural/Free-Play Facilities	12/16/2015	State contract	\$4,663,500	\$470,252	\$4,193,248	\$4,663,500	\$0
TAS-ADA/Fire Marshal Upgrades	11/13/2015	Tentatively 2/12/2016	(2)				
Gunn College of Health Science & Human Services Building	11/13/2015	Tentatively 2/12/2016	(2)				

(1) Increased budget by \$2 MM due to preliminary estimates.

(2) Exact budget be defined during programming and design.



Facilities Services
3410 Taft Boulevard Wichita Falls, Texas 76308-2099
o 940.397.4648 f 940.397.4859

Construction Projects Status Report – Item 16-47

Projects completed since the November 2015 Board of Regents meeting include:

1. INSTALL WIDE ANGLE VIEWERS/PEEP HOLES IN FACULTY OFFICES (\$9.6k).
2. DISHWASHER INSTALLATION IN CLARK STUDENT CENTER DINING SERVICES (\$28.4k).
3. CLARK STUDENT CENTER CORRIDOR DOOR REFINISHING (\$14.5k).
4. CLARK STUDENT CENTER RESTROOM COUNTERTOP AND PARTITION REPAIRS (\$13.7k).
5. CLARK STUDENT CENTER KITCHEN REPAIRS FOR CODE COMPLIANCE (\$8.7k).

Ongoing projects (limited HEAF funds available in FY16 for deferred maintenance projects):

CHILLER #1 COMPRESSOR OVERHAUL: - \$120k

- Testing in FY15 determined excessive vibration in a compressor rotor for chiller #1.
- Replacing rotor and overhauling the compressor over Christmas break; completion by late February.

WORK ORDER SOFTWARE SYSTEM: - \$100k

- Replacement of the antiquated Access database system used to log work orders.
- Currently evaluating the functionality of several potential suppliers.

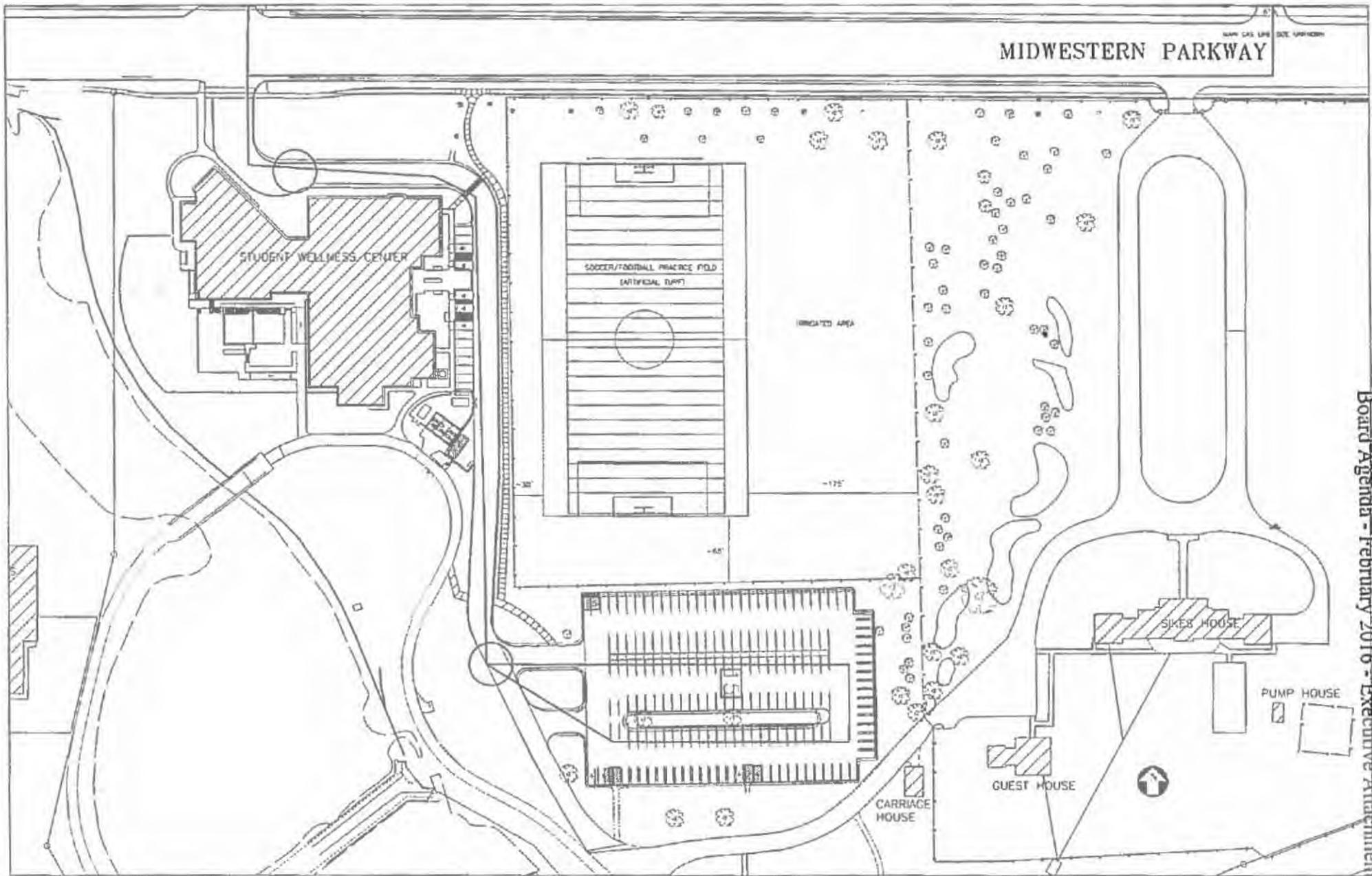
ADDITIONAL PROJECTS <\$100k:

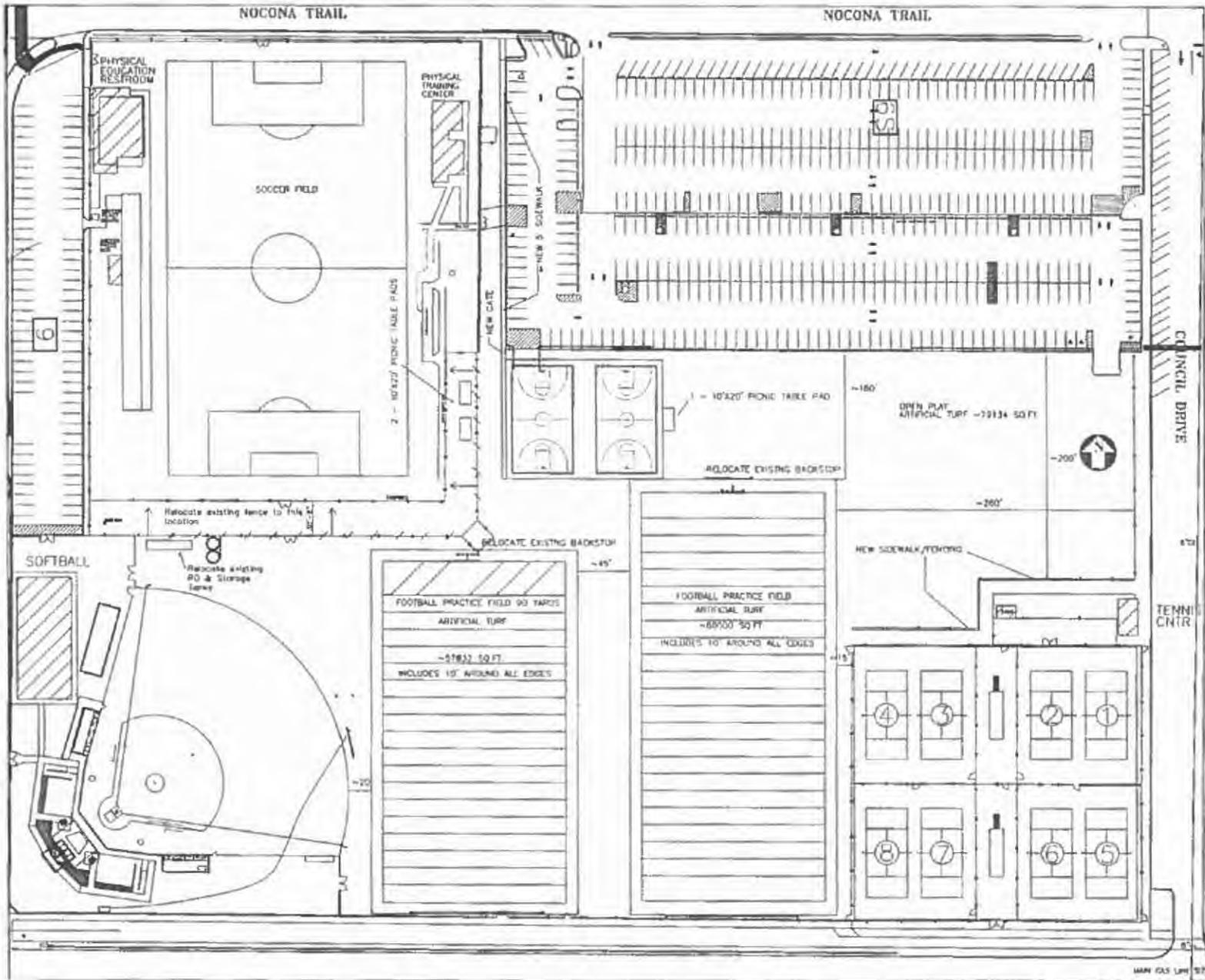
Projects in process scheduled for completion during the spring include:

1. Replacement of flooring in Provost's suite to improve air quality (\$13k).
2. Replace exterior panels on Bolin greenhouse, hail damage (\$21.6k).

Athletics/Intramural Facilities Cost Estimates

	11/15 Proposal	12/15 Proposal	2/16 Proposal
Football/Soccer/Intramurals/Free Play			
Dirtwork	\$150,000		\$150,000
Hardscaping	150,000		50,000
Utilities/Lights	600,000	600,000	600,000
Grass Turf replacement field	0	100,000	
Artificial Turf	2,000,000	2,000,000	2,800,000
Bleachers	300,000		
Press Box	65,000		
Concessions/RR/Storage	350,000		
Team locker rooms/umpire	250,000		
Fencing/sidewalk	80,000		72,000
Scoreboard	25,000	35,000	35,000
Signage	25,000		
	<u>\$3,995,000</u>	<u>\$2,735,000</u>	<u>\$3,707,000</u>
Softball			
Artificial Turf	450,000	450,000	450,000
Outdoor basketball court/courts	<u>75,000</u>	<u>150,000</u>	<u>175,000</u>
Subtotal	\$4,520,000	\$3,335,000	\$4,332,000
Architect/General Conditions (20% w/o scoreboard)	814,000	150,000	150,000
Insurance and Bonds	44,450	35,350	42,100
Project management fee (construction only - 1%)	45,200	35,350	42,100
Total	<u>\$5,423,650</u>	<u>\$3,555,700</u>	<u>\$4,566,200</u>
<u>Source of Funds</u>			
Fee Revenue			
140,000 SCH * \$6.00 * 80%	672,000	672,000	672,000
Master Lease			
Amount to finance	\$3,560,000	\$3,050,000	\$3,850,000
12(10) year lease at .5%	306,026	262,185	395,186
Balance to finance	\$1,863,650	\$505,700	\$716,200
Annual Fee Balance available after master lease	365,974	409,815	276,814
Annual Payoff at 5% for 6 years (Use own cash)	363,364		
Annual Payoff at 5% for 2 years (Use own cash)		375,175	
Annual Payoff at 5% for 3 years (Use own cash)			260,052
Balance after payment		34,640	16,762
Financing available for \$500,000 (260,000)/year for 20 years at 4%		(\$6,838,870)	(\$3,556,212)





**RESOLUTION
TEXAS PUBLIC FINANCE AUTHORITY
MASTER LEASE PURCHASE PROGRAM**

WHEREAS, pursuant to Chapter 1232, Texas Government Code, the Texas Public Finance Authority (Authority) is authorized to issue revenue bonds or other obligations to finance the acquisition of equipment for state agencies and institutions of higher education; and

WHEREAS, Midwestern State University (Agency) intends to request the Authority from time to time to issue revenue bonds or other obligations to finance or refinance equipment in an aggregate amount not exceeding the amount authorized by the Legislature in the General Appropriations Act or other act of appropriation; and

WHEREAS, the Agency now desires to approve and authorize requests for financing or refinancing of equipment and to authorize the President of the Agency or his/her designee to submit requests for financing or refinancing from time to time and to take such other actions as may be necessary with respect thereto; and

WHEREAS, the Agency desires and intends that this Resolution and the authorization it embodies remain in effect until rescinded, withdrawn, or amended by action of the Midwestern State University Board of Regents;

THEREFORE, BE IT RESOLVED BY THE MIDWESTERN STATE UNIVERSITY BOARD OF REGENTS THAT:

1. The acquisition of equipment has been duly authorized by law and is required or suitable for public purposes mandated by law and the financing or refinancing of the equipment is appropriate.
2. The President of Midwestern State University is hereby authorized and directed to submit requests from time to time to the Authority to issue bonds or other obligations, and an aggregate amount not exceeding the Agency's appropriation authority for the equipment.
3. The President of Midwestern State University or designee is further authorized to approve, execute and deliver the Master Lease Agreement Requests for Financing and such other instruments, including but not limited to the financing documents required by the Authority's rules, and to take such other actions as are necessary and appropriate in connection with the issuance, sale or delivery of the bonds or other obligations.
4. This Resolution and the authorizations embodied herein shall continue in effect until rescinded, withdrawn, or amended by action of the Midwestern State University Board of Regents.
5. Due notice of this meeting and the subject matter of this Resolution was given as required by law and a quorum of the Midwestern State University Board of Regents was present at the meeting at which this Resolution was considered.

Adopted and effective as of February 12, 2016.

Shawn G. Hessing, Chairman
MSU Board of Regents

J. Kenneth Bryant, Secretary
MSU Board of Regents

Wichita Falls Museum of Art at MSU
2 Eureka Cir | Wichita Falls, TX 76308
(940) 397-8900



WFMA Accession Approval

NOTE: In compliance with the approved Collections Management Policy of the WFMA at MSU, the following acquired artworks are recommended by the Museum Director and Curator for accession into the Permanent Collection. The artworks are consistent with the Museum's mission, scope of collection, and code of ethics. All of the artworks under consideration were gifts to the Museum's Permanent Collection and no state funds were used to purchase the artworks. Upon the recommendation of the Museum Advisory Board and the ratification of the MSU Board of Regents, the art will be formally accessioned into the Museum's Permanent Collection in a timely manner, the donors will be thanked, and the artworks properly cared for.



Artwork: Wayne Thiebaud, *Gumball Machine*, 1970, linocut, 30 x 22.25

Donor: Museum purchase from insurance claim

Date Purchased: June 2015



Artwork: Mary Stephens, *Untitled*, 2013, mixed media, 30.25 x 22.5

Donor: Britton O'Brien

Date Donated: August 2015



Artwork: Jaune Quick-To-See Smith, *Ode to Chief Seattle*, 1991, Color lithograph with collage element, 22.5 x 30

Donor: 2015 Collectors Circle

Date purchased: November 2015



Artwork: Frederick Mershimer, *Moonlight*, 2010, Mezzotint, 24.25 x 24.75

Donor: 2015 Collectors Circle

Date Donated: November 2015



Artwork: Frederick Mershimer, *Play Here*, 2004, Mezzotint, 12.5 x 16.25

Donor: 2015 Collectors Circle with special thanks to Kristin and Trevor Edwards

Date Donated: November 2015



Artwork: Neal Ambrose-Smith, *Serpent and the Bear King*, 2014, Inverse intaglio with mixed media additions including graphite, watercolor and crayon, 30 x 22

Donor: 2015 Collectors Circle

Date purchased: November 2015



Artwork: Frank X Tolbert 2, *Yellow-crowned Heron*, 2014-15, Color etching, 37 x 28

Donor: 2015 Collectors Circle

Date Donated: November 2015



Artwork: Frank X Tolbert 2, *Green Jay*, 2014, Color etching, 37 x 28

Donor: 2015 Collectors Circle with special thanks to Jane Carnes and Bev Bolin

Date Donated: November 2015



Artwork: Benito Huerta, *Premonition of Desire*, 1990, Lithograph, 29.5 x 41.75

Donor: 2015 Collectors Circle

Date Donated: November 2015



Artwork: Andrea Rich, *Indigo Bunting*, 2014, Woodcut, 14.5 x 13

Donor: 2015 Collectors Circle

Date Donated: November 2015



Artwork: Andrea Rich, *Mono Lake*, 2015, Woodcut, 16.5 x 24.25

Donor: 2015 Collectors Circle

Date Donated: November 2015



Artwork: Andrea Rich, *Wilderness I*, 1986, Woodcut, 24.25 x 19.25

Donor: 2015 Collectors Circle with special thanks to John Hirschi

Date Donated: November 2015

Artwork: Collection of 15 prints by Jerry Bywaters
Donor: Mrs. Jerry Bywaters Cochran
Date Donated: December 2015



1. *Navajo Man* [lithograph]
2. *Mexican Mother* [lithograph]
3. *Water Carrier* [lithograph]
4. *Man and Guitar* [lithograph]
5. *Bone Yard* [lithograph]
6. *West Texas R. R. Station*
7. *Mexican Girl* [lithograph]
8. *Old Clown* [lithograph]
9. *Divide, Colo.* [lithograph]
10. *Cowboy Head* [Linocut on paper]
11. *Indian Head* [Linocut on paper]
12. *Texas Ranger* [Linocut on paper]
13. *Paint Colt* [Linocut on paper]
14. *Untitled* [small blue Mustang, block print]
15. *Opera at Popular Prices* [lithograph]

WFMA Deaccession Approval

NOTE: In compliance with the approved Collections Management Policy of the WFMA at MSU, the following acquired artworks are recommended by the Museum Director and Curator for deaccession from the Permanent Collection. The artworks are consistent with the Museum's Deaccession Policy reasons for deaccessioning and no state funds were used to purchase the artworks. Upon the recommendation of the Museum Advisory Board and the ratification of the MSU Board of Regents, the art will be formally deaccessioned from the Museum's Permanent Collection in a timely manner and disposed of as listed in the Deaccession Record.



Artwork: Wayne Thiebaud, *Gumball Machine*, 1970, linocut, ed. 35/30, 30.25 x 22.375

Donor: Museum purchase

Date Purchased: May 1975

Reason for Deaccession: The work is in such poor condition that proper repairs are not feasible or will render the object essentially false.

Specific reason for Deaccessioning: While on loan the artwork was damaged. A significant hole punctured the print and was not feasible to be repaired. After filing a claim with the Museum's insurance agency, a replacement print was purchased and the damaged piece was sent to the insurance agency to be disposed of.



**ACADEMIC AND STUDENT
AFFAIRS COMMITTEE**

Academic and Student Affairs Committee

Membership

Lynwood Givens, Chairman
Kenny Bryant
Tiffany Burks
Sam Sanchez

Reading and Approval of Minutes

16-56. The minutes of the Academic and Student Affairs Committee meeting November 12, 2015, will be recommended for approval of the committee as shown in the minutes' section of this agenda as Minutes Attachment 16-56.

Faculty Report

16-57. Dr. David Carlston, Faculty Senate Chairman, will provide a report on behalf of the MSU Faculty Senate.

Staff Report

16-58. Ms. Reagan Foster, Staff Senate Chair, will provide a report on behalf of the MSU Staff Senate.

Student Government Report

16-59. Mr. Jesse Brown, President of the MSU Student Government Association, will provide an update on Student Government activities.

Athletics Report

16-60. The athletics report is shown as Attachment 16-60 and is presented for information only.

Enrollment Report – Spring 2016

16-61. The spring enrollment report will be presented for information of the board.

Fort Worth Expansion Task Force Update

16-62. Information on the work of the Task Force will be presented.

Proposed New Minor – Organizational Psychology

16-63. The administration will recommend the addition of a new minor titled Organizational Psychology beginning in the fall 2016 (see Attachment 16-63). The MSU Department of Psychology proposed adding this specialty minor to the curriculum to enhance awareness of the relevance of psychology to the workplace. The minor has been designed to attract business majors, but is open to all students. No additional courses or faculty positions will be requested for this new minor.

Proposed New Graduate Certificate Programs in English

16-64. The administration will propose two new graduate certificate programs in English (see Attachment 16-64). These programs are designed for students who have completed a baccalaureate-level degree and wish to complement their university studies with focused additional preparation. The two proposed certificates will be a Graduate Certificate in English – Professional and Technical Communication, and a Graduate Certificate in English – Literary Studies. Each certificate would require the completion of nine hours of graduate-level work.

**ACADEMIC AND STUDENT
AFFAIRS COMMITTEE
ATTACHMENTS**

**Athletics Report
Board of Regents Meeting
February 2016**

1. **Lone Star Conference (LSC)** – The conference continues its discussions with Adams State University and, to a lesser degree, New Mexico Highlands University. Both continue to show interest, but any new member would not be added before the 2017-18 academic year.
2. **Men's Soccer** completed the 2015 season in the final 16 in the country and ranked 7th in the NCAA poll. Senior Albert Rodriguez was named an NCAA All-American.
3. **Football** continues to garner outstanding achievement awards throughout the country, with a final ranking of 9th in the NCAA. Among the notable achievements were the selection of All-Americans Alfredo Moreno, Daniel Laudermilk, and Dominic Rouse, and consensus All-American Marquis Christian. Coach Bill Maskill was voted by the LSC as the LSC Coach of the Year.
4. **Men's Basketball** continues to move forward in its best start in MSU history among conference members that comprise five of the top twenty five teams in NCAA Division II.
5. **Women's Basketball** continues to improve during a rebuilding year. The starting team is composed of five freshmen and a sophomore.

Proposed Minor: Organizational Psychology

Request: The Midwestern State University Department of Psychology is hereby requesting to add a minor program titled "Organizational Psychology" beginning fall, 2016.

Justification: Psychology in the United States focused on applications from the very beginning, largely because there were so few academic appointments available in the US in the early 1900's. Necessity and American ingenuity combined to motivate these early American psychologists, most of whom trained in Germany, to carve out their own occupational opportunities. As often as not, the jobs they created focused on applications of psychological principles and methods in the workplace, the goal being to enhance organizational productivity. Industrial-organizational (I/O) psychology thus became one of the first recognized specialties in psychology and there are today over 220 masters and doctoral degree programs in the discipline in the US, including five masters programs and five doctoral programs in Texas. The American Psychological Association, divided into 54 Divisions according to specializations, includes I/O psychology as one of those (Division 14, also known as the Society for Industrial-Organizational Psychology).

The Occupational Information Network (O*Net), an online database that was developed under the sponsorship of the US Department of Labor/Employment and Training Administration, identifies the occupation of industrial-organizational psychologist as a "bright outlook" profession. This means that jobs for I/O psychologists "...are expected to grow rapidly in the next several years... [with] large numbers of job openings..." This is not surprising given the applicability of psychological principles and methods to the concerns of business. Employee selection and employee placement are both processes by which the behavioral and psychological requirements of jobs are matched with the behavioral and psychological characteristics of employees. Employee training programs benefit when they are built upon the principles of learning and memory that psychologists have explored for over the last 100 years. Employee motivation, one of the most important determinants of productivity, has also been the focus of psychological research since the early 1900's. Interpersonal relationships, team dynamics, and labor-management relations, conflict resolution, and leadership are problems with which we struggle in the workplace, and the relevance of social and interpersonal psychology to these areas is obvious. The work environment, including the design of user-friendly software, is the domain of the I/O subspecialty known as human factors psychology. A major component of successful marketing involves the identification (and creation) of human desires and psychologists have worked in advertising since John Watson, the founder of the psychological school of behaviorism, went to work for the J. Walter Thompson advertising company. In sum, the applicability of psychology to the concerns of business are many and varied.

The Midwestern State University Department of Psychology hopes to enhance awareness of the relevance of psychology to the workplace by adding the specialty minor of Organizational Psychology to our curriculum. The minor has been designed to attract business majors, but is open to all students. The addition of the minor will generate no

new costs as no new courses nor new faculty positions are requested or planned at this time.

Description of Requirements: 18 credit hours. The 18 credit hour requirement conforms to other academic minors found at Midwestern State University, including the general psychology minor that already exists.

Curriculum for Organizational Psychology Minor:

Prerequisites for other psychology courses: (6 hours)

PSYC 1103—General Psychology
PSYC 2203—Human Behavior

Other requirements: (9 hours)

PSYC 3703—Theories of Motivation
PSYC 3913—Personal Relations and Interactions
PSYC 4113—Industrial/Organizational Psychology

Additional Electives: (3 hours)

PSYC 3503—Social Behavior and Cognition
OR
PSYC 4003—Theories of Learning
OR
PSYC 4503—Psychological Tests and Evaluations

Contact Person:

Name: George M. Diekhoff, Ph.D.
Title: Professor and Chair
Department: Psychology
University: Midwestern State University
Email: george.diekhoff@mwsu.edu
Telephone: 940-397-4348

Proposed New Graduate Certificates in English

Request: The Midwestern State University Department of English is hereby requesting to add two graduate certificates in English; one in Professional and Technical Communication and the other in Literary Studies.

Justification: Based upon feedback and recommendations of the external review required by the Texas Higher Education Coordinating Board (THECB) for all graduate programs, the Department of English developed two certificate options to extend the knowledge and skill of students who have completed a bachelor's degree in English. Each certificate is offered for the completion of nine hours of graduate-level work. Participants in a certificate program do not have to be accepted into the English graduate program, but (with application and acceptance) can apply to have completed hours transferred into the English graduate program or the Education department's graduate program in Curriculum and Instruction, where the hours can be used toward the listed "minor" in English.

The certificate program also could encourage students to try taking a few graduate level courses to determine their level of ability and competence in completing a full graduate degree. The graduate coordinator for English worked closely with the West College of Education to create as much flexibility as possible in applying the courses to a graduate degree for those working in public schools.

Given the wide range of graduate courses available in English, flexibility in degree application, and utilization of existing faculty in English, the low risk associated with offering the certificate will likely lead to an increase in enrollment/revenue with little to no expense.

Overview

- three courses (9 semester hours)
- can be completed in 2 semesters
- no independent studies can apply

Certificate I: Graduate Certificate in English-Professional and Technical Communication

Options-Choose Three

Online courses

- 5203 (New dual-listed course to be proposed in Writing Project Management)
- 5213 Special Graduate Topics (SGT) in Professional and Technical Writing (Information Design, Teaching Technical Communication)
- 5223 Grant and Proposal Writing
- 5503 (New dual-listed course to be proposed in Professional and Technical Editing)
- 5523 Introduction to Linguistics
- 5553 Rhetorical Theory and Criticism

- 5563 Research Methods in Rhetoric and Technical Communication
- 6113 Seminar: Studies in Language and Rhetoric (Disability Rhetoric, Risk Communication)

Outcome: Students will gain knowledge to support an entry-level career in professional or technical communications. As well, they will learn improved and diversified writing skills: how to compose academic, business, and technical writing; how to create content that meets the needs of different audiences; and how to manage writing projects and work in distributed teams.

Certificate II: Graduate Certificate in English—Literary Studies

Options-Choose Three

Evening courses and seminars

5533 Literary Criticism plus 6 hours graduate special topics courses:

- 4543 Special Topics (ST) in Film Narration (with graduate credit approved)
- 4903 ST in Comparative Literature (with graduate credit approved)
- 5353 SGT: Major Authors
- 5913 SGT from National Literatures in Translation
- 5933 SGT from American Literature and Culture
- 5953 Contemporary Literature (a selective study of recent literature)
- 6123 Seminar: SGT in Fiction
- 6223 Seminar: SGT in Drama
- 6323 Seminar: SGT in Poetry
- 6413 Seminar: SGT in Comparative Literature
- 6613 Seminar: SGT in American Literature
- 6813 Seminar: SGT in English Literature

Outcome: Students will learn to analyze, interpret, and make connections between literary texts and to describe a broad range of genres, literary movements, and major authors. They also will improve their ability to write about literature, and thus their writing skills in general.

Contact Person:

Name: Matthew Capps, Ph.D.

Title: Interim Dean, Billie Doris McAda Graduate School

University: Midwestern State University

Email: matthew.capps@mwsu.edu

Telephone: 940-397-4315

FINANCE COMMITTEE

Finance Committee

Membership

Mike Bernhardt, Chairman
Caven Crosnoe
Lynwood Givens
Jeff Gregg

Reading and Approval of Minutes

16-65. The minutes of the Finance Committee meeting November 12, 2015, will be recommended for approval of the committee as shown in the minutes' section of this agenda as Minutes Attachment 16-65.

Summary of Financial Support 9/1/15-1/13/16

16-66. This report will be presented for information only as shown in Attachment 16-66.

FY 17 Tuition and Fees Discussion

16-67. Tuition and fee recommendations will be presented during the May 2016 meeting of the Board of Regents. The administration will present information relative to planning for the FY 17 budget. This item will be presented for information and discussion only.

Financial Reports

16-68. The administration will recommend the FY 2015 Annual Financial Report and the September, October, November, and December, 2015, Financial Reports for acceptance. These reports were previously distributed to the board (<http://www.mwsu.edu/Assets/documents/welcome/president/BOR/2016-Feb/Financial%20Report%20Sep-Dec15.pdf>) and Dr. Fowlé's summary report is shown in Attachment 16-68.

Investment Report

16-69. The administration will recommend the first quarter FY 2016 investment report for acceptance. This report was previously distributed to the board (<http://www.mwsu.edu/Assets/documents/welcome/president/BOR/2016-Feb/InvestRpts%201stQtr%2001-20-16.pdf>) and Dr. Fowlé's summary report is shown in Attachment 16-69.

FY 2015-2016 Item \$50,000 & Under Approved Per Board Authorization

16-70. In accordance with board policy, the president authorized the following increase to the current budget. The administration will recommend ratification of this budget change.

From Account:

To Account:

<u>Number</u>	<u>Title</u>	<u>Number</u>	<u>Title</u>	<u>Purpose</u>	<u>Amount</u>
26000 23260	Unallocated Student Service Fees	26000 24609	Student Life Programming	Architectural and programming costs to study the feasibility of utilizing the Daniel Building for student life functions.	\$5,000
Total					\$5,000

Review of Personnel Reports and Salary/Title/Position Changes in 2015-2016 Budget

16-71. The report of personnel changes in October, November, and December 2015 will be presented for information as shown in Attachment 16-71. Salary and position changes will be presented for ratification as shown below.

<u>Current Position</u>	<u>Action</u>	<u>Additional Funding</u>	<u>Annual Budget Increase (Decrease)</u>	<u>Net Current FY Actual Cost(Savings)</u>
Three staff positions	Filled positions below budget		(5,600)	(14,070)
Lead Custodian, Facilities	Salary adjustment above budget	Salary savings	600	525
Total			(\$5,000)	(\$13,545)

**FINANCE COMMITTEE
ATTACHMENTS**

**Summary of Financial Support
Midwestern State University, MSU Foundation
and MSU Charitable Trust**

	9/1/2015 10/19/2015	10/20/2015 1/13/2016	Total Year to Date
University Development	\$ 87,449	\$ 156,384	\$ 243,833
Gifts in Kind	\$ 7,600	\$ 7,502	\$ 15,102
MSU Endowments	\$ 250	\$ 14,045	\$ 14,295
Grants		\$ 169,144	\$ 169,144
Contributions to Foundation	\$ 108,820	\$ 62,050	\$ 170,870
President's Excellence Circle			
2014-2015	\$ 1,110		\$ 1,110
2015-2016	\$ 34,257	\$ 166,228	\$ 200,485
2016-2017		\$ 2,500	\$ 2,500
Wichita Falls Museum of Art	\$ 1,135	\$ 42,423	\$ 43,558
Contributed Services	\$ 717		\$ 717
Annual Fund	\$ 53,954	\$ 115,770	\$ 169,724
Alumni Association			
(2015-2016 Memberships 2,053)	\$ 4,320	\$ 1,065	\$ 5,385
(696 Lifetime Members)	\$ 2,300		\$ 2,300
Mustangs Athletic Club			
Cash	\$ 31,843	\$ 84,508	\$ 116,351
Corporate Sponsors - Athletics			
Cash	\$ 15,925	\$ 25,175	\$ 41,100
Contributed Services	\$ 93,750		\$ 93,750
Fantasy of Lights	\$ 27,697	\$ 27,702	\$ 55,399
Contributed Services	\$ 639		\$ 639
Scholarship Funds from Outside Sources	\$ 103,478	\$ 141,561	\$ 245,039
TOTAL	\$ 575,244	\$ 1,016,057	\$ 1,591,301

Financial Reports through December 31, 2015 Summary Report

The quarterly report is through December 31, 2015. Schedule One highlights that total revenue for the institution was \$34.9 million, up \$1 million compared to the same period last year. Operating revenue made up of tuition and fees, grants, and auxiliary enterprises was up \$1.6 million. Non-operating revenue of state appropriations was up \$.6 million but was offset by a decrease in gifts of \$1.3 million. Expenses increased from \$40.7 million to \$44.2 million as anticipated in the FY 16 board-approved budget. The largest portion of the increase was in salaries and wages of \$2 million. Most of this was caused from changing the accounting of faculty salaries from booking their pay when it is earned over the nine months versus booking when it is paid over twelve months. This amount will diminish during the summer months when faculty are paid for time they have previously worked. The next largest increase was in rentals and leases of \$.7 million, which was caused by double booking of the lease income for the off-campus housing. This will be corrected in the next report. Scholarships increased by \$.5 million with the growth of the merit scholarship program. Repairs and maintenance decreased by \$.8 million because of a timing difference in booking the donated software maintenance of \$.9 million.

Schedules Two and Three show revenues and expenses at the end of four months or 33.3% of the fiscal year. Revenue at this time is at 82.7% of the budgeted amount as a result of 100% of state appropriations being received as well as a portion of the spring tuition and fees and residence income booked in December. Expenses during this time were slightly higher at 34.8% expended. Most of the difference is caused by deferred pay for the faculty as explained above and student wages being slightly higher than anticipated. Schedule Three shows that the institution met its overall tuition and fee revenue goals for the fall, about \$155,000 above the budget owing to enrollment being a little higher than what was predicted. Spring enrollment had not been completed at the time of this report.

Lastly, on Schedule Four, the ending balances of working capital funds show a use of \$1.2 million in reserves. However, several factors show this figure to be \$1.1 million high. Funds not accounted for in this report include additional budgeted funds that will go to reserves (\$135,000), interest income (\$279,000), and budgeted salary and Maintenance & Operations (M&O) savings (\$752,000). When all of these items are included, only \$120,000 will be used from reserves as was reported and included in the FY16 budget. The ending balance is expected then to be \$7.7 million.

Investment Report through November 30, 2015 Summary Report

The quarterly investment report you received is through November 30, 2015 as required by the Public Funds Investment Act.

The report shows that at the end of November the university held a total of \$30 million in cash and cash investments. Of that amount, \$4 million was in highly liquid cash investments and \$.7 million was at the state treasury. The Texas A&M University System (TAMUS) held \$23.1 million of the funds. TAMUS cash investments earned \$93,000 of interest and dividends over the quarter and \$177,000 of losses since inception. The institution kept \$1 million in Texpool/Logic and \$3 million in Wells Fargo money market, all short-term overnight investment vehicles. The balances of the funds, \$2.2 million, are held in securities purchased before the institution contracted with TAMUS and was managing its own cash. The agency notes are showing losses (thus the reason they have not been sold), and the small amount of common stock, \$70,000 in book value, is showing a \$112,000 gain since being acquired. The university has yielded anywhere from 2.24% to -1.18% a month over the quarter on the overall cash holdings. Although MSU funds show a negative return, TAMUS reports included in the last few pages of the investment report show that the overall returns are above the market balanced index.

The university has also invested the bond proceeds on the residence hall and mass communication project. At the end of November there was approximately \$33.4 million invested in BLB Flexible Repo Agreement which earned \$44,100 for the quarter. The university's endowed funds are held at American National Bank with \$8.3 million and, as of March 1, 2015, at TAMUS with \$11.2 million. The funds held by American National had a realized gain of \$150,000 in market value since last quarter but overall have appreciated market value of 10.3% since obtaining the funds. The university received a \$36,000 distribution from these funds for the quarter. The TAMUS Endowment Pool had a realized gain of \$108,000 in market value for the quarter, but overall has a market loss of \$324,000 since inception. The university received \$25,000 in distributions net of fees in addition to the market loss. As previously noted, TAMUS reports included in the last few pages of the investment report show that the overall returns are above the market balanced index.

The report also included quarterly reports provided by TAMUS on the Cash Concentration Pool and the System Endowment Funds.

Summary of the Personnel Position Status Reports for 9/1/15 – 12/31/15

Total net new positions as of 12/31/15 = +0.00

MIDWESTERN STATE UNIVERSITY
PERSONNEL POSITION STATUS REPORT
 October 31, 2015

POSITIONS	APPROVED BUDGET		POSITIONS		TOTAL POSITIONS		SALARY	FILLED POSITIONS		VACANT POSITIONS		TOTAL CURRENT POSITIONS	
	9/1/2015		ADDED (DELETED)		FTE	AMOUNT	(SAVED)	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
	FTE	AMOUNT	FTE	AMOUNT			ADDED						
EXEC, ADMIN & MANAGERIAL	45.23	4,553,126			45.23	4,553,126	0	42.23	4,309,426	3.00	243,700	45.23	4,553,126
REGULAR FACULTY	257.61	17,779,863			257.61	17,779,863	(11,100)	243.11	17,256,800	14.50	511,963	257.61	17,768,763
PROFESSIONAL NON-FACULTY	150.21	6,705,029			150.21	6,705,029	(8,000)	146.21	6,565,409	4.00	133,620	150.21	6,699,029
CLERICAL AND SECRETARIAL	101.08	2,399,502			101.08	2,399,502	(4,189)	97.08	2,347,313	4.00	48,000	101.08	2,395,313
TECH & PARAPROFESSIONAL	23.75	1,024,566			23.75	1,024,566	6	23.75	1,024,572	0.00	0	23.75	1,024,572
SKILLED CRAFT	29.00	956,892			29.00	956,892	0	29.00	956,892	0.00	0	29.00	956,892
SERVICE & MAINTENANCE	65.00	1,378,668			65.00	1,378,668	3,000	60.00	1,287,120	5.00	94,548	65.00	1,381,668
POLICE	<u>14.00</u>	<u>506,186</u>	<u>0.00</u>	<u>0</u>	<u>14.00</u>	<u>506,186</u>	<u>0</u>	14.00	506,186	<u>0.00</u>	<u>0</u>	<u>14.00</u>	<u>506,186</u>
GRAND TOTALS	685.88	35,303,832	0	0	685.88	35,303,832	(18,283)	655.38	34,253,718	30.50	1,031,831	685.88	35,285,549

MIDWESTERN STATE UNIVERSITY
PERSONNEL POSITION STATUS REPORT
 November 30, 2015

POSITIONS	APPROVED BUDGET		POSITIONS		TOTAL POSITIONS		SALARY	FILLED POSITIONS		VACANT POSITIONS		TOTAL CURRENT POSITIONS	
	9/1/2015		ADDED	(DELETED)	FTE	AMOUNT	(SAVED)	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	ADDED	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
EXEC, ADMIN & MANAGERIAL	45.23	4,553,126			45.23	4,553,126	0	42.23	4,309,426	3.00	243,700	45.23	4,553,126
REGULAR FACULTY	257.61	17,779,863			257.61	17,779,863	(11,100)	243.11	17,256,800	14.50	511,963	257.61	17,768,763
PROFESSIONAL NON-FACULTY	150.21	6,705,029			150.21	6,705,029	(6,000)	146.21	6,565,409	4.00	133,620	150.21	6,699,029
CLERICAL AND SECRETARIAL	101.08	2,399,502			101.08	2,399,502	(4,189)	97.08	2,347,313	4.00	48,000	101.08	2,395,313
TECH & PARAPROFESSIONAL	23.75	1,024,566			23.75	1,024,566	6	22.75	978,113	1.00	46,459	23.75	1,024,572
SKILLED CRAFT	29.00	956,892			29.00	956,892	0	29.00	956,892	0.00	0	29.00	956,892
SERVICE & MAINTENANCE	65.00	1,378,668			65.00	1,378,668	3,000	60.00	1,287,120	5.00	94,548	65.00	1,381,668
POLICE	<u>14.00</u>	<u>506,186</u>	<u>0.00</u>	<u>0</u>	<u>14.00</u>	<u>506,186</u>	<u>0</u>	<u>14.00</u>	<u>506,186</u>	<u>0.00</u>	<u>0</u>	<u>14.00</u>	<u>506,186</u>
GRAND TOTALS	685.88	35,303,832	0	0	685.88	35,303,832	(18,283)	654.38	34,207,259	31.50	1,078,290	685.88	35,285,549

MIDWESTERN STATE UNIVERSITY
PERSONNEL POSITION STATUS REPORT
 December 31, 2015

POSITIONS	APPROVED BUDGET		POSITIONS		TOTAL POSITIONS		SALARY	FILLED POSITIONS		VACANT POSITIONS		TOTAL CURRENT POSITIONS	
	9/1/2015		ADDED (DELETED)		FTE	AMOUNT	(SAVED)	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
	FTE	AMOUNT	FTE	AMOUNT			ADDED						
EXEC. ADMIN & MANAGERIAL	45.23	4,553,126			45.23	4,553,126	0	42.23	4,309,426	3.00	243,700	45.23	4,553,126
REGULAR FACULTY	257.61	17,779,863			257.61	17,779,863	(11,100)	243.11	17,256,800	14.50	511,963	257.61	17,768,763
PROFESSIONAL NON-FACULTY	150.21	6,705,029			150.21	6,705,029	(6,000)	146.21	6,565,409	4.00	133,620	150.21	6,699,029
CLERICAL AND SECRETARIAL	101.08	2,399,502			101.08	2,399,502	(4,189)	97.08	2,347,313	4.00	48,000	101.08	2,395,313
TECH & PARAPROFESSIONAL	23.75	1,024,566			23.75	1,024,566	6	22.75	978,113	1.00	46,459	23.75	1,024,572
SKILLED CRAFT	29.00	956,892			29.00	956,892	0	29.00	956,892	0.00	0	29.00	956,892
SERVICE & MAINTENANCE	65.00	1,378,668			65.00	1,378,668	2,400	61.00	1,305,480	4.00	75,588	65.00	1,381,068
POLICE	<u>14.00</u>	<u>506,186</u>	<u>0.00</u>	<u>0</u>	<u>14.00</u>	<u>506,186</u>	<u>0</u>	14.00	506,186	<u>0.00</u>	<u>0</u>	<u>14.00</u>	<u>506,186</u>
GRAND TOTALS	685.88	35,303,832	0	0	685.88	35,303,832	(18,883)	655.38	34,225,619	30.50	1,059,330	685.88	35,284,949

**Midwestern State University Reporting of Personnel Changes
Fiscal Year 2015-2016
October-December**

I. ENTERING EMPLOYEES

1. Michelle Chavez – Registrar Assistant I – 10/01/15
2. Mark Ryal – Assistant Coach, Softball – 10/01/15
3. Adam Pitts – Assistant Director, Admissions DFW – 10/05/15
4. Catherine Hoffman – Registrar Assistant I – 10/26/15
5. Steven Draper – PC Network Service Technician, Information Technology – 12/01/15
6. Kurt Morgan – Custodian, Facilities Services – 12/01/15
7. Kayla Meaders – Admissions Counselor – 12/14/15

II. EXITING EMPLOYEES

1. Anne Marie Williamson – Assistant Professor, Nursing – 10/08/15
2. Christopher Aten – Police Officer II – 10/14/15
3. Virginia Bartush – Registrar Assistant III – 10/15/15
4. Jason Biggs – Admissions Counselor – 10/28/15
5. Christopher Haase – Programmer Analyst, Information Technology – 11/13/15
6. Alex Haber – Secretary, Art – 12/04/15
7. Gregory Williams – Help Desk Analyst, Information Technology – 12/07/15 (Deceased)
8. Alexandria Davis – Secretary, Telecommunications PT – 12/10/15
9. Kiara Jordan – Assistant Coach, Volleyball – 12/22/15
10. Xiaowen Liu – Assistant Professor. Health and Public Administration – 12/31/15

III. RETIRING EMPLOYEES

1. Joe Michael Cross – Police Sergeant – 12/31/15
2. Gary Fashimpar – Professor, Social Work – 12/31/15
3. Susann Key – Assistant Professor, Academic Success Center – 12/31/15
4. Jay Dan Williams – Chief of Police – 12/31/15

**AUDIT, COMPLIANCE, AND
MANAGEMENT REVIEW
COMMITTEE**

Audit, Compliance, and Management Review Committee

Membership

Sam Sanchez, Chairman

Tiffany Burks

Jeff Gregg

Nancy Marks

Reading and Approval of Minutes

16-72. The minutes of the Audit, Compliance, and Management Review Committee meeting November 12, 2015, will be recommended for approval of the committee as shown in the minutes' section of this agenda as Minutes Attachment 16-72.

Investment Audit

16-73. Weaver and Tidwell, L.L.P. conducted the university's investment audit and a copy was previously distributed to the Board of Regents (see Attachment 16-73). This item will be presented for information and discussion only.

Operating Funds Investment Policy Update

16-74. The investment audit found the university's investment policies for operating and endowed funds to be in compliance with the Public Funds Investment Act with the exception that the university's operating funds investment policy "did not address the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio for pooled fund groups." The administration will recommend changes to the operating funds investment policy (see Attachment 16-74A) to include the maximum dollar weighted average maturities for the various pooled fund groups.

Additionally, a Public Funds Investment Act Compliance Checklist is included for the board's information (Attachment 16-74B) as requested.

**AUDIT, COMPLIANCE, AND
MANAGEMENT REVIEW
COMMITTEE ATTACHMENTS**



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Regents
Midwestern State University
Wichita Falls, Texas

We have performed the procedures enumerated below, which were agreed to by Midwestern State University (the University), solely to assist you in complying with the requirements set forth by the Public Funds Investment Act (PFIA) as of August 31, 2015. Management of the University is responsible for the accounting records of the University. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and findings are as follows:

1. We will gain an understanding of the University's internal controls related to investment activities addressing safeguarding of assets, proper conduct, conflicts of interest, and limit of political and personal interference in the investment decision making process.

We gained an understanding of the University's internal controls related to investment activities through a combination of observation, review of documentation, and inquiry of those involved in the investment related processes. With the exception of the recommendation noted below, there appear to be adequate controls in place related to investment activities.

Based on our review of the investment related processes, we noted the following improvement that can be made to strengthen controls:

The VP of Business Affairs and Finance only provides verbal approval for all reinvestment, distribution, transfer and withdrawal decisions. We recommend written approval be provided going forward as evidence that a review and approval took place.

Management's Response: Management agrees with the recommendation and will develop a form to demonstrate review and written approval by the Vice President for Business Affairs and Finance or the President for transfer of funds to/from the endowed pools or long-term operating fund investments. All written approvals will be documented and maintained in the investment files maintained by the Controller. In the event that both approvers are unavailable, an email approval will be obtained and archived to provide evidence that a review and approval took place.

2. We will examine whether the University complied with applicable Public Funds Investment Act (PFIA) requirements, including the following:

- a) We will determine whether the University's investment policy was adopted by the governing body.

Based on our review of applicable board minutes, we noted that the Board reviewed and approved the University's endowment funds investment policy on August 6, 2010, and reviewed and approved the University's operating funds investment policy on May 5, 2014.

- b) We will determine that the investment policies are written and address the following areas:

- o Emphasize safety of principal and liquidity
- o Board expectations for portfolio diversification
 - Asset allocation targets
 - Limitations on investment concentration within investment type
 - Allowable investments
 - Acceptable risk levels
 - Expected rates of return
 - Maximum allowable stated maturity of portfolio and/or individual investments
 - Maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio
 - Investment staff qualities and capabilities
 - Specify bid solicitation preferences for certificates of deposit

We reviewed the investment policies to ensure that they addressed the required areas. We noted that the investment policies did not address the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio for pooled fund groups, as required by PFIA Sec. 2256.05 (b)(4)(C).

Management's Response: Management agrees with the finding and will modify the operating funds investment policy to include the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio for pooled fund groups, except for any funds invested under a contracted arrangement with a university system as defined under Education Code 51.0031.

- c) We will determine that the investment policy includes a separate written investment strategy describing the investment objectives for each of the funds under the University's control.

We reviewed the investment policies and determined that they include a separate written investment strategy describing the investment objectives for each of the funds under the University's control.

- d) We will assess whether diversification policies appear to reasonably limit risk of excessive concentration in any one class of investments or in a specific security.

We reviewed the investment policies and determined that diversification policies appear to reasonably limit risk of excessive concentration in any one class of investments or in a specific security.

- e) We will assess the reasonableness of the University's investment duration limitations, in relation to the purpose of the University's investment operations.

We reviewed the investment policies and determined that the University's investment duration limitations, in relation to the purpose of the University's investment operations, appear to be reasonable.

- f) We will assess if the Board (or other investment oversight committee) has adopted a formal timetable and procedures for annually reviewing and revising the investment policy.

Neither the University's endowment funds investment policy nor the University's operating funds investment policy were reviewed by the Board of Regents during fiscal year 2015.

Management's Response: The Midwestern State University Board of Regents reviewed and approved the operating funds investment policy and the endowment funds investment policy at its meeting on December 16, 2015. The endowment funds investment policy was presented with no recommended changes, and the operating funds investment policy was presented with minor recommended changes. Both policies were approved as presented. Changes pursuant to this audit will be made to the policies at a future Board meeting.

- g) We will assess whether the Board (or other investment or oversight committee) has formally designated an investment officer to be responsible for the investment of the University's funds.

We reviewed the Board of Regents minutes from its August 6, 2015 and August 7, 2015 meetings, noting the designation of the President, Vice President for Business Affairs and Finance, and Controller as the University's investment officers.

- h) We will assess whether a written copy of the investment policy has been presented to the person(s)/firm(s) authorized to sell investments to the entity, and if the

person(s)/firm(s) have signed an acknowledgement in accordance with PFIA, Chapter 2256, sections 2256.005 (k) and (l).

We reviewed the investment policy acknowledgement letter from the entity authorized to sell investments to the University.

- i) We will assess whether the Board, Investment Officer(s) and/or the Treasurer/CFO met the minimum training requirements established in the PFIA, Chapter 2256, sections 2256.007 or 2256.008.

We reviewed the training certificates of the investment officers noting that minimum training requirements were met.

- j) We will assess whether the Investment Officer prepared written reports of investment transactions, at least quarterly, that include the provisions described in the PFIA, Chapter 2256, Section 2256.023.

We reviewed the fiscal year 2015 quarterly investment reports prepared by the investment officers noting applicable PFIA provisions were included.

- k) We will assess whether the University requires Board Members, top management, and investment personnel to sign an ethics statement, conflict of interest statement, or to submit financial disclosure documents. If such a requirement exists we will obtain and review such documents, and assess whether the document:

- Provides clear distinctions between allowable and unacceptable relationships and practices between entity personnel and outside parties doing business with the entity;
- Requires the Investment Officer to disclose any personal business relationships with entities seeking to sell the entity investments;
- Prohibits (or requires disclosure) of receipt of anything of value (gifts, meals, trips, etc.) from current and prospective contractors; and
- Specifies if entity personnel travel to meet with contractors, who pays for the trip.

The University requires board members, top management and investment officers annually sign Texas government Code Section 572.051, "Standards of conduct; State Agency Ethics Policy" and Midwestern State University Policy 2.25, "Ethics Policy for Board of Regents of Midwestern State University." Such policies contain the provisions noted above.

- l) If the University contracts with an external investment advisor and/or professional investment manager, we will:
 - o Obtain an understanding of the process of how the advisor and/or manager was selected;
 - o Determine that there are performance targets in place and that the performance of the advisor and/or manager is reviewed on a regular basis.

The University does not contract with an external advisor. We reviewed the contract between the University and its professional investment manager. There are no formal performance targets in place nor was there evidence that the professional investment manager's performance was reviewed during fiscal year 2015.

Management's Response: Management agrees with the finding and will update the endowment funds investment policy to include formal performance targets and a requirement for investment managers to provide quarterly performance reports to the university and annual review of performance of the investment manager(s) by the Board of Regents. The University will also amend the contract with its current investment manager to include the requirement to provide quarterly performance reports. Management will also request from its current investment manager fiscal year 2015 performance reports against benchmark targets for review by the Board of Regents at the February 2016 Board of Regents meeting. The Board currently reviews the vendor's performance annually, but this review will include performance against the benchmark targets.

3. We will examine whether the University addressed the Rider 5 requirements to report information to the State Auditor's Office (SAO), including:
 - a) Whether the University posted on their website all information required by Rider 5, including:
 - o Annual investment reporting requirements prescribed by the SAO.
 - o Quarterly investment reports prescribed by Rider 5.
 - o Current investment policy.

We reviewed the University's website noting all information required by Rider 5 was posted on the website.

- b) Whether the University complied with annual reporting requirements to the State Auditor's Office, including the reporting of:
 - o Investment balances as of August 31, 2015, by investment type, on the Annual Investment Report (Including Deposits) form prescribed by the SAO.

Midwestern State University
December 22, 2015

Page 6

- Responses to three questions and applicable explanatory details (institutions may present this information on the same Web page as the Annual Investment Report form or on a separate Web page).

We noted that the University properly reported investment balances and required question responses in accordance with the State Auditor's Office requirements.

Weaver and Tidwell L.L.P.
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 22, 2015

Policy 4.182 INVESTMENT POLICY – OPERATING FUNDS

Date Adopted/Most Recent Revision: 12/16/15

A. Purpose

The purpose of this investment policy is to establish cash management and investment guidelines for the investment and protection of university operating funds in order to ensure that the university's investments are duly authorized, properly managed, and adequately protected. This policy will be reviewed annually by the Board of Regents. This policy is intended to:

1. Establish prudent investment procedures.
2. Assure that investment assets are adequately safeguarded.
3. Assure that adequate accounts and records are maintained which reflect investment position and results.
4. Assure that a system of good internal controls is maintained.

This policy provides investment guidelines for all operating funds invested by Midwestern State University to ensure compliance with university standards, the Public Funds Investment Act (TX Govt. Code 2256), Texas Education Code 51.0031, and all other state and federal laws.

B. Investment Objectives

1. Safety of Principal:

Each investment transaction shall seek to reduce the likelihood of capital losses, whether from security defaults or erosion of market value.

2. Liquidity:

The investment portfolio shall remain sufficiently flexible to enable the university to meet all operating requirements which may be reasonably anticipated in any funds.

3. Public Trust:

In managing the investment portfolio, officials shall avoid any transaction that might impair public confidence in the university. Investments shall be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived. No security shall be purchased that has either a limited or nonexistent secondary market.

4. Rate of Return:

The investment portfolio shall be designed with the purpose of regularly exceeding the average return of three month U.S. Treasury bills and the State of Texas Treasury yield. The investment program shall seek returns above this threshold, consistent with the overall investment policy and other investment objectives.

C. Investment Fund Administration

1. Investment Responsibility

Investment responsibilities are delegated by the Midwestern State University Board of Regents to the President and the Vice President for Business Affairs and Finance. Each member of the Board shall attend at least one (1) training session relating to the person's responsibilities under the Public Funds Investment Act within six (6) months after taking office. The university's chief financial officer and controller shall attend at least one (1) training session relating to that person's responsibilities within six (6) months after assuming duties and shall attend a training session not less than once in a two (2) year period and prepare a report to the Board of Regents on

such training. This training must include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act (TX Govt. Code 2256.007). The university's chief financial officer shall also provide a report within six months of the end of each legislative session on any changes to the Public Funds Investment Act passed that session.

2. Day-to-Day Supervision

The Controller shall be responsible for the daily supervision and implementation of the investment program and shall be authorized to purchase, sell and invest university funds in accordance with the Public Funds Investment Act and Education Code 51.003 and this investment policy, with approval of the President or the Vice President for Business Affairs and Finance.

3. Record Keeping

Transaction and accounting records shall be complete and prepared on a timely basis with consideration at all times to the adequacy of an audit trail. Internal controls will assure responsible separation of duties and diminish the real and prospective burden on individual employees.

4. Custody

Custody of investment assets shall be in compliance with applicable laws and arranged to provide as much security, trading speed, and flexibility as possible.

D. Investment Strategy - Short-term Operating Funds

1. The daily cash position will be monitored by the Controller to ensure that non-interest bearing cash is minimized. The collection time of all dividend and interest payments will be accelerated to the extent possible. The university will maintain a minimum of \$1,000,000 available in overnight funds which will be kept in Texpool, Logic, or repurchase agreements. Should balances fall below this amount for any reason they will be replenished at the earliest opportunity from the first available cash receipts.
2. Overnight or short-term (thirty [30] days) funds shall be invested through a competitive bid or offer process as frequently as the market dictates as follows:
 - a. Banks in the local area are to be contacted by telephone to obtain their current certificate of deposit rates.
 - b. An unaffiliated investment broker is to be contacted to obtain statewide Texas banks' certificate of deposit rates.
 - c. Texpool or LOGIC, or other Board-approved cash investment pools are to be contacted to obtain current overnight rates.
 - d. Funds shall be placed based on the best rate quoted.
3. Transactions to purchase or sell securities shall be entered into on the basis of "best execution," which normally means best realized net price for the security. Settlement of all transactions except investment pool funds must be on a delivery versus payment basis.
4. The goal of the university will be that the portfolio shall be adequately diversified at all times in accordance with these investment guidelines. Specific investment ranges and investment policy limitations are as follows:

	Minimum	Maximum
U.S. Treasury Obligations	0%	100%
Federal Agency Obligations	0%	90%
Federal Agency Mortgage-Backed	0%	25%
Municipal Obligations	0%	50%
Certifications of Deposit (Insured)	0%	20%
Purchase Agreements (Collateralized)	0%	20%
Mutual Funds	0%	15%
Approved Investment Pools	0%	50%
University System Cash Concentration Pool	0%	90%

5. The university's pooled investment fund is comprised primarily of operating funds, and fund balance equity that carries forward from year to year. At the beginning of each fiscal year, the Controller and Vice President for Business Affairs and Finance will analyze current operating cash needs as well as any cash requirements for capital projects that will occur within the next two (2) years. If the university is not using a University System Cash Concentration Pool arrangement, the university will be required to more closely monitor its investments and maturities. This monitoring and analysis will include a two (2) year time line which clearly identifies any known cash requirements and the approximate month in which the cash must be available. Once an analysis of project needs has been assembled, an analysis of current economic conditions and interest rate levels and projections from third party outside sources should be reviewed. Investment maturities are to be structured in such a way as to maintain a liquid or currently maturing balance for all operating funds budgeted for expenditure during the fiscal year. If interest rates are rising or anticipated to increase these funds may be kept in short-term investment pools such as TEXPOOL. If interest rates are falling or are projected to fall, these funds should be invested to match projected cash needs as determined. Funds in excess of operating funds may be invested, preferably by staggering maturities, for longer than a year.
6. Bond proceeds are to be invested separately and apart from the university's pooled investment fund and maturities are to be structured in such a way as to provide sufficient cash to meet construction expenditures.
7. Endowment funds are to be invested in accordance with the university's separate Investment Policy – Endowment Funds.
8. Investments donated to the university for a particular purpose or for a specific use as specified by the donor may be held in investments other than those identified as authorized investments in this policy. Such investments shall be held apart from the university's pooled investment fund. Those investments shall be subject to all other requirements of this policy.
9. The investment staff shall be responsible for following the "prudent person" standard which shall be applied in the management of the portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

E. Investment Brokers/Dealers

1. The Board of Regents and the President may hire independent investment advisors or investment managers to assist university personnel in the execution of their investment responsibilities. All routine investments will be purchased or sold utilizing an established list of qualified firms. The Board of Regents shall annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the university. Qualified firms must be regulated by the Securities Exchange Commission and be members of the Financial Industry Regulatory Authority (FINRA).
2. A written copy of this investment policy shall be presented to any person offering to engage in an investment transaction with the university. The qualified representative of the business organization shall execute a written instrument substantially to the effect that the business organization has:
 - a. Received and reviewed this investment policy; and
 - b. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the university and the organization that are not authorized by the university's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the university's entire portfolio or requires an interpretation of subjective investment standards.
 - c. The investment officer may not acquire or otherwise obtain any authorized investment described in this investment policy from a person who has not delivered the written instrument to the university as described above.
 - d. Nothing in this section relieves the university of the responsibility of monitoring the investments made by the university to determine that they are in compliance with this investment policy.

F. Investment Ethics

Officers and investment staff involved in the investment process shall refrain from personal business activity, as defined by the Public Funds Investment Act (TX Govt. Code 2256.005), that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. A member of the Board shall not direct nor participate in the decision to purchase or sell securities of a firm with which such member is significantly affiliated. Securities will not be purchased from or sold to a member of the Board. All investment staff must report any personal business relationship or relationship within the second degree of affinity or consanguinity with an individual or another firm or organization to the President and the Internal Auditor. On an annual basis the staff will report the nature and extent of any investments in or business transacted with such firms.

G. Investment Guidelines

Funds must be invested at all times in strict compliance with the Public Funds Investment Act (TX Govt. Code 2256) and other applicable laws, unless invested according to Texas Education Code Section 51.0031 which allows the Board of Regents to contract with another institution under prudent person investment standards.

1. **Authorized Investments.** Authorized investments include the following.
 - a. Obligations of the United States or its agencies and instrumentalities.
 - b. Direct obligations of the State of Texas or its agencies and instrumentalities.

- c. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States with a maturity of 10 years or less.
- d. Other obligations, the principal of an interest on which are unconditionally guaranteed or insured by the State of Texas or United States.
- e. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.
- f. Certificates of deposit issued by a state bank, national banks, or savings bank having a main office or branch office in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or collaterally secured by those obligations as listed above in a.- e.
- g. Fully collateralized repurchase agreements having a defined termination date, secured by obligations described in a. above, and the securities are pledged to the university, held in the university's name and deposited at the time the investment is made with the university or with a third party selected and approved by the university, and is placed through a primary government securities dealer as defined by the Federal Reserve, or a financial institution doing business in this state. Repurchase agreement means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described in a. above, at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. This term includes a direct security repurchase agreement and a reverse security repurchase agreement. The term of any reverse security repurchase agreement may not exceed ninety (90) days after the date the reverse security repurchase agreement is delivered. Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.
- h. Prime domestic bankers' acceptances with a stated maturity of two-hundred-seventy (270) days or less from the date of issuance and will be liquidated in full at maturity, are eligible for collateral for borrowing from a Federal Reserve Bank, and are accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1, P-1, or the equivalent by at least one nationally recognized credit agency and is fully secured by an irrevocable letter of credit issued by a bank.
- i. Commercial paper with a stated maturity of two-hundred-seventy (270) days or less from the date of its issuance that is rated not less than A-1, P-1, or the equivalent by at least two (2) nationally recognized rating agencies, or is rated at least A-1, P-1, or the equivalent by at least one (1) nationally recognized credit agency and is fully secured by an irrevocable letter of credit issued by a bank.
- j. SEC-registered, no-load money market mutual funds and no-load mutual funds as described in and limited by the Public Funds Investment Act (TX Govt. Code 2256.014).
- k. Guaranteed Investment contracts for bond proceeds as described in the Public Funds Investment Act (TX Govt. Code 2256.015)
- l. Investment Pools as described in the Public Funds Investment Act (TX Govt. Code 2256.016) **including the maximum average dollar-weighted maturity of the pool based on the stated maturity date, with the weighted average maturity limit not to exceed 90 days for a no-load money market mutual fund, two years for a no-load mutual fund, 90 days for a constant dollar pool, and none for a floating net asset value pool.**

- m. Corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.
- n. A contracted arrangement with a university system as defined under Education Code 51.0031 which allows the university to invest its cash into a system's cash concentration pool.

2. Unauthorized Investments

Effective September 1, 1995, in compliance with the Public Funds Investment Act (TX Govt. Code 2256.009b), the following are not authorized investments:

- a. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (interest-only).
- b. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (principal only).
- c. Collateralized Mortgage obligations that have a stated final maturity date of greater than ten (10) years.
- d. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

H. Performance Measurement

The investment performance of the funds will be measured by an unaffiliated organization with recognized expertise in this field, and compared against the stated performance goals. Measurement will occur at least monthly and will be used to evaluate the results on investment holdings and will include monitoring any rating changes in the university's investments. Reports will be prepared in compliance with generally accepted accounting principles and will describe in detail the investment position of the university and will include, by individual investment, the book value, market value, accrued interest, maturity dates, any purchases, sales, gains or losses and the fund or pooled account for which each individual investment was acquired. Reports shall be distributed to the President, the Vice President for Business Affairs and Finance, and the Internal Auditor. The Board of Regents shall receive the report no less than quarterly. The reports to the Board of Regents must be prepared and signed by the investment staff of the university and certified as to the portfolio's compliance with these policies and the Public funds Investment Act (TX Govt. Code 2256.023), unless the funds are invested under Texas Education Code Section 51.0031, for which the reporting will be provided by the contracted institution. The university Internal Auditor will perform a compliance audit at least once every two years with results reported to the State Auditor, President, and the Board of Regents not later than January 1 of each even-numbered year on those funds held locally and not invested through contract according to Texas Education Code Section 51.0031.

I. Interest Rate Risk Measurement

The university will measure on a quarterly basis the interest rate risk of its securities. The university will monitor and be aware of the overall interest rate and market value risk it is taking.

Public Funds Investment Act Compliance Checklist

The following questionnaire is provided as a guide to the requirements of the Public Funds Investment Act (Chapter 2256, Government Code). **This checklist does not imply that an Investment Policy or Investment Program is in compliance with the PFIA.** Each entity should review its own investment program with its attorneys and auditors to determine its compliance with the Act.

[Section 2256.005(a)(b)] - Policy Items		
Does your entity have a written investment policy approved by your governing body?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Does your policy list the authorized investments for the investment of the entity's funds?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Does your policy state the maximum stated maturity of any individual investment and, for pooled fund groups, the maximum dollar-weighted average maturity?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Does your policy include methods to monitor the market price of investments and the requirement that all transactions, excluding investment pools and mutual funds, be settled on a delivery versus payment basis?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Does your policy include methods to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
[Section 2256.005(d)] - Strategy Items		
Has your entity adopted a written investment strategy for each fund or group of funds under its control?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Does the strategy describe the objectives for the fund using the priorities of suitability, preservation and safety of principal, liquidity, marketability, diversification, and yield in that order?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
[Section 2256.005(e)] - Policy & Strategy Review		
Does your governing body review the investment policy and investment strategy at least annually?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Does the governing body adopt a written instrument stating that it has reviewed the policy and strategy?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
[Section 2256.005(f-l)] - Investment Officers		
Has your entity designated one or more officers or employees as investment officers?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Does your entity require its investment officer to disclose a personal business relationship with a business organization offering to sell investments to the organization?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Does your entity require its investment officer to disclose whether he/she is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the entity?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
[Section 2256.005(k-l)] - External Business Policy Certification		
Has a written copy of the investment policy been presented to every business organization offering to engage in an investment transaction with the entity, including investment pools, banks, and investment management firms?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Has a written instrument from each business organization been received acknowledging that the investment policy has been received and reviewed and that procedures and controls have been implemented to preclude unauthorized transactions?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Has a qualified representative as defined in Section 2256.002(10) of each business organization signed the written instrument?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
[Section 2256.005(m-n)] - Compliance Audit		
Is a compliance audit of management controls on investments and adherence to the entity's established investment policies performed in conjunction with the annual financial audit?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
For state agencies, is a compliance audit performed at least once every two years, and are the results reported to the state auditor not later than January 1 of each even-numbered year?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
[Section 2256.007] - Investment Officer Training		
Have the applicable training requirements been met?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>

Public Funds Investment Act Compliance Checklist

For state agencies and institutions of higher education, has each governing board member and investment officer attended at least one training session within six months after taking office or assuming duties and attended a training session not less than once each state fiscal biennium?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Has each investment officer attended a training session at least once every two years based on the local government's fiscal year and received training from an independent source approved by the governing body?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Has the investment officer presented a report to the governing body on changes to the Public Funds Investment Act within six months after the end of each regular legislative session?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>

[Section 2256.008] - Investment Officer Training (cont.)		
For local governments, have the treasurer, the chief financial officer, and the investment officer attended at least one training session containing at least 10 hours of instruction within 12 months after taking office or assuming duties?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Has each official attended a training session at least once every two years and received at least 10 hours of instruction from an independent source approved by the governing body or a designated investment committee?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Has an independent source of investment training been approved by the governing body or a designated investment committee?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
This section does not apply to a district governed by Chapter 36 or 49 of the Water Code.	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
† Investment officers of such districts should review the appropriate section of the Water Code for applicable investment training requirements. <i>[Subchapter E, Chapter 36 and 49 of the Water Code, as amended by HB 675, approved by the 77th Regular Session of the Texas Legislature]</i>		

Investment Type	Restrictions/Qualifications
Obligations Issued, Guaranteed, or Insured by the U.S. or its Agencies and Instrumentalities, including letters of credit <i>[Section 2256.009(a)(1)(4)]</i>	None
Obligations Issued, Guaranteed, or Insured by the State of Texas or its Agencies and Instrumentalities <i>[Section 2256.009(a)(2)(4)]</i>	None
Collateralized Mortgage Obligations <i>[Section 2256.009(a)(3) and (b)(1-4)]</i>	10 yr. or less stated final maturity date Cannot be either an Interest-Only or Principal-Only CMO Cannot be an inverse floater
Obligations of States (other than Texas), Agencies, Counties, Cities and Other Political Subdivisions <i>[Section 2256.009(a)(5)]</i>	Rated not less than A or its equivalent by at least one nationally recognized investment rating firm
State of Israel Bonds <i>[Section 2256.009(a)(6)]</i>	None
Certificates of Deposit <i>[Section 2256.010]</i>	Issued by a depository institution that has its main office or a branch office in Texas. Must be guaranteed or insured by FDIC or National Credit Union Share Insurance Fund and secured as described in the PFIA or other applicable law.
Brokered Certificates of Deposit	Issued by one or more federally insured depository institutions, wherever located, provided that the funds are invested through a broker or depository institution that has its main office or branch office in Texas. The SEC registered broker is selected from a list adopted by the investing entity as required by 2256.25 and that the full amount of the principal and accrued interest of each certificate of deposit is insured by the U.S. or an instrumentality of the U.S.
Repurchase Agreements <i>[Section 2256.011]</i>	Must be fully collateralized as described in the PFIA Must have a defined termination date Securities purchased must be pledged to the entity, held in the entity's name, and deposited with the entity or with a third party selected and approved by the entity Placed through a primary dealer or a financial institution doing business in Texas

Public Funds Investment Act Compliance Checklist

	Reverse agreements must not exceed 90 days; securities held as collateral must not mature later than the agreement's expiration date
Securities Lending Program (Section 2256.0115)	Must be collateralized at not less than 100%, including accrued income
	Loans may be terminated at any time
	Loans must be secured as described in the PFIA
	Securities held as collateral must be pledged to the entity, held in the entity's name and deposited with the entity or with a third party selected and approved by the entity
	Placed through a primary dealer or a financial institution doing business in Texas
	Securities lending agreement may not have a term greater than one year
Bankers' Acceptances (Section 2256.012)	270 day or less stated maturity from date of issuance
	Accepted by a bank rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized rating agency
Commercial Paper (Section 2256.013)	270 day or less stated maturity from date of issuance
	Rated not less than A-1 or P-1 or an equivalent by at least two nationally recognized rating agencies, or;
	Rated not less than A-1 or P-1 or an equivalent by one nationally recognized rating agency plus fully secured by an irrevocable letter of credit issued by a domestic bank
No-Load Money Market Mutual Fund [Section 2256.014 (a) and (c)]	Registered with and regulated by the Securities and Exchange Commission
	Provide a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940
	Must have a dollar-weighted average stated maturity of 90 days or less
	Must include in its objectives maintenance of a stable net asset value of \$1 per share
	Investing entity may not own more than 10% of the fund's total assets
Mutual Fund [Section 2256.014 (b) and (c)]	Registered with the Securities and Exchange Commission
	Must have an average weighted maturity of less than two years
	Can only invest in obligations approved by the Act
	Rated not less than AAA or its equivalent by at least one nationally recognized investment rating firm
	Comply with information and reporting requirements for investment pools as described in the Act
	Amount limited to 15% of investing entity's monthly average fund balance, excluding bond proceeds, reserves, and debt service funds
	Ineligible for investment of bond proceeds, reserves, and debt service funds
	Investing entity may not own more than 10% of the fund's total assets
Guaranteed Investment Contracts (Section 2256.015)	Authorized for bond proceeds investment only
	Must have a defined termination date
	Must be secured by U.S. Government direct or agency obligations approved by the Act in an amount equal to the bond proceeds
	Security must be pledged to the entity and deposited with the entity or a third party

Public Funds Investment Act Compliance Checklist

	Term must be limited to five years from the date of bond issuance, excluding reserves and debt service funds
	Must comply with terms and conditions concerning eligibility as an authorized investment as specified in Section 2256.015(c) of the Act
Investment Pools (Section 2256.016)	Governing body must authorize investment in pool
	Can only invest in obligations approved by the Act
	Provide an offering circular containing information required by the Act
	Provide investment transaction confirmations
	Provide a monthly report containing information required by the Act
	Pool created to function as a money market mutual fund must mark its portfolio to market daily and stabilize at a \$1 net asset value.
	Must have an advisory board as specified by the Act
	Rated not less than AAA or an equivalent rating by at least one nationally recognized rating service.

[Section 2256.020] - Higher Education

For institutions of higher education, if your investment policy has been amended to include the additional investments permitted by the Act, do these investments meet the rating requirements specified by the Act?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
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[Section 2256.0201] - Municipal Electric Utility - Hedging

For a municipality that owns a municipal electric utility, if your investment policy has been amended to include hedging contracts as permitted by the Act, does the hedging transaction comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
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[Section 2256.0205] - Decommissioning Trust

If funds are held in a decommissioning trust as defined in the Act, has your investment policy been amended to authorize investment of the trust as permitted by Subtitle B, Title 9, of the Property Code?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
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[Section 2256.023] - Investment Reports

Are investment reports submitted to the governing body at least quarterly?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Do the reports contain the information required by the Act?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Do all investment officers sign the reports?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Do the reports include a statement of compliance of the investment portfolio with the Act and the investment strategy?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Does an independent auditor review the reports at least annually if your investments include obligations other than money market mutual funds, investment pools, or depository bank investment accounts?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>

[Section 2256.003(b)] - Investment Management Firm

If the entity has contracted with an investment management firm to provide for the investment and management of its public funds or other funds under its control, is the investment management firm registered either under the Investment Advisers Act of 1940 or with the State Securities Board?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Is the contract with the investment management firm limited to a maximum term of two years with renewal or extension subject to approval of the governing body by order, ordinance, or resolution?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>

[Section 2256.025] - Qualified Brokers List

Has the governing body or designated investment committee adopted a list of qualified brokers?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>
Does the governing body or designated investment committee review, revise, and approve the list at least annually?	Present <input type="checkbox"/>	Not Present <input type="checkbox"/>

**BOARD OF REGENTS
MEETING AGENDA**

**Board of Regents Meeting Agenda
February 12, 2016
9:00 a.m.**

Meeting Location: MSU Campus – 3410 Taft Boulevard
9:00 a.m. - Hardin Administration Building - J. S. Bridwell Board Room

The Board of Regents of Midwestern State University (MSU) may deliberate and take action regarding any item on this agenda. This meeting will be continuous in that the Board reserves the right to take any agenda item out of the order or sequence that is listed below. The Board reserves the right to discuss any properly posted items in Executive Session whenever legally justified in accordance with the Texas Government Code Chapter 551.

The meeting will be streamed live at <http://www.mwsu.edu/welcome/president/regents-minutes>.

Call to Order – Chairman Shawn Hessing

Introduction of Visitors – Ms. Julie Gaynor

Opening Comments - Chairman Hessing

Public Comment

A public comment period will be provided in accordance with MSU Policy 2.22.

Reading and Approval of Minutes

16-75. Minutes of the Board of Regents meetings held November 12, November 13, and December 16, 2015, will be recommended for approval as shown in the minutes' section of this agenda as Minutes Attachment 16-75A, 16-75B, and 16-75C respectively.

Executive Committee Consent Agenda, Items and Report

Academic and Student Affairs Committee Consent Agenda, Items and Report

Finance Committee Consent Agenda, Items and Report

Audit, Compliance, and Management Review Committee Consent Agenda, Items and Report

Recess

The meeting will recess and reconvene in the Dillard College of Business Administration Priddy Conference Room.

RETREAT AGENDA

MIDWESTERN STATE UNIVERSITY

Board of Regents Retreat (Item 16-76)

Friday, February 12, 2016



Following the 9 a.m. Consent Agenda segment of the Board of Regents meeting, there is a short break for Regents and Administrators to reconvene in the Dillard College of Business Administration Priddy Conference Room. Times listed on the agenda below are approximate.

BUILDING BRIDGES TO A VIBRANT FUTURE

ITEM	TIME	TOPIC	PERSON
1	9:45 a.m.	Opening Remarks from the Board Chair Facilitator Introductions	Shawn Hessing, Chairman
2	10:00 a.m.	Setting Retreat Context and Expectations <i>How did we get here?</i> <i>What do we want to accomplish today?</i>	Patricia (Pat) Bosse
3	10:10 a.m.	A National Perspective for MSU's Planning Framework <i>Understanding the National Landscape for Higher Education</i>	Kent Chabotar, Ph.D.
4	10:40 a.m.	WHAT ARE WE PLANNING TO DO? Building Bridges: MSU's Strategic Initiatives Opening Remarks from the University President Strategic Initiatives Overview Link to the strategic priorities slide presentation made to the campus community: http://www.mwsu.edu/Assets/documents/welcome/president/pdf/StrategicPlan/Building%20Bridges%20to%20a%20Vibrant%20Future%20FacultyStaff%20Presentation.pdf <i>Discussion</i> <ul style="list-style-type: none"> Is there anything in the plan you would change or delete? Is there anything in the plan you expected to be included that wasn't? 	Suzanne Shipley, Ph.D. Pat Bosse
5	11:30 a.m.	HOW WILL IT HAPPEN? Anchoring Initiatives to Action Plans: Moving from Concept to Reality <i>MSU Strategic Initiatives</i> Costs and Funding Sources Timeline Campaign Alignment Ongoing Monitoring, Evaluation and Adjustments <i>Discussion</i> <ul style="list-style-type: none"> Is there anything in the plan you would change or delete? Is there anything in the plan you expected to be included that wasn't? 	Pat Bosse / Kent Chabotar



- 6** 12:15 p.m. **Lunch**
There will be a 30-minute break for lunch.
- 7** 12:45 p.m. **WHAT CHANGES WILL WE SEE?**
Moving from Early Vision to a Master Facility Plan Pat Bosse
Campus Master Planning and Fundraising, Marketing
and Communications Opportunities
MSU Campus Planning Framework
MSU Campus Plan Review – Now through FY22 Kyle Owen, AVP Facilities
- Discussion*
- Is there anything in the plan you would change or delete?
 - Is there anything in the plan you expected to be included that wasn't?
- 8** 1:30 p.m. **Review and Wrap-up** Pat Bosse / Kent Chabotar
Best-Practice Recommendations for Accountability
Final Questions / Clarifications
Board Endorsement / Confirmation
Takeaways
- 9** 2:00 p.m. **Executive Session – Item 16-77**
The Board of Regents will convene in Executive Session as necessary to consider
Personnel Matters Relating to the Appointment, Employment, Evaluation,
Reassignment, Duties, Discipline, or Dismissal of Officers or Employees as allowed by
Texas Government Code, Chapter 551, Section .074.
- 10** **Adjournment**



Patricia A. Bosse
*Senior Executive, Fundraising and
Marketing Communications*
MPK&D Founding Partner

PATRICIA A. BOSSE has served in executive positions in higher education and health care for more than a quarter century—successfully leading institutional growth and innovation through the planning and execution of major campaigns in tandem with bold and creative marketing, branding and communications initiatives. Her portfolio includes experience in crisis communications, leadership development, strategic planning, facilitation and training.

Pat served as vice president for advancement and marketing at Notre Dame of Maryland University, her *alma mater*. More than \$62 million was raised for endowment, capital and annual support during her tenure.

Pat provided senior leadership through the institution's recent designation change from college to university. Her experience in higher education also includes seven years as vice president at St. Mary's Seminary & University, Baltimore, where she completed a major campaign to build and endow The Center for Continuing Formation.

Pat gained experience in health care at Kennedy Krieger Institute and Mercy Medical Center in Baltimore; more recently she served for four years as vice president, mission and institutional advancement for St. Joseph Medical Center, Towson, Md. where she led a successful \$20 million campaign and served as a member of Catholic Health Initiatives National Mission Advisory Committee.

In 2014, Pat was recognized as one of Maryland's Top 100 Women by the *Daily Record*. She serves as a director of the Maryland Volunteer Lawyers Service and the Faraja School for Children with Physical Disabilities, Tanzania. Pat and her husband, Frank Gunther, have three children and live in rural Maryland.



Kent John Chabotar, Ph.D.
*President Emeritus and
Professor of Political Science
Guilford College
MPK&D Founding Partner*

KENT JOHN CHABOTAR, Ph.D. was president of Guilford College in Greensboro, N.C. from 2002–2014, where he continues as professor of political science. During his presidency, the College developed two strategic plans, set an all-time fundraising record toward a total of \$90 million in cash and bequests while also restoring financial equilibrium and improving buildings and grounds with \$36 million of strategic investments.

Kent has served on the faculty of the Harvard Institutes for Higher Education since 1983, including the Seminar for New Presidents. Based in part on his higher education teaching, the Council of Independent Colleges gave Kent their Academic Leadership Award in 2003. Kent is a nationally recognized expert on higher education strategy and finance. He has spoken on the global economic crisis at conferences and events and has numerous publications, including the book "Strategic Finance" (2006).

From 1991 to 2002, Kent was vice president for finance and administration and treasurer at Bowdoin College, and a member of the faculty. Previously, Kent was on the faculties of the Harvard Graduate School of Education, the University of Massachusetts and Michigan State University. He received the Fussa Distinguished Teaching Award at Harvard and the Distinguished Educator Award for Teaching Excellence at Michigan State University.

Kent holds a B.A. degree in political science *magna cum laude* from Saint Francis University. The Maxwell School at Syracuse University awarded his M.P.A. with distinction and Ph.D. in public administration.



MIDWESTERN STATE UNIVERSITY

Board of Regents Retreat

Friday, February 12, 2016

BUILDING BRIDGES TO A VIBRANT FUTURE

RETREAT PURPOSE

The Retreat has been planned to provide Regents with a comprehensive look at MSU's strategic initiatives within a practical framework that carefully aligns initiatives with costs, funding sources, timelines and an overall understanding of how MSU's landscape will evolve with the implementation of the campus facility plan.

Rooted in the board's conceptual vision of campus development begun in 2014, and shaped through campus-wide consultation and communication during the fall of 2015, these strategic initiatives have been endorsed by MSU faculty, staff and students as vital to propelling MSU's mission and values into the future.

Moving from a compelling "vision" to a bold plan for the future is an exercise of discipline, decision making, collaboration and continual evaluation. With that in mind, MSU's strategic initiatives roll out within a logical timeframe and identify many of the key funding sources necessary for achieving success. While the framework presented is not yet complete, it provides an overall sense of institutional direction and discipline necessary for successfully planning and implementing complex strategic plans.

RETREAT OBJECTIVES

1. Inform and engage MSU's Board of Regents regarding the University's strategic initiatives as outlined in Building Bridges.
2. Demonstrate alignment between strategic initiatives, costs, funding sources, fundraising and a realistic timeframe for implementation.
3. Confirm leadership commitment to transparency and communication through outreach to faculty, staff and students for direct and open input.
4. Ground discussion within the broader context of higher education best-practice.
5. Frame MSU planning discussions within the broader higher education landscape.

RETREAT GOAL

1. Board of Regents affirm MSU campus support for Building Bridges to a Vibrant Future strategic initiatives.
2. Board of Regents ask President Shipley to engage MSU campus in the next phase of work to develop a comprehensive strategic plan within the framework of these initiatives.

BACKGROUND READING

Consequential Boards, published in 2014, is a report of a national commission established by Association of Governing Boards (AGB) to look at America's board governance model and consider some of the most complex challenges facing colleges and universities today.

The result of the commission's year of work is a report that recommends a number of concrete steps for improving institutional value through more effective governance. **Kent Chabotar** was a member of the national commission that produced *Consequential Boards*.

Consequential Boards

Adding Value Where It Matters Most

*Report of the National Commission on
College and University Board Governance*

AGB ASSOCIATION OF
GOVERNING BOARDS
OF COLLEGES AND UNIVERSITIES



Members of the National Commission on College and University Board Governance

Honorable Phillip Bredesen
Chair, Governor
Tennessee (2003-2011)

Richard D. Legon
ex officio President
Association of Governing Boards of Universities and Colleges

Roberta Achtenberg
Member and Former Chair
Board of Trustees
California State University

Gloria Aparicio Blackwell
Member, Board of Trustees
Montgomery College (Maryland)

Molly Corbett Broad
President
American Council on Education

Patrick Callan
President
Higher Education Policy Institute

John Casteen, III
President Emeritus
University of Virginia

Kent John Chabotar
Professor of Political Science and
Retired President
Gallfard College

Richard Chait
Professor Emeritus
*Harvard Graduate School of
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*National Association of State
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Professor and Head
Center for the Study of
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Committee, Board of Trustees
The Ohio State University

Jeffrey Sonnenfeld
Senior Associate Dean, Yale
School of Management,
and Founder
*Chief Executive
Leadership Institute*

James Stern
Chairman Emeritus, Board
of Trustees
Tufts University

William Trueheart
President and Chief
Executive Officer
Achieving the Dream

Georgia Yuan
Former General Counsel and
Secretary of the Corporation
Smith College
Former Deputy Undersecretary
U.S. Department of Education

The National Commission on College and University Board Governance was supported by the AGB Board of Directors and by grants from Lumina Foundation, the Bill and Melinda Gates Foundation, and the Kendall Foundation of the Montgomery County Community Foundation. The conclusions and observations in this report represent the views of the commission and not those of sponsors.

AGB ASSOCIATION OF
GOVERNING BOARDS
OF UNIVERSITIES AND COLLEGES

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Consequential Boards

Adding Value Where It Matters Most

*Report of the National Commission on
College and University Board Governance*

AGB





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Executive Summary

The value of American higher education faces multiple risks, and changes in governance are needed to address them. At risk are accessibility and degree attainment for current and future students, institutional fiscal sustainability, educational quality, economic development and social equity, service to communities, and knowledge creation.

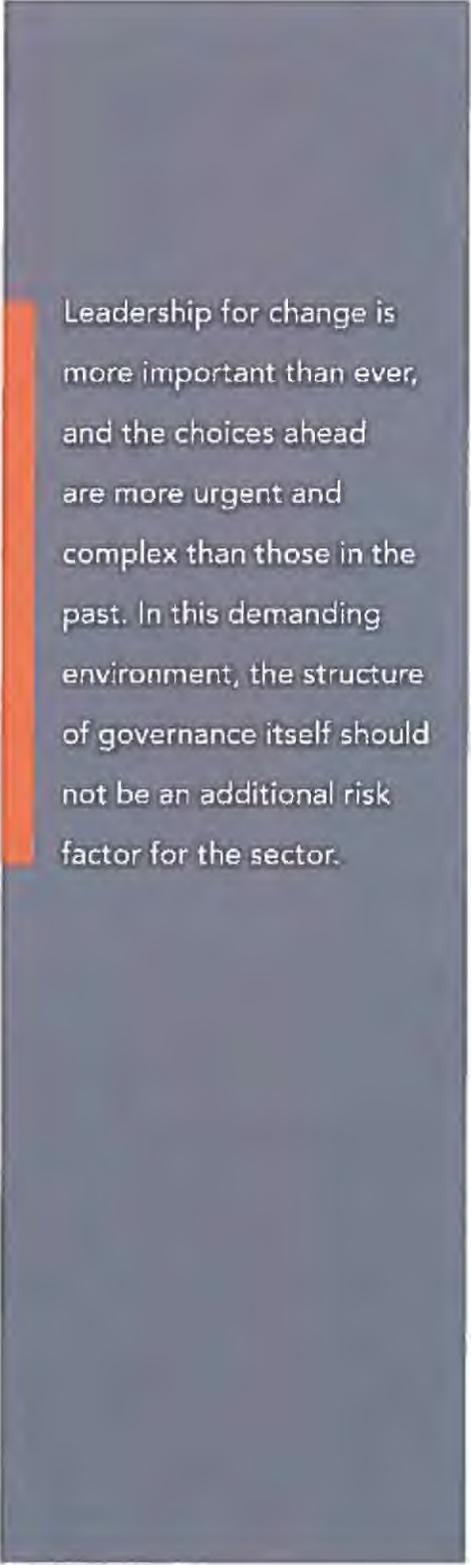
Leadership for change is more important than ever, and the choices ahead are more urgent and complex than those in the past. In this demanding environment, the structure of governance itself should not be an additional risk factor for the sector. Yet, too often it is. Board-president relationships are strained, the traditions of shared governance are fragile at best, and boards themselves too often fail to add value to institutional decision making. Governance processes are cumbersome and inwardly focused, roles and responsibilities among multiple actors are contested, and information for decision making is poor. Signs of pressure on governance are everywhere: polarized boards, rapid presidential turnover, faculty votes of no-confidence, and heightened scrutiny from accreditors, to name just a few. Dysfunctional governance contributes to the erosion of public trust in the ability of institutions to make choices that contribute to the public well-being.

Higher education cannot expect to return to the traditions that worked happily 50 years ago, when mostly honorific boards concentrated on selecting prominent leaders and on fundraising, and in which state and federal governments did not ask many questions about performance. In the future, higher education must be reconfigured to recognize new student populations, altered educational delivery methods, basic changes in financing, and rising expectations from the public. Boards must be at the forefront of those changes, because their fiduciary role requires them to focus on strategic long-term issues and the intersection of internal and public interests. Presidents and faculty will not be able to lead such changes on their own.

Boards are not the source of all of the governance challenges in higher education, but they can play a critical role in improving decision making within the sector. We offer seven recommendations aimed at boards in support of the distinct role only they can play in improving institutional value through more effective governance.

**Consequential
Boards**
*Adding Value Where
It Matters Most*

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1. *Boards must improve value in their institutions and lead a restoration of public trust in higher education itself.*
 2. *Boards must add value to institutional leadership and decision making by focusing on their essential role as institutional fiduciaries.*
 3. *Boards must act to ensure the long-term sustainability of their institutions by addressing changed finances and the imperative to deliver a high-quality education at a lower cost.*
 4. *Boards must improve shared governance within their institutions through attention to board-president relationships and a reinvigoration of faculty shared governance. Boards additionally must attend to leadership development in their institutions, both for presidents and faculty.*
 5. *Boards must improve their own capacity and functionality through increased attention to the qualifications and recruitment of members, board orientation, committee composition, and removal of members for cause.*
 6. *Boards must focus their time on issues of greatest consequence to the institution by reducing time spent reviewing routine reports and redirecting attention to cross-cutting and strategic issues not addressed elsewhere.*
 7. *Boards must hold themselves accountable for their own performance by modeling the same behaviors and performance they expect from others in their institutions.*



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Introduction

In September of 2013, the Board of Directors of the Association of Governing Boards of Universities and Colleges (AGB) constituted a special commission on the future of higher education governance. The commission comprises 26 individuals with extensive experience in governance from within higher education as well as from the corporate, nonprofit, and public-policy spheres. The commission's charge was to review the capacity of higher education governance to meet the challenges confronting the sector in the 21st century and to develop recommendations aimed at improving the effectiveness of college and university governing boards.

The commission, chaired by former Tennessee Governor Philip Bredesen (D), conducted its work over the past year through four plenary sessions, augmented by public forums in San Diego, at the American Council on Education's national conference; in Nashville, at Belmont University; and in Orlando, as part of AGB's annual National Conference on Trusteeship. We sought advice from experts, both inside and outside of higher education, about how governance should evolve to support institutional change and effectiveness. We also reviewed the literature about higher education governance and institutional performance, including that on trends in finance, outcomes, and public attitudes.

The observations and recommendations in this report synthesize the thinking of all members of the commission. They reflect the judgment of a diverse group of experts about what works in higher education governance, as well as where the challenges lie and what might be done about them. Through the recommendations, we offer specific and actionable steps that are relevant across all types of public and independent settings—from two-year community colleges to private research universities.

We understand that generalizations about governance can be facile. Institutions with different missions and histories can approach governance quite differently. Partly due to differences in member selection and appointment, board cultures vary fundamentally between public and independent institutions, as well as between four-year institutions and community colleges. While we recognize those differences, we believe that many of the dynamics that influence governance are common to the full breadth of U.S. colleges and universities, which serve an increasingly diverse student body.

A foundational premise of our work is that changes occurring in American society, in the global economy, and in the demands placed on higher education call for a substantial recasting of governance to maintain the value of higher education for future generations. While some colleges and universities are ahead of others in tackling such changes, they can all benefit from taking a hard look at their governance practices and policies.



BOARDS AND INSTITUTIONAL VALUE

The unique system of board governance in public and independent colleges and universities in the United States is believed to be a major reason for America's strong showing in international rankings of educational quality (16 of the top 20 institutions in the Academic Ranking of World Universities, also known as the Shanghai Rankings, are from the United States). Even now, when America's international position in postsecondary attainment has slipped, many countries that aspire to improve their colleges and universities are importing our nation's system of governance by building boards and moving away from state regulation of institutional policy.

Although we recognize the importance of those distinctive aspects of American higher education governance, we are not complacent about the durability of this system. Much of the stature of the American system is based on the reputations of a relative handful of highly ranked U.S. universities, not on the overall performance of the sector. Empirical research about the relationship between boards and institutional performance is thin, particularly if the measure of performance is student success or the value added of the education that students receive.

More importantly, the social, economic, and political conditions that allowed our system of higher education governance to evolve as it has continue to shift, without commensurate changes in governance. Generous public subsidies, life-long careers for faculty and staff members, and a reasonable balance among academic programs, students, and labor-market needs are rapidly becoming things of the past. Yet, despite the pace of change affecting so much of higher education, most institutions approach governance in much the same way they did 50 or even 100 years ago. In order to meet the challenges of a new era and public expectations for higher education, boards must lead governance improvements to address institutional sustainability and effectiveness.

MAINTAINING INSTITUTIONAL VALUE: AN IMPERATIVE FOR CHANGE

Today's environment for American higher education is one of challenge and change for all institutions, public and independent. The time of comfortable annual growth in enrollments and revenues is over for most institutions. Competition has increased, and federal and state governments require more by way of performance and accountability. Even the most financially secure colleges and universities face daily challenges to reconcile views among different constituencies about resource allocation, priorities, and rewards. Institutions that thrive in this environment will do so by being clear about their values and by aligning resources (revenues, people, programs), processes (planning, budgeting, program review, educational delivery), results (degrees and credentials, learning, research, economic development, social mobility, jobs), and investors (students, the public, philanthropists, employers). Meeting this standard will require constant attention to ensure that institutions are providing a quality product or service at a price that investors are willing to pay.

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Threats to the continued value of higher education vary depending on the sector and type of institution. Overall, three areas are most problematic for the majority of colleges and universities:

- 🔥 Risks to fiscal sustainability;
- 🔥 Eroding public trust in institutional leadership to address quality and affordability issues; and
- 🔥 Concern about higher education's social and economic role.

Risks to Fiscal Sustainability

The majority of both public and independent institutions face long-term risks to sustainability that cannot be addressed in one or two budget cycles but require a strategic realignment carried out over many years. More and more colleges and universities face a widening gap between revenues and expenditures. Fixed costs are high and increasing, and meeting those alone consumes funding for investments in new programs and in the educational innovation so essential to change. Many institutions face growing imbalances between their academic program offerings and areas of current student demand. High-cost, low-demand programs are becoming financially unviable, and some humanities and graduate education programs are particularly vulnerable.



In the public sector, general-fund revenues from state and local government have stabilized somewhat since the recession of 2008 and are expected to increase overall by around 2 percent to 3 percent per year in the future. That is still half the rate of average increases before the recession. Even without accounting for enrollment growth, those increases will be consumed by rising costs for employee benefits, which are growing an average of 6 percent to 7 percent annually. Pressures on funding are even more acute in much of the independent sector, where revenues from endowments cover only 20 percent of average spending per student and where net tuition revenues have increased less than 1 percent each year.

Institutions in both sectors have taken on more debt to pay for investments in new programs and facilities, which further drives up long-term costs. In 2013, financial analysts at Moody's Investors Service issued their first-ever negative outlook for the entire nonprofit (public and independent) higher education sector. University business officers share the concern. A 2014 survey conducted by *Inside Higher Ed* found fully 60 percent of them believe their institution's long-range (10 years) financial model is not sustainable. Virtually all institutions will be forced to overhaul their business models, with a new focus on value and long-term sustainability rather than the traditional focus on consensus-based decision making. This will inevitably advantage some constituencies more than others.

Rising Prices and Eroding Public Trust

Public alarm about rising tuition has brought higher education and how it operates under increased scrutiny by the news media and the public at large. Opinion surveys show that the public recognizes the importance of postsecondary education and believes that it has become an economic necessity, both for the individual and society. But a majority also believes that tuition increases have hurt affordability without increasing educational quality. The public is concerned that institutions value their own status quo more than they care about keeping prices down. They believe that institutions increase tuition in order to spend more money on institutional amenities that do not translate into increased educational quality, and they are critical of spending on non-academic amenities. Public trust in the values and priorities of institutional decision makers, so essential for university self-governance, has eroded.

The consequences of eroding public trust are evident in growing federal and state regulation of colleges and universities and in the expanded news-media interest in higher education's overall performance and accountability. Debate about the economic payoff of higher education has become a staple in news-media coverage. As tuition rises, so does student debt, to the point that accumulated student loan debt in the United States is now greater than credit card debt. This is unmanageable not only at the undergraduate level, but also at the graduate level, especially in professional fields such as law and medicine. Economists have voiced worries that student loan obligations will create a new long-term drag on economic growth.

In the last year alone, as the commission has conducted its work, news-media interest in higher education costs and performance has skyrocketed, with the *Wall Street Journal*, the *New York Times*, and *The Economist*, to name just a few, printing series on higher education finance. A first-ever documentary film about higher education value, *Ivory Tower*, made the rounds at film festivals in early 2014. Its theme is the increasing costs and decreasing benefits of higher education.

To be sure, perceptions about costs and cost drivers are often based on incomplete information. Price increases do not translate into spending increases. Since 2000, overall educational and related institutional spending per student at public four-year institutions has increased about one-half percent per year at most institutions and has declined more than one percent annually at public community colleges. At public institutions, tuition revenues are used to make up for lowered state appropriations, not for increased spending and investments. Moreover, net prices have not risen nearly as substantially as "sticker" prices, as institutions have put more money into tuition discounting and other forms of financial aid. Institutions enrolling the majority of students (public community colleges and regional colleges and universities) have largely missed out on the amenities arms race. They have very few options for rapid changes in costs or programs, despite heroic efforts to maintain their mission of access and service to society.

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Yet while the wage premium for a college education is as high as it has ever been, that premium (the increase in earnings attributable to having an advanced degree) has remained basically flat for the last 20 years, even as college prices have climbed. Better information about costs, prices, and outcomes would improve the conversation, but the issue is not one just of language or data. The core problem is a real and growing accountability gap affecting higher education. The views of institutional value held by people within the academy do not align with the views held by many consumers of higher education.

Eroding Capacity to Meet Social and Economic Needs for Higher Education

In the past 30 years, demand for higher education has escalated as changes in the economy have made some type of postsecondary credential requisite for economic mobility and individual advancement. Enrollments in public and nonprofit higher education have increased by over one-third just since the year 2000—more than six times the rate of growth in K-12 education, but less than one-third of the growth in the population on Medicare/Medicaid. Despite these increases, the rate of postsecondary attainment—referring to that proportion of the population with some type of a postsecondary credential or degree—has remained largely stagnant because too many students fail to complete a credential or degree. Higher education itself has become more economically and racially stratified, a trend that begins in K-12 and worsens in postsecondary education. More than 80 percent of low-income students (the majority of whom are Hispanic or African American) attend open-access public institutions, where resources to invest in student success are less than half those found in more-selective institutions. The United States, long an international leader in higher education, has slipped to 12th among developed countries in levels of postsecondary attainment among young adults.

Rising income inequality in the United States has become a major topic of public-policy concern, and the role of higher education in either solving or contributing to the problem of income inequality is a focal point. Leaders at both the state and federal levels have joined with influential foundations to call for growth in the number of people with high-value postsecondary credentials, both to ensure future economic competitiveness and to grow the middle class. Accomplishing those ends will require a new focus on student transitions from K-12 through college acceptance, graduation, and into the labor market, with particular attention paid to educational success for low-income students and underrepresented ethnic minorities. In most states, such students now make up a majority of young people, and higher education represents a transformational opportunity for them to lead better lives. With many students now attending more than one institution en route to a certificate or degree, colleges and universities must look at student success holistically, from pre-K through college graduation. This reality alone is forcing a change in approaches to course sequencing, articulation agreements, credit policies, and degree progression. Traditionally the purview of faculty, these areas are increasingly influenced by public-policy makers and others outside of the academy.

CHALLENGES FOR GOVERNANCE

Institutional governance is not the primary source of the difficulties facing higher education, but at most colleges and universities, governance structures are ill-aligned to deal with current and future challenges. Instead, the system of governance is focused excessively inward on power relationships and processes.

President-Board Relationships

Change in higher education requires leadership that is willing to take risks, build teams, and create the consensus needed to improve performance over many years. While many people contribute to this process, presidents play the single most important role. And that is why a key threat to improving institutional value comes from the instability in leadership caused by presidential turnover. This turnover is due partly to the aging of the population and partly to growing tensions between boards and presidents over their respective roles and responsibilities. Excessive presidential turnover is corrosive to strategic and sustained change. Transitions are particularly prevalent among the chief executives of large public systems, whose institutions collectively enroll the majority of our nation's students. The most recent American Council on Education survey of college presidents indicates that almost one-third expect to leave their jobs within the next five years. Fully half of community college presidents expect to do so. Further research shows shrinking

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numbers of senior academic leaders and other faculty members interested in pursuing a college presidency, as many do not have the appetite for the level of personal risk and exposure that comes with the job.

These realities suggest both an opportunity and a risk to the sector, as it searches for the next generation of leaders able to steer their institutions through the complex challenges ahead. To do so, many boards and presidents will need to redefine their working relationships to clarify mutual expectations, improve candor, and empower each other to play the leadership roles necessary to improve effectiveness.

The Changed Business Model

The financing of higher education has changed irretrievably, from a primary focus on increasing revenue to cover costs to instead finding ways to manage costs to maintain quality. This adjustment will force institutions and their boards to pay much more attention to where the money comes from, where it goes, and what it pays for in terms of performance and quality. Doing so will require a shift away from a historic focus on year-to-year fund balances and revenues to measures of costs and benchmarks of performance.

Improving board focus on finances is not by itself a controversial topic. Recent surveys by AGB show that boards and presidents alike agree that board involvement regarding new business models is both welcome and necessary. Nonetheless, many boards and presidents will remain hamstrung in shaping this conversation because of weaknesses in information and data systems and the absence of well-developed metrics for evaluating both funding and performance. Boards need information about revenues and expenditures that allow them to address issues of productivity and the value added by their educational programs. Institutions need better information about the flow of students from K-12 schools to college and on through to the labor market. Better fiscal decision making also requires more information about how personnel are used. Board discussions should include comparisons with peer institutions, patterns of spending over time, and major spending goals or standards broken down by area.

The problem is not that administrators refuse to share this information with their boards; they simply do not have it. Despite years of debate and several national efforts about college cost measures, higher education has yet to reach agreement about ways to measure costs. The current accounting system for higher education is opaque, and the sector does not have agreed-upon protocols for defining cost centers—including distinguishing between costs and revenues, parsing unit costs by level of instruction and discipline, and assigning general overhead costs.

Policies and Processes for Shared Governance

Shared governance, historically a perceived strength of higher education, has in the view of many people become an institutional liability—a “shared frustration” or “shared pain” as we have heard it described—to be worked around rather than engaged. Shared governance extends beyond simply the narrowest conception of faculty involvement in academic policy to the broader tradition in our country of decision making based on a dialogue among boards, public policy makers, presidents, faculty members, and others.

Sharing responsibility for making decisions has many valuable aspects. We would want to invent such an approach even if we had not inherited it. It is good practice to delegate authority for decision making to people who know the most about the work to be done and are responsible for carrying it out. Many facets of faculty shared governance work quite well, particularly at the departmental level.

Even so, the premises behind shared governance have become disconnected from its practice at many institutions. Respect for a delineation of roles among boards, presidents, and faculty members has broken down, in what some observers have called a “role drift.” Some boards have moved more into institutional management and academic policy, even as others are disengaged. Faculty members increasingly want to exercise veto rights over fiscal decisions. Legislators and governors, in turn, want

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to get involved in articulation agreements, transfer practices, and policies for awarding academic credit—all areas traditionally the purview of faculty. Faculty and staff members at all institutions have become more vulnerable than in previous generations to economic cycles and shifting institutional priorities. Long-standing views about the role of faculty, and the ideal of a community of scholars as central to an institution's identity and quality, are in flux. Yet, AGB research shows that the majority of boards have yet to discuss the changing composition of their faculty or to plan for the faculty of the future.

At most institutions, the right to participate in faculty shared governance is confined to those on the tenure track, who now make up less than 25 percent of the American faculty. Shared governance also remains inaccessible to growing numbers of academic and co-curricular support professionals, whose contributions to the academic mission (for example, student and financial aid advising, career counseling, technology support) are crucial for student success. If the faculty voice continues to come only from relatively small, homogenous groups, then we should expect tensions to escalate further in the coming years.

CHALLENGES FOR BOARDS

We turn last to the structure and performance of boards themselves. Almost daily, we hear reports about questionable board behavior: boards that overstep their authority and get into institutional management; board members who act as faculty representatives, or captives of the alumni association; boards that are unduly swayed by single donors; boards that look the other way when it comes to trustees with conflicts; boards that fail to meet their formal fiduciary responsibilities. The list goes on. Although the majority of boards are not visibly dysfunctional, the high profile of the few that are contributes to an atmosphere of incivility and mistrust within the academy. Such perceptions feed the growing public distrust in the ability of higher education leadership to address its own problems.

Tensions about the role of boards have always existed, and not all of them are signs of failure or inadequacy. But today, the conflict between rising expectations and constrained resources exacerbates fundamental disagreements among groups about institutional values and priorities. To address these issues without pulling institutions apart, each college or university has to clarify decision-making roles and responsibilities. This process begins with investments in healthier boards.

Confusion about the Role of the Board

Part of the tension surrounding boards emanates from disagreements or misunderstandings about their roles and responsibilities. Some within higher education would like boards to spend all of their time on fundraising and otherwise act as rubber stamps for the president and faculty. Some governors and legislatures see boards of public institutions as extensions of their own offices. And many board members see their role as comprising narrow accountability or auditing activities, rather than a broader policy focus.

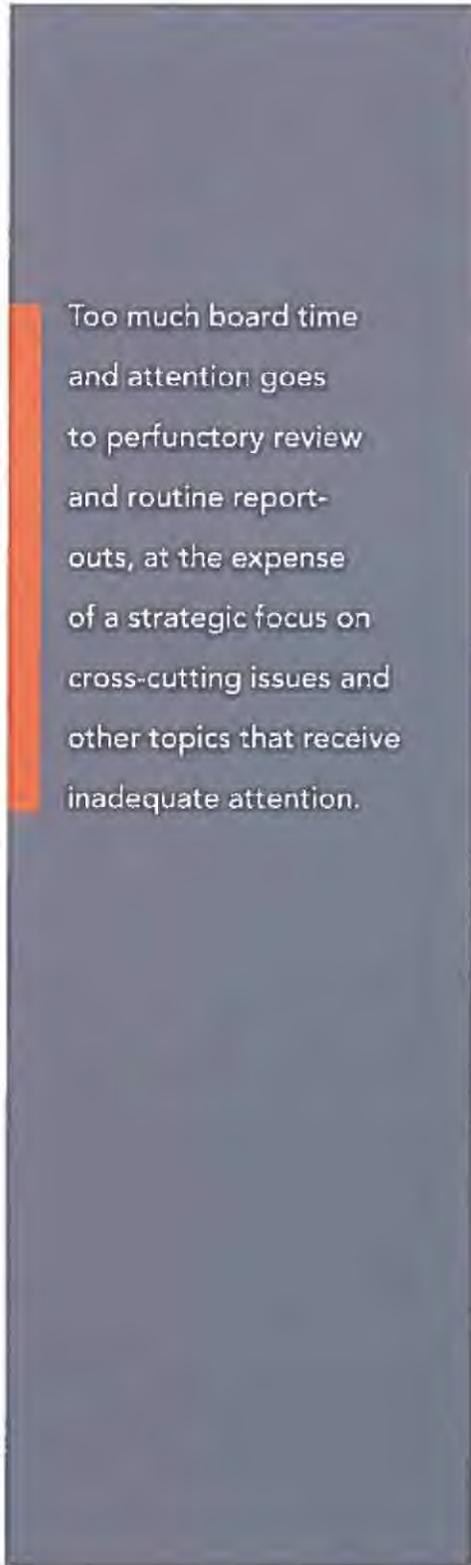
Boards ought to be more engaged than many currently are, but engagement does not constitute board member activism, nor should it mean that boards substitute their judgments for those of the people who do the work of the university. Too many boards behave in ad hoc and divisive fashions. Sometimes individuals choose to act alone, and sometimes factions break away from the corpus of the board, notwithstanding the fact that decision-making authority resides with the board as a whole. This behavior is often symptomatic of frustration with poor use of board members' time, or the sense that boards are being kept out of strategic decision making. But increasing ad hoc and individual activism, or attempts at "co-governance" (meaning that board members decide to insert themselves into management roles), are problematic to any type of sustained or effective leadership. At the end of the day, much is disrupted, but nothing changes.

Increasing ad hoc and individual activism, or attempts at "co-governance" (meaning that board members decide to insert themselves into management roles), are problematic to any type of sustained or effective leadership. At the end of the day, much is disrupted, but nothing changes.



Empowered boards need not come at the expense of effective institutional leadership. Boards are not another layer of administration. To meet their responsibilities, boards must focus on their distinct fiduciary role: to oversee the assets of the institution that the board holds in trust for the public. Fiduciary oversight extends far beyond a simple review of finances. It encompasses a calibration of institutional effectiveness in delivering both short-term and long-term value, which requires that boards look at the juncture of quality and fiscal sustainability and balance both short- and long-term interests, within and beyond the institution. *(See the appendix for an explication of board fiduciary duties.)*

Fiduciary principles also demand that boards make decisions independent of any undue influence by interested parties, such as alumni, students, faculty members, or funders (including governors and legislators). They require the board to focus on providing sustained value to consumers (students, research funders, the public at large), protecting the economic and educational value of institutional assets (reputation, faculty and staff, property, endowments), and seeing that the institution meets its obligations to society in the present and future (through collaboration with K-12 schools, meeting equity goals, community service, and economic development). A board that sees its fiduciary obligation in either/or terms—to the institution versus to the public, or to employees versus students—has it wrong.



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Board Oversight and Use of Time

Too much board time and attention goes to perfunctory review and routine reports, at the expense of a strategic focus on cross-cutting issues and other topics that receive inadequate attention. Most boards spend the majority of their time overseeing institutional operations, typically divided into committees that replicate the administrative reporting areas (academic affairs, finances, facilities, fundraising, and so on). Their agendas are voluminous and time consuming. The oversight function needs to be adjusted to focus on areas that are of strategic importance, a change that would reduce temptation and opportunity for boards to second-guess or micromanage operational decisions. It would also reduce redundant, time-consuming, and costly layers of reporting that do not add value from the distinct perspective of the board.

One area where we believe most boards need to place *greater* attention is improved oversight of auxiliary and affiliated organizations. Often initiated outside of the board and president, and frequently governed by separate boards or advisory groups, these types of organizational arrangements are growing in number and complexity across higher education. They are often not subject to traditional institutional oversight and reporting, and they may additionally be exempted from institutional fiscal controls, personnel policies, audits, or other practices designed to ensure appropriate oversight and accountability. At many institutions, they receive no review from the board, nor from the president or others delegated to act on behalf of the institution. Yet, they use the college or university's name and thus present distinctive reputational and financial risks to the institution that require the attention of a responsible fiduciary body. Some of the biggest failures of higher education governance in the last several years have come from inadequate board attention to foundations organized for intercollegiate athletics—a classic example of an affiliated organization.

The Changing Identity of Public Boards

The issue of the board's role in public institutions reveals another facet of governance; the difference between public and independent institutions in a changing economic environment with shrinking public subsidies. A number of leaders in higher education argue that declines in state funds mean that boards of public institutions should be reconstituted to behave more like those of nonprofit private institutions, with fewer public appointments and a greater focus on fundraising. We do not share this view. We do, however, agree that the appointment process for public board members can be strengthened so as to increase their knowledge and skills and to meet greater expectations for board performance.

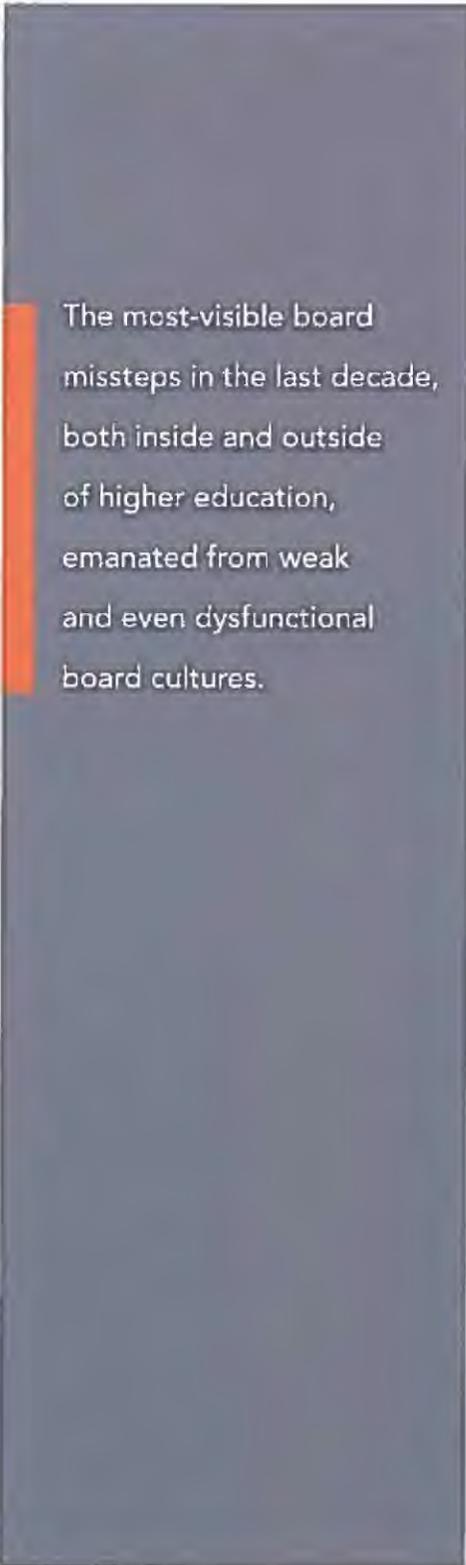


Board Culture

The most-visible board missteps in the last decade, both inside and outside of higher education, emanated from weak and even dysfunctional board cultures. Board culture is central to board effectiveness. It is the accumulation of traditions and habits of work that have developed over time, through both written and unwritten rules, and that guide behavior.

A healthy board culture is an intangible but invaluable institutional asset, worth the same level of attention as building the endowment, or the faculty, or maintaining the physical plant. It cannot be ignored or taken for granted. It requires nourishment and care from every member of the board and, most of all, from the board chair and the president. Strong institutions can survive troubled boards for some time, but even the strongest college or university will eventually be put at risk if the board does not function properly.

Aspects of culture that are most vital to institutional health include: good board-CEO relationships, mutually supportive relationships between the CEO and the board chair, shared awareness of the roles and scope of authority of each party, productive engagement and collective learning, mutual understanding of communication protocols, effective use of board time, focus of board committees on strategic issues, and continuing education and development. Signs of a troubled culture include: cliques within the board, failure to include all board members in meaningful conversations,



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lack of participation by board members, board members who patently represent constituencies in decision making, overuse of the executive committee, and dismissive behavior among board members and with key staff and faculty.

RECOMMENDATIONS FOR CHANGE

Debate over the future of higher education and the role that it plays in our society should be expected—indeed, encouraged. However, without changes to higher education governance as we know it, the decision-making process at most institutions will collapse under its own weight. Government regulation of higher education has heightened in part because our system of governance is focused too much on processes and not enough on value and transparency. Without changes, the nation will not get the higher education leadership it needs to build vision and drive advances in the future.

While boards are not the source of the governance challenges facing higher education, changes to boards and their structure can lead to improved leadership across higher education—in setting goals, in using data to evaluate performance, and in making strategic investments in ways that create value. The following recommendations contain specific, actionable steps that boards and presidents can take together to move in a more constructive direction.

1. *Boards must improve value in their institutions and lead a restoration of public trust in higher education itself.*

Boards need to be prime movers to ensure that institutions deliver service and outcomes worth the investments that students, the public, and other funders make in them. Each board and president must have explicit goals for institutional value, supported by measures that are consistent with the institution's mission and strategic priorities. These will include measures of costs and outcomes, indicators of the institution's effectiveness in contributing to public needs for higher education, and measures of fiscal health, including sustainability and asset management. All public and independent institutions must address their role in meeting social responsibilities for institutions of higher education: increasing degree attainment, getting students into the workforce, creating knowledge, and serving communities.

2. *Boards must add value to institutional leadership and decision making by focusing on their essential role as institutional fiduciaries.*

Every board must have a policy describing the board's role and scope of responsibility, including its role as the fiduciary of the institution. The policy must be shared and discussed with prospective board members prior to their appointment to the board, as well as with appointing authorities. It should be explicit about expectations for the independence of the board from undue influence by any constituent or economic interest



group. It should also clarify the responsibilities and limits of individual board members versus the board as a whole. (*A sample policy defining the fiduciary role of the board is included in the appendix to this report.*)

3. *Boards must act to ensure the long-term sustainability of their institutions by addressing changed finances and the imperative to deliver a high-quality education at a lower cost.*

More than ever before, board attention must focus on finances, together with educational effectiveness. This work is critical in order to increase access to higher education and degree attainment for future generations of students. Boards must exert leadership to address the changing finances of their institutions, to take pressure off growth in revenues, and to drive down costs without compromising educational quality. Boards must work with institutional leadership to reexamine resource use and academic program costs and to make better use of data for benchmarking performance. Further, boards must develop more sophisticated understandings of educational effectiveness and learning outcomes.

4. *Boards must improve shared governance within their institutions through attention to board-president relationships and a reinvigoration of faculty shared governance. Boards additionally must attend to leadership development in their institutions, both for presidents and faculty.*
 - All boards and presidents should have clear understandings of their respective roles and responsibilities. This mutual understanding should begin with the board's responsibility for policy and oversight and the president's responsibility for institutional leadership and daily decision making. The board chair and the president must have a good working understanding of their relationships, expectations for consultation, and processes for resolving differences between them.
 - Every board must ask for a review of the institution's policies and practices of shared governance with faculty in order to ensure that such policies are appropriate to the realities of the current workforce, reinforce the delegated authority of faculty for academic policy, and ensure that processes for consultation are clear and are routinely followed by all responsible parties. Boards must ensure that their policies for shared governance include means of addressing topics that transect faculty, presidential, and board responsibility (such as program closures).
 - All boards should have committees on institutional leadership development that focus on both faculty development and presidential transition planning. This is a particular priority for public community colleges, where presidential turnover in the next decade is expected to be highest, and where improvements in success for first generation and low-income students are essential for increased postsecondary attainment.

5. *Boards must improve their own capacity and functionality through increased attention to the qualifications and recruitment of members, board orientation, committee composition, and removal of members for cause.*

- Boards must conduct assessments of the skills and attributes needed in new members, to be used in recruitment and/or shared with the relevant appointing authorities. The process should emphasize the expertise, commitment, and independent judgment that candidates can bring to board service.
- New members must receive an orientation with particular attention to board priorities, the fiduciary responsibilities of the board, and expectations for individual members of the board.
- Boards must review their committee structures and, where possible, eliminate or consolidate committees established primarily for the oversight of functional areas (such as academic affairs, finances, and facilities). Traditional configurations must give way to board committees with a cross-functional and future-oriented focus (such as student access and success, institutional value and value added, financial sustainability, and academic effectiveness.)
- Boards must have policies for addressing underperforming board members, including policies for the removal of board members for cause or, in the case of public institutions, for submitting recommendations for such removals to the appropriate appointing authorities.

6. *Boards must focus their time on issues of greatest consequence to the institution by reducing time spent reviewing routine reports and redirecting attention to cross-cutting and strategic issues not addressed elsewhere.*

Boards need to spend less time reviewing routine operations in order to spend more time overseeing activities or areas in their unique purview. All boards should work with presidents to reduce nonessential reporting. At the same time, boards should improve their oversight of key areas that are inadequately attended to by existing organizational reviews, such as affiliated organizations and auxiliaries that use the name of the institution. In addition, public system boards need to improve accountability for campus-level indicators of performance for all of the institutions within their systems.

7. *Boards must hold themselves accountable for their own performance by modeling the same behaviors and performance they expect from others in their institutions.*

To do so means setting goals for board performance and benchmarks for measuring board effectiveness, as well as conducting regular board self-assessments. All boards should maintain a standing committee on governance charged with leading ongoing assessment and improvement of board performance.



We call upon boards to move past the predominantly inward focus of higher education leadership, looking beyond the institution itself as a singular gauge of effectiveness. The success of higher education is vital to our country's future. Leadership for improved performance has never been more important.

IN CONCLUSION: AN EXPANDED PERSPECTIVE

Two themes have informed the work of this commission and the recommendations offered in this report. The first is that major changes have occurred in the societal landscape that higher education inhabits and serves. The public trust in the leadership of higher education that existed four or five decades ago—including a trust in institutional leadership—has fundamentally changed, but the success of higher education is more central than ever to our country's economic and social fabric. As such, colleges and universities will not be left alone to define the terms of their success. Higher education continues to enjoy substantial social and political support, an asset that is at risk of being lost. Re-earning the public trust in institutional leadership is necessary to sustain and build that support for the future.

The second theme is that in a time of substantial challenges, as well as eroding public trust and support, higher education governance is not up to the task. Far too much time and talent, and too many resources, are preoccupied with institutional advantage, the preservation of the status quo, internal disputes over governance roles and authority, and the advancement of political and individual agendas.

Every public and independent institution of higher education in America today faces the imperative to approach governance from an expanded perspective on the value and values of higher education. We call upon boards to move past the predominantly inward focus of higher education leadership, looking beyond the institution itself as a singular gauge of effectiveness. The success of higher education is vital to our country's future. Leadership for improved performance has never been more important.

APPENDIX: FIDUCIARY DUTIES OF BOARDS OF TRUSTEES OF COLLEGES AND UNIVERSITIES

Fiduciary Duties: In General

Under state statutory and common law, officers and trustees of corporations—including public bodies and nonprofit corporations that oversee colleges and universities—are fiduciaries and must act in accordance with the fiduciary duties of *care*, *loyalty* and *obedience*. Taken together, these obligations require trustees to make careful decisions collectively in the best interest of the institution consistent with its public or charitable mission, independent from undue influence from any party or from financial interests. The specifics of what that means and how it is enforced through board policies and procedures may differ somewhat from institution to institution or by state. Good practice suggests that all trustees are informed of the legal meaning of their fiduciary role, accompanied by practical examples of decisions likely to face the board that require explicit attention to the balancing of interests necessary to carry out the fiduciary role. In addition, trustees and officers must understand that while they hold fiduciary duties individually, they act collectively as a board. Absent a particular designation of authority by the board to an individual trustee or officer (such as the authorization of a board chair to enter into an employment agreement with the president on behalf of the institution), no single trustee or officer has authority to bind the institution or determine its course of action, even those who may be appointed by a state governor or through a political process.

Legally, a fiduciary relationship is one of trust or confidence between parties. A fiduciary is someone who has special responsibilities in connection with the administration, investment, monitoring, and distribution of property—in this case, the charitable or public assets of the institution. A college or university trustee has duties to the institution and its beneficiaries under the law that a faculty member, a student, or an administrator does not. The precise meaning and extent of each duty may vary from state to state, depending on statutory language and judicial interpretation. These duties may also be described in and imposed by a college or university's bylaws, governing board policies, standards of conduct, or code of ethics. In the case of a public institution, state law may describe or apply these standards of conduct differently (for example, under particular rules applicable to regents or public bodies); however, adherence to these principles remains a key governance best practice in both private and public colleges and universities.



The Duty of Care. The duty of care generally requires officers and trustees to carry out their responsibilities in good faith and using a degree of diligence, care, and skill that prudent persons would reasonably exercise under similar circumstances. A board member, therefore, must act in a manner that he or she reasonably believes to be in the best interests of the institution or system. As an example, the proper exercise of the duty of care requires a board member to regularly attend meetings, read the meeting materials prepared for the board in advance of the meeting, ask questions and participate actively in board discussions, and be knowledgeable of the institution's purposes, operations, and environment.

Determining what is in the best interest of the institution lies within the sound judgment of the board of trustees under the duty of care. It will necessarily involve a balancing of interests and priorities appropriate to the institution's mission and consistent with its strategic priorities, including explicit attention to the tradeoffs inherent in achieving appropriate balance, such as that between employees' interests (necessary to maintain quality and to protect the institution's assets), student interests (to maintain affordability), physical assets (grounds and buildings), fiscal assets (endowments and fund balances), consumer value of the degree (cost of degree production versus future job earnings), and community interests in the institution (jobs, economic development).

Also interwoven in the duty of care is the responsibility of board members to maintain the confidentiality of matters brought before the board, both during and after their board service. This is particularly the case with respect to personnel matters and sensitive business matters. In some cases, board members may be asked to sign an oath of confidentiality or a binding statement that sets forth their duties and responsibilities to the institution. Such instruments may be useful; however, they may also seem heavy-handed to some. Nevertheless, the duties will apply to board members who have been duly elected or appointed and have consented to service, whether or not an oath or statement is agreed to.

The duty of care does not require professional expertise, extensive consideration, or full knowledge of the matter at issue by every board member. Instead, the duty generally requires the board member to be reasonably well informed of the relevant issues. A board member may rely on information, opinions, reports, or statements, including financial statements and other financial data, that are prepared or presented by: (a) one or more officers or employees of the institution whom the board reasonably believes to be reliable and competent in the matters presented; (b) legal counsel, public accountants, or other persons as to matters the board reasonably believes are within the person's professional or expert competence; or (c) a committee of the governing board of which he or she is not a member if the board member reasonably believes the committee's review merits confidence. Any reliance on information provided by others must be reasonable under the circumstances,

considering such factors as from what source the information was obtained, whether the information relied upon is a brief summary or an extensive analysis, whether the matter is routine or exceptional, and the time frame in which a decision must be made. Thus, such information should be a tool and a time-saver for an officer or board member in becoming informed, and should not be an excuse for dispensing with or ignoring the information.

- ✦ **The Duty of Loyalty.** The duty of loyalty requires officers and board members to act in good faith and in a manner that is reasonably believed to be in the interests of the college or university and its nonprofit or public purposes rather than their own interests or the interests of another person or organization. The fiduciary must not act out of expedience, avarice, or self-interest. The requirement that officers and board members discharge their duties in good faith is a subjective requirement that will vary depending on the facts and circumstances. When at issue, however, courts will generally look to the board member's state of mind to determine whether he or she was motivated by honesty and faithfulness to the institution, or whether self-interest or an interest contrary to the institution's purposes was a motivating factor in the officer or trustee's actions.

Under this requirement, a college or university board member must be loyal to the institution and not use the position of authority to obtain, whether directly or indirectly, a benefit for him or herself or for another organization in which the board member has an interest. Accordingly, the duty of loyalty considers both the financial interests held by a board member and the governance or leadership positions he or she has with other organizations when the conduct of the board member is being evaluated.

Independence by board members is increasingly sought after by regulators and key stakeholders to ensure adherence to the duty of loyalty. In this context, independence means that the board member is not employed by and does not do material business with the college or university. In addition, it means that the board member acts independently of any personal relationship he or she may have with the president or senior leaders of the college or university or with other trustees. It is not required by law that every trustee on the board be independent (for example, some *ex officio* trustees may not be), but ideally, a majority of the trustees should be independent.

In addition, it is incumbent on board members to retain their independence from external stakeholders in the conduct of their oversight and policy responsibilities. This applies to boards of independent institutions and especially public boards whose members are most often selected to their service through some form of political appointment. Public board members, while respectful of the views of appointing authorities, must not confuse such influence as being determinative of board action. It is essential that board members avoid a conflict of loyalty in meeting their fiduciary responsibilities to act on behalf of the institution(s) they hold in trust.



The most critical implementation of the duty of loyalty comes in a college or university's conflict-of-interest policy. Such a policy, when adhering to state law and best governance practices, requires board members to fully disclose financial interests and dual organizational relationships ("dualities of interest") that may affect their decision making on behalf of the institution. The policy will prohibit trustees from participating in or unduly influencing decisions in which they have a material financial conflict of interest or an adverse duality of interest ("recusal"), and may require the trustee to eliminate the duality of interest. AGB's 2013 "Statement on Conflict of Interest with Guidelines on Compelling Benefit" offers clarifying guidance on best practices for boards to consider in managing conflicts of interest within the board.

- **The Duty of Obedience.** A third fiduciary duty, which is arguably an element of the duties of care and loyalty, is the duty of obedience. This is the duty of board members to ensure that the college or university is operating in furtherance of its stated purposes (as set forth in its governing documents) and is operating in compliance with the law. A governing board of a college or university must make reasonable efforts to ensure that the institution is both legally and ethically compliant with the law and applicable internal and external rules (for example, accreditation, environmental, research, or labor rules) and has instituted effective internal controls to achieve compliance and to identify and address problems.

Fiduciary duties are owed by trustees and officers to those who place the board in a position of trust or confidence. Accordingly, trustees and officers act as fiduciaries to students (and those who may pay the tuition for them), faculty, alumni, and donors. Given the desire of institutions to achieve intergenerational equity, these duties also extend to those who will occupy those positions in the future. And fiduciary duties arguably extend to the public and the community at large (for public and independent institutions alike), particularly where the institution has a direct and material impact on the livelihood of its community and the beneficiaries of its research and scholarship.

Translating Fiduciary Duty into Effective Board Conduct

Fiduciary duties will apply by law even if an institution or system does nothing more to implement them, but governance is improved when board members and presidents share a mutual understanding of the standards that define the fiduciary role, including the balancing of interests necessary to carry out the institution's mission and strategic priorities. Effective tools include:

- **Meaningful orientation programs for new board members (and a refresher for long-serving board members) that include: an explanation of fiduciary principles and shared governance, and what they mean for the role of the board in relation to the president and faculty; an explanation of related board policies such as conflict of interest and confidentiality; an explanation of relevant portions of the college or university bylaws that pertain to board member conduct; an explanation of the potential for personal liability of board members in the event of a breach of fiduciary duty; and behavioral expectations of board members as to participation and communication with outsiders about board business.**
- **Development and implementation of an up-to-date conflict-of-interest policy that: makes the disclosure and recusal process clear; identifies standards for materiality and a compelling benefit; explains and addresses both financial interests and dualities of interest and rules of conduct when the interest is adverse; and an effective form for disclosing material financial and dual interests. The governing board or a board committee will establish a process for review of disclosures of interest and forwarding of identified conflicts to the board for appropriate action.**
- **Appropriate communication between the governing board and college or university legal compliance officers and programs, and orientation for all board members regarding their responsibilities in such programs, including whistleblower policies, investigations of allegations, and complaint resolution.**
- **The timely securing of the advice of knowledgeable experts who can increase the level of understanding and competence of board members on key issues that may include compensation of the president, strategic planning, construction of new facilities and development of property, marketing and communication, advocacy, legal compliance, fundraising and endowment management, and risk management.**
- **The commissioning of board committees to regularly evaluate the effectiveness of the board in adhering to its fiduciary responsibilities, such as thorough self-evaluation and review of board member conduct. Such committees may include the executive committee, the governance committee, and the audit committee.**

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THE NEW CENTURY STRATEGIC PLAN

BUILDING BRIDGES TO A VIBRANT FUTURE FOR MSU

Welcome to Midwestern State University's New Century Strategic Plan, the bridge from historic excellence to future opportunity.

Bridges are engineering marvels that lift us above turbulent waters or difficult terrain. They link one place to another, one person to their neighbor. They are things of beauty in the physical world and strong vehicles for relationships in emotional terms. Bridges can be designed, built, but also repaired. In music a bridge can move us from one melody to another, from one key to the next. A bridge's span can suspend us, give us the pause necessary for transition. It is completely right to choose a bridge as the symbol for Midwestern State's planning for its second century. We have described ourselves as a family, a team, a community that depends upon connections. Let's lean into those things that connect us to each other, to our rich and storied past, to our liberal arts mission, even as we together build bridges into a future filled with promise.

MIDWESTERN STATE UNIVERSITY WILL BUILD BRIDGES INTO OUR NEXT CENTURY BY:

1. PROMOTING A STRONG UNIVERSITY COMMUNITY.

- A. Attract, retain, and reward faculty and staff who expect and extend an environment of the highest quality. Encourage all faculty and staff to actively engage students in inquiry, research, creative, athletic, service and artistic endeavors. Support faculty's dedication to excellent teaching and scholarly activity.
- B. Create a vibrant workplace that encourages diversity, values the opinions of community stakeholders, creates strong and effective governance systems, and recognizes the outstanding work of individuals and departments.

- C. Be a first-choice employer with competitive compensation and an environment that welcomes and rewards employees' passion for their work in and out of the classroom. Invest in the MSU family.
- D. Establish clearly the mission of the university and develop a comprehensive marketing and branding program that effectively translates that to the expanded region.
- E. Create benchmarks and measurements reflective of MSU's goal to be among the best Council of Public Liberal Arts Colleges (COPLAC). Be good stewards of our public liberal arts mission.

2. AGGRESSIVELY PURSUING NEW STUDENT POPULATIONS.

- A.** Build upon our well-established reputation for students seeking a fulltime, residential, liberal arts experience.
- B.** Create a campus site in northwest Fort Worth.
- C.** Actively market adult completion on-line programs, the Bachelor of Applied Arts and Sciences (BAAS), as well as K-12 teachers and retirees.
- D.** Maintain a welcoming environment for all. In particular, seek to become classified as a Hispanic Serving Institution (HSI) within 15 years.
- E.** Add 2,000 new students by the fall 2022 semester.

3. CREATING A DESTINATION RESIDENTIAL UNIVERSITY.

- A.** Increase recreational, cultural, and leadership opportunities for students of all cultural backgrounds.
- B.** Provide a strong student support system to ensure that students remain in school, are actively engaged in campus life and service, and graduate.
 - a.** Expand the Academic Success Center into a student advising and mentoring center providing centralized campus tutoring, increased supplemental instruction and advising, and a one-stop approach to student services.
 - b.** Develop a signature first-year experience.
- C.** Create appealing global learning opportunities at home and abroad.

- D.** Deliver education in modes that meet students' needs and expectations while maintaining affordability. Embrace current technological trends in administration, classrooms, and laboratories, and develop a funding plan to meet these needs.
- E.** Provide a campus that is not only considered to be the most beautiful in Texas but is also safe, readily accessible, and easy to use. Employ technology and digital media outreach to enhance undergraduate and graduate enrollment.

4. STIMULATING A CULTURE OF ENGAGEMENT.

- A.** Support the Wichita Falls community by providing an educated workforce, stimulating economic development, and serving as a leader in shaping the city's future.
- B.** Support Sheppard Air Force Base and improve outreach to and articulation agreements with community colleges.
- C.** Develop premier programming in the academics, arts, and athletics for a wide range of stakeholders. Position the Wichita Falls Museum of Art at MSU (WFMA) and the NCAA Division II program as models of excellence.
- D.** Revitalize and expand the university's infrastructure and financial base to improve efficiency and affordability.
- E.** Expand the university's donor base to include new populations and engage existing donors in new ways.



MIDWESTERN STATE UNIVERSITY
Framework for Achieving New Century Strategic Initiatives
 LAST UPDATED 3/26/2019

PRIORITIES	START	FINISH	FY16	FY17	FY18	FY19	FY20	FY21	TOTAL	SOURCE OF FUNDS	COMMENT
Investing in Our People: Compensation -- 4-Year Plan											
Continuing FY16 2% Cost of Living for Staff	2016	2017	200,000	200,000					400,000		
Faculty/Staff Cost of Living/Merit 1%	2017	2021		400,000	400,000	400,000	400,000	400,000	1,600,000	Operating Funds	
Staff Equity	2017	2020		100,000	300,000	300,000	300,000	300,000	1,300,000	Operating Funds	Based on Evergreen Study 2016
Faculty Equity	2014	2020	500,000	100,000	300,000	300,000	300,000	300,000	1,800,000	Operating Funds	Based on CUPA data
Faculty Promotion	2014	2020	80,000	80,000	80,000	80,000	80,000	80,000	480,000		
Benefits on above	2016	2021	117,000	132,000	162,000	162,000	162,000	102,000	837,000		
Total Compensation			897,000	1,012,000	1,242,000	1,242,000	1,242,000	782,000	6,417,000		
Investing in Technology											
Funds to remain current in technology	2017	2022		700,000	700,000	800,000	800,000	800,000	3,800,000	HEAF	FY15 spending \$620K, including \$300K for Degree Works and planning for Ad Astra in FY17
Investing in Identity: Advertising/Branding											
Additional funds for advertising	2017	2022	50,000	50,000	50,000	50,000	50,000	50,000	300,000	Operating Funds	Shift funds from Noel Levitz to advertising, need much more in resources
Investing in Excellence: Expanding Academic Offerings											
Distance Ed - grow BAAS - need core classes	2016	2017							0	Already funded	
Fort Worth initiative	2016	2022	getting information from committees						5,000,000	Exceptional Item - appropriation	Currently developing Ft. Worth plan
Hispanic Serving institution - Academic Success	2017	2022							?	Exceptional Item - appropriation	
Total Expanding Academic Offerings											
Investing in Our Living and Learning Environment: Facilities											
New Residence Hall	2015	2016	5,200,000						35,250,000	Rev Bond - Housing	
Mass Communication Addition	2016	2017		4,000,000	2,000,000				6,000,000	Rev Bond - HEAF	
Sport Field Improvements	2016	2017	3,800,000						3,800,000	Master Lease - Fee	
West Campus Annex Parking lot	2016	2016	600,000						600,000	HEAF/parking fee?	Dependent on increase in parking fees, otherwise HEAF will pay
New HSHS Building	2016	2019		2,000,000	23,000,000	15,000,000			40,000,000	TRB	
Moffett Library Renovation	2016	2018	100,000	7,000,000	900,000				8,000,000	TRB	
Bridwell Renovation	2019	2020			500,000	4,000,000			4,500,000	TRB	
Fire Marshal/JADA - Fair, Hardin, Ferguson	2017	2018	100,000	5,700,000					5,800,000	TRB	
Fire Marshal/JADA - Memorial, Daniel	2017	2018	50,000						50,000	TRB	
New Facilities Shop	2016	2017	100,000	4,000,000					4,100,000	Bond - HEAF	
Renovation of Daniel for Students/Student Center	2016	2018	50,000			6,000,000			6,050,000	Rev Bond - Stu Ctr fee/Gift	
Mustangs Sports Complex	2019	2020				200,000	13,800,000	2,000,000	12,000,000	Rev Bond \$6.5M, Gifts?	Will need to understand how to bond on pledged gifts
Parking Garage/New Residence Hall	2021	2022						50,000,000	50,000,000		
Total Facilities			48,050,000	11,700,000	26,400,000	25,200,000	19,800,000	53,000,000	186,150,000		
Total Priority Expenditures			48,947,000	13,712,000	27,642,000	26,442,000	21,042,000	53,782,000	192,557,000		



MIDWESTERN STATE UNIVERSITY

Board of Regents Retreat

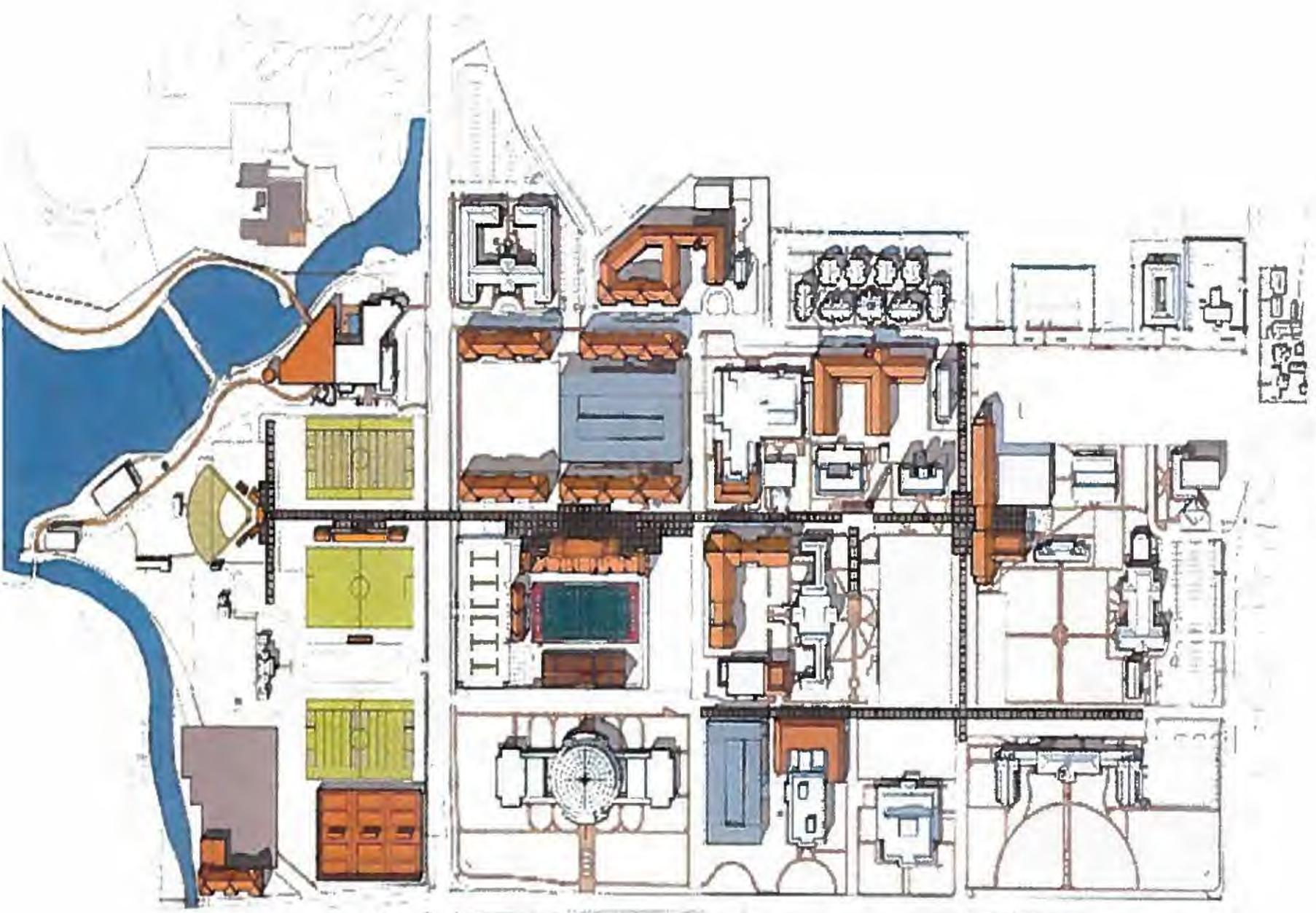
■ BUILDING BRIDGES TO A VIBRANT FUTURE

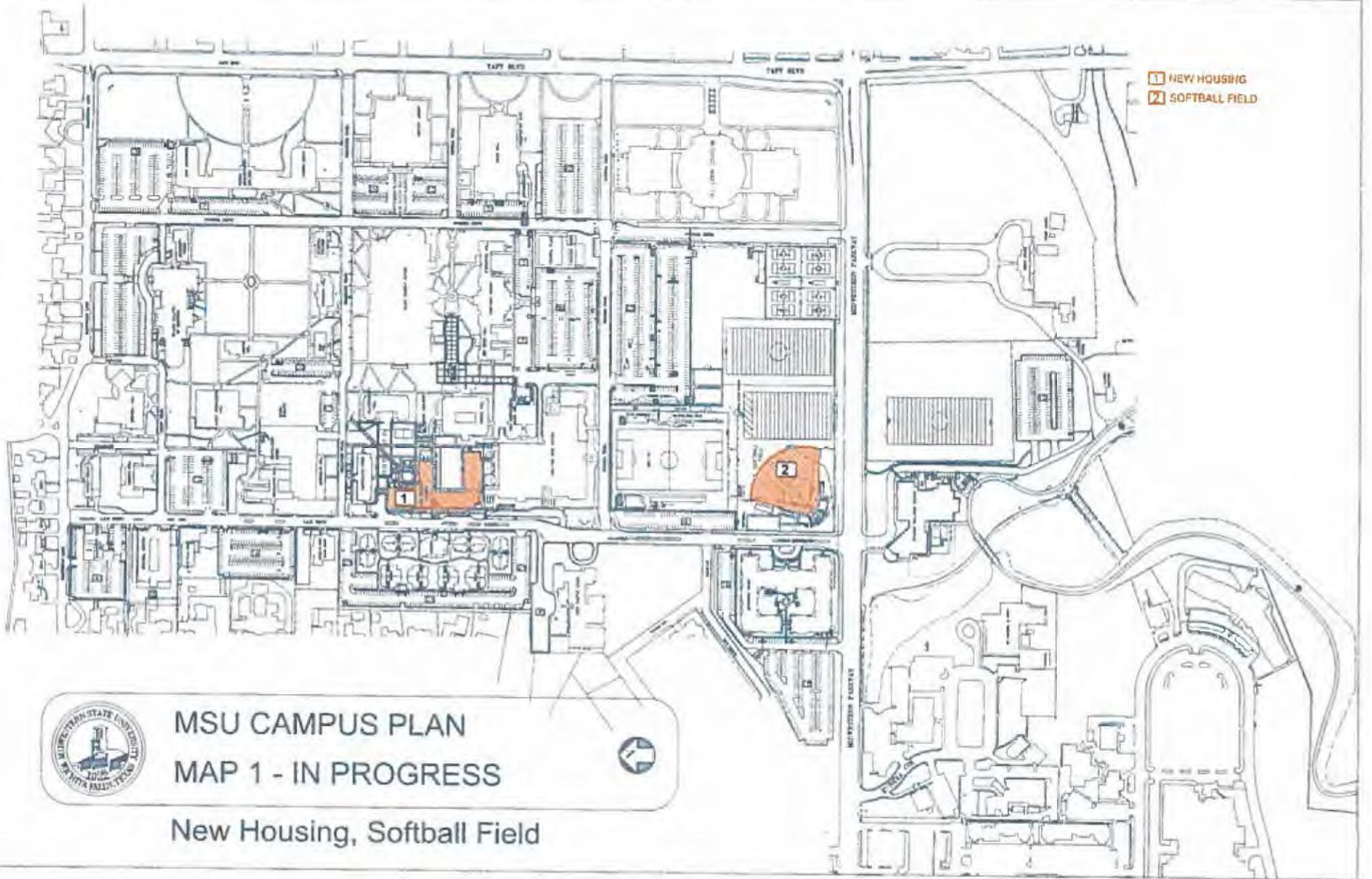
CAMPUS PLANNING

This section contains maps that show the evolution of MSU's campus as elements of the Campus Plan unfold through FY22.

- 1. Campus Vision Plan 2014.** The overall concept for MSU's future campus was initially envisioned in 2014. That early exploration is included as a reference point for subsequent plans. While further analysis resulted in several logistical changes to leverage maximum efficiency, the overall vision remains consistent.
- 2. Map 1: WORK IN PROGRESS NOW**
This map shows work currently underway – new housing for students and the softball field.
- 3. Map 2: FY16**
This map shows expanded dining in Shawnee, Mass Communication building, new parking and athletic fields.
- 4. Map 3: FY16–19**
This map shows MSU's new Gunn College of Health Sciences and Human Services building, significant ADA changes, a new facilities building and vehicle yard, and the beautification of campus through additional Green Space.
- 5. Map 4: FY18–19**
This map shows renovation to Daniel, the Clark Student Center, Bridwell Hall and additional parking.
- 6. Map 5: FY19–20**
This map shows the new Sports Complex. The Complex could ultimately house football, men's and women's soccer, and track.
- 7. Map 6: FY21–22**
This map shows the location of new resident housing/parking garage as well as additional parking and new location for the University Police Department

Midwestern State University Long-Range Vision Plan
August 2014





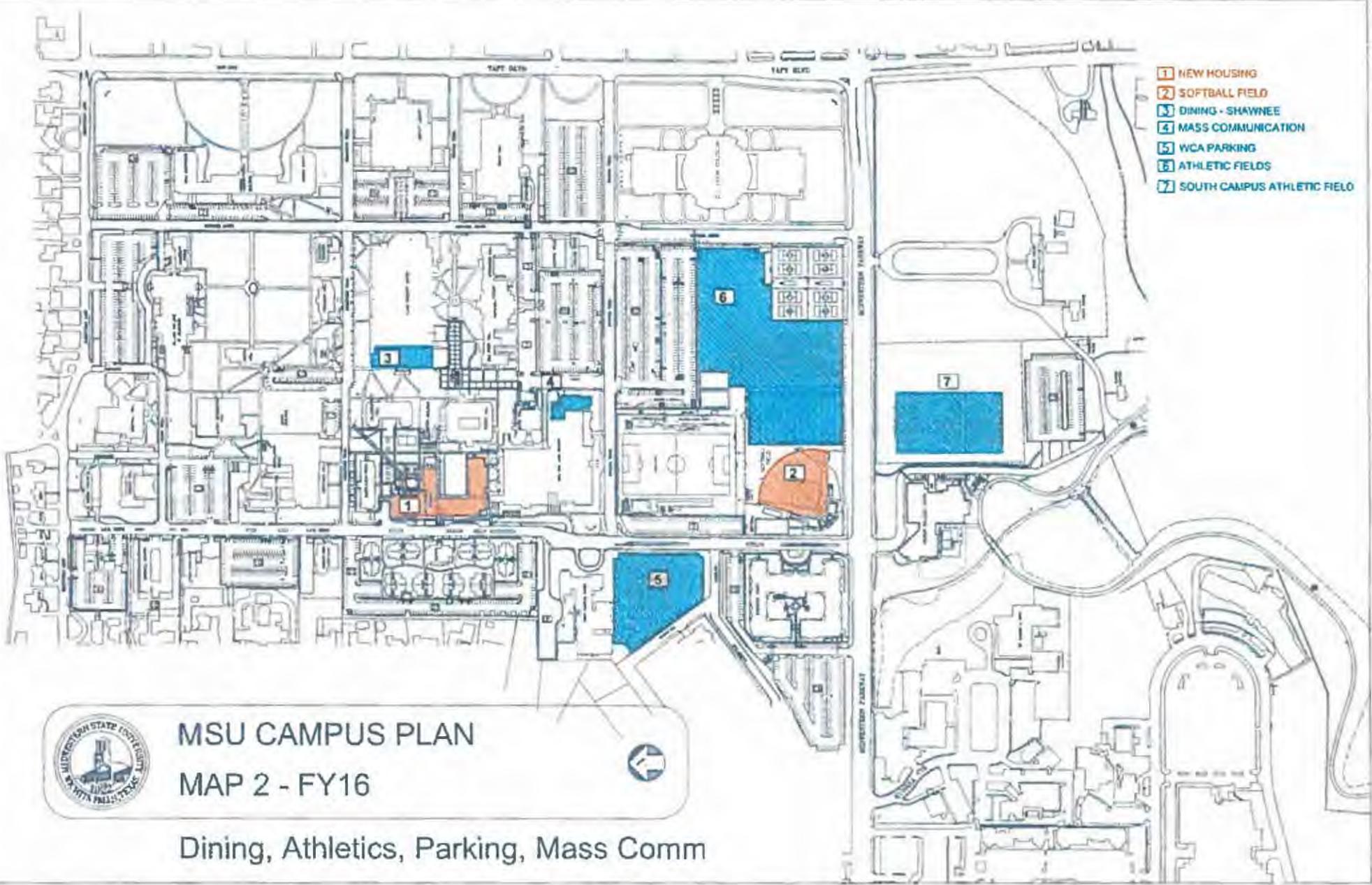
- 1 NEW HOUSING
- 2 SOFTBALL FIELD



MSU CAMPUS PLAN MAP 1 - IN PROGRESS

New Housing, Softball Field





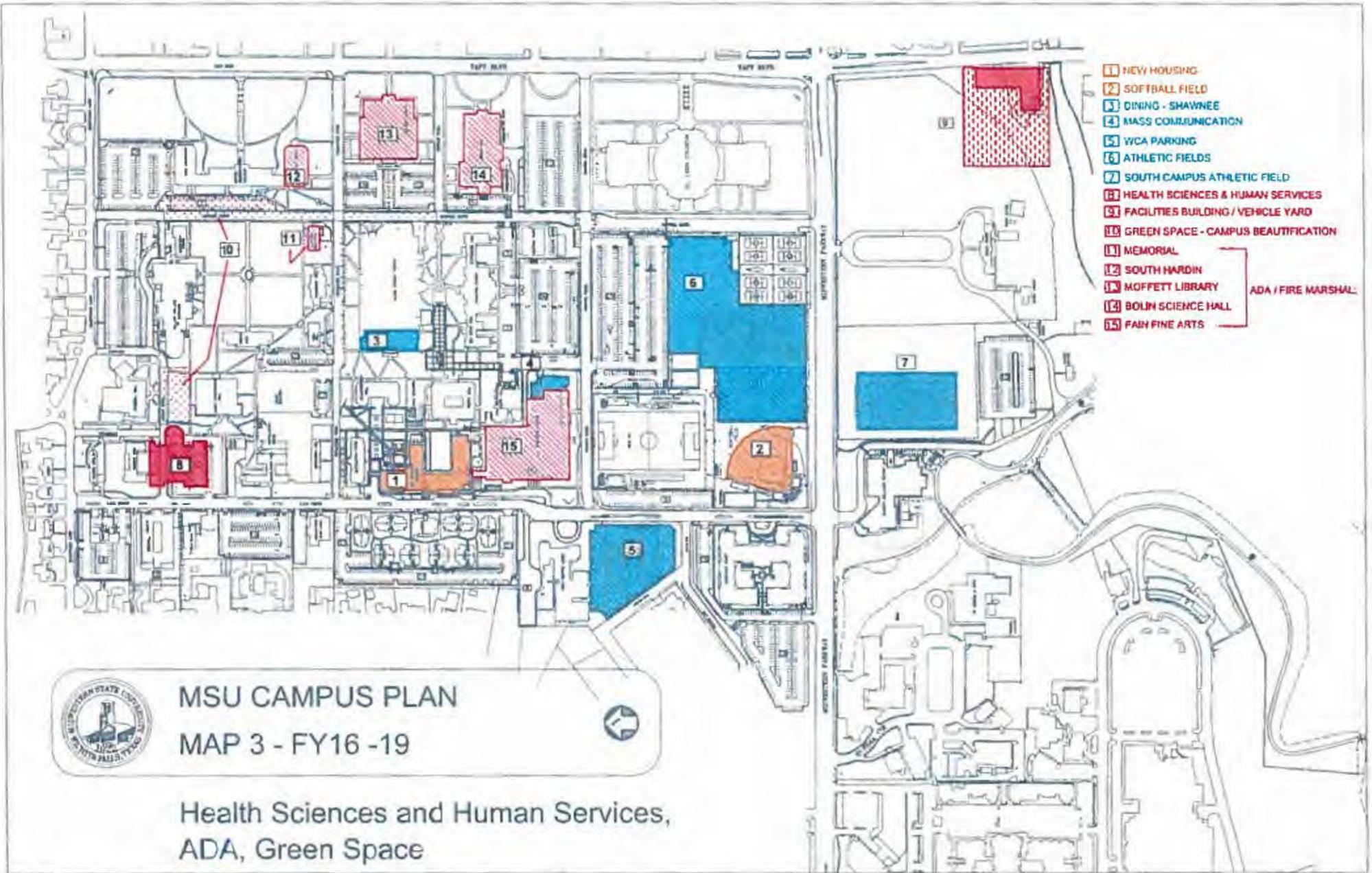
- 1 NEW HOUSING
- 2 SOFTBALL FIELD
- 3 DINING - SHAWNEE
- 4 MASS COMMUNICATION
- 5 WCA PARKING
- 6 ATHLETIC FIELDS
- 7 SOUTH CAMPUS ATHLETIC FIELD

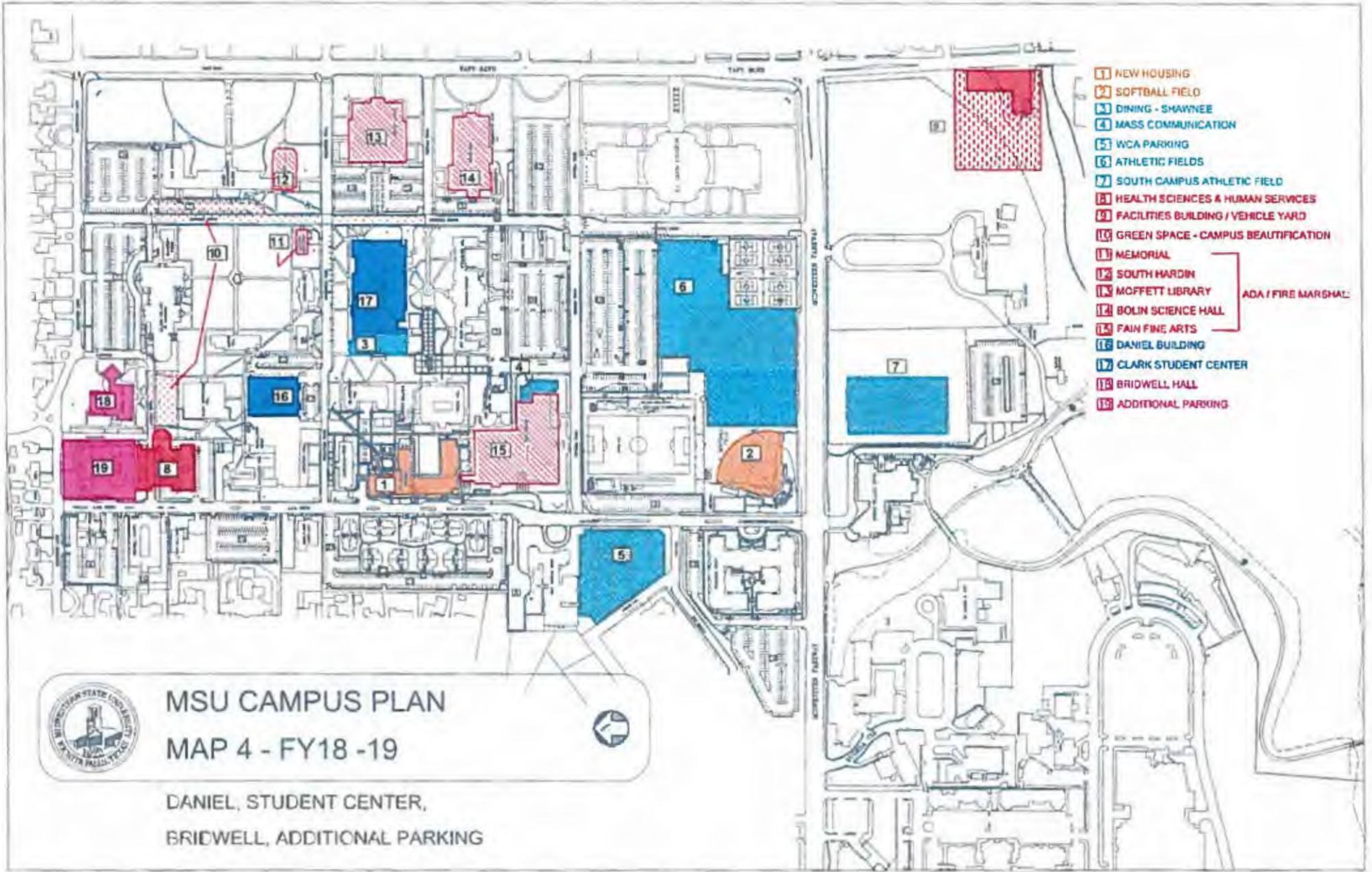


MSU CAMPUS PLAN
MAP 2 - FY16



Dining, Athletics, Parking, Mass Comm





- 1 NEW HOUSING
- 2 SOFTBALL FIELD
- 3 DINING - SHAWNEE
- 4 MASS COMMUNICATION
- 5 WCA PARKING
- 6 ATHLETIC FIELDS
- 7 SOUTH CAMPUS ATHLETIC FIELD
- 8 HEALTH SCIENCES & HUMAN SERVICES
- 9 FACILITIES BUILDING / VEHICLE YARD
- 10 GREEN SPACE - CAMPUS BEAUTIFICATION
- 11 MEMORIAL
- 12 SOUTH HARDIN
- 13 MOFFETT LIBRARY
- 14 BOLIN SCIENCE HALL
- 15 FAIN FINE ARTS
- 16 DANIEL BUILDING
- 17 CLARK STUDENT CENTER
- 18 BRIDWELL HALL
- 19 ADDITIONAL PARKING

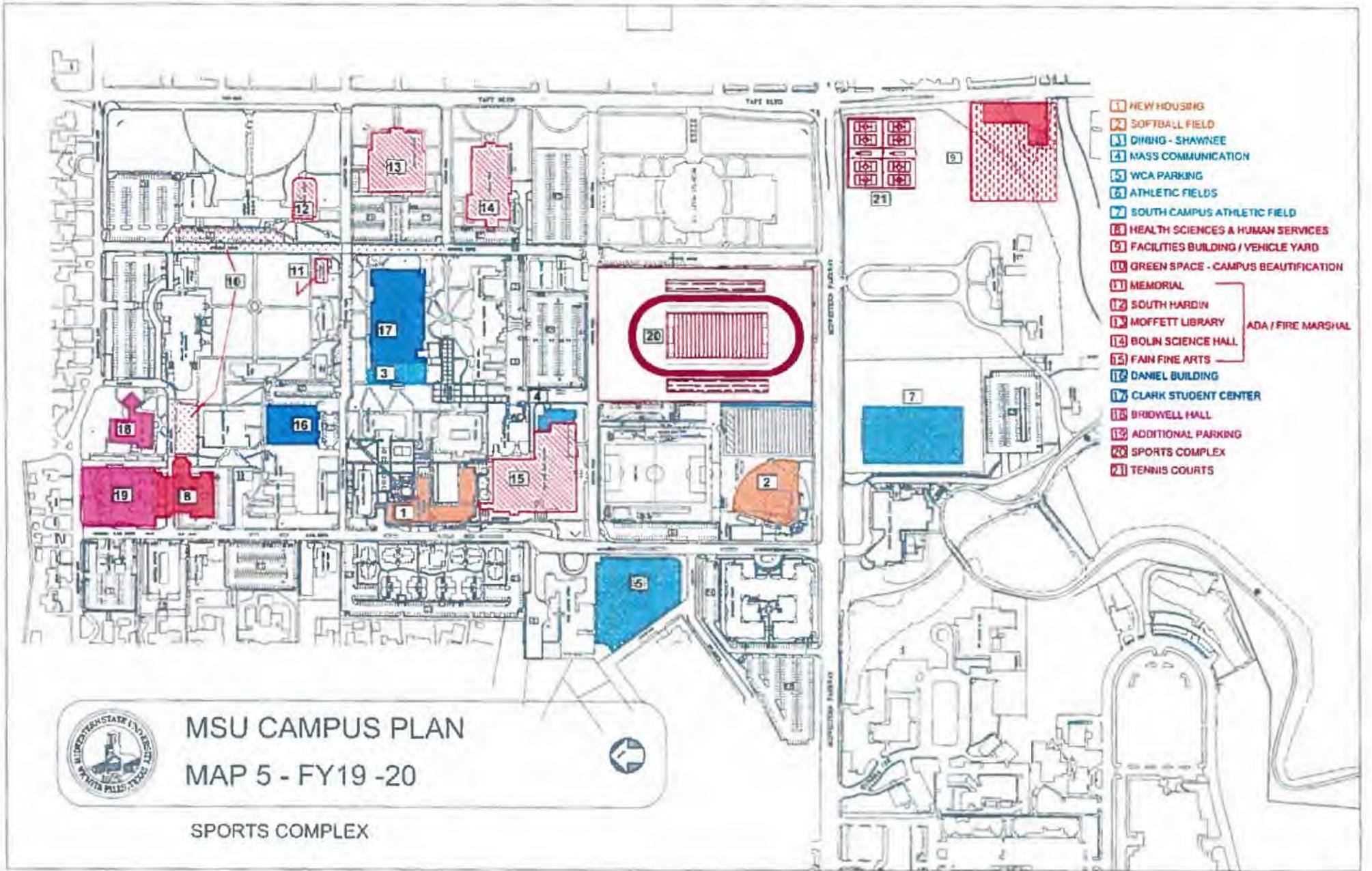
ADA / FIRE MARSHAL:



MSU CAMPUS PLAN
MAP 4 - FY18 -19



DANIEL, STUDENT CENTER,
 BRIDWELL, ADDITIONAL PARKING



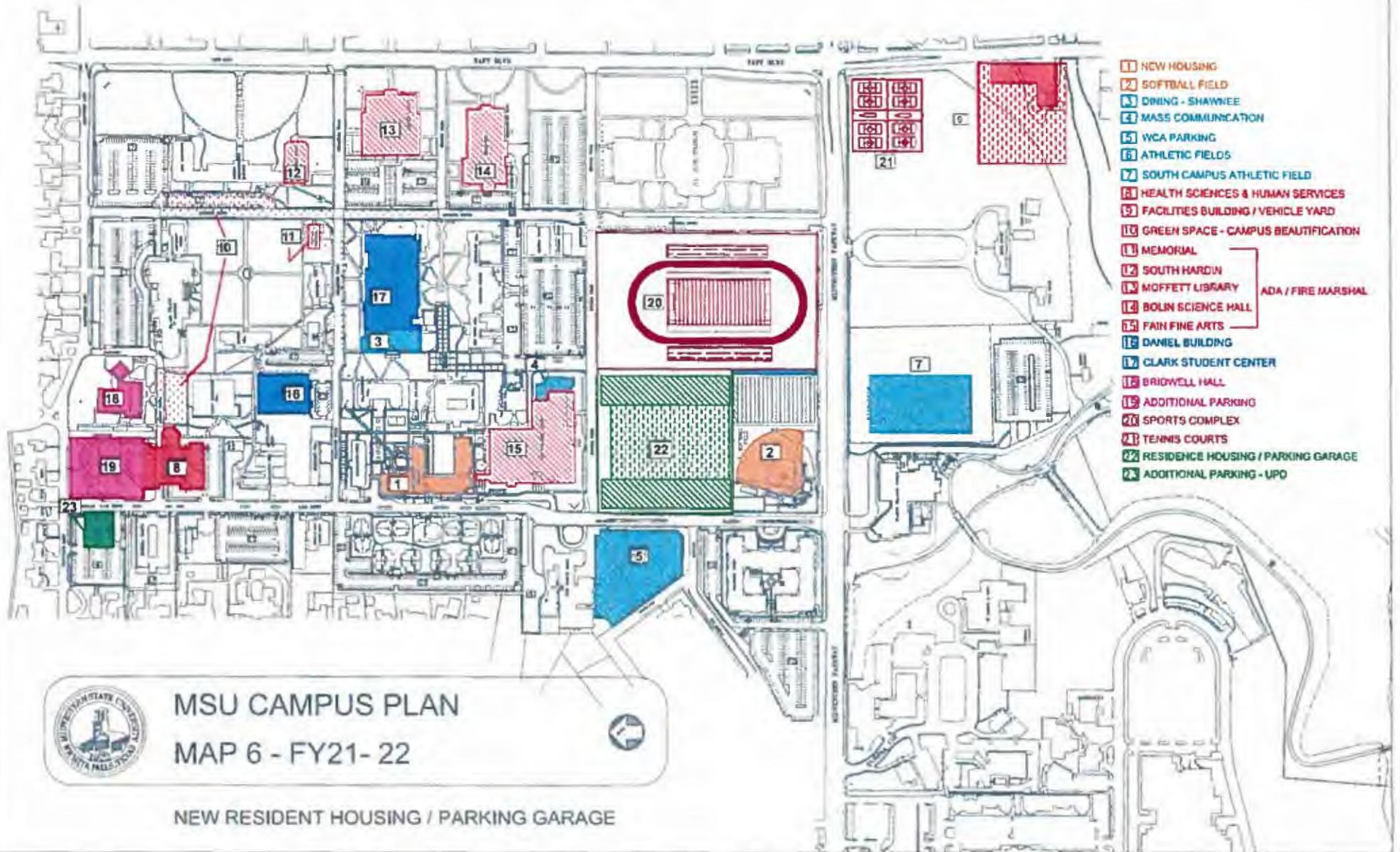
- 1 NEW HOUSING
 - 2 SOFTBALL FIELD
 - 3 DINING - SHAWNEE
 - 4 MASS COMMUNICATION
 - 5 WCA PARKING
 - 6 ATHLETIC FIELDS
 - 7 SOUTH CAMPUS ATHLETIC FIELD
 - 8 HEALTH SCIENCES & HUMAN SERVICES
 - 9 FACILITIES BUILDING / VEHICLE YARD
 - 10 GREEN SPACE - CAMPUS BEAUTIFICATION
 - 11 MEMORIAL
 - 12 SOUTH HARDIN
 - 13 MOFFETT LIBRARY
 - 14 BOLIN SCIENCE HALL
 - 15 FAIN FINE ARTS
 - 16 DANIEL BUILDING
 - 17 CLARK STUDENT CENTER
 - 18 BRIDWELL HALL
 - 19 ADDITIONAL PARKING
 - 20 SPORTS COMPLEX
 - 21 TENNIS COURTS
- ADA / FIRE MARSHAL



MSU CAMPUS PLAN
MAP 5 - FY19 -20



SPORTS COMPLEX



- 1 NEW HOUSING
- 2 SOFTBALL FIELD
- 3 DRING - SHAWWEE
- 4 MASS COMMUNICATION
- 5 WCA PARKING
- 6 ATHLETIC FIELDS
- 7 SOUTH CAMPUS ATHLETIC FIELD
- 8 HEALTH SCIENCES & HUMAN SERVICES
- 9 FACILITIES BUILDING / VEHICLE YARD
- 10 GREEN SPACE - CAMPUS BEAUTIFICATION
- 11 MEMORIAL
- 12 SOUTH HARDIN
- 13 MOFFETT LIBRARY
- 14 BOLIN SCIENCE HALL
- 15 FAIN FINE ARTS
- 16 DANIEL BUILDING
- 17 CLARK STUDENT CENTER
- 18 BRIDWELL HALL
- 19 ADDITIONAL PARKING
- 20 SPORTS COMPLEX
- 21 TENNIS COURTS
- 22 RESIDENCE HOUSING / PARKING GARAGE
- 23 ADDITIONAL PARKING - UPD

ADA / FIRE MARSHAL



MSU CAMPUS PLAN
MAP 6 - FY21- 22



NEW RESIDENT HOUSING / PARKING GARAGE

MINUTES

**MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS
Executive Committee
November 12, 2015**

The Executive Committee of the Board of Regents, Midwestern State University, met in the J. S. Bridwell Board Room, Hardin Administration Building, Wichita Falls, Texas, at 2:23 p.m., Thursday, November 12, 2015. Executive Committee members in attendance were Mr. Shawn Hessing, Chairman; Mr. Mike Bernhardt, Vice Chairman; and Ms. Tiffany Burks, Member-at-Large. Other regents attending the meeting were Mr. Caven Crosnoe, Dr. Lynwood Givens, Mr. Jeff Gregg, Ms. Nancy Marks, Mr. Sam Sanchez, and Student Regent Megan Piehler.

Administrative staff members present included Dr. Suzanne Shipley, President; Dr. Betty Stewart, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Business and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; Dr. Bob Clark, Vice President for Administration & Institutional Effectiveness; Dr. Howard Farrell, Vice President for University Advancement and Public Affairs; Mr. Kyle Owen, Associate Vice President for Facilities Services; and Mr. Matthew Park, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman of the Faculty Senate; Ms. Reagan Foster, Chair of the Staff Senate; Mr. Charlie Carr, Director of Athletics; Mr. Barry Macha, General Counsel; Mr. Chris Stovall, Controller; Mr. Mark McClendon, Director of Institutional Research and Assessment; Ms. Dawn Fisher, Director of Human Resources; Ms. Julie Gaynor, Director of Marketing and Public Information; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Representing the Student Government Association (SGA) were Mr. Jesse Brown, SGA President, and Ms. Andrea Mendoza, SGA Observer. Representing the news media was Ms. Lana Sweeten-Shults, reporter for the *Wichita Falls Times Record News*, and Ms. Jessica Bruno and Mr. Mark Campbell, KFDX-TV 3.

Chairman Hessing called the meeting to order at 2:23 p.m.

Reading and Approval of Minutes

16-05. The minutes of the Executive Committee meeting August 7, 2015 were approved by the committee as presented.

MSU Deferred Maintenance Reports – Campus Condition Index

16-06. Mr. Hessing noted that the reports included in the agenda were required by statute to show deferred maintenance projects completed in fiscal year 2015 as well as those planned for the next five years. He asked if there were questions or matters board members would like to discuss relative to these reports. He noted that this item was presented for information only and no action was necessary.

Campus Facilities Implementation Plan and Campus Construction Updates

16-07. Mr. Hessing reported that the agenda included project status reports and a report on smaller construction projects. Mr. Owen presented photographs of current projects as shown in Attachment 1. This information related to the progress of the student housing project, the Clark Student Center food court upgrades, Moffett Library and Dillard food

service upgrades, and the mass communication addition. The last slide showed the area where the mass communication addition will be located on the east side of the Fain Fine Arts Center. Ms. Piehler asked if the construction would affect the residential parking lot. Mr. Owen responded that during construction one-half of the road would likely be blocked.

Mr. Hessing commented that this item was presented for information only and no action was necessary.

Mass Communication Addition Construction Contract

16-08. Mr. Hessing noted that the administration was requesting authorization to enter into a contract with Buford Thompson Construction for the addition to the Fain Fine Arts Center for the mass communication program at a guaranteed maximum price (GMP) not to exceed \$4.6 million. Dr. Fowlé reported that this GMP of \$4.6 million was within the \$5 million budget previously approved. She added that this amount did not include equipment or furnishings.

Mrs. Burks moved approval of this item as presented. Mr. Bernhardt seconded the motion. There being no discussion, the motion was approved.

Athletics/Intramural Facilities Plan

16-09. Mr. Hessing stated that during the May 2015 board meeting the Board of Regents authorized a \$6 per semester credit hour (SCH) increase to the University Services Fee. The funds generated by this increase were designated specifically for the improvement of MSU athletics and intramural facilities. Specific action regarding the use of these funds was delayed to give President Shipley an opportunity to review options upon her arrival in August. The agenda presented a recommended financing plan and outlined the proposed plan for a new outdoor basketball court, artificial turf on the softball field, and a new soccer complex on the south campus. Mr. Hessing noted that Dr. Fowlé would provide an overview of the project financing and Dr. Shipley would discuss the soccer field placement.

Dr. Fowlé stated that the board agenda included the cost estimates and financing for the plan. The plan includes moving the soccer complex to the south campus at a cost of approximately \$4 million. The softball field would be artificially turfed at a cost of \$450,000 and an outdoor basketball court would be placed on the West Campus Annex green space area at a cost of \$75,000. The total cost of the project would be approximately \$5.4 million. Dr. Fowlé reported that a State Master Lease, with a variable interest rate that is currently .5%, would be used to finance the artificial turf, the bleachers, and the lights. The remainder of the project would be self-financed by the university, using cash on hand and paying the funds back over time. She reported that it would take six years to pay for this portion of the plan, assuming no enrollment growth.

Dr. Shipley reported that the administration spent a great deal of time considering the location of the fields. She stated that they began the review process by considering the ideas put forward in the long-term plan that was previously presented to the board. She noted that in the agenda the proposed soccer fields were shown with a north/south orientation, which is the optimal orientation for playing soccer. She stated that regardless of the field orientation, placing a soccer complex and a second turf field in the south

campus area would cause the fields to encroach on the current Sikes House front yard by about one-half the width of a football field. She stated that out of respect for the previous planning, she wanted the board to be aware of this encroachment and welcomed their comments. Mr. Hessing stated that he had become concerned about this and expressed his concerns to Dr. Shipley. He indicated that he did not know that the amount of encroachment had been made clear to the board in previous discussions. Mr. Sanchez stated that there are many presidential houses in the center of college campuses and asked why this was a concern. Mr. Hessing responded that while the Sikes House lawn will eventually become smaller as more activities or facilities are placed on the south campus, there were other options available at this time. He indicated his feeling that more discussion was needed regarding the matter.

Mr. Sanchez stated that he did not recall an outdoor basketball court being a part of the previous master plan. Mr. Hessing responded that when the additional parking was added in May, the outdoor court was taken out. The students expressed concern during the August board meeting and this action is recommended to address those concerns. Mr. Sanchez asked about the proposed location of the basketball court and noted that a location near the Wellness Center might be a better option. He added that the green space by the West Campus Annex could also be a possible location for a recreation field.

Dr. Shipley stated that at some point the area around Sikes House would likely be used more. She added that it was made clear to her when she interviewed for the presidency that this area would become more and more a part of the campus over time. She noted that she did not have a problem with that course of action but questioned whether this was the time to make the change. She stated that she had a second alternative for the board to review if members were concerned with the fields being adjacent to Sikes House.

Mr. Sanchez stated that he liked the idea of artificial turf fields because of the concern about water in the coming years. He added that there is a great deal of green space on campus, including the pecan orchard, and asked if water was available to properly irrigate the campus at this time. He noted that it was important to look at these areas and balance the expense associated with maintaining the areas. He stated that these needs must be a part of the university's planning as well. Mr. Hessing asked if the pecan orchard was watered at this time. Mr. Owen responded that it was not. Dr. Fowlé added that the football practice fields are watered from well water and noted that the water must be filtered through reverse osmosis owing to the salt and minerals in the water.

Dr. Givens asked if the artificial turf fields would have restricted use. Dr. Fowlé responded that when the Board of Regents approved the fee increase the condition was that the turf fields would be available for student free-play and intramural use, as well as athletic use. Dr. Givens asked about the life of artificial turf fields. Mr. Owen responded that the fields should last between ten and twelve years. Mr. Carr commented that from the first discussion it was made clear that fields would be available for athletics and student use.

Dr. Shipley distributed information regarding a second option for the placement of the fields (see Attachment 2). This recommendation showed the new soccer stadium in the same location shown in Option One and the second artificial turf field placed on top of

one of the existing football practice fields on the north campus. The turf field would be near the residence halls, would be available for the football team to use during their practice times, and would be available for intramural and free-play all other times. She noted that the downside to the plan was that there would not be two turf fields side by side. She added that given the soccer coaches prefer grass, the teams would have a grass zone next to the turf stadium where they could practice shots and run drill. Football would benefit from the intramural turf field being next to the grass football field. Dr. Shipley apologized for the delay in getting this second option to the board. She stated that it took her until late the night before the meeting to realize there might be a better option. Mr. Gregg asked to be reminded why the current soccer stadium must be moved. Dr. Shipley responded that the soccer stadium must be moved because it is located on the optimal place for campus expansion and likely a parking garage. Mr. Sanchez stated that if a football stadium is built the parking garage could possibly be attached to the stadium. Dr. Shipley responded that based on the information she had been given the need for a parking garage would likely predate a football stadium. Ms. Piehler stated that she thought the second option favored students more because it is more centrally located on the main campus.

Dr. Givens indicated that while he was not arguing for either option, he did not think the encroachment on Sikes House would be noticeable. He added that vegetation could be placed on the west side of the driveway to mirror the vegetation on the east side and provide more symmetry.

Mr. Hessing asked if there was a cost difference between the two options. Dr. Fowlé responded that the only potential for an increase in funding would be if Option Two was selected and the grass field next to the soccer stadium needed to be irrigated. If grass sod was placed in the area and was irrigated with well water through reverse osmosis, there would be an additional cost of approximately \$100,000. Mr. Hessing noted that with Option One the soccer teams would not have grass to practice on and asked if that would be a problem. Mr. Carr responded that while the soccer teams prefer grass and would prefer continuing to play in the existing stadium, the administration is recommending what is best for the university.

Mr. Hessing noted that the board had two options to consider and cost did not appear to be an issue. Mrs. Marks asked if any saved monies could be used to brick the front of the residence hall. Dr. Lamb responded that these funds could not be used for the residence hall and added that plans now call for brick rather than stucco on the front of the new residence hall. Mr. Bernhardt noted that he preferred Option Two. Mr. Hessing added his support for Option Two, particularly with Ms. Piehler's comment that it would benefit the students to have a field on the main campus. Dr. Shipley noted that students would have a turf field in the soccer stadium for free play when the soccer team is not using it and another turf field on the north campus that would be lined for football and soccer that could be used for intramurals and free play.

Mr. Sanchez stated that when the board originally discussed the master plan common functions were groups together on campus. He added that he liked the idea of using the south campus area for a sports complex and expressed concern that the new proposal relocated some of these activities to the main campus. He asked if the overall master

plan was going to be reworked. Mr. Hessing indicated that in a meeting earlier in the year it was mentioned that Dr. Shipley would bring new ideas for the board to consider.

Mrs. Burks asked if the board could look at the master plan that was previously presented. She stated that she wanted the administration and board to be forward thinking and make the best decision in the long-term. Mr. Hessing suggested that the board consider tabling this item until Friday's meeting to provide them an opportunity to review the original master plan.

Dr. Givens stated that he was in agreement with Mr. Sanchez. He noted that the original master plan was discussed and worked on for a number of months. He indicated that he did not have confidence that the appropriate decision would be made if the board rushed the decision. Mr. Hessing stated that while the board had seen the original master plan he did not know that the board discussed how the plan would affect Sikes House in the long run. Mr. Sanchez added his recollection that parking spaces would have been lost with the original plan rather than encroaching into the Sikes House lawn. Dr. Shipley noted that while she was not present for the original discussion or presentation, the orientation of the soccer fields was originally east-west and was changed to north-south at the request of athletics.

Dr. Givens asked if this matter could possibly be tabled until the next board meeting. Dr. Shipley asked Dr. Fowlé if the board could approve the selection of the architect at this meeting and wait to determine the location of the field and soccer stadium at the next meeting of the board. Dr. Fowlé responded that the architect would likely need to know the location of the soccer stadium because of the utilities that would be involved. She added that the architects could possibly design the fields with two location options.

Dr. Fowlé displayed a copy of the original master plan for the board's review (see Attachment 3). Mr. Hessing asked if the board wanted to consider Dr. Givens' suggestion that the matter be tabled until February. Ms. Piehler commented that in the presentations made to students she did not recall a plan that identified specific field locations. She indicated that the students understood that they would have turf fields that would be available for free play and intramural use. Mr. Hessing asked Mr. Owen how delaying approval of this item would affect construction timing. Mr. Owen responded that it would be important to get the new stadium designed so that it could be built in time for the fall 2016 season. He indicated that he did not know if all of the structures could be completed in time if the decision were delayed until February.

Mr. Hessing asked if the board could consider approving the stadium and tabling the decision regarding the placement of the recreational field until February. Dr. Fowlé noted that if the stadium was approved the planning would include infrastructure and lighting, making the determination of the location critical to the design. Mr. Sanchez commented that the planners looked at utility lines and infrastructure during their development of the original master plan. He noted that the planners discussed having utility corridors throughout the campus. Mr. Hessing stated that nothing in the proposed options changed anything related to that portion of the original plan. Mr. Gregg asked if a special board meeting could be held in December rather than waiting until February.

Dr. Shipley commented that the consideration of this matter was held for her arrival and she was asked to reimagine the plan. She noted that if the board did not want any changes made to the master plan that was originally presented, this was something that needed to be discussed and determined during the retreat in February.

Mr. Hessing stated that Option Two would not change the viability of the original plan. He noted that it would change the location of a recreational field to be more accommodating as the plan moves forward in the future. He stated that the board should possibly consider approving the plan as presented, table the location of the recreation field, and schedule a special meeting of the board in 30 days. Mrs. Burks asked if the building of the soccer stadium would begin in the next 30 days. Dr. Shipley responded that it would not. Dr. Fowlé added that approval at this time would allow the architect to begin designing the buildings and bleachers and do other preliminary planning.

Dr. Givens stated that he viewed a football stadium on the main campus as an end goal. He indicated that he would not want to approve anything that would prevent placing a football stadium on campus. Mr. Hessing noted that he had been assured that an artificial turf field can be moved from one place to another.

Mr. Hessing moved approval of the following motion:

- A. Construct a new outdoor free-play basketball court on the West Campus Annex property.
- B. Place artificial turf on the current softball field.
- C. Build a new soccer complex on the south campus with an artificial turf field, with the location of a second artificial turf field to be determined at a special board meeting called within the next 30 days.
- D. Approve a state contract with AstroTurf LLC in the amount of \$450,000 for the artificial turf for the softball field.
- E. Approve a contract with SLA Architects of Wichita Falls in an amount not to exceed \$120,000 for the design of a new soccer complex on the south campus.
- F. Approve financing the plan through the use of the state's master lease program in the amount of \$3.6 million over 12 years and self-funding the balance of the projects (\$1.9 million) over six years.

Mr. Bernhardt seconded the motion as presented. The motion carried.

Tuition Revenue Bond Projects

16-10. Mr. Hessing reported that the board approved MSU's request to the legislature for capital construction funding in the amount of \$73 million in 2014 and the project was authorized during the legislative process in the amount of \$58.4 million. He noted that since Dr. Shipley arrived on campus she had worked with the administration and campus representatives to develop a plan that would best address campus needs outlined in the funding request. A copy of the administration's recommendation was sent to the board and was presented in each regent's folder. This recommendation was as follows:

The administration requests authorization to proceed with planning, to include the issuing of Requests for Proposals (RFP) to begin the selection of architects for the construction of a new health science and human services building; relocation of

information technology and various offices into vacated space; a major renovation of Moffett Library; and, at a minimum, code updates in the Fain Fine Arts Center, Bolin Hall, and the Hardin Administration Building. The specific location of the new building and the offices that would be relocated into Bridwell Hall and other vacated space on campus, as well as a more precise budget, would be recommended to the board in February.

Dr. Shipley stated that there are very few states that are investing in higher education to the extent that Texas is at this time. She reported that Mr. Doug Moss, an architect she had worked with in the past, came to MSU to review campus needs in relation to the funding received from the state. Mr. Moss had several days of discussions with faculty, staff, deans, and vice presidents. From these sessions he developed three options. The administration presented Option One in the agenda for the board's consideration. She noted that this option would include construction of a new building for the Gunn College of Health Sciences and Human Services and would leave the vacated Bridwell Hall to be used for other campus operations. She added that the plan would also include an update to Moffett Library and address fire-safety issues in the Hardin Administration Building, Bolin Science Hall, and the Fain Fine Arts Center. Dr. Shipley stated that Mr. Moss reported that the moving of Information Technology out of Memorial Hall was critical from a safety and security perspective. He indicated that this move should be the university's top facility priority.

Dr. Shipley noted that the drawing presented in the agenda showed the placement of the new Gunn College building in an area south of Prothro-Yeager. She stated that locations next to Bridwell Hall or behind McCoy Engineering Hall were also being considered by the administration. She indicated that the administration was requesting approval of the plan to construct the new building, with the location to be determined at a later time. She noted that Mr. Moss would return to campus to help with the planning for Bridwell Hall.

Mr. Bernhardt moved approval of the recommendation as presented. Mrs. Burks seconded the motion.

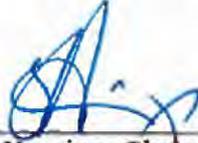
Mr. Hessing stated that when the board discussed the building previously, many locations were discussed and no decision was made. Ms. Piehler indicated that she appreciated seeing the renovation of the library as part of the plan. She asked if delaying the decision regarding the future use of Bridwell Hall would postpone the addition of a Tutoring Center, which is a high priority of the Student Government Association. Dr. Shipley stated that the administration is looking at the possibility of Bridwell Hall becoming a one-stop shop for student services, to include tutoring. She noted that it is important to make the correct decision and Mr. Moss would help with the decision-making process. Ms. Piehler indicated that she wanted to be certain the Tutoring Center was a high priority.

There being no further discussion the motion was approved.

Adjournment

The Executive Committee discussion concluded at 3:40 p.m.

Reviewed for submission:



Shawn Hessing, Chairman
Midwestern State University
Board of Regents Executive Committee

ATTACHMENTS:

1. Construction Update - Project Photographs
2. Athletics Fields Placement – Option 2
3. Campus Vision Plan 2014

STUDENT HOUSING PROJECT



May 4, 2015



July 28, 2015



November 3, 2015



November 3, 2015



CSC FOOD COURT UPGRADES



MOFFETT/DILLARD UPGRADES



MASS COMM BUILDING

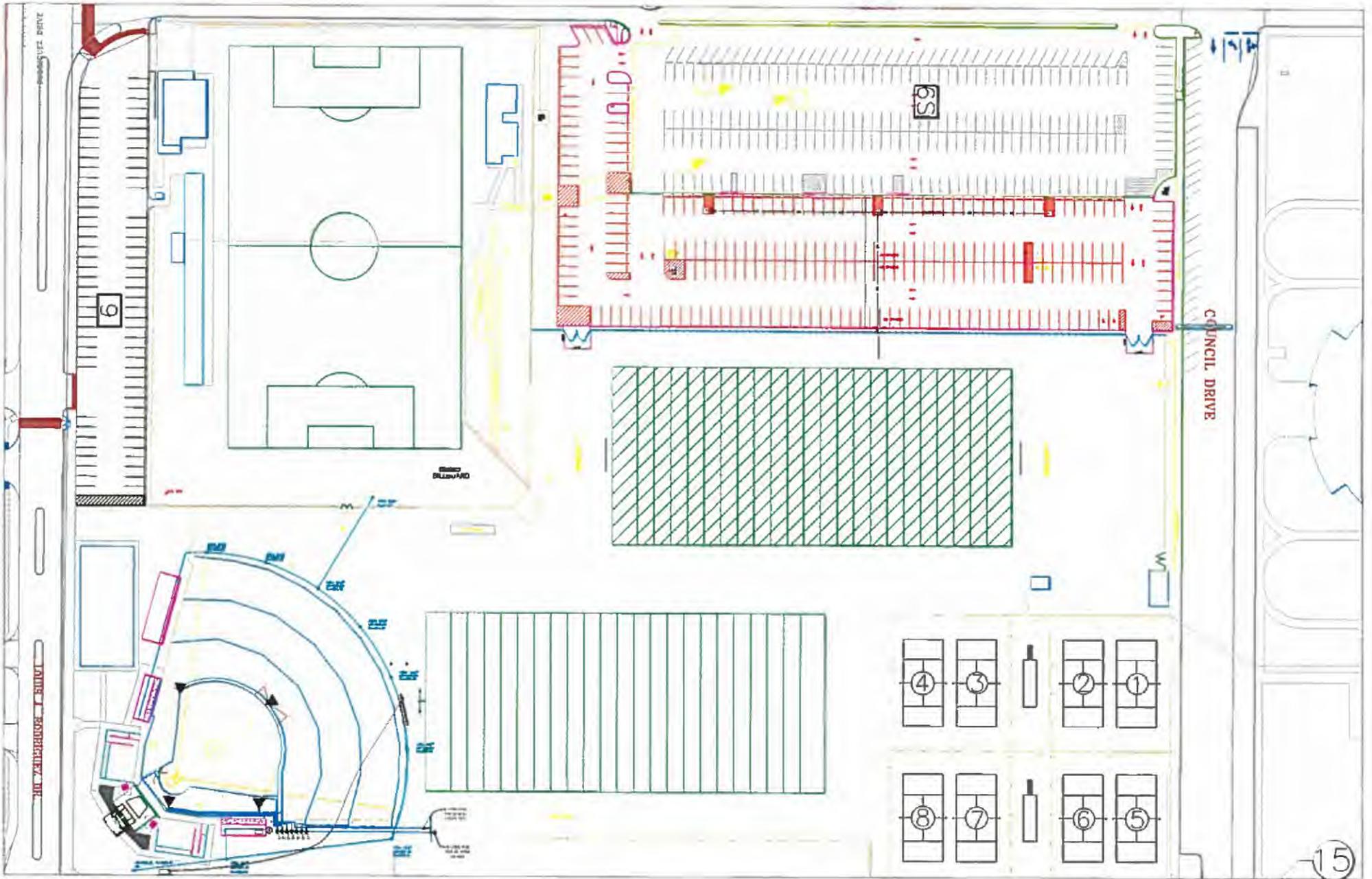


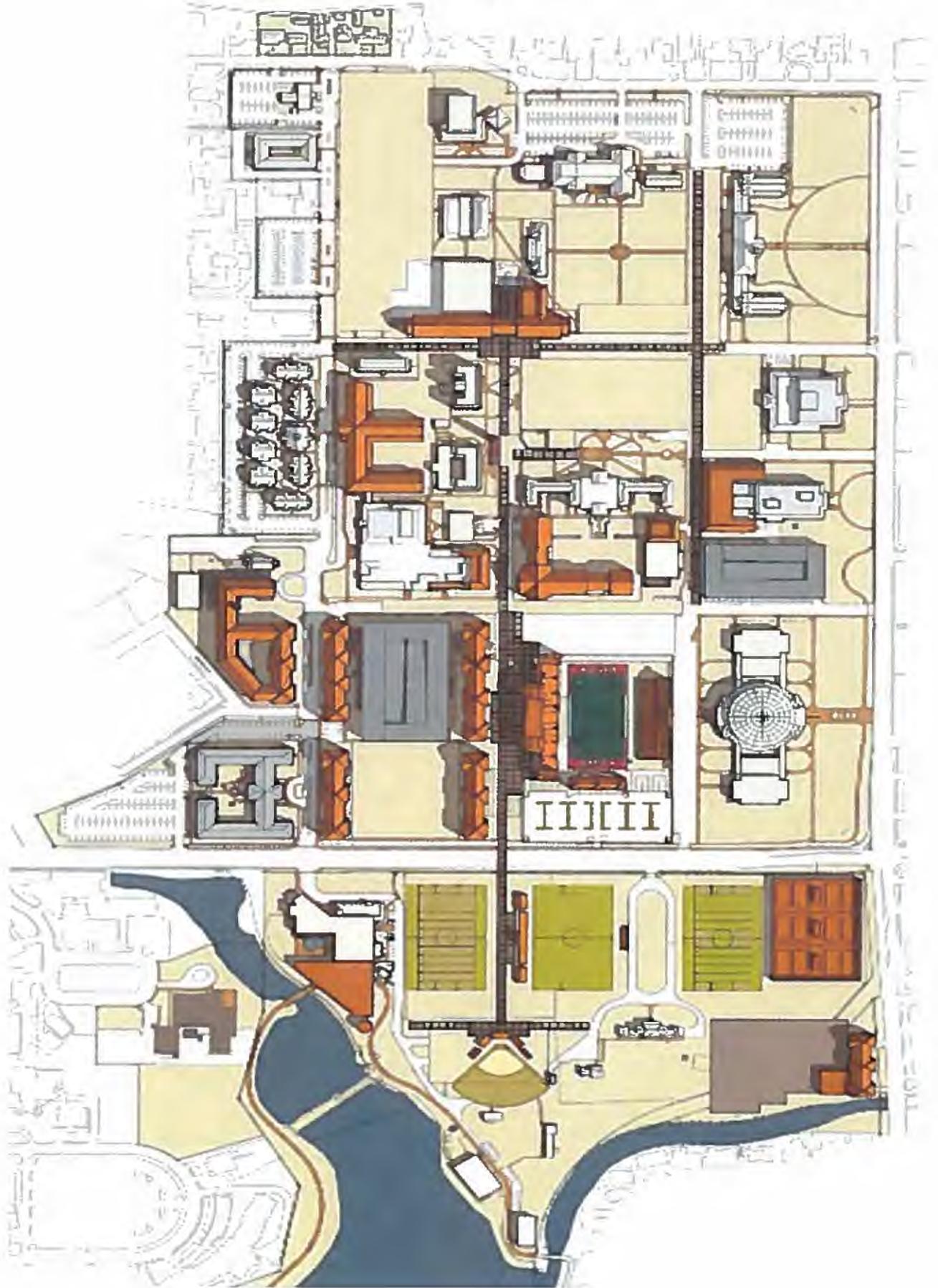
October 29, 2015





Alumni Center





MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS
Academic and Student Affairs Committee
November 12, 2015

The Academic and Student Affairs Committee of the Board of Regents, Midwestern State University, met in regular session in the J. S. Bridwell Board Room, Hardin Administration Building, Wichita Falls, Texas, at 3:52 p.m., Thursday, November 12, 2015. Academic and Student Affairs Committee members in attendance were Dr. Lynwood Givens, Chairman; Ms. Tiffany Burks; and Mr. Sam Sanchez. Other regents attending the meeting were Mr. Mike Bernhardt, Mr. R. Caven Crosnoe, Mr. Jeff Gregg, Mr. Shawn Hessing, and Ms. Nancy Marks.

Administrative staff members present included Dr. Suzanne Shipley, President; Dr. Betty Stewart, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Business and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; Dr. Bob Clark, Vice President for Administration & Institutional Effectiveness; Dr. Howard Farrell, Vice President for University Advancement and Public Affairs; Mr. Kyle Owen, Associate Vice President for Facilities Services; and Mr. Matthew Park, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman of the Faculty Senate; Ms. Reagan Foster, Chair of the Staff Senate; Mr. Charlie Carr, Director of Athletics; Mr. Barry Macha, General Counsel; Mr. Chris Stovall, Controller; Mr. Mark McClendon, Director of Institutional Research; Ms. Dawn Fisher, Director of Human Resources; Ms. Julie Gaynor, Director of Marketing and Public Information; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Representing the news media was Ms. Lana Sweeten-Shults, report for the Wichita Falls *Times Record News*.

Dr. Givens called the meeting to order at 3:52 p.m. noted that some of the reports that were previously given during this committee's meetings would be presented during Friday's meeting.

Reading and Approval of Minutes

16-11. The minutes of the Academic and Student Affairs Committee meeting August 6, 2015, were approved by the committee as presented.

University Dashboard

16-12. Dr. Givens reported that beginning in 2012 the administration developed a dashboard which contained measures that are important to the university. Since that time the dashboard has been updated and presented to the board each November. The information included in the dashboard is compiled by the Office of Institutional Research and Assessment and is then reviewed by the President's Cabinet. He noted that this year a column showing comparisons to Council of Public Liberal Arts Colleges (COPLAC) institutions was added. Mr. Mark McClendon, Director of Institutional Research and Assessment, was present to discuss the process and answer any questions. A copy of the updated dashboard was presented in the agenda.

Mr. McClendon noted that headcount and full-time equivalent enrollment numbers were up and that most of the student access numbers were stable. He pointed out first and

second-year retention rates and noted that students included in these measures are first-time, full-time students when they begin at MSU. He commented on the degree efficiency attainment rate and indicated that a score of 100% would indicate that one quarter of the institution's undergraduate population graduated each year.

Mrs. Marks asked for the definition of an at-risk student. Mr. McClendon responded that the definition is determined by the Texas Higher Education Coordinating Board (THECB) and is quite robust. Students who are Pell grant eligible, enter college after the age of 20, are first generation college attendees, have test scores below a certain level, and meet other factors are considered at risk.

Mr. McClendon noted that he used the median rather than the mean in reporting the COPLAC comparison data owing to the broad variation in the numbers. Mr. Hessing suggested that when the dashboard information is reviewed in the future that the information include specific data from the Texas and COPLAC institutions that are used in the comparison.

Dr. Givens expressed concern with MSU's four-year graduation rate of 19.5% and noted that COPLAC institution figures are double that number. He indicated that the administration should develop an action plan to increase this number.

Dr. Givens noted that this item was presented as a point of information only and no action was necessary.

Enrollment Report – Fall 2015

16-13. Dr. Givens stated that the enrollment report was presented in the agenda. He noted that the fall enrollment reached 6,043, the first time enrollment had surpassed 6,000 since the fall of 2011. Dr. Lamb reported that headcount enrollment increased by 169 students and semester credit hours increased as well. He noted that the number of first-time full-time students was 820, compared to 794 in the fall of 2014. He added that the 169 headcount growth included 113 distance education only students and 56 campus based students.

Mr. Sanchez asked about housing for the fall. Dr. Lamb responded that as of census day housing was oversubscribed at 113%. He reminded the board that the university sub-leased 249 beds off campus to accommodate the students requesting housing. He stated that the administration was confident that the new facility would be full or very near full in the fall 2016. Mr. Sanchez asked if incoming freshmen students would be given priority with on-campus housing. Dr. Lamb responded that with the new facility there would not be a problem housing incoming freshmen next year.

Dr. Givens complimented Dr. Lamb and the team who worked to increase enrollment at MSU. Dr. Givens noted that this item was presented as a point of information only and no action was necessary.

December 2015 Graduating Class

16-14. Dr. Givens reported that the administration recommended approval of the candidates for December 2015 graduation as presented in the agenda. He noted that 437 students were on the list compared to 465 in 2014.

Mr. Sanchez moved approval of these candidates as presented. Mrs. Burks seconded the motion and it was approved.

Approval of 2016-2017 Academic Calendar

16-15. Dr. Givens noted that the proposed academic calendar for the 2016-2017 academic year was presented in the agenda and asked Dr. Stewart to comment on the recommendation. Dr. Stewart reported that the administration had traditionally recommended a two-year academic calendar but that this year a one-year calendar was presented for approval. She noted that the proposed 2017 spring break coincides with the dates being projected by the Wichita Falls Independent School District (WFISD). She indicated that the 2016 fall calendar is later than normal with classes beginning August 27 and commencement being held December 17. She noted that the same number of classroom hours was included, but that the calendar happened to fall late in 2017.

Mr. Sanchez moved approval of the calendar as presented. Mrs. Burks seconded the motion.

Mrs. Burks asked if classes started on Saturday. Dr. Stewart responded that some of the on-line programs begin on Saturday but that the on-campus courses begin the following Monday.

Dr. Givens asked Dr. Stewart to comment on the effect starting later in the fall might have on students. Dr. Stewart responded that the MSU second summer term ends August 11 and there are only five working days from the time the summer term ends and meetings for the fall semester begin. She added that students are used to having a longer break at the winter holiday but this is the result of how the calendar falls.

There being no further discussion the motion was approved.

Change Title of International Studies Major and Minor

16-16. Dr. Givens reported that the administration recommended changing the title of the major and minor in International Studies to a major and minor in Global Studies. He asked Dr. Stewart to comment on the recommended changes. She noted that the university was following best practices and this change would allow students looking at MSU from other institutions to identify the major.

Mrs. Burks moved approval of this item and Mr. Sanchez seconded the motion.

Dr. Givens asked if there was a cost implication with this change for reprinting. Dr. Stewart responded that everything is electronic and there would not be a cost associated with the change.

There being no further discussion the motion was approved.

Admissions Policy Changes

16-17. Dr. Givens noted that changes to the university's admissions policies were recommended for approval as shown in the agenda. He asked Dr. Lamb to review these recommended changes. Dr. Lamb stated that the Admissions Office had seen an increase in the volume of applications and the office was currently two weeks behind in processing. In reviewing admissions decisions made during the last four years, the office determined that 95% of the students who ranked in the top 25% of their high school graduating class were admitted to MSU. Of that 95%, 80% met MSU's ACT or SAT requirements and were admitted unconditionally. The remaining 20% were admitted conditionally based on their portfolio and, in particular, their class rank. In looking at the admissions decisions during the last four years it was apparent that if the top 25% had been automatically admitted it would have resulted in an additional 14 students being admitted. He noted that this recommendation was not being presented as a way to gain enrollment, but rather a way to alleviate some of the pressure on the admissions processing staff. The administration also looked at the academic performance of the top 25% students who were admitted conditionally. The grade point average (GPA) of these students after one year was higher than the GPA of all unconditionally admitted students during the same time period. Dr. Lamb added that there is empirical evidence that shows that class rank is a better predictor of college success than are standardized tests. He added that much of the literature reports that standardized tests affect negatively those students from lower socio-economic classes. The administration reviewed admissions standards at Texas public institutions as well as COPLAC institutions. Many Texas institutions admit the top 25% while others admit the top 50%. Twenty of the 29 COPLAC institutions have holistic admissions policies without stated minimum ACT or SAT scores required. Each application is reviewed holistically. He noted that all Texas institutions are required to automatically admit students in the top 10% of their graduating class. The administration determined that the recommendation to automatically admit the top 25% was the best recommendation for MSU.

Mr. Sanchez moved approval of this item and Mrs. Burks seconded the motion.

Mrs. Marks asked about the perception of MSU accepting the top 25% rather than the top 10%. Dr. Lamb responded that some individuals may look at this action as reducing academic standards. He noted that the administration was looking at this action as an opportunity to assist with processing. Mrs. Marks asked if with this recommendation there would be no SAT or ACT minimum for the top 25% students. Dr. Lamb responded in the affirmative. Mrs. Marks asked about policies at other Texas universities. Dr. Lamb responded that Tarleton State University accepts the top 50%; Texas A&M Commerce University accepts the top 30%; and Texas Woman's University, Sam Houston State University, West Texas A&M University, the University of Texas San Antonio, and the University of Texas at Arlington accept the top 25%.

Mr. Sanchez asked how much more work would be involved for MSU to move to a holistic approach. Dr. Lamb responded that it would require a lot more work to review each application holistically. The chief concern with looking at this recommendation was the backlog in applications. Changing to a totally holistic approach to admissions

decisions would require additional staff. Additionally, MSU is required by Texas law to admit the top 10% and this would require two admissions policies.

Mr. Gregg asked how the SAT and ACT are biased against lower socio-economic groups. Dr. Lamb responded that students from low socio-economic backgrounds do not generally have the resources to take the preparatory classes that many of their more affluent peers have resources to take. Additionally, the resources at some high schools are not as great in preparing the students for those tests as well.

Dr. Givens stated that the administration and board worked to raise admissions standards during the last few years and expressed his fear that this recommendation would lower those standards. He added that while the administration is trying to prevent bias in one area this action would bias another area. He noted that with the proposed policy a student in the top 25% of a class of 10 students could be admitted with a very low test score but another student who had a higher score might not be admitted if he went to a very large high school. Dr. Lamb noted that this type of bias already exists with the state's 10% rule. He stated that he was more concerned that the current policy is biased against lower socio-economic students. Dr. Givens indicated that while he understood this bias he was uncomfortable with the recommendation and the lowering of academic standards. Dr. Lamb indicated that he felt the evidence was clear that class ranking was a better predictor of college success than is standardized test scores.

There being no further discussion, the motion was approved with Dr. Givens voting no. It was noted that since the vote was not unanimous the item would not be placed on Friday's consent agenda and would instead be considered by the full board.

MSU Policies and Procedures Manual Changes

16-18. Dr. Givens noted that a new policy regarding consensual relationships was presented for approval as shown in the agenda. He asked Mr. Macha to comment on the proposed new policy. Mr. Macha reported that this policy was patterned after the University of Texas at Austin policy and constitutes best practices. The policy was vetted through the MSU Faculty Senate, Staff Senate, and the Administrative Council. He stated that this policy would require an employee to report to his supervisor if he enters into a consensual relationship with a subordinate, whether it is another university employee or student. The supervisor of the reporting employee must make appropriate accommodations to remove that employee from supervising the subordinate. He noted that if an employee does not self-report the relationship, the individual is subject to disciplinary action.

Mr. Crosnoe asked what the administration would do in such a situation if there was no policy. Mr. Macha responded that the administration would address the matter the best way possible, but that it is important to have a policy. Mr. Crosnoe asked why the proposed policy was better than a policy prohibiting consensual relationships between supervisors and subordinates. Mr. Macha indicated that this policy was considered the best option based on best practices.

Dr. Givens asked for a motion before the matter was discussed further. Mrs. Burks moved approval of the policy as presented and Mr. Sanchez seconded the motion.

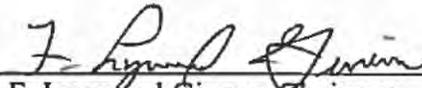
Mrs. Burks asked how the policy would apply if the relationship existed prior to the supervisor/subordinate relationship developed. Mr. Macha responded that the individual in the supervisory position would still be responsible for reporting the relationship. Mr. Crosnoe asked if a professor or supervisor who reported a relationship with a student or subordinate would suffer any consequences from the reporting. Mr. Macha responded that it would depend on the modification made. Mr. Sanchez indicated his understanding that it would be at the university's discretion as to disciplinary action, continuing employment, or other modifications. Mr. Macha noted that it would be up to the supervisor to determine a course of action that would be appropriate. Mr. Crosnoe indicated his concern that the policy needed to be clearer that individuals in these relationships could suffer other consequences. Mr. Macha noted that the policy included a statement that the university strongly discourages consensual relationships. He added that the ultimate action that is taken would depend on the conduct and whatever modifications the supervisor determines are appropriate. Dr. Givens indicated his assumption that this policy would cover same-sex relationships. Mr. Macha responded that it would cover any employee having a consensual relationship with a subordinate. Dr. Givens asked if the policy was enforceable. Mr. Macha responded that if an employee does not report a consensual relationship and the administration becomes aware of the relationship the employee could face disciplinary action.

There being no further discussion the motion was approved.

Adjournment

There being no further business, the meeting of the Academic and Student Affairs Committee adjourned at 4:38 p.m.

Reviewed for submission:



F. Lynwood Givens, Chairman

Midwestern State University

Board of Regents Academic & Student Affairs Committee

**MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS
Finance Committee
November 12, 2015**

The Finance Committee of the Board of Regents, Midwestern State University, met in regular session in the J. S. Bridwell Board Room, Hardin Administration Building, Wichita Falls, Texas, at 4:38 p.m., Thursday, November 12, 2015. Committee members in attendance were Mr. Mike Bernhardt, Chairman; Mr. R. Caven Crosnoe; Dr. Lynwood Givens; and Mr. Jeff Gregg. Other regents attending the meeting were Ms. Tiffany Burks, Mr. Shawn Hensing, Ms. Nancy Marks, Mr. Sam Sanchez, and Student Regent Megan Piehler.

Administrative staff members present included Dr. Suzanne Shipley, President; Dr. Betty Stewart, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Business and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; Dr. Bob Clark, Vice President for Administration & Institutional Effectiveness; Dr. Howard Farrell, Vice President for University Advancement and Public Affairs; Mr. Kyle Owen, Associate Vice President for Facilities Services; and Mr. Matthew Park, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman of the Faculty Senate; Ms. Reagan Foster, Chair of the Staff Senate; Mr. Charlie Carr, Director of Athletics; Mr. Barry Macha, General Counsel; Mr. Chris Stovall, Controller; Ms. Dawn Fisher, Director of Human Resources; Ms. Julie Gaynor, Director of Marketing and Public Information; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Representing the news media was Ms. Lana Sweeten-Shults, reporter for the Wichita Falls *Times Record News*.

Chairman Bernhardt called the meeting to order at 4:38 p.m.

Reading and Approval of Minutes

16-19. The minutes of the Finance Committee meeting August 6, 2015, were approved by the committee as presented.

Summary of Financial Support 9/1/14-8/31/15 and 9/1/15-10/14-15

16-20. Mr. Bernhardt noted that this item included the Fiscal Year (FY) 2015 year-end summary of financial support, as well as a report of gifts received since September 1. He noted that these reports were presented in the agenda and mentioned some of the major gifts received since the last meeting of the board.

- A. The Lamar D. Fain College of Fine Arts received \$50,000 from Mr. Christopher Hunnewell for the Mass Communication Department and fine arts scholarships.
- B. Ms. Martha Fain contributed \$48,000 to the Wichita Falls Museum of Art at MSU and \$10,000 to the Martha Fain Women's Athletics Fund.
- C. Mr. and Mrs. Joe Prothro donated \$30,000 for the Akin Music Series.

- D. Mr. Al Guinn contributed \$20,000 to the 2015-2016 Laing/Guinn Challenge to match new and lapsed donors to the Annual Fund.
- E. Mr. and Mrs. Lee Murchison contributed \$10,000 to the MSU Cross Country program.
- F. Mr. Frank Jarratt with the Shanor Foundation contributed \$10,000 to the MSU Student Ambassadors Program.
- G. An apartment for a graduate student for one year valued at \$7,500 was donated by Ms. Kathleen Tant with Arbor Creek Apartments.

Mr. Bernhardt reported that the total of gifts, grants, and pledges received in FY 15 was \$5,514,465. He stated that the support from the local community, alumni, and friends continues to be outstanding. He reminded regents that a list of donors was in each regents' folder and he encouraged board members to write thank you notes to the individuals they were assigned.

FY 15 Quasi-Endowment Fund Reports

- 16-21. Mr. Bernhardt stated that the FY 15 reports on the Redwine Fund and the Frank and Nancy Harvey Student Development Fund were presented in the agenda. He noted that the Redwine Quasi-Endowment Fund earnings were used to support the Honor's Program, primarily through \$244,200 allocated for honor's scholarships. The Harvey Fund earnings were again allocated for university scholarships totaling \$49,000. Dr. Fowlé added that Redwine Report included the allocation of funds for the communication campaign and graduate school operations. She noted that these transfers were from the residual funds received from the Redwine Estate and were not made from the Quasi-Endowment Fund.

Mr. Bernhardt reported that this item was presented as a point of information only and no action was necessary.

Financial Report

- 16-22. Mr. Hessing reported that the administration recommended acceptance of the July 15 financial report as previously distributed. He noted that Dr. Fowlé's summary of the report was included in the agenda. He asked her to provide preliminary information regarding the FY 15 end-of-year report and answer questions the board might have regarding budget comparisons that were previously sent to the board (see Attachment 1). Dr. Fowlé complimented Mr. Chris Stovall, Controller, for his work compiling the Annual Financial Report. She noted that this document must be completed by November 20 and indicated that the final report would be sent to the board within the next month.

Dr. Fowlé presented a PowerPoint presentation on FY 15 Financial Results (see Attachment 2). She noted that the two essential statements in financial reports are the Income Statement and the Balance Sheet. She explained that in governmental accounting the Income Statement is called the Comparative Statement of Changes in Net Position

and it measures the revenues and expenditures of an entity during a fiscal year. The Balance Sheet is the Comparative Statement of Net Position and it measures assets, liabilities, and the net position as of entity the last day of the fiscal year.

Slide 2 showed MSU's net income declined in FY 15. Dr. Fowlé noted that the net income in FY 14 was inflated owing to the large gift-in-kind of software. She added that expenses had gradually increased with depreciation, salary increases, and other factors. Slide 3 presented income sources. Dr. Fowlé noted that during the last seven years state appropriations declined while net tuition and fees grew in an off-setting amount. The slide also showed that gifts were quite volatile. She reported that grants declined due to the drop in federal financial aid for students, and sales and services increased with more students living on campus and requiring housing. She stated that this slide also showed the increase in gains and losses. She noted that while MSU's investments have done very well, investments went down considerably at the end of the fiscal year.

Dr. Fowlé reported that salaries and wages and related benefits are two of the largest expenditure categories and were presented separately in Slide 4 because of the scale. She stated that salaries and wages were relatively flat before FY 15 when the institution provided pay raises and hired additional faculty from gift funds. Payroll-related expenses increased by more than \$2 million during the same period of time owing to increased health insurance costs.

Slide 5 showed expenses other than payroll. Dr. Fowlé noted that the next largest expense categories at the institution were scholarships and grants, and depreciation and amortization. Depreciation expenses increased as additional facilities and capital items were acquired, as well as the previously mentioned donated software that will be amortized over three years. She added that scholarship and grant reporting had been erratic, especially with the decrease in federal student financial aid three years ago. She noted that students no longer receive Pell grant funding to attend summer classes and added that the university has worked to provide additional scholarship funds for students.

Dr. Fowlé stated that the next slides presented the balance sheet part of the financials as of August 31. She added that the slides provided information regarding financial and physical assets of the university as well as current and non-current liabilities. Slide 6 presented the financial assets of the university. Dr. Fowlé noted that the cash/short-term investments category decreased substantially in FY 15 because these funds are now invested at the Texas A&M University System and are classified as non-current investments rather than cash/short-term investments. The large spike shown in investments was caused by the issuance of bonds for the new residence hall and mass communication addition. Those funds are invested until such time as they are needed to pay for the construction over time.

Slide 7 showed physical assets other than buildings and infrastructure. Dr. Fowlé reported that capital assets have decreased because there is more being depreciated from these assets than is being reinvested. She added that land increased during the last two years with the donation of land next to the museum in FY13 and land by the Simulation Center in FY14. Intangible assets grew by almost \$8 million in FY 15 owing to the in-kind software donation. With its annual depreciation over three years, this category should

return to its historic levels. She reported that construction in progress rises and falls based on the amount of construction taking place during the year that is not yet capitalized on August 31. With the new construction anticipated in the future, this asset will dramatically increase.

Dr. Fowlé reported that the buildings and infrastructure asset category (Slide 8) was presented separately for scale purposes. She noted that depreciation is decreasing the value of the university's buildings and infrastructure but with the addition of a new 500-bed residence hall, the addition to the Fine Arts building, and the Tuition Revenue Bond projects, the value should increase substantially during the next five years. She added that this would also increase the university's depreciation expense.

Slide 9 showed current liabilities which were presented as accounts payable, deferred revenues, and other liabilities. Dr. Fowlé reported that deferred revenues represent the tuition and fees the university collects for the fall semester that have not yet been earned. She added that this number has grown as the overall revenue coming from tuition and fees has increased. Accounts payable increased owing to the overall increase in expenses, especially with the additional construction projects. She noted that other liabilities include accrued liabilities and bonds payable. Bonds payable and accrued liabilities both decreased substantially in FY14 and have remained level. This category will increase in future years with the institution issuing more bonds.

Slide 10 showed non-current liabilities which are primarily bonds payable. Bonds payable increased by \$35 million in FY 15 owing to the debt on the new residence hall and mass communication addition. Additionally approximately \$1.5 million of the non-current liabilities represent employee vacation leave that has been earned but not yet taken. She noted that a new category of net pension liability increased the non-current liabilities by \$9.4 million.

Slide 11 presented overall assets and liabilities, with the difference between the two being the university's net position which was shown on Slide 12. Dr. Fowlé noted that net position is made up of capital (which cannot be spent), restricted assets, and unrestricted net position. The university's capital net position has decreased as previously discussed due to depreciation and not enough being reinvested to retain the overall capital asset value. The restricted net position has risen over the last six years, doubling from \$10 million to almost \$20 million. She reminded the board that she mentioned in August the Governmental Accounting Standards Board (GASB) Statement 68 which requires the university to include on its books its pension liability. The Teacher's Retirement System (TRS) of Texas has a trust fund that is 82% funded for future retirement payouts. The remaining 18% that is not funded has been pushed to all of the state agencies that participate in TRS. MSU's share of \$9.4 million reduces the university's unrestricted net assets, which are reserves. Dr. Fowlé stated that the university's unrestricted net position is important to trend as it provides financial flexibility to the institution.

Dr. Shipley stated that the GASB change was affecting universities throughout the United States. She indicated it was important to note that while this liability will be shown on MSU's books, the university is not responsible for paying the retirement owed to these employees. She added that if the state legislature funds TRS differently in the future

MSU's budget will change accordingly. Dr. Fowlé reported that beginning in 2018 GASB 74/75 will go into effect and require agencies to book the post-employment health insurance benefit.

Dr. Fowlé added that this reporting change should not adversely affect MSU's bond rating. She noted that without this pension liability the university has 3.7 months of reserves. She stated that the standard is that an institution should hold between three and four months of reserves. She added that if the retirement payout is included the university has only 2.2 months of reserves. Mr. Hessing asked how MSU's reserves compare to other universities in Texas. Dr. Fowlé responded that the Texas A&M University System requests its component institutions maintain at least 3.4 months of reserves while the University of Texas System maintains four months.

Dr. Givens moved the board accept the financial report as presented. Mr. Crosnoe seconded the motion and it was approved.

Investment Report

16-23. Mr. Bernhardt noted that the administration recommended the board's acceptance of the fourth quarter FY 2015 investment report. Dr. Fowlé noted that her report summary was presented in the agenda document.

Mr. Gregg moved the board accept the investment report as presented. Mr. Crosnoe seconded the motion and it was approved.

FY 2015-2016 Item \$50,000 & Under Approved Per Board Authorization

16-24. Mr. Bernhardt noted that the administration requested ratification of this one transfer of funds to cover costs associated with the search for a new Director of Residential Life and Housing. Mr. Gregg asked why these funds were necessary. Dr. Lamb responded that the university searched for a Director of Housing in the previous year and there was not a large applicant pool. The administration determined that a national search firm should be hired to assist with the search for this critical position.

Mr. Crosnoe moved the ratification of this item as presented. Mr. Gregg seconded the motion and it was approved.

Review of Personnel Reports and Salary/Title/Position Changes in 2014-2015 and 2015-2016 Budgets

16-25 and 16-26. Mr. Bernhardt stated that the reports of personnel changes in FY 15 and FY 16 were presented for ratification in the agenda. He noted that a number of positions were filled below the budgeted amount and some title changes were made. Additionally, salary adjustments were given to three lead custodians as a result of the reorganization in the facilities area.

There being no questions regarding the reports, Dr. Givens moved the ratification of these items as presented. Mr. Gregg seconded the motion and it was approved.

Funding for Market Study – Academic Expansion

16-27. Mr. Bernhardt stated that the administration was looking at the possibility of expanding academic course offerings in the Dallas-Ft. Worth (DFW) area and noted that Dr. Shipley would spend time on Friday discussing this plan. He indicated that this item addressed the administration's request for authorization to engage a market research firm to study the matter and requested approval of \$90,000 from designated tuition reserves for the study.

Mr. Crosnoe moved approval of this item as presented. Dr. Givens seconded the motion and it was approved.

Adjournment

The Finance Committee discussion concluded at 5:03 p.m.

Reviewed for submission:



Michael Bernhardt, Chairman
Midwestern State University
Board of Regents Finance Committee

ATTACHMENTS:

1. Budget Comparison Data
2. FY 16 Budget Presentation

**Board of Regents
 Comparison Information
 FY14**

Unrestricted Net Assets	<u>Unrestricted Net</u>		<u>%</u>	<u>Operating</u>	
	<u>Assets</u>	<u>Total Assets</u>		<u>Expenses</u>	<u>%</u>
Midwestern State University	33,548,305	219,404,908	15%	91,816,157	37%
Angelo State University	14,177,199	222,694,149	6%	104,081,908	14%
Tarleton State University	91,367,560	362,426,556	25%	158,873,934	58%
Texas A&M University-Kingsville	51,035,121	269,541,913	19%	144,499,489	35%
West Texas A&M University	70,300,515	378,356,088	19%	126,777,631	55%

Scholarships	<u>Scholarships</u>	<u>Headcount</u>	<u>Avg Scholarship/Headcount</u>
	Midwestern State University	10,457,932	5,874
Angelo State University	12,872,419	6,494	\$1,982
Tarleton State University	15,123,647	11,683	\$1,295
Texas A&M University-Kingsville	16,954,980	8,726	\$1,943
West Texas A&M University	9,750,883	8,972	\$1,087

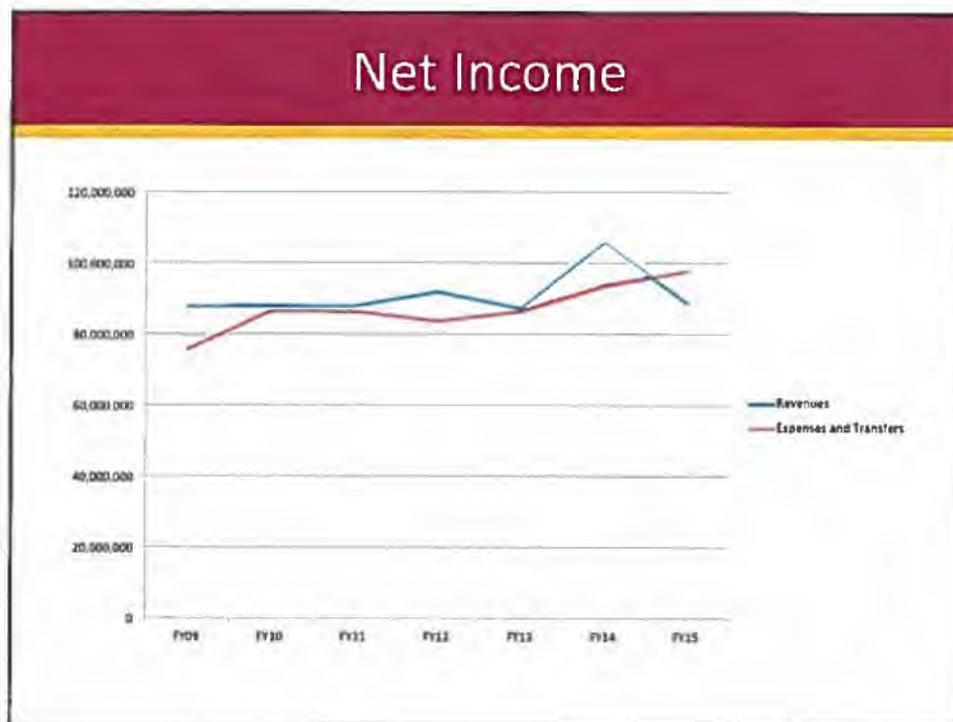
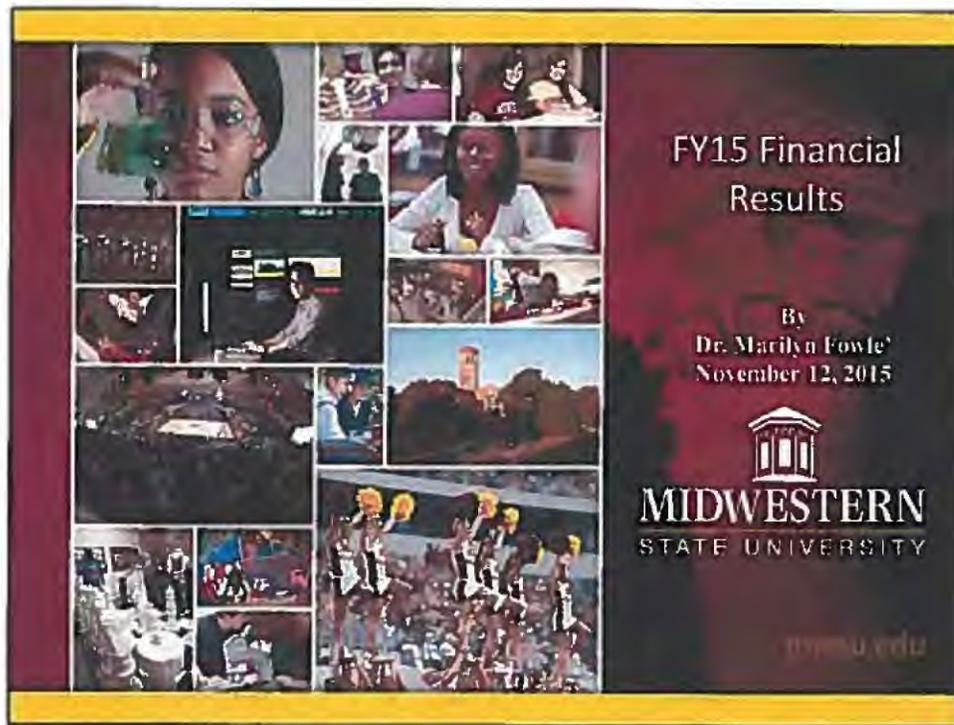
Fiscal Year 2013 Data

Source: National Center for Education Statistics (IPEDS)

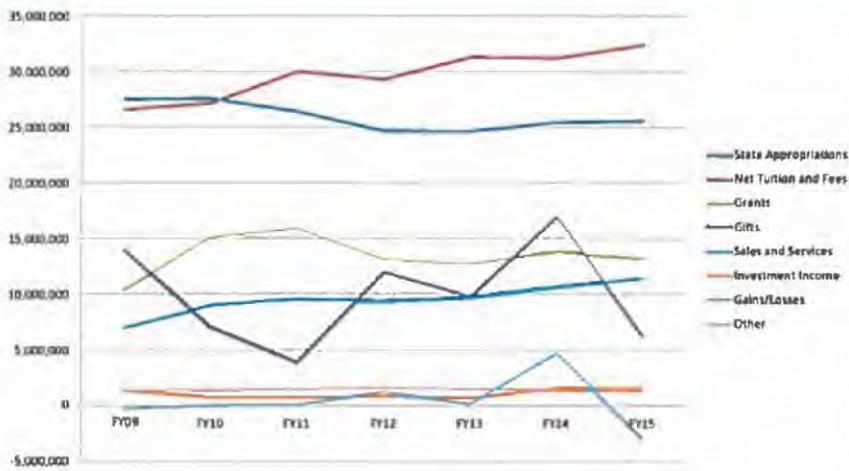
Institution Name	Combined Total				Instruction				Academic Support				Student Services			
	Current year total	Salaries & wages	Fringe Benefits	% to total	Current year total	Salaries & wages	Fringe Benefits	% to total	Current year total	Salaries & wages	Fringe Benefits	% to total	Current year total	Salaries & wages	Fringe Benefits	% to total
Angelo State University	\$ 90,789,906	\$ 44,146,368	\$ 12,723,363	62.64%	\$ 41,580,627	\$ 23,217,652	\$ 6,996,012	72.66%	\$ 6,866,409	\$ 2,674,000	\$ 790,994	53.38%	\$ 5,746,878	\$ 2,848,545	\$ 818,219	63.77%
Midwestern State Univ	79,332,332	35,049,225	9,476,267	58.13%	39,294,377	19,785,104	5,422,152	64.15%	7,489,160	2,843,606	761,604	48.14%	14,443,127	5,404,269	1,448,572	47.45%
Tarleton State University	123,695,257	53,404,703	12,477,107	53.26%	53,866,540	30,182,078	6,581,881	68.21%	9,837,875	4,331,201	1,317,584	57.42%	7,672,208	3,217,750	727,517	51.42%
Texas A & M Univ-Kingsville	149,393,677	70,772,143	18,345,229	58.31%	58,520,079	33,165,195	8,963,432	71.00%	14,802,991	7,613,767	1,626,766	62.42%	15,777,146	7,213,647	1,398,602	54.59%
West Texas A & M Univ	108,257,454	45,458,956	11,057,589	52.21%	46,136,737	23,027,889	6,143,377	63.23%	9,291,374	3,753,185	899,783	50.08%	5,496,703	2,496,412	723,100	58.57%

Institution Name	Institutional Support				Research				Public Service				Auxiliary Enterprises			
	Current year total	Salaries & wages	Fringe Benefits	% to total	Current year total	Salaries & wages	Fringe Benefits	% to total	Current year total	Salaries & wages	Fringe Benefits	% to total	Current year total	Salaries & wages	Fringe Benefits	% to total
Angelo State University	\$ 17,412,168	\$ 8,320,600	\$ 2,472,845	61.99%	\$ 1,210,978	\$ 568,158	\$ 138,484	58.35%	\$ 2,701,689	\$ 1,320,695	\$ 230,385	57.41%	\$ 15,271,159	\$ 4,998,718	\$ 1,276,424	41.09%
Midwestern State Univ	10,314,704	4,874,740	1,392,658	60.76%	726,710	351,301	21,194	51.26%	892,850	309,842	62,265	41.68%	6,171,404	1,450,363	367,822	29.95%
Tarleton State University	14,050,401	4,625,929	1,478,717	43.45%	9,059,320	4,294,254	922,927	57.59%	4,416,652	1,480,530	275,659	39.76%	24,792,261	5,272,961	1,192,822	26.08%
Texas A & M Univ-Kingsville	21,461,335	8,675,591	3,642,778	57.40%	17,607,999	7,832,053	1,595,032	53.54%	916,379	278,885	21,474	32.76%	22,307,748	5,993,005	1,097,145	31.76%
West Texas A & M Univ	11,908,325	4,998,250	904,550	49.57%	5,991,582	2,608,331	621,449	53.91%	5,116,078	2,223,885	560,328	54.42%	24,316,655	6,351,004	1,205,004	31.07%

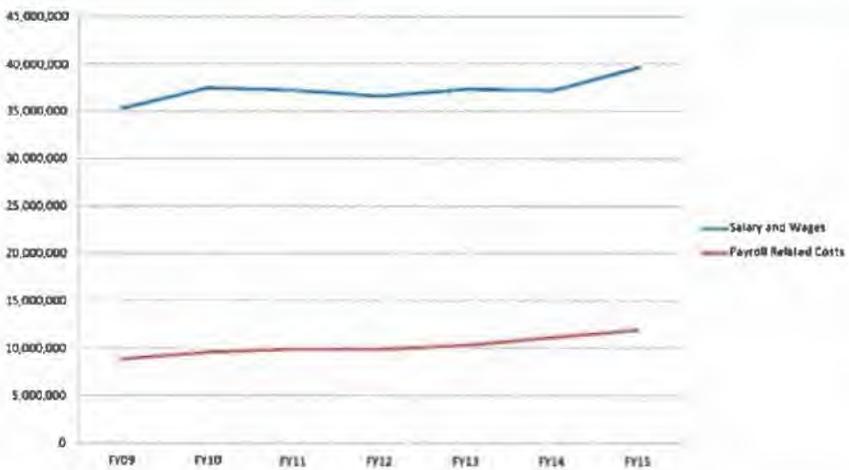
Institution Name	Travel			Scholarships		State Grants		Unrestricted Instit. Grants		Discounts & allowances applied to tuition & fees	
	Total Operating Expenses	Travel Expenses	% to total	Current year total	As a % of Combined Total	Current year total	As a % of Combined Total	Current year total	As a % of Combined Total	Current year total	As a % of Combined Total
Angelo State University	\$105,700,000	\$ 1,500,000	1.42%	\$ 17,902,443	19.72%	\$ 4,515,064	4.97%	\$ 6,835,491	7.53%	\$ 10,001,011	11.02%
Midwestern State Univ	84,900,000	1,455,000	1.71%	9,692,679	12.22%	3,101,000	3.91%	5,933,770	7.48%	9,814,677	12.37%
Tarleton State University	140,100,000	2,700,000	1.93%	12,456,088	10.07%	5,541,962	4.48%	7,986,986	6.46%	14,212,262	11.49%
Texas A & M Univ-Kingsville	132,600,000	2,700,000	2.04%	16,692,551	11.17%	38,643	0.03%	18,787,115	12.58%	18,249,939	12.22%
West Texas A & M Univ	118,000,000	2,500,000	2.12%	9,779,118	9.03%	2,543,482	2.35%	13,221,917	12.21%	14,023,751	12.95%



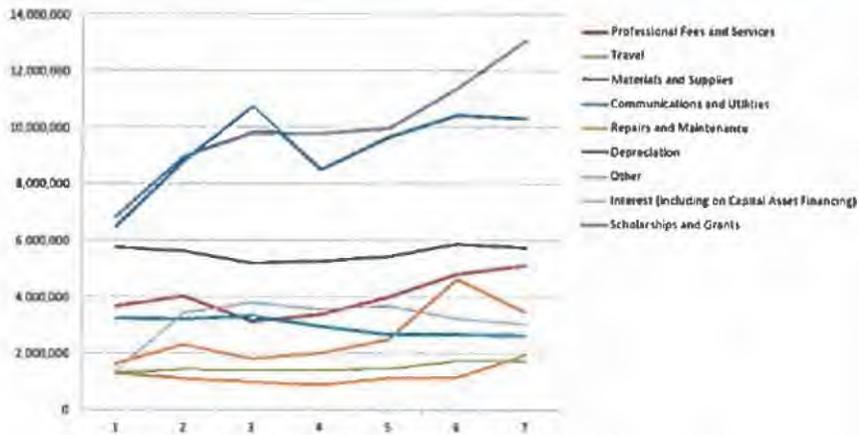
Income Sources



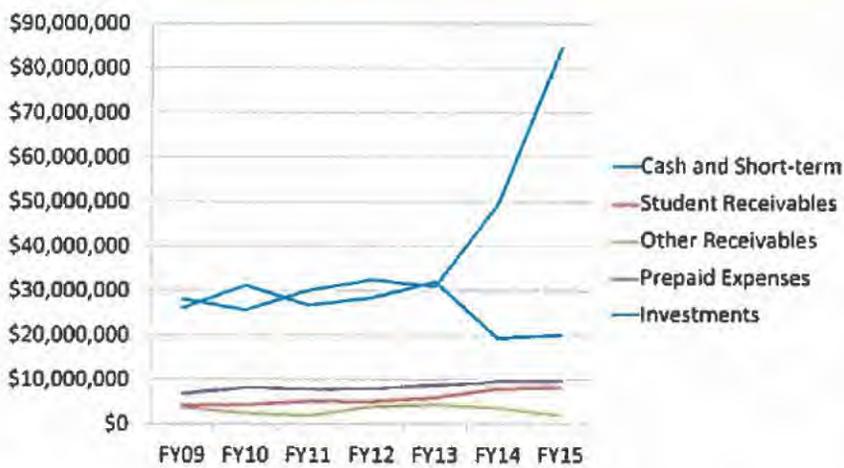
Payroll Expenses



Expenses Other Than Payroll

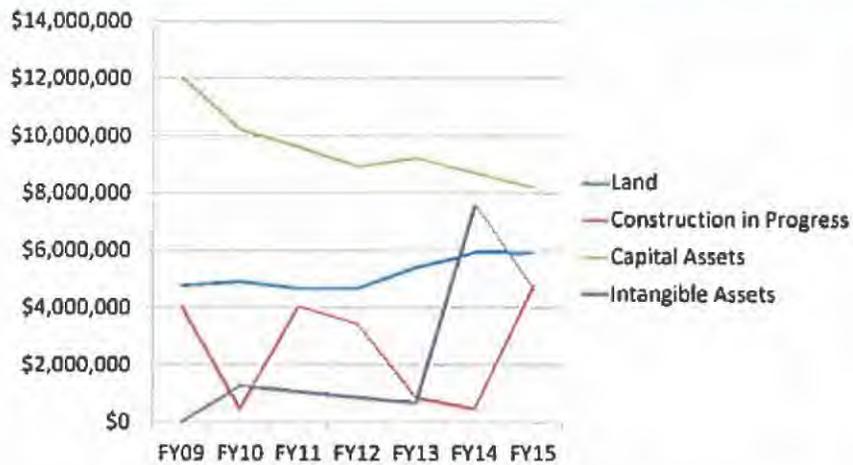


Financial Assets

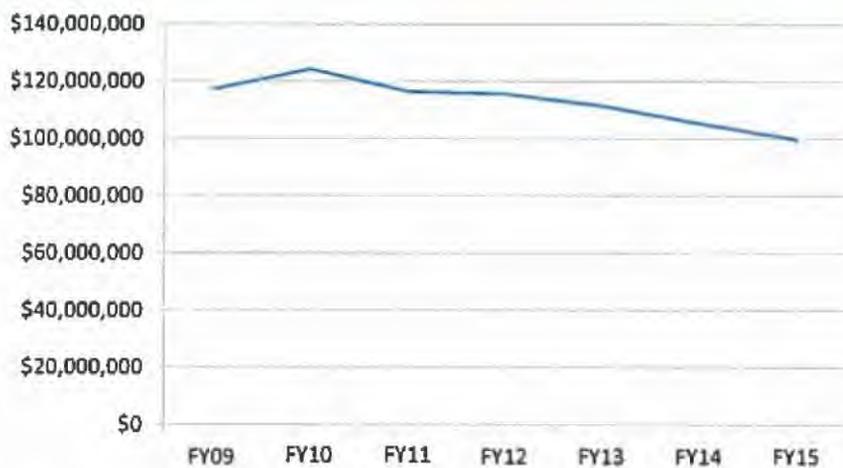


Physical Assets

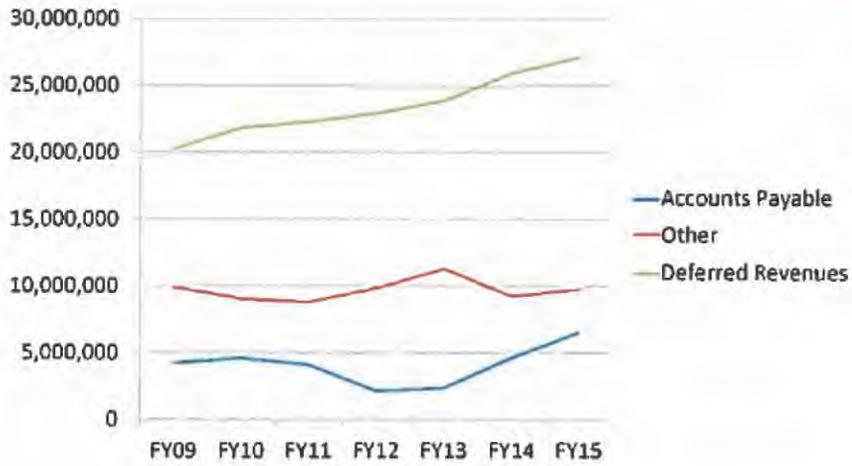
(Other than Buildings and Infrastructure)



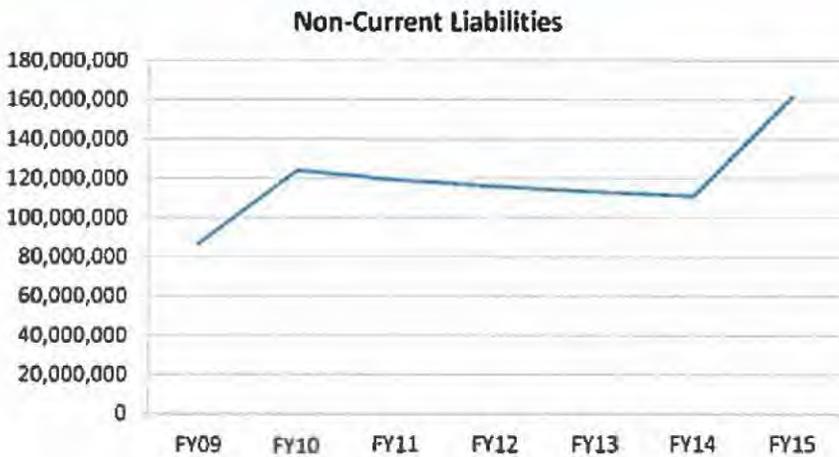
Buildings and Infrastructure



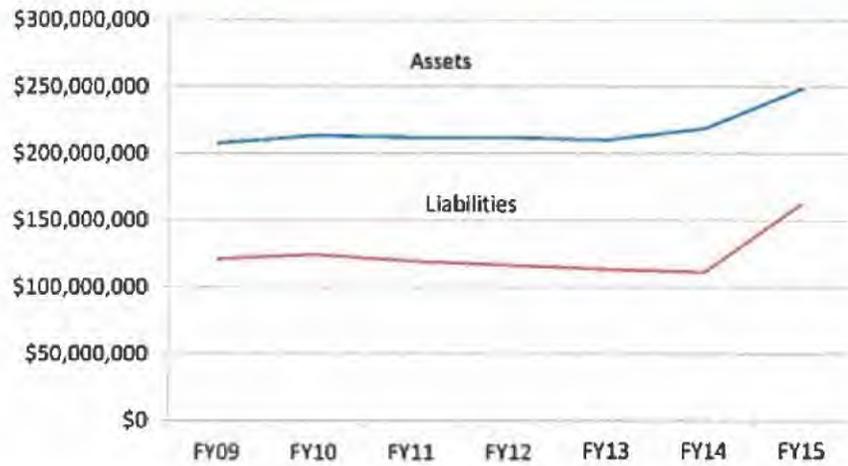
Current Liabilities



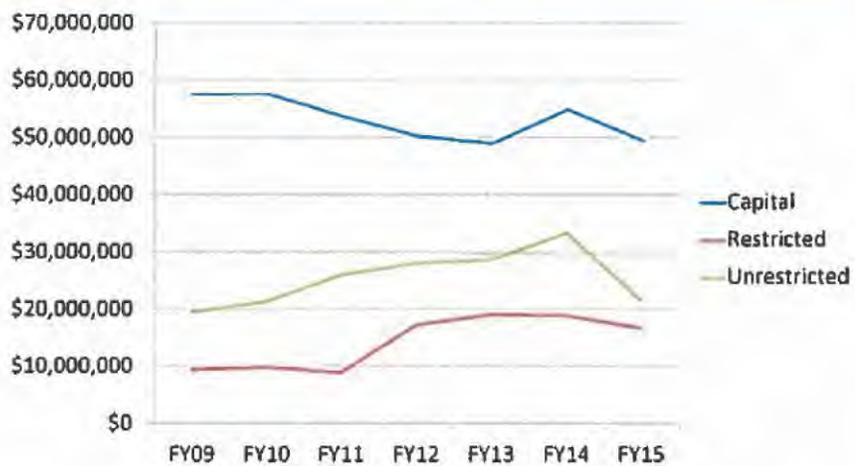
Non-current Liabilities



Assets and Liabilities



Net Position



MSU – Credit Ratings

Year	Rating Agency	
	Moody's	Fitch
2015	A1	AA-
2014	A1	AA-
2013	A1	AA-
2012	A1	AA-
2011	A2	AA-
2010	A2	AA-
2009	A2	A+
2008	A2	A+

Rating Scales

Moody's	Fitch	Definition
Aaa	AAA	Highest quality and lowest risk
Aa1	AA+	
Aa2	AA	Rated high quality and very low credit risk
Aa3	AA-	
A1	A+	
A2	A	Upper medium grade with low credit risk
A3	A-	

Factors Considered in Rating

Moody's	Fitch	Challenge
✓	✓	Financial Stability
✓		Heightened Competition
✓	✓	Declining Government Funding
✓		Increased Political Scrutiny + Regulation
	✓	Changing Demographic
✓	✓	Affordability
✓		Facility Maintenance

Summary

- Increasing reliance on funding from students via tuition, fees, sales and services
- Gift income is highly variable
- Expenses growing fastest for benefits, scholarships and depreciation
- Some unusual occurrences increased assets the last two years (unrealized gains, large software donation, insurance proceeds, bonding for new buildings and new pension liability)
- Continue to invest in capital assets in order to preserve asset base and cover depreciation
- Overall, good financial position

MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS
Audit, Compliance, and Management Review Committee
November 12, 2015

The Audit, Compliance, and Management Review Committee of the Board of Regents, Midwestern State University, met in regular session in the J. S. Bridwell Board Room, Hardin Administration Building, Wichita Falls, Texas, at 5:03 p.m., Thursday, November 12, 2015. Committee members in attendance were Mr. Sam Sanchez, Chairman; Ms. Tiffany Burks; Mr. Jeff Gregg; and Ms. Nancy Marks. Other regents attending the meeting were Mr. Mike Bernhardt, Mr. R. Caven Crosnoe, Dr. Lynwood Givens, Mr. Shawn Hessing, and Student Regent Megan Piehler.

Administrative staff members present included Dr. Suzanne Shipley, President; Dr. Betty Stewart, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Business and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; Dr. Bob Clark, Vice President for Administration & Institutional Effectiveness; Dr. Howard Farrell, Vice President for University Advancement and Public Affairs; Mr. Kyle Owen, Associate Vice President for Facilities Services; and Mr. Matthew Park, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman of the Faculty Senate; Ms. Reagan Foster, Chair of the Staff Senate; Mr. Charlie Carr, Director of Athletics; Mr. Barry Macha, General Counsel; Mr. Chris Stovall, Controller; Ms. Dawn Fisher, Director of Human Resources; Ms. Julie Gaynor, Director of Marketing and Public Information; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Representing the news media was Ms. Lana Sweeten-Shults, reporter for the Wichita Falls *Times Record News*.

Chairman Sanchez called the meeting to order at 5:03 p.m.

Reading and Approval of Minutes

16-28. The minutes of the Audit, Compliance, and Management Review Committee meeting August 6, 2015, were approved as presented.

Historically Underutilized Business Year-End Report – FY 2015

16-29. Mr. Sanchez noted that the university's Historically Underutilized Business (HUB) FY 2015 report was presented in the agenda document. Dr. Fowlé noted that the university was doing quite well with its use of HUBs.

There being no questions or comments from the board, Mr. Sanchez noted that this item was presented as a point of information only and no action was necessary.

Contract Management Activities Year-End Report – FY 2015

16-30. Mr. Sanchez noted that the agenda provided information regarding the contracts that were processed in FY 15 through the university's Contract Management System. Mr. Macha commented that Senate Bill 20 which was approved during the 2015 legislative session includes a number of requirements related to contracts. He noted that MSU's Contract Management System and the university's updated contract policy put the institution in a

good position to address the new requirements. He reported that the administration would likely recommend various policy changes in the future to address this legislation. Mr. Sanchez expressed appreciation to Mr. Macha for his foresight in developing the contract policy. Mr. Macha added his thanks to Mr. Steve Shelley, Director of Purchasing, and Ms. Tracy Nichols, Contracts Coordinator, for their efforts in the implementation of the process. Mr. Sanchez asked Mr. Macha to pass along the board's appreciation to Mr. Shelley and Ms. Nichols.

Mr. Sanchez noted that this item was presented as a point of information only and no action was necessary.

Audit and Compliance Activities

16-31. Mr. Sanchez reported that the Director of Internal Audits position had been posted and advertised. He noted that an advertisement was recently added with the Texas Government Finance Officers Association through the Texas Municipal League website. He stated that while the university is without an auditor the administration has contracted with outside auditors to ensure required audits are accomplished. He asked Mr. Macha and Mr. Stovall to comment on audit and compliance activities. Mr. Macha noted that a second application was received recently and he hoped there would be more in the coming weeks.

Mr. Stovall provided an update on internal audit and compliance activities since August. He reported that one of the top audit priorities was to bring the university into compliance with the investment report audit which is required by Government Code 2256, the Public Funds Investment Act. This audit is required every two years and is due in January 2016. The statute allows for an internal auditor or external firm to conduct the audit. Through the Request for Qualifications (RFQ) process the administration selected Weaver, an accounting firm in the Dallas/Ft. Worth area, based on their extensive higher education experience. The firm is currently in the planning and information gathering phase of the audit and should have a report issued by the end of the year. He added that Weaver also specializes in compliance and risk assessment areas that are important to MSU. Mr. Stovall noted that the administration plans to develop an RFQ for construction cost management.

Mr. Stovall stated that in August the board was informed that the state auditor's office would be on campus to work on a benefits proportionality audit. He reported that the auditors were on campus for one week in August and sent their initial field work data request to the university in October. He indicated that the auditors would review and complete the field work phase of the audit during the next several weeks and the report should be finalized in February.

He reported that one of the goals of the internal audit and compliance group in 2015 was to create an employee hotline for reporting fraud, waste, abuse, ethical violations, and other employee misconduct. Offering a third party reporting mechanism for faculty, staff, and students has become a best practice among peer institutions and was a recommendation from the Internal Audit Peer Review. NAVEX Global was selected to be the provider of this hotline through their product, EthicsPoint. The hotline should be implemented by the end of the year.

Mr. Stovall reported that a local accounting firm, Schultz and Company, is finalizing an agreed upon procedures report for the MSU Department of Athletics. At this time the administration is not aware of any instances of material non-compliance or exceptions with the NCAA By-Laws. He noted that the report should be released by the end of the month and is required every three years by the NCAA. He stated that until a full-time auditor is hired the administration would continue to assess and prioritize specific compliance risks and outsource the most critical of those audits and assessments.

Mr. Gregg asked if the hiring of an auditor could possibly be added to the special board meeting that would be called in December. Mr. Macha responded that it might be possible, depending on whether more applications are received and interviews scheduled.

Mr. Sanchez thanked Mr. Stovall and Mr. Macha for the additional work they were doing while the university is without an internal auditor. He noted that this item was presented as a point of information only and no action was necessary.

Internal Audit Charter

16-32. Mr. Sanchez reported that during the last year the administration and board were informed through the Internal Audit Peer Review that the internal audit charter needed to be updated. He noted that in the absence of a staff auditor, Mr. Macha took on the responsibility of developing this document and a proposed new charter was presented in the agenda. Mr. Macha stated that the internal audit charter is a formal document that defines the internal audit activities, purpose, authority, and responsibility. The charter establishes the audit activities position within the organization and the nature of the chief executive's function and the auditor's reporting relationship with the board. Through the peer review it was recommended that the internal audit position report directly to and be hired by the Board of Regents. He noted that with the approval of the Internal Audit Charter as presented, the auditor would report directly to the board and administratively to the president. Mr. Macha added that Senate Bill 20 included requirements related to the internal audit function and those requirements were included in the proposed charter. He stated that when the new auditor is hired he or she would be asked to review this document and recommend any changes he deems necessary.

Mrs. Marks asked if the university currently had an internal quality control system in place. Mr. Macha stated that he was not aware of one but that it was something that must be developed.

Mrs. Marks moved approval of the charter as presented. Mrs. Burks seconded the motion.

Mr. Crosnoe noted that the last bullet point of the charter says "prepare the annual report required by this act before November 1." He asked if the annual report had been completed and sent to the Governor and the LBB as required. Mr. Macha indicated that he was not certain if this was a new requirement or if it had been done. Mr. Hessing asked Mr. Macha to look into the matter to be certain the university was in compliance.

There being no further discussion, the motion carried.

Affiliation Agreement Between MSU and the MSU Foundation, Inc. and the MSU Charitable Trust

16-33. Mr. Sanchez reported that Dr. Shipley and Mr. Macha reported to him that while they continue moving toward a conclusion in finalizing these agreements they preferred waiting until February to present these agreements to the board for approval.

Adjournment

The Audit, Compliance, and Management Review Committee discussion concluded at 5:24 p.m.

Reviewed for submission:

A handwritten signature in black ink, appearing to read 'Sam Sanchez', written over a horizontal line.

Sam Sanchez, Chairman
Midwestern State University
Board of Regents Audit, Compliance, and
Management Review Committee

**MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS
November 12, 2015**

The Midwestern State University Board of Regents met in regular session in the J. S. Bridwell Board Room of the Hardin Administration Building at 1:30 p.m., November 12, 2015. Regents in attendance were Mr. Shawn Hessing, Chairman; Mr. Mike Bernhardt, Vice Chairman; Ms. Tiffany Burks, Acting Secretary; Mr. R. Caven Crosnoe; Dr. Lynwood Givens; Mr. Jeff Gregg; Ms. Nancy Marks; Mr. Sam Sanchez; and Student Regent Megan Piehler.

Administrative staff members present included Dr. Suzanne Shipley, President; Dr. Betty Stewart, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Business and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; Dr. Bob Clark, Vice President for Administration & Institutional Effectiveness; Dr. Howard Farrell, Vice President for University Advancement and Public Affairs; Mr. Kyle Owen, Associate Vice President for Facilities Services; and Mr. Matthew Park, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman of the Faculty Senate; Ms. Reagan Foster, Chair of the Staff Senate; Mr. Charlie Carr, Director of Athletics; Mr. Barry Macha, General Counsel; Mr. Chris Stovall, Controller; Mr. Mark McClendon, Director of Institutional Research and Assessment; Ms. Dawn Fisher, Director of Human Resources; Ms. Julie Gaynor, Director of Marketing and Public Information; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Representing the Student Government Association (SGA) were Mr. Jesse Brown, SGA President, and Ms. Andrea Mendoza, SGA Observer. Representing the news media were Ms. Lana Sweeten-Shults, reporter for the *Wichita Falls Times Record News*, and Ms. Jessica Bruno and Mr. Mark Campbell, KFDX-TV 3. Special guest presenter for the meeting was Mr. Rich Boyer, CEO of ModernThink.

Chairman Hessing called the meeting to order at 1:30 p.m. and Ms. Gaynor introduced the guests.

Opening Comments

Mr. Hessing welcomed everyone to the meeting and noted that this was Dr. Shipley's first board meeting as president of Midwestern State University. He reported that Mr. Bryant was traveling and could not participate in the meeting and asked Mrs. Burks to serve as Acting Secretary for the meeting.

Public Comment

Mr. Hessing stated that in accordance with Board of Regents By-Laws, MSU Policy 2.22, members of the public were invited to address the Midwestern State University Board of Regents through written and oral testimony. He noted that no one had signed up to speak.

Discussion of Higher Education Issues: Presidential Transition Survey

16-01. Mr. Hessing reported that during the last several board meetings the agenda included an item to discuss current issues and trends in higher education. He indicated that the item at this meeting would include a report on the Presidential Transition Survey that was

accomplished shortly after Dr. Shipley arrived in Wichita Falls. Dr. Shipley introduced Mr. Rich Boyer, CEO of ModernThink.

Mr. Boyer reported that he would share the high level summary results from the presidential transition survey (see Attachment 1). He stated that ModernThink conducts surveys of this nature for colleges and universities across the United States. They have a partnership with *The Chronicle of Higher Education* and do the research for the Great Colleges to Work For program. He noted that they have surveyed more than 1,000 colleges and universities. Mr. Boyer reported that the survey instrument used at MSU is a derivative of the instrument used in the Great Colleges to Work For program. It was designed to provide key insight into some of the factors and dynamics that are important in terms of the influence they have on faculty and staff engagement levels.

He stated that the 80% faculty and staff response rate achieved on the MSU survey was impressive. He noted that response rates in the Great Colleges to Work For program are generally between 38% and 46% depending on the size of the institution as well as the Carnegie Classification. He added that the numbers are generally higher in a survey such as the one at MSU owing to the number of reminders sent and the formal communication program. Nonetheless, an 80% response rate on a survey of this nature is outstanding. He indicated that this response provides a high confidence level that the data is reflective of the population as a whole with a small margin of error. He added that it also indicates that the faculty and staff care about having their voice heard. With regard to benchmarks, he noted that through this survey MSU established a base line against which comparisons can be made in the future.

Mr. Boyer reported that the information in the presentation included comparison data with Great Colleges to Work For Honor Roll institutions, Carnegie classification peers, and other institutions identified as peers. He stated that an institution reaches the Honor Roll by receiving recognition in the most number of categories out of the 12 recognition categories.

The survey included 26 core belief statements and respondents were given a five point agreement scale ranging from strongly agree and agree being the most favorable to strongly disagree and disagree being the least favorable. He noted that in this analysis the strongly agree and agree responses were combined and characterized as a positive response. On the other end of the response continuum the strongly disagree and disagree responses were combined and shown as a negative response. He added that a positive response at the 75% level or above is considered outstanding and would be at the elite level. A positive response of 55-65% is indicative of a good to very good culture of workplace quality. Positive responses below 55% or negative responses at the 20% level or higher need attention.

Mr. Boyer noted that Slide 4 showed the open-ended questions that were asked of faculty and staff. He reviewed Slide 5 which identified five key findings from the survey. He reported that he made a presentation that morning to faculty and staff and was impressed by the degree of familiarity and camaraderie that the individuals demonstrated as they walked into the room prior to the meeting. Slides 6 and 19 included some of the responses from faculty and staff to the open-ended questions

He stated that one of the differentiating qualities of great places to work is that they tend to be great workplaces for everybody, not just the senior leadership or tenured faculty. Slide 9 disaggregated the data by job category. While the range spanned between 59% and 43%, he noted a great deal of commonality. Slide 10 disaggregated the data by division.

Slides 11 and 12 presented the top five and bottom five statements. Mr. Boyer noted that there was a much higher degree of satisfaction at the workgroup level. He pointed out that statements 20, 16, and 7 were communications statements and the results were among the bottom five. He noted that the result on statement 24 was somewhat incongruous. He indicated that there is a strong sense of community and camaraderie on campus, but this does not translate into a feeling among employees of being on the same team.

Slides 13, 14, and 15 related to teaching environment; policies, resources, and efficiency; and shared governance. He noted that the responses to statement 5 indicate that less than one-half of the campus community understands the shared governance model at MSU. He stated that this provides an opportunity to better educate individuals regarding the shared governance model at MSU, including what the various roles are, what the various stakeholder and constituent groups are, and where the decision-making lies.

Slides 16 and 17 related to Pride and Supervisors/Department Chairs. The responses in these areas were relative strengths. Slide 18 showed responses to statements regarding Senior Leadership. Mr. Boyer stated it was important to note that this was a snapshot at a particular point in time. He added that moving forward it would be important to give faculty and staff a more consistent, more positive, and more aligned experience with senior leadership.

Slide 20 reported responses regarding Faculty, Administration, and Staff Relations. He noted that these responses were related to the statement mentioned earlier about being on the same team. He stated that improvement on the team statement would likely result in a stronger response on statement 19 which measured faculty, administration, and staff working together for success. Slide 21 showed responses to Communication statements. Mr. Boyer indicated that it was clear the campus was eager for more communication from and with senior leadership. He added that statement 22 showed responses to the statement that the campus community can discuss and debate issues respectfully. The positive result was 45% while the negative response was 15%. Mr. Boyer noted that this was an area of real opportunity and that there were a large number of individuals in the middle of the response continuum.

Slide 22 indicated statements regarding Collaboration. Mr. Boyer reported that it was unusual to see a high degree of camaraderie and sense of community that people report and it not translate into cooperating well across departments or creating a sense that everyone is on the same team. Slide 23 showed statements related to Respect and Appreciation. He noted that Statement 25 was "I am regularly recognized for my contributions." He stated that higher education institutions regularly give years of service awards, distinguished teaching awards, and distinguished service awards. He indicated

that it was important to determine if those programs are actually meaningful to employees. Additionally, while the formal processes of recognition are important, the informal processes are as well. He stated that it was important to look at how the administration prepares supervisors to be effective in creating a culture of appreciation within each area of the university.

Slide 24 showed the open-ended questions asked of external constituents, which included alumni, board members, and community leaders. Some of the responses were shown in slides 25 through 28. Mr. Boyer reported that among the consistent themes that came forward, regardless of the audience, was the theme of growth. He noted that there was a great deal of optimism and excitement about growth in enrollment, growth in relationships with the community, and growth in enhancing the MSU brand in Texas and nationally. He added that communication and relationship building was another strong theme that came through from the responses of external constituents.

Mr. Boyer stated that he is commonly asked about the keys to building a great workplace. He noted that many people assert that it is compensation and benefits. He reported that in his experience the keys include the quality of relationships people experience with colleagues, supervisors, and senior leadership. He indicated that this survey process had surfaced some of the issues to be addressed and provided data for moving forward. He thanked the board for the opportunity to present the survey results and indicated he was available to answer any questions.

Ms. Piehler asked if student workers were included in the employee responses. Mr. Boyer responded that student workers were not included in the survey. He noted that surveys of this type are generally targeted more specifically to dynamics that are not particularly relevant to student workers.

Mr. Sanchez asked if senior leadership was clearly defined for the survey respondents. Mr. Boyer responded that it was. He noted that for the purposes of this survey the senior leadership was defined as the previous president and those who directly report to the president.

Mr. Hessing stated that he saw a number of areas that need to be addressed. Mr. Boyer noted that one of the things the board can do to support the work in this regard is to hold Dr. Shipley and her cabinet accountable and ensure they have the support to move forward. He indicated that he had been asked how often such a survey should be administered. He stated that for higher education institutions the size of MSU the cycle would likely be every two or three years.

Mr. Hessing thanked Mr. Boyer for visiting with the board and thanked Dr. Shipley for bringing Mr. Boyer and the ModernThink survey to MSU.

MSU Priorities: Development of MSU Strategic Priorities

16-02. Mr. Hessing asked Dr. Shipley to discuss the next steps and the timetable for the development of the university's strategic priorities. Dr. Shipley reported that Mr. Boyer was speaking to faculty and staff during his visit about the survey results and noted that the presentation would also be available on the MSU website. She indicated that after the

first of the year members of the President's Cabinet would work with their areas to discuss the responses in greater detail and determine areas they would specifically address within their reporting lines. The next step in the process is to determine specific priorities for the university. She noted that when she came to MSU the President's Cabinet reviewed the 200 priorities listed in the strategic plan and narrowed the list to about two dozen. She reported that she and the governance leaders saw the ModernThink survey results and visited with Mr. Boyer in October. This information was also used as the priorities were developed.

Dr. Shipley reported that she would meet with faculty, staff, and students the following week to present the priorities and have time for dialogue and questions. She added that following the Thanksgiving holiday a survey would be sent to the campus community asking if these are the right priorities and providing an opportunity for feedback. Dr. Shipley noted that at the beginning of the New Year while the cabinet members are talking to groups about how to address the information from the survey, she would be talking to the governance groups about the strategic initiatives. She indicated that in February the board would review the strategic priorities, a budget plan for achieving those priorities, a facilities plan related to the priorities, and probably a fund-raising plan to address where the budget plan does not quite match the plan.

Board Resolutions

16-03. Mr. Hessing noted that during the August meeting Dr. Givens asked that a resolution of appreciation be prepared thanking Dr. Norman Horner for his work with the Dalquest Desert Research Station. This resolution was prepared and submitted to the board for their review (see Attachment 2).

Dr. Givens moved approval of this resolution as presented. Ms. Burks seconded the motion and it was approved.

Adjournment

The committee of the whole meeting adjourned at 2:23 p.m.

Reviewed for submission:



Tiffany Burks, Acting Secretary
Midwestern State University
Board of Regents

ATTACHMENT

1. Presidential Transition Survey Presentation
2. Resolution of Appreciation – Dr. Norman Horner



MIDWESTERN
STATE UNIVERSITY

Presidential Transition Survey

Richard K. Boyer
November 12, 2015

ModernThink

Surveys as Strategic Tools

- Strategic Planning
- Board Mandate
- Change in Leadership
- Accreditation
- Values Metric

*"It isn't that they
can't see
the solution.
It's that they can't
see
the problem."*

- G. K. Chesterton

Survey Overview

Survey Instrument

- 26 core belief statements
- 10 demographic questions
- 4 open-ended questions

Methodology

- Online survey administered August 17 – August 31, 2015

Response Rates

- Overall response rate: 594/1179 - 50%
- Employee response rate: 496/618 - 80%
- External constituents response rate: 98/561 - 17%

Benchmarks

- 2015 Honor Roll 3,000-9,999 Enrollment – Great Colleges Program
- 2015 Carnegie Master's – Great Colleges Program
- 2015 Peer Benchmark



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Open Ended Questions

Faculty and Staff

1. What do you appreciate most about Midwestern State University?
2. What would make this university better?

External Constituents

1. What are the three greatest opportunities before MSU today?
2. What should be President Shipley's first priority?



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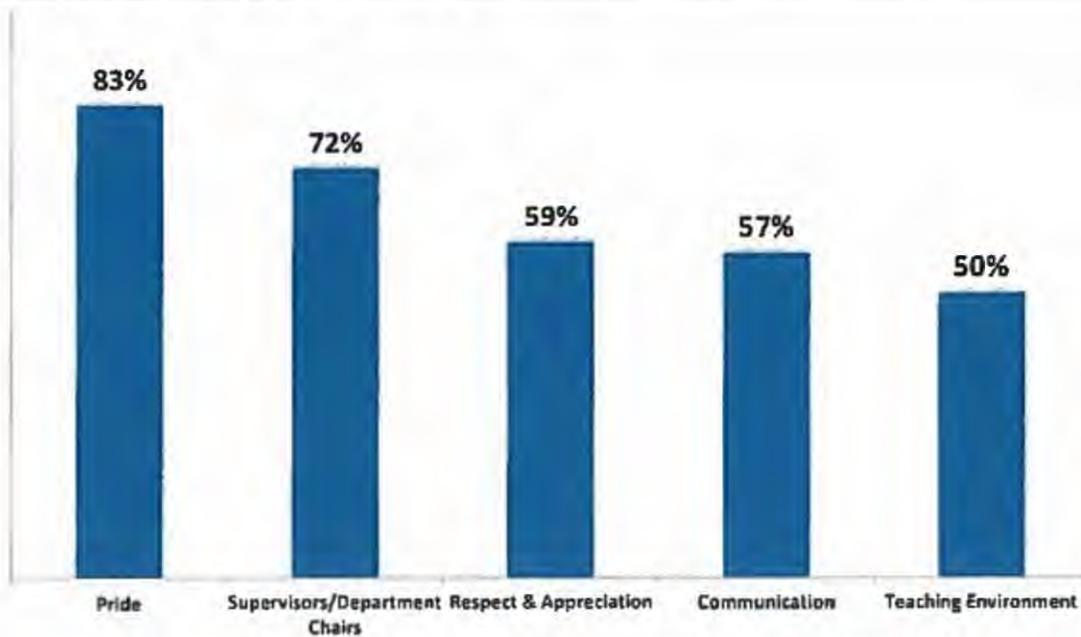
Overarching Themes

- Faculty and staff report a strong sense of connection to Midwestern State University. They appreciate and are proud of the commitment to the liberal arts, the focus on students and lifelong learning and the role the University plays in the Wichita Falls Community.
- While there is a strong sense of community within many departments, the strength of that camaraderie does not consistently translate to strong cross-functional collaboration or a sense of all being on the same team at MSU.
- Resource constraints, particularly those regarding staffing and compensation, are pain points for many faculty and staff. For some this contributes to a feeling of being unappreciated.
- Faculty and staff express a need for improved communications. There is a desire for more transparency regarding the rationale with which decisions are made and an interest in greater participation in those decisions which directly impact their work.
- For many there is a sense of optimism with the new administration. Faculty and staff are eager for clarity regarding strategic direction and alignment across leadership.

In their own words...Faculty & Staff

- *"I love working at a place that feels like my extended family. I love working with the students and my co-workers. And I especially love, knowing that we make a difference in people's lives."*
- *"I came from a large university with a small town feel. Here it is a small university with a small town feel, and I appreciate that!"*
- *"I love the autonomy that I am given in respect to planning and teaching my courses. I also appreciate the confidence the university has in me by allowing me to conduct research, attend and present at conferences, and most importantly, represent MSU in a positive manner."*
- *"The mission and my department. The COPLAC mission of MSU is what drew me to this university, and the fantastic colleagues in my department are the team members that keep me here."*
- *"As for the job, I appreciate the insurance, retirement benefits, and holidays. These things give me peace of mind. For the working environment, I appreciate the variety of employees across departments who work together as a team, the programs for both students and employees, and the beautiful campus. I also really enjoy how connected we are to the community."*

Dimensions (Overall % Positive)

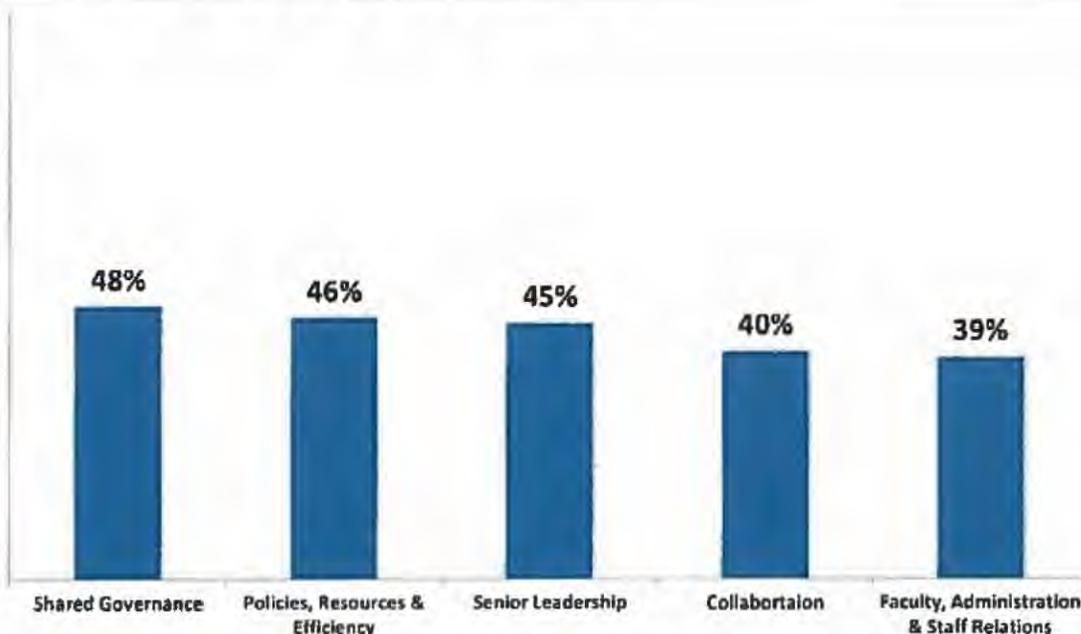


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Dimensions (Overall % Positive)

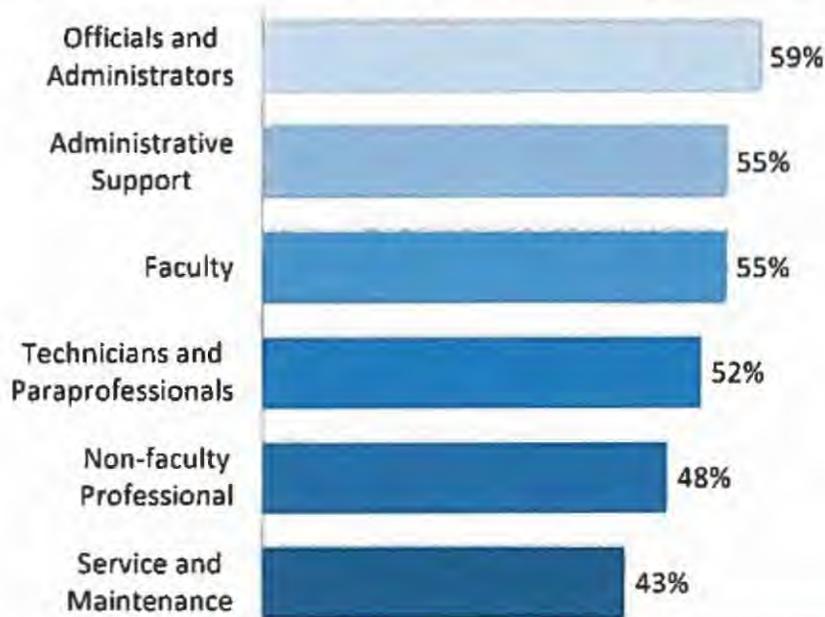


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Job Category (Overall % Positive)

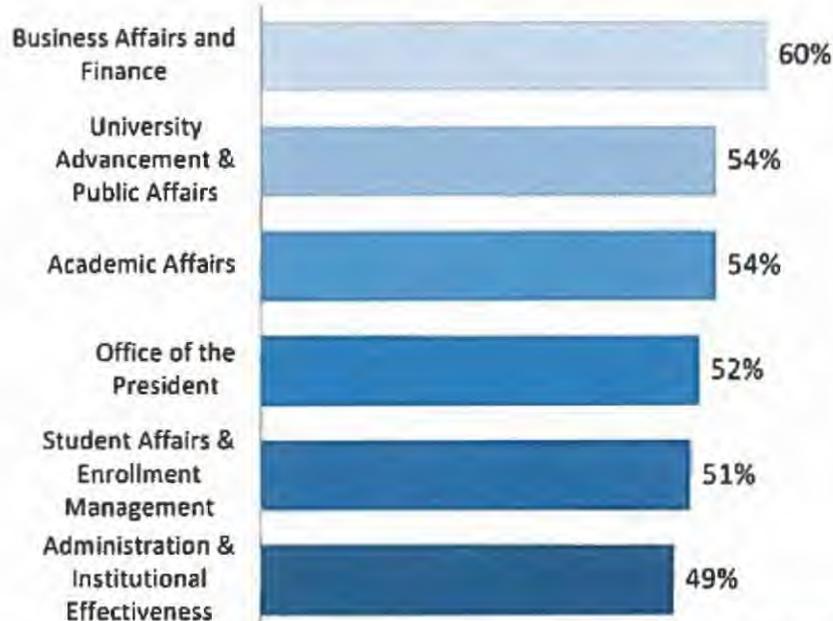


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Division (Overall % Positive)



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Top Five Statements

	Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
9	I am proud to be part of Midwestern State University.	87	3	88	79	86
8	Overall, my department is a good place to work.	80	4	88	80	85
11	My supervisor/department chair regularly models MSU's values.	78	6	83	77	81
26	At Midwestern State University, people are supportive of their colleagues regardless of their heritage or background.	73	6	89	82	88
12	My supervisor/department chair actively solicits my suggestions and ideas.	70	11	79	73	75

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MIDWESTERN
STATE UNIVERSITY

Bottom Five Statements

	Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
3	My department has adequate faculty/staff to achieve our goals.	28	48	54	40	43
20	There is regular and open communication among faculty, administration and staff.	31	27	71	56	63
16	Senior leadership communicates openly about important matters.	34	28	71	57	68
7	Faculty, administration and staff are meaningfully involved in institutional planning.	36	28	68	57	63
24	There's a sense that we're all on the same team at MSU.	37	20	71	54	66

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MIDWESTERN
STATE UNIVERSITY

Teaching Environment

Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
1 There is a good balance of teaching, service, and research at Midwestern State University.	53	18	81	67	72
2 There is appropriate recognition of innovative and high quality teaching and mentoring of students.	48	22	84	70	72

"A better balance between teaching, service, and research. The latter one is often hard to achieve due to the previous two. It seems that the expectations to do research have recently been increased while the teaching duties have not been adjusted."

"Better balance between teaching and research expectations. More recognition of teaching excellence."

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Policies, Resources & Efficiency

Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
3 My department has adequate faculty/staff to achieve our goals.	28	48	54	40	43
4 MSU places sufficient emphasis on having a diverse faculty, administration and staff.	64	11	82	74	79

"I believe increased staffing would be beneficial to MSU, providing an opportunity to lessen the burden in areas of heavy workload as well as provide an opportunity for cross-training so that essential job duties and university functions are not handled and known by only one person."

"I appreciate the diversity of peoples represented in our student body and employees."

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Shared Governance

Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
5 The role of faculty and staff in shared governance is clearly stated and publicized.	44	23	76	66	70
6 Faculty are appropriately involved in decisions related to the education program (e.g. curriculum development and evaluation).	65	12	82	73	79
7 Faculty, administration and staff are meaningfully involved in institutional planning.	38	28	68	57	63

"Faculty here generally feel that they are not given the ability to share in decision-making about issues that impact students, faculty, and the university. There has been some improvement in this area over the last few years, but there is still a long way to go for the faculty to feel truly involved and heard in making these decisions."

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Pride

Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
8 Overall, my department is a good place to work.	80	4	88	80	85
9 I am proud to be part of Midwestern State University.	87	3	88	79	86

"MSU was an amazing place to learn and grow when I was an undergraduate student, and now it is wonderful place to work. I do not consider MSU my workplace; it is a significant part of my life and who I am as a person. I am extremely proud of the changes and growth that this university has experienced in the last 15 years and I excited about the future."

"My coworkers in my department as well as staff, faculty, and administrators across the campus are warm, friendly, open and willing to help out whenever needed. They are proud of MSU, proud of the work they do... I see and meet inspirational people every day who work hard to ensure the continued success of this university."

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Supervisors/Department Chairs

Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
10 I receive feedback from my supervisor/department chair that helps me.	69	12	77	68	71
11 My supervisor/department chair regularly models MSU's values.	78	6	83	77	81
12 My supervisor/department chair actively solicits my suggestions and ideas.	70	11	79	73	75

"My immediate supervisor is honest, fair, and treats staff w/professionalism."

"My direct supervisor ensures the processes we have in place will streamline the overall college experience for the students and the expectation is that we will continue to improve our processes for the betterment of the students."

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Senior Leadership

Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
13 Senior leadership provides a clear direction for Midwestern State University's future.	44	16	73	57	71
14 Our senior leadership has the knowledge, skills and experience necessary for institutional success.	57	10	81	67	80
15 Senior leadership shows a genuine interest in the well-being of faculty, administration and staff.	45	21	79	61	74
16 Senior leadership communicates openly about important matters.	34	28	71	57	68
17 Senior leadership regularly models MSU's values.	52	14	83	69	80
18 I believe what I am told by senior leadership.	40	19	75	61	72

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In their own words...Faculty & Staff

"Senior leadership has to consult faculty and staff more on policies that would affect them directly or indirectly, and better communicate future directions and new policies with all constituencies of MSU."

"Better communication from the top down may make faculty feel more included and appreciated as well."

"More open communication and everyone pulling in the same direction. I don't see cohesion among the senior leadership and that needs to change."

"There are some trust issues involving senior management, which can trickle down to the departments. We need more information - no matter what the subject. Too much seems to go on behind closed doors. By the time decisions are made, it's too late to point out potential flaws, etc."

"Better communication and transparency from senior leadership as well as consideration of ideas of how to progress the university from faculty and staff would help make the university better."



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Faculty, Administration & Staff Relations

Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
19 Faculty, administration and staff work together to ensure the success of institution programs and initiatives.	47	13	81	67	76
20 There is regular and open communication among faculty, administration and staff.	31	27	71	56	63

"There have been several discussions over the years about silo's built between departments, There is not a general conscientious that we are all a Team unit at MSU and all need to work together."

"Better communication and working within the departments/colleges and across the University. Everyone seems to be an island and I think so much more could be accomplished by working together for common goals."



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Communication

	Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
21	In my department, we communicate openly about issues that impact each other's work.	70	11	77	68	72
22	At Northwestern State University, we discuss and debate issues respectfully to get better results.	45	15	71	57	59

"Increased communication and access to information would greatly help. Like any university, we go through a number of seemingly small changes that turn out to have bigger implications. We have a fairly robust means to communicate news to the campus through the web, newsletters (e.g. the Update), and postmaster, but it could be used more effectively to provide information about changes to administrative organization and policy."

"The communication between administration and faculty has been lacking in the past, but it's improved over the past two to three years. I still think it can be better, and I think the new president has this as one of her goals."

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Collaboration

	Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
23	I can count on people to cooperate across departments.	44	18	70	58	65
24	There's a sense that we're all on the same team at MSU.	37	20	71	54	66

"Better communication among faculty, administration, and staff would improve MSU. At times, communication barriers exist, and there have been rare instances of competing demands that serve to divide the staff from the faculty in an "us against them" mentality. That is neither healthy nor productive in our common goals of educating and serving the needs of our students."

"Despite the personal camaraderie I believe there remains that divide between the faculty and the staff; and liberal arts education versus professional education. There are paradigms and attitudes which need to shift to allow movement and creativity outside of the box. Moving beyond "we've always done it this way" would help to make the university better."

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Respect & Appreciation

Survey Statement	MSU Overall (% Positive)	MSU Overall (% Negative)	2015 Honor Roll Benchmark 3,000-9,999 (% Positive)	2015 Carnegie Master's Benchmark (% Positive)	2015 Peer Benchmark (% Positive)
25 I am regularly recognized for my contributions.	45	28	69	57	63
26 At Midwestern State University, people are supportive of their colleagues regardless of their heritage or background.	73	6	89	82	86

"I think the staff is often times considered second class citizens to the faculty. We don't always get the same representation on committees and certainly don't have the power to force raises as the faculty seemed to have been able to do."

"I just wish that the faculty and staff were better recognized for the contributions and sacrifices that they make for the students. I also think that in some departments there needs to be a breath of fresh air breathed into them. It's never a bad idea to have some new ideas and find some fresh and innovative ways to make the Midwestern State experience more enjoyable for everyone."

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Open-ended Questions

External Constituents

1. What are the three greatest opportunities before MSU today?
2. What should be President Shipley's first priority?

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In their own words...Alumni

" Enhance reputation for quality of educational and campus life experience."

" Keep MSU in forefront of letting Texas and Oklahoma students know what a great education you can get if you attend MSU. "

" Outreach into the community."

" Building skilled applicants for jobs needed in the Wichita Falls area."

" Affordability of programs & working to build community relations. "

" Ensuring the quality of the undergraduate education experience--that has always been Midwestern's bread-and-butter. "

" Get to know certainly the faculty and staff as well as the community. Prioritize the goals and challenges ahead. Have an action plan on how to get there. Collaboration with academics and athletics needs tweaked in a big way. "

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In their own words...Board Members

" Controlling costs, providing valuable degrees to students, growing the university. "

" Building on the many great degree programs already in place - international business, petroleum industry degrees and the health field. "

" Become better recognized in the community, region and state (marketing - high priority) - tell our story. "

" Build (and recognize) the history of the university and begin implementing the strategic plan while offering new opportunities for funding/growth. "

" Growth."

" Get to know the campus, faculty and students (be seen & available) TOP Priority! Listen, observe and recognize the attributes of the university (and faculty); build on it Become familiar with our community -- be a "cheerleader" for the university and your new home. "

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In their own words...Community Leaders

" To grow as a university in numbers, academic offerings, and as an asset to the community."

" Getting into the community to educate people about MSU in order to gather needed visibility and support which would include financial as well as teaming together with business, industry and SAFB."

" More connections with the business community, creating more of a campus feel by providing amenities on and near campus, getting Wichita Falls to feel more like a college town."

" Get out in the public and meet the leaders of Wichita Falls and the demographic area where students come to attend MSU. And do not forget Sheppard Air Force Base. Get out from behind her desk and meet the wonderful people in North Central Texas. "

" Work with faculty and staff to earn trust and loyalty. Spend as much time as is required to accomplish this. "

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In their own words...Donors

" ...shape its image as the ONLY liberal arts school in TX priced at public rates - opportunity to compete for students who might otherwise choose SMU, TCU, Southwestern, etc. "

" Continued development of housing and a more robust campus life. "

" It's critical that MSU increase awareness/opportunities at Midwestern. Graduating HS seniors and parents need information on the benefits of a college education. ...a college education benefits individuals with financial stability...The benefit is abundant and far-reaching in every vein, creating a productive, progressive and prosperous community. "

" Connecting with the student body, staff, community leaders, businesses, civic groups, alumni and donors (present and potential). "

" To show faculty support and let them know it is a team effort. "

" Maintaining it's affordability without sacrificing it's educational experience . Although the price is important, care should be given to keep the school financially solvent. "

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The Value of Relationships

“The world is becoming more technologically complex, interdependent, and culturally diverse, which makes the building of relationships more and more necessary to get things accomplished, and at the same time, more difficult. Relationships are the key to good communication; good communication is the key to successful task accomplishment...”

Edgar Schein
Humble Inquiry

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Additional Resources

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10 Core Dimensions

- **Teaching Environment** – with a particular focus on faculty, this dimension consists of statements that address the balance between teaching, research and service; the support for advising/mentoring students; and recognition for outstanding teaching
- **Policies, Resources & Efficiency** – assesses the perceived effectiveness of various systems, policies and infrastructure
- **Participation in College Governance** – captures information about the perception of inclusion and cooperation as related to shared governance
- **Connection to Institution & Pride** – evaluates the sense of pride and connection faculty/employees report regarding their affiliation with the institution
- **Supervisor/Department Chair Relationship** – provides insight into the relationship faculty/employees report with their department chair or supervisor and assesses critical managerial competencies

10 Core Dimensions

- **Confidence in Senior Leadership** – measures the confidence faculty and employees report in the capabilities and credibility of senior leadership; senior leadership was defined as the most senior members of the institution
- **Faculty, Administration & Staff Relations** – provides insight into the quality of faculty, administration and staff relations with a focus on the perception of support, cooperation and
- **Internal Communications** – assesses the quality of internal communications specifically as related to transparency, clarity and interactivity
- **Collaboration** – measures the perceived cooperation and collegiality within workgroups and across the institution
- **Respect & Appreciation** – provides insight into the degree to which faculty/employees feel respected and valued

MIDWESTERN STATE UNIVERSITY RESOLUTION OF APPRECIATION

November 12, 2015

WHEREAS, Dr. Norman V. Horner, Professor Emeritus of Biology at Midwestern State University, retired from full-time teaching in 2006 following 39 years at MSU, during which time he served as department head, division director, and Dean of the College of Science and Mathematics; and

WHEREAS, since 2006 Dr. Horner has served as MSU's Director of Natural Laboratories and has expanded research opportunities through his work with the Dalquest Desert Research Station (DDRS); and

WHEREAS, Dr. Horner was instrumental in the conception, planning, construction, and implementation of the Joe B. Hood Research Laboratory, which provides a fully-equipped field station for scientists and students to conduct their research;

NOW, THEREFORE, BE IT RESOLVED that the members of the Board of Regents and President of Midwestern State University hereby express their most sincere appreciation to Dr. Norman V. Horner for his exceptional service to MSU, and

BE IT FURTHER RESOLVED that this Resolution be made a part of the permanent minutes of this Board and that a copy be presented to Dr. Horner as a token of the university's gratitude and appreciation.

Shawn Heising, Chairman

Michael Bernhardt, Vice Chairman

J. Kenneth Bryant, Secretary

Tiffany Burks

R. Caven Crosnoe

F. Lynwood Givens

Jeff Green

Nancy Marks

Samuel M. Sanchez

Megan Piehler, Student Regent

Suzanne Shipley, President



**MINUTES
BOARD OF REGENTS
MIDWESTERN STATE UNIVERSITY
November 13, 2015**

The Board of Regents, Midwestern State University, met in regular session in the J. S. Bridwell Board Room, Hardin Administration Building, Wichita Falls, Texas, at 9:00 a.m., Friday, November 13, 2015. Regents in attendance were Mr. Shawn Hessing, Chairman; Mr. Mike Bernhardt, Vice Chairman; Ms. Tiffany Burks, Acting Secretary; Mr. R. Caven Crosnoe; Dr. Lynwood Givens; Mr. Jeff Gregg; Ms. Nancy Marks; Mr. Sam Sanchez; and Student Regent Megan Piehler.

Administrative staff members present included Dr. Suzanne Shipley, President; Dr. Betty Stewart, Provost and Vice President for Academic Affairs; Dr. Marilyn Fowlé, Vice President for Business and Finance; Dr. Bob Clark, Vice President for Administration & Institutional Effectiveness; Dr. Howard Farrell, Vice President for University Advancement and Public Affairs; and Mr. Matthew Park, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Dr. David Carlston, Chairman of the Faculty Senate; Ms. Reagan Foster, Chair of the Staff Senate; Dr. Ray Willis, Assistant Professor of Biology; Mr. Claudio Rodriguez, Sunwatcher Village Complex Coordinator; Mr. Charlie Carr, Director of Athletics; Mr. Barry Macha, General Counsel; Mr. Chris Stovall, Controller; Ms. Dawn Fisher, Director of Human Resources; Ms. Julie Gaynor, Director of Marketing and Public Information; Ms. Cindy Ashlock, Executive Assistant to the President; and Ms. Debbie Barrow, Director of Board and Government Relations. Representing the Student Government Association (SGA) were Mr. Jesse Brown, SGA President, and Ms. Andrea Mendoza, SGA Observer. Representing the news media was Ms. Lana Sweeten-Shults, Wichita Falls *Times Record News*. Guests attending the first portion of the meeting were Dr. Marcy Brown Marsden, Dean, College of Science and Mathematics, and Mr. Dan Williams, MSU Chief of Police.

Chairman Hessing called the meeting to order at 9:00 a.m. and Ms. Gaynor introduced the guests.

Opening Comments

Mr. Hessing asked Dr. Betty Stewart to make an introduction. Dr. Stewart introduced Dr. Margaret (Marcy) Brown Marsden, the new dean of the College of Science and Mathematics. She reported that Dr. Brown Marsden earned a bachelor's degree in biology from the University of Dallas at Irving and a Ph.D. from Purdue University. Dr. Stewart added that she is also completing an MBA from the Gupta College of Business at the University of Dallas. She reported that Dr. Brown Marsden has an academic background in the liberal arts, sciences, and business, and brings a well-rounded perspective and experience to the university. Mr. Hessing welcomed Dr. Brown Marsden to MSU.

Mr. Hessing recognized Dan Williams who is retiring as MSU Chief of Police in December. Mr. Williams thanked the board for their support during his 5 ½ years at MSU. He encouraged the board and administration to continue taking steps to ensure the greater safety

of the students, faculty, and staff of MSU. Mr. Hessing stated that Mr. Williams did a great job for the university and thanked him for his service.

Mr. Hessing thanked the board members for their participation at the committee meetings Thursday. He reminded everyone that the meeting was being streamed live on the internet and asked everyone to silence or turn off their cell phones.

Public Comment

Mr. Hessing stated that in accordance with the Board of Regents By-Laws, MSU Policy 2.22, members of the public were invited to address the Board of Regents through written and oral testimony. He noted that no one had signed up to speak during this time.

Reading and Approval of Minutes

16-34 & 16-35. Minutes of the Board of Regents meetings August 6 and 7, 2015, were approved as presented.

Executive Committee Report

Mr. Hessing noted the items presented at the Executive Committee meeting for committee approval and information only. Information concerning these items may be found in the minutes of the Executive Committee meeting held November 12, 2015.

Item Presented for Committee Approval Only

16-05. Committee Minutes

Items Presented for Information Only

16-06. MSU Deferred Maintenance Reports – Campus Condition Index

16-07. Campus Facilities Implementation Plan and Construction Update

Executive Committee Consent Agenda

Mr. Hessing recommended the following items that were approved by the Executive Committee and placed on the Consent Agenda for the board's consideration.

16-08. Mass Communication Addition Construction Contract – authorized the administration to enter into a contract with Buford Thompson Construction at a guaranteed maximum price not to exceed \$4.6 million as presented.

16-09. Athletics/Intramural Facilities Plan – approved the modified plan presented as follows:

- Construct a new outdoor free-play basketball court on the West Campus Annex property.
- Place artificial turf on the current softball field.
- Build a new soccer complex with an artificial turf field on the south campus.

- Authorize a second artificial turf field to be placed on campus, location to be determined, and ask the administration to study the placement of the field and schedule a special meeting of the board within the next 30 days to recommend placement.
- Approve a state contract for turf on the softball field, a contract for the design of the new soccer complex, and the financing plan for the project as presented.

16-10. Tuition Revenue Bond Projects – authorized the administration to proceed with planning to include the issuing of Requests for Proposals to begin the selection of architects for the construction of a new health science and human services building; the relocation of information technology and various offices into vacated space; a major renovation of Moffett Library; and, at a minimum, code updates in the Fain Fine Arts Center, Bolin Hall, and the Hardin Administration Building. It was noted that the specific location of the new building and the offices to be relocated into Bridwell Hall and other vacated space on campus, as well as a more precise budget, would be recommended to the board in February.

Mr. Hessing asked if there were items any member wanted to remove from the Consent Agenda. Mr. Sanchez asked that item 16-09 be removed from the Consent Agenda to consider further the placement of the outdoor basketball court. Mr. Bernhardt seconded Mr. Hessing's motion to approve the Consent Agenda without item 16-09. The motion approved.

Athletics/Intramural Facilities Plan

16-09. Mr. Sanchez stated that if the administration was going to reconsider the location of the turf field, he would like them to review also the recommended location for the outdoor basketball court. Dr. Givens expressed concern that the 30 day deadline for a special board meeting might be too restrictive given everyone's schedule in December. He indicated that he would prefer having the meeting within a reasonable amount of time. The motion was changed as follows:

- Place artificial turf on the current softball field.
- Build a new soccer complex with an artificial turf field on the south campus.
- Authorize a second artificial turf field and a new outdoor free-play basketball court, location to be determined, and ask the administration to study the placement of the field and court and schedule a special meeting of the board within a reasonable length of time to recommend placement of both.
- Approve a state contract for turf on the softball field, a contract for the design of the new soccer complex, and the financing plan for the project as presented.

Mr. Bernhardt moved approval of this item as presented. Mr. Sanchez seconded the motion and it was approved.

Academic and Student Affairs Committee Report

Dr. Givens noted the items presented at the Academic and Student Affairs Committee meeting for committee approval and information only, and an item approved by the committee but not

placed on the consent agenda. Information concerning these items can be found in the minutes of the committee meeting held November 12, 2015.

Item Presented for Committee Approval Only

16-11. Committee Minutes

Items Presented for Information Only

16-12. University Dashboard

16-13. Enrollment Report – Fall 2015

Item Approved by Committee but Not Placed on Consent Agenda

16-17. Admissions Policy Changes

Academic and Student Affairs Committee Consent Agenda

Dr. Givens recommended the following items that were approved by the Academic and Student Affairs Committee and placed on the Consent Agenda for the board's consideration.

16-14. December 2015 Graduating Class – approved the list of candidates for graduation.

16-15. Academic Calendar 2016-2017 – approved the calendar as presented.

16-16. Change Title of International Studies Major and Minor – approved changing the title of this major and minor to Global Studies.

16-18. *MSU Policies and Procedures Manual Changes* – approved the new policy regarding Consensual Relationships as presented.

Mr. Hessing asked if there were items any member wanted to remove from the Consent Agenda. There being none, Mrs. Burks seconded Dr. Givens' motion to approve the Consent Agenda as presented. The motion was approved.

Admissions Policy Changes

16-17. Mr. Hessing asked for a motion so that this item could be placed on the table for discussion. Mrs. Burks moved approval of the item as presented. Mrs. Marks seconded the motion.

Mr. Gregg stated that after considering this item following Thursday's meeting he determined that he would not support the recommendation. He noted that Dr. Lamb had mentioned that students from lower socio-economic backgrounds did not have access to the preparatory tests for the ACT and SAT. Mr. Gregg indicated his understanding that scholarships are generally available for these courses. He added that he did not want MSU to take this action simply because other Texas institutions have done so. He stated

concern that approving the recommended change would result in the university lowering its academic standards.

Mrs. Marks asked if the university's branding as a selective school would change if this recommendation was approved. Dr. Shipley indicated that Dr. Lamb spoke about efficiency that would be achieved if students who are generally accepted could be automatically admitted. She noted that MSU is looked upon as a selective institution and this action could dilute this perception.

Dr. Givens stated his opinion that the Admissions Office is an area that should not be shortchanged in funding. He noted that when a student applies to MSU he deserves to have someone look at his application and evaluate it individually. He indicated that the proposed policy gives the impression that MSU has lowered its standards. Mr. Sanchez stated that he did not want to lower academic standards after the administration and board worked to increase them. However, he asked about the funding that would be needed to meet the needs in the admissions area.

Ms. Piehler asked if this change in policy would make it harder for students who are not in the top 25% to be admitted to MSU. Dr. Shipley responded that it would not. She noted that the compelling argument for her in bringing the recommendation to the board was that the practice of the institution indicates that the admissions evaluators spend time reviewing these portfolios and ultimately accept the majority of them. She indicated that the most important thing was for the university to accept students who can be academically successful at MSU.

Mr. Gregg asked about the difference in processing time for a student automatically admitted compared to a student who was not. Dr. Shipley responded that she did not have the information and asked if anyone could answer the question in Dr. Lamb's place. Mr. Park asked Dr. Stewart if she had information from Dr. Lamb. Dr. Stewart indicated that she had Dr. Lamb's notes. She reported that in looking at the last four years, 14 additional students would have been admitted if the top 25% had been automatically admitted. Dr. Shipley asked how many students were in the gap between the top 10% and the top 25% and how much staff time was needed to process those students. Dr. Stewart responded that she did not have that information. Mr. Hessing stated that it was important to know how much time the admissions evaluators were spending on these applications. Dr. Shipley indicated that the discussion could be tabled until an admissions representative could join the meeting to provide additional information.

Mrs. Burks and Mrs. Marks rescinded their motion and second and the discussion was tabled until later in the meeting.

Finance Committee Report

Mr. Bernhardt noted the items presented at the Finance Committee meeting for committee approval and information only. Information concerning these items can be found in the minutes of the Finance Committee meeting held November 12, 2015.

Item Presented for Committee Approval Only

16-19. Committee Minutes

Items Presented for Information Only

16-20. Summaries of Financial Support

16-21. FY 15 Quasi-Endowment Fund Reports

Finance Committee Consent Agenda

Mr. Bernhardt recommended the following items approved by the Finance Committee and placed on the Consent Agenda for the board's consideration.

16-22. Financial Reports – accepted the monthly financial report for July 2015.

16-23. Investment Report – accepted the fourth quarter 2015 Investment Report.

16-24. FY 2015-2016 Items \$50,000 & Under – ratified the change as presented.

16-25. Personnel Reports and Changes in FY 15 Budget – ratified the changes as presented.

16-26. Personnel Reports and Changes in FY 16 Budget – ratified the changes as presented.

16-27. Funding for Market Study – Academic Expansion – authorized funding of \$90,000 for this study from designated tuition reserves as presented.

Mr. Hessing asked if there were items any member wanted to remove from the Consent Agenda. Mr. Sanchez seconded Mr. Bernhardt's motion to approve the Consent Agenda as presented. The motion was approved.

Audit, Compliance, and Management Review Committee Report

Mr. Sanchez noted the items presented at the Audit, Compliance, and Management Review Committee meeting for committee approval and information only, as well as the item removed from the agenda. Information concerning these items can be found in the minutes of the committee meeting held November 12, 2015.

Item Presented for Committee Approval Only

16-28. Committee Minutes

Items Presented for Information Only

16-29. Historically Underutilized Business Year-End Report – FY 2015

16-30. Contract Management Activities Year-End Report – FY 2015

16-31. Audit and Compliance Activities

Item Removed from Agenda

16-33. Affiliation Agreements Between MSU and the MSU Foundation, Inc. and the MSU Charitable Trust

Audit, Compliance, and Management Review Committee Consent Agenda

Mr. Sanchez recommended the following item approved by the Audit, Compliance, and Management Review Committee and placed on the Consent Agenda for the board's consideration.

16-32. Internal Audit Charter – approved the charter as presented.

Mr. Hessing asked if any member wanted to remove this item from the Consent Agenda. Dr. Givens seconded Mr. Sanchez' motion to approve the Consent Agenda as presented. The motion was approved.

Other Business

Presidential Performance and Compensation Review

16-36. Mr. Hessing reported that each year the board evaluates the president's performance at the February meeting. He suggested this evaluation be deferred until the May meeting since Dr. Shipley will only be in her first six months of service at MSU in February. There being no objections, this course of action was approved.

President's Report and Discussion

16-37. Mr. Hessing noted that the first reports would be made by representatives of the faculty, staff, Student Government, and athletics.

A. Faculty Report - Dr. David Carlston, Faculty Senate Chairman, reported that faculty appreciate the way the Presidential Transition Survey Results had been handled in terms of dissemination of the results, as well as the presentation of strategic priorities and the faculty having an opportunity to comment. He noted that the survey results showed that communication and transparency were identified as major concerns. He stated that sharing results and soliciting input from the campus community would likely help improve the responses in subsequent surveys. Dr. Carlston reported that as the campus carry issue was discussed in the spring faculty members suggested the installation of peepholes in faculty office doors so that they could see who was at the door, particularly late at night or on the weekend. The administration responded to the request and installed the peepholes this fall as requested. He noted that the Campus Carry Task Force is doing a great job in working to make recommendations to the president to implement the law in the best way possible for Midwestern State University.

Dr. Carlston indicated that he was pleased to hear the discussion of the dashboard. He stated that the faculty would be interested in the tracking of the percentage of students that are admitted but do not meet the stated academic requirements. He noted that from a faculty perspective there is a difference between a classroom of 80 academically prepared students and 80 unprepared students in terms of the types of teaching that can be done. He stated his understanding that between 40% and 50% of the entering students admitted to MSU do not meet the requirements for unconditional admission. Mr. Crosnoe asked for additional information regarding the students who are admitted without meeting the university's standards. Dr. Stewart noted that Ms. Leah Hickman, Associate Director of Admissions, was available to answer the question. Ms. Hickman stated that the two categories of admission are unconditional and by review. Students admitted by review do not meet unconditional admission standards and, if admitted, have conditions placed on them during their first year on campus. She stated that although 40% of the students admitted do not meet unconditional admission standards, not all of the students admitted actually enroll at MSU. Dr. Carlston indicated that tracking the number of students who are admitted by review and enroll was important from a faculty perspective, as well as from an academic support perspective. Mr. Bernhardt asked Ms. Hickman how many of the 40% who were admitted actually enrolled at MSU. Ms. Hickman responded that in the fall 2014, 147 students were admitted by review and 47 of those students enrolled.

Mr. Bernhardt asked how many students admitted by review were successful during the first year. Ms. Hickman responded that the grade point average (GPA) of all students admitted in the fall 2014 was 2.66 while the GPA of those students admitted by review was 2.70. She added that in the fall 2013 the GPA of all students admitted was 2.71 and the GPA of by review students was 2.59. Dr. Carlston stated that he was not recommending changes in processes other than suggesting the administration track the numbers. Mr. Hessing noted that he mentioned on Thursday that the dashboard should be updated with additional information as necessary. He stated that this was one of the numbers that should be monitored.

Dr. Carlston reported that the faculty are excited about the first-year experience. He noted that a large committee is working on the process. He stated that Dr. Clark would provide an update on the committee's work to the Faculty Senate at the next meeting. He added that there was a growing desire from faculty members for the first-year experience to include an academic component to help the students make the transition from high school to college.

Dr. Carlston introduced Dr. Ray Willis, Assistant Professor of Biology, to visit with the board regarding his teaching and research activities. Dr. Willis presented his report as shown in Attachment 1. Dr. Willis reported that he was a freshman at Tarleton State University (TSU) in 1997 following nine years of service in the U.S. Navy. He earned his baccalaureate and master's degrees at TSU and graduated from Texas Tech University with his Ph.D. in 2006. He noted that in his research he looks at how animals are related to each other through genetic comparisons. Dr. Willis stated that the Dalquest Desert Research Station (DDRS) was one of the reasons he

chose to work at Midwestern State University beginning in 2012. Slide Three of his presentation showed a photograph of the research camp before the new facility was built. He reported that he generally travels to the site with graduate students eight times each year. He expressed appreciation for the new Joe B. Hood Research Laboratory shown in Slide Five. He stated that the new facility makes it possible for individuals to stay at the site for a longer period of time. He noted that the faculty were considering offering a Desert Ecology course at the DDRS in the future.

Dr. Willis noted that one of the great things about the DDRS is that two-thirds of the property is known as an “Erosional Bad Land.” It offers unique ecology and different animal communities inhabit the area. He stated that he uses motion detector cameras to monitor the animals on the site. In addition to the photographs shown in his presentation, Dr. Willis provided a zip drive with additional photos from the DDRS. He expressed appreciation to the board for the opportunity to visit with them.

Dr. Givens asked if the individuals doing research at the DDRS were doing things to impact change or if they were observers only. Dr. Willis indicated that they are just observers. Dr. Shipley asked what steps are taken to guarantee student safety. Dr. Willis responded that he works with new students to inform them of the dangers. He indicated that the faculty are beginning to work on a book to address emergency contingencies.

Mr. Crosnoe asked how the site was publicized to faculty at other institutions. Dr. Willis responded that he publishes papers on his research and makes presentations at other universities. He noted that the DDRS is one of the selling points that separates MSU from other universities. He stated that the site is getting well known and the university has to determine how best to use the site without allowing it to get overused.

- B. Staff Report – Ms. Reagan Foster, Staff Senate Chair, added her thanks to retiring Police Chief Dan Williams for his service to MSU. She indicated that she wanted to echo the comments Dr. Carlston made about the ModernThink survey. The Staff Senate encouraged staff participation in the survey and were encouraged by the 80% response rate. The November Staff Senate meeting was cancelled to encourage staff members to attend the sessions that were held Thursday regarding the ModernThink survey results. Ms. Foster reported that the Staff Senate had also been heavily involved in the Campus Carry initiative. She noted that a number of staff members serve on the Campus Carry Task Force representing various areas of the campus.

Ms. Foster announced that Ms. Jeanette Perry, Secretary in University Development, and Ms. Elizabeth Rogers, Human Resources Assistant II, were the two recipients of the Jesse W. Rogers Staff Senate \$250 scholarship for the fall semester. She added that recent You Make a Difference Award recipients included Ms. Elizabeth Rogers and Ms. Courtney Grimes, Human Resources; Ms. Darla English, Registrar; Mr. Matthew Murphy, Mr. Marcus Hill, and Mr. Randy Kirkpatrick, Information Technology; and Mr. Pete Martinez, Clark Student Center.

Ms. Foster introduced, Mr. Claudio Rodriguez, Sunwatcher Village Complex Coordinator. She reported that she met Claudio when he came to MSU as a student and it was wonderful to know him now as a colleague. She stated that Mr. Rodriguez was nominated for a You Make a Difference Award for his work during new student orientation. He helped make the event a successful experience by stepping in and translating for Spanish speaking parents who were in attendance. Mr. Rodriguez thanked the board for the opportunity to visit with them and provided information about himself as shown in Attachment 2. He added that his brother graduated from MSU with a marketing degree, went to New York for his master's degree, and now lives in California. He stated that both he and his brother were happy with their decisions to come to MSU. He noted that when he was a student people came along side to help him and he was happy to be able to do the same for others.

- C. Student Government Report – Mr. Jesse Brown, President of the MSU Student Government Association, thanked the board for the opportunity to speak. He indicated that he was pleased to hear the discussion regarding the location of the recreation fields and how it will affect the non-athletes on campus who contribute to the fee. He indicated that the SGA was taking steps to improve and expand its image on campus. He noted that Ms. Piehler brought up the matter of a centralized tutoring center during Thursday's meeting. He added that the Student Senate would likely pass a resolution supporting such an action during the spring semester. He noted that he was one of those students who did not have a very high SAT score when he entered MSU and as a struggling freshman it was difficult to know where to go for help. Mr. Brown reported that invitations had been extended to Mayor Glenn Barham, Senator Craig Estes, and Representative James Frank to speak during the SGA meetings. He noted that Mayor Barham would be the guest speaker the following week.

Mr. Brown reported that student perception on campus is positive overall. He noted that the SGA is monitoring a concern among students regarding the university's maroon color. He stated that the university recently trademarked its emblems and colors which caused all manufacturers to use the correct, approved university color. The Pantone Matching System (PMS) color remained the same but individuals noted the shade of maroon as more red than maroon. A student senator expressed concern that the color changed and that students were not a part of the conversation. This individual circulated a petition that has been signed by more than 500 students. Mr. Brown indicated that the matter would continue to be monitored.

Mr. Brown distributed copies of the MSU Mission Statement and Values (see Attachment 3). He indicated that in reviewing the nine values it was notable that leadership was not encompassed in the values. He stated that he wanted to bring this to the attention of the administration and board and encourage a reevaluation of the university values. He noted that he had communicated with student leaders in Greek life, residence life, and athletics regarding this matter. Mr. Sanchez commented that it could also be said that a leader embodies these values. He indicated that this was something Mr. Brown and his colleagues might want to consider in their conversations.

D. Athletics Report – Mr. Charlie Carr, Director of Athletics, reported on the following.

1. The University of Texas Permian Basin and Western New Mexico University will be added to the Lone Star Conference (LSC) in 2016-17. The conference reviewed an application from Adams State University (Alamosa, Colorado) and interest has also been expressed by New Mexico Highlands University (Las Vegas, New Mexico).
2. All MSU games are now streamed live on the internet. He noted that information regarding availability and cost could be found on the MSU website.
3. Fall Sports
 - a. Cross Country finished 14th in the region.
 - b. Women's soccer finished in the post season again this year.
 - c. Volleyball had a rough season and the new coach is looking to the future.
 - d. Men's soccer was ranked 2nd in the nation and will host the second round of the NCAA playoffs.
 - e. Football was scheduled to play for the LSC championship at Texas A&M Commerce.
4. The cumulative GPA for FY 15 for all 336 student athletes was 2.83. The retention rate for student athletes was 77.3% and the six-year graduation rate rolling average was 59%.

E. President's Report - Dr. Shipley reported on the following matters.

1. Association of Governing Board (AGB) Article – Dr. Shipley noted that she included in the agenda an article from *Trusteeship* magazine on revenue growth. She stated that the article discusses the importance of cost containment in times of tight budgets, but also discusses the importance of working to enhance revenue and new revenue production.
2. Inauguration and Commencement – Dr. Shipley reported that earlier in the fall she met with faculty, staff, and student governance representatives and talked about whether it would be appropriate to launch a very modest inauguration. The day before commencement seemed to be an appropriate time since the faculty and board regalia would already be ready for commencement the following day. Dr. Shipley noted that the brief ceremony was scheduled for Friday, December 11, at 11 a.m., in the Fain Fine Arts Theatre. She stated that the program would include great music and academic pomp and circumstance. She indicated her hope that the regents would participate if they were available. She noted that the major expense of the inauguration would be the holiday lunch that would be served following the ceremony. She announced that everyone attending the ceremony would be invited. Additionally, all faculty, staff, and students on campus would be invited whether they attended the ceremony or not.

Dr. Shipley stated that graduation would be held the following day, December 12, at the Kay Yeager Coliseum. She indicated that the speaker for this ceremony would be MSU alumnus, Catherine Allred Davis, Vice President for Marketing at Neiman Marcus. She noted that the regents would receive details soon regarding their participation in the ceremony.

3. Expansion to New Student Populations – Dr. Shipley commented that during her time at MSU she had expressed her belief that it was time for Midwestern State University to grow more aggressively. She noted that Texas was growing and MSU should be a part of that growth. She stated that the number she and the administration settled on was adding 2,000 new students by the university's 100th birthday in 2022. She noted that the anticipated breakdown of the 2,000 new students was 1,500 in off-campus locations and 500 on the residential campus. She stated that 500 students added to the main campus during the next seven years was not overly aggressive and would not destabilize the campus.

Dr. Shipley indicated that adult completion degrees are very popular with working adults in urban areas. She added that this was very much a part of the liberal arts mission because those working adults generally have the career preparation they need but many cannot advance because they do not have a baccalaureate degree. She noted that MSU's Bachelor of Applied Arts and Sciences (BAAS) degree is a great degree to offer to this population. She stated that other possible offerings would be graduate degree programs, possibly in allied health or business. She indicated that much would depend on the demand as well as programs already offered in the area. Dr. Shipley reported that a task force had been appointed to study the matter and they were looking at the Alliance Corridor in Ft. Worth. She stated that the administration was committed to the MSU campus in Wichita Falls and the liberal arts mission. She indicated her hope that serving adult students in other areas would have a magnet effect on the main Wichita Falls campus. She expressed appreciation to Dr. Keith Lamb and Dr. Terry Patton for co-chairing the task force.

Dr. Shipley stated that she would rely on planning to move MSU forward. She reminded the board that she would meet with faculty, staff, and students the following week regarding strategic initiatives that have been identified. She noted that the campus community would have an opportunity to provide feedback and the final list of strategic priorities would be presented to the board in February. She indicated that following the regular board meeting the board would adjourn to the Priddy Conference Room in the Dillard Business Administration Building for a four-hour retreat. Dr. Shipley explained that the board would also receive information regarding how the strategic priorities would impact the facilities master plan. She added that budget and fundraising plans would also be presented for discussion.

Dr. Shipley commented that attention was turning back to diversity on campus to include diversity of students, faculty, and staff, as well as whether the campus

offers a welcoming learning environment. She noted that the administration was looking to develop an enhanced outreach to Hispanic students. She reported that an institution can be named an Hispanic-Serving Institution (HSI) when its total Hispanic enrollment constitutes 25% of the total university enrollment. Dr. Shipley indicated that MSU becoming an HSI in the next decade would likely be a priority for MSU. HSI institutions qualify for federal support and funding to assist this population of students in being successful. Dr. Shipley reported that she had made contact with the Hispanic Association of Colleges and University (HACU) in San Antonio and would be visiting with them in January.

Dr. Shipley indicated that she was working to provide the board with a good plan developed through campus input. She stated that she had interfaced a great deal with faculty, staff, and students during the last 90 days and the plan the board would see in February would be one that was shaped by the campus community.

Admissions Policy Changes

16-17. Mr. Hessing stated that Ms. Hickman was available to visit with the board regarding the proposed changes to the admissions policies. He asked Ms. Hickman if she knew how many students were in the 15% gap between the top 10% and 25%. Ms. Hickman responded that in the fall 2014 there were 659 students in the gap; the number in the fall 2013 was 727. Dr. Givens asked if how many students in Texas graduated in the top 25%. Ms. Hickman responded that she did not know. Dr. Givens noted that MSU currently has automatic admission for the top 10% and students who do not meet the stated academic standards still apply. He indicated that if the university automatically admitted the top 25%, the number of students who could be automatically admitted would increase dramatically.

Mr. Hessing asked how much time it takes an evaluator to review an application. Ms. Hickman responded that it could take 20-30 minutes per file and added that the Admissions Office was approximately two weeks behind at that time. Mr. Hessing asked how many people were tasked with reviewing files. Ms. Hickman responded that the office has one freshman evaluator and noted that she (Ms. Hickman) provided assistance when needed. Mr. Gregg asked if the Admissions Office had enough staff to review the applications that are received in a timely manner. Ms. Hickman responded that the office needs additional staff. Mr. Gregg asked how many staff members were needed. Ms. Hickman responded that the office needed at least two additional processing positions. Mr. Gregg asked if the two positions would be needed if the policy was changed to automatically admit the top 25% students. Ms. Hickman stated that additional positions would still be needed to work on transfer initiatives and transfer evaluations.

Mr. Sanchez stated that since the university was already admitting the majority of students in the top 25%, he did not see that this action would lower academic standards. Dr. Givens responded that the university is not accepting all students at the 25% level, but is accepting the students at the top 25% who apply even though they do not meet the university's admissions standards. He noted that by changing the policy to accept the top 25% the university would be required to accept a larger pool of students whose records

have not been sampled. Dr. Shipley noted that it might be important to ask the universities that increased automatic admission to the top 25% if they had seen a larger number of applicants from that population.

Dr. Givens stated that if this recommendation was approved it would be important for the administration to acknowledge the additional academic support these students would need. Mr. Gregg stated his understanding that students needed additional tutoring and academic support regardless of whether this change is made.

Ms. Barrow reminded the board that the recommendation also included changes to admissions policies for home school students and those students who graduate from a school that does not use class rankings.

Mr. Sanchez moved approval of the admission policy changes as presented. Mrs. Burks seconded the motion. The motion failed with Mr. Hessing, Mr. Sanchez, Mrs. Burks, and Mr. Bernhardt voting aye and Dr. Givens, Mr. Gregg, Mrs. Marks, and Mr. Crosnoe voting nay.

Recess

The meeting went into recess at 10:57 a.m. and the meeting resumed at 11:08 a.m.

Executive Session

16-38. The Board of Regents went into Executive Session to discuss board item 16-38B (Deliberations Regarding the Purchase, Exchange, Lease, or Value of Real Property) as allowed by Texas Government Code Section 551.072. The Executive Session began at 11:08 a.m. Mr. Hessing, Mrs. Burks, Dr. Givens, Mr. Gregg, Mr. Crosnoe, Ms. Pichler, Mrs. Marks, Mr. Sanchez, Mr. Bernhardt, Dr. Shipley, Dr. Stewart, Dr. Fowlé, Dr. Clark, Dr. Farrell, Mr. Macha, and Ms. Barrow remained for the discussion. The open meeting resumed at 11:44 a.m.

Open Meeting Resumes

Mr. Hessing reported that the closed session was complete and the only item discussed was the item announced and no votes were taken.

Adjournment

There being no further business, the meeting was adjourned at 11:45 a.m.

I, Tiffany Burks, the fully appointed and qualified Acting Secretary of the Midwestern State University Board of Regents, hereby certify that the above and foregoing is a true and correct copy of the minutes of the Midwestern State University Board of Regents meeting November 13, 2015.



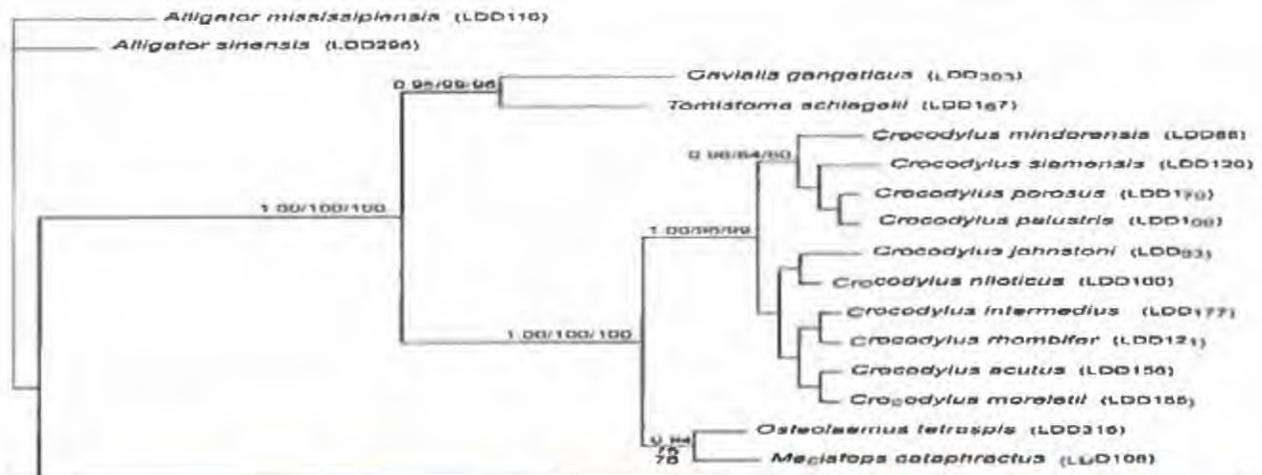
Tiffany Burks, Acting Secretary

ATTACHMENTS:

1. Faculty Presentation – Dr. Ray Willis
2. Staff Presentation – Mr. Claudio Rodriguez
3. MSU Mission Statement and Values

MSU Dalquest Desert Research Station

Ray E. Willis, Vertebrate Biologist



	110	111	120	130	140	15					
cow	96	GGFS	LLWIG	VL	F	I	Q	D	LYLG	VL	V
dog	96	GGFS	LLWIG	IL	F	I	Q	D	LYLG	VL	V
horse	96	GGFS	LLWIG	IL	F	I	Q	D	LYLG	VL	V
mouse	98	GGFS	LLWIG	IL	F	IRS	P	DD	LYLG	VL	V
rat	98	GGFS	LLWIG	IL	F	IRS	P	DD	LYLG	VL	V
sheep	96	GGFS	LLWIG	VL	F	I	Q	D	LYLG	VL	V
pig	96	GGFS	LLWIG	IL	F	I	Q	D	LYLG	VL	V
opossum	103	GGFS	LLWIG	VL	F	I	D	L	LYLG	VL	V
chicken	96	GGFS	LLLWIGSLL	F		ITSVM	G	NSD	LYLG	VLA	V
Squalus	103	GGFS	ILLWIG	IL	F	I	D	A	LYLG	VL	TV
Xenopus	98	GGFS	LLWIG	IL	F	IT	T	D	LYLG	VL	V
Squid	103	GGFS	LLWIG	IL	F	I	G	YDD	PGD	LYLG	IVLT
alligator5	24	GGFS	LLLWIG	VL	F	IK	L	VD	D	LYLG	IVLA
LaticaudaNKA	52	GGFS	LLLWIG	LL	F	F	I	G	N	D	LYLG
Agkistrodon5	30	GGFS	LLLWIG	LL	F	F	I	G	N	D	LYLG
NerodiaNKA	52	GGFS	LLLWIG	LLYF	ATFAI			GD	NYD	LYLG	
Nerodiahomb	13	GGFS	LLLWIG	LLYF	ATFAI			GD	NYD	LYLG	
Trachemys.AA	26	GGFS	LLLWIG	VL	F	I	E	N	D	LYLG	

Creosote , Acacia, Yucca and Opuntia



Started Fall 2012

Chair 6 graduate students (2 more projected)

On committees of 5 at MSU and 1 Texas Tech

Fall 2014- Erin Nimetz

Spring 2014- Kim Beck





13 11:22:52

TRUTH CAM46



2014 16:22:19

TRUTH CAM46



076F

02-04-2013 11:45:15

Questions?





Who is Claudio Rodriguez?

Complex Coordinator



Who is Claudio Rodriguez?

Complex Coordinator

My hometown!



- I was born in Mexico City.
- I have lived in Texas for 10 years.
- I am fluent in Spanish and English is my second language.
- I have an older brother that graduated from MSU and now lives in Malibu, CA.
- All my family, except for my brother, live in Mexico.



My University - MSU

I graduated twice from Midwestern.

- BBA in Economics Dec, 2010
- MBA Dec, 2012

I came to Midwestern because my brother encouraged me to come to the US.

It was the best decision of my life!!!



Midwestern State University

Midwestern State University
BBA in Economics
Graduated Dec 2010
Name: [Name]
The undersigned, President of the Board of Regents,
do hereby certify that [Name] has successfully completed the requirements for the degree of
Bachelor of Business Administration in Economics
at Midwestern State University, Wichita Falls, Texas, on [Date].
[Signature] [Date]



What is a Complex Coordinator?

- I supervise 336 beds in Sunwatcher Village and 282 beds in Sundance Courts apartments.
- I am in charge of 6 Resident Assistants (RA).
- I support residents so they can achieve a social and academic growth.
- With the help of my RAs, I implement social, cultural, wellness, diversity, and academic programs.
- I do on call rotation with other Residence Life staff during the year.
- The key to success is to be involved around campus and get to know as many students as possible.



Hobbies & Interests

- I am kind of a nerd. I love playing video games.
- I love traveling (Anywhere!)
- I like reading mostly drama and mystery novels.
- I like music concerts and music festivals.
- My favorite band is Bloc Party (British Indie rock band)
- Last but not least, I am a **HUGE** Chicago Bulls fan.



Strengths & Achievements

- Adaptability
- Empathy
- Harmony
- Inclusiveness
- Positivity

Founding Father of
Sigma Alpha Epsilon
Chapter in Midwestern
State



Big Brothers, Big
Sisters Wichita Falls



Graduated from
Leadership Wichita Falls
Class 2013



I am grateful to work at Midwestern

- I have met life long friends.
- I feel like I have an impact on our residents.
- I enjoy the challenges that come with working in Residence Life.
- I am thankful for my coworkers.
- I give back to Midwestern with each opportunity I get.
- I **LOVE** working for Midwestern State University.



Thank You!



Who is Claudio Rodriguez?

Complex Coordinator

Mission Statement

Midwestern State University is a leading public liberal arts university committed to providing students with rigorous undergraduate and graduate education in the liberal arts and the professions. Through an emphasis upon teaching, augmented by the opportunity for students to engage in research and creative activities alongside faculty and to participate in co-curricular and service programs, Midwestern State prepares its graduates to embark upon their careers or pursue advanced study. The university's undergraduate education is based upon a comprehensive arts and sciences core curriculum. The understanding that students gain of themselves, others, and the social and natural world prepares them to contribute constructively to society through their work and through their private lives.

OUR VALUES

- Excellence in teaching, learning, scholarship, and artistic production
- Intellectual curiosity and integrity
- Critical thinking
- Emotional and physical well-being
- Mutual respect, civility, and cooperation
- Social justice
- Civic service
- Stewardship of the environment, and of financial and human resources
- A safe, attractive, and well-designed campus

**MINUTES
BOARD OF REGENTS
MIDWESTERN STATE UNIVERSITY
December 16, 2015**

The Board of Regents, Midwestern State University, met in special session in the J. S. Bridwell Board Room, Hardin Administration Building, Wichita Falls, Texas, at 2:00 p.m., Wednesday, December 16, 2015. Regents participating in the meeting via teleconference were Mr. Shawn Hessing, Chairman; Ms. Tiffany Burks; Dr. Lynwood Givens; Mr. Jeff Gregg; and Ms. Megan Piehler, Student Regent. Regents in attendance on campus were Mr. Mike Bernhardt, Vice Chairman; Mr. Caven Crosnoe; and Ms. Nancy Marks. Mr. Kenny Bryant and Mr. Sam Sanchez were unable to attend the meeting.

Administrative staff members present included Dr. Suzanne Shipley, President; Dr. Marilyn Fowlé, Vice President for Business Affairs and Finance; Dr. Keith Lamb, Vice President for Student Affairs and Enrollment Management; and Dr. Robert Clark, Vice President for Administration and Institutional Effectiveness. Other university personnel attending the meeting included Mr. Kyle Owen, Associate Vice President for Facilities Services; Mr. Matthew Park, Associate Vice President for Student Affairs and Dean of Students; Mr. Charlie Carr, Director of Athletics; Mr. Barry Macha, General Counsel; Mr. Chris Stovall, Controller; Dr. David Carlston, Chairman of the MSU Faculty Senate; Mr. Bradley Wilson, Parliamentarian of the MSU Faculty Senate; Ms. Reagan Foster, Chair of the MSU Staff Senate; Mr. Chris Thames, PC/Network Lead Technician; and Ms. Debbie Barrow, Director of Board and Government Relations. Representing the news media were Mr. Chris Collins, *Times Record News*; Ms. Danielle Malagarie, KAUZ News Channel 6; and Ms. Kenzie Meek-Beck and Mr. Mark Campbell, KFDX-TV 3.

Chairman Hessing called the meeting to order at 2:00 p.m. and Ms. Barrow introduced the guests.

Opening Comments

Mr. Hessing welcomed everyone to the meeting and thanked the board members for their participation. He reminded everyone that the meeting was being streamed live on the internet and asked everyone to silence or turn off their cell phones.

Public Comment

Mr. Hessing stated that in accordance with the Board of Regents By-Laws, MSU Policy 2.22, members of the public are invited to address the Board of Regents through written and oral testimony. He noted that no one had signed up to speak during this time.

Athletics/Intramural/Free-Play Facilities and Location of New Health Sciences and Human Services Building

16-39. Mr. Hessing reported that at the November 2015 meeting of the Board of Regents the administration was asked to consider the location of a new artificial turf athletics/intramural/free-play field as well as the location of a free-play basketball court, and to return to the board with recommendations within a reasonable amount of time. He asked Dr. Shipley to review the information that was included in the agenda document.

Dr. Shipley noted that the agenda included a review of the university's planning effort and the action taken at the November 2015 board meeting. She reported that following the November meeting, the President's Cabinet reviewed the ideas presented, continued to study the needs of the campus, and determined recommendations to be made at this meeting. Dr. Shipley reviewed the recommendations that were included in the agenda which included placing the new Gunn College of Health Sciences and Human Services building in an area west of the McCoy Engineering Hall. She noted that this placement would result in the loss of 72 parking spaces. She added that the administration would bring a recommendation to the board in February regarding additional campus parking. Dr. Shipley reported that the recommended placement of the Gunn College building would provide great synergy with the other professional programs. She noted that this action would delay the need to build a parking garage, which would delay the timetable for razing the existing soccer stadium and building a new stadium.

Dr. Shipley discussed the recommendations regarding turf fields and free-play basketball courts. She reported that one turf field would be placed on the South Campus and that a grass area adjacent to the turf field would also be available. She stated that the turf and grass areas would be available for student free-play and intramural use when not in use by the soccer teams. She reviewed the plan for the north side of the campus and the placement of another turf field. She noted that this field would allow the football team to practice on turf as well as grass. Dr. Shipley commented that the administration was hopeful that the placement of additional turf areas might be possible, particularly with the savings achieved with the new plan.

Dr. Shipley stated that the proposed budget was included in the agenda. She indicated that if significant discounts were achieved the administration could possibly return to the board in February with an expanded budget and plan. She noted that the budget proposed in November was \$5.4 million and the budget proposed at this meeting was \$3.75 million.

Mr. Hessing stated that the administration requested approval of the plan presented and authorization to enter into contracts for artificial turf and lighting, and approval of the use of the State Master Lease program for financing up to \$3.1 million of this plan. Mr. Bernhardt moved approval of this item and Mrs. Marks seconded the motion.

Ms. Piehler asked if lighting for the free play fields could be included in the project if final costs were below those budgeted. Dr. Fowlé responded that the administration's priority was to light as much as possible with the available funding. Dr. Shipley asked Dr. Fowlé if the current free play area was lit. Dr. Fowlé responded that it was. Dr. Shipley stated that if funds were not available to install new lights, the existing lights could remain. Ms. Piehler indicated that it was important for the students to be able to use the fields at night and asked if the outdoor basketball courts would be lit. Dr. Shipley responded that lighting for the basketball courts was already included in the budget.

Mr. Crosnoe asked Dr. Shipley about the administration's plan for replacing the parking spaces lost with the placement of the new Gunn College building. Dr. Shipley responded that 72 parking places would be displaced with this plan and that the administration was considering the addition of a 244 space lot. She added that the new lot would be in a location near the residence halls.

Ms. Piehler noted that the agenda stated that the grass field on the north campus would be used exclusively for football practice. She asked if the football team could have priority but not exclusive use of the grass field. Dr. Fowlé responded that it was her hope that the project could be expanded to provide two turf fields on the north campus. Ms. Piehler asked if the grass field could be available for intramural and free play use if it remains. Dr. Fowlé and Dr. Shipley responded that it would be.

There being no further discussion, the motion was approved.

Investment Policy

16-40. Mr. Hessing noted that during the August 2015 meeting of the Board of Regents the administration reported that no changes were made to the Texas Public Funds Investment Act (PFIA) during the legislative session that had an effect on higher education institutions and no changes were recommended to the university's investment policies. He reported that during the recent investment audit process the administration was informed that the board must review and approve the university's investment policies annually regardless of whether or not changes are made. He stated that after the agenda for this meeting was distributed, Mr. Crosnoe noted two areas in Policy 4.182 that were outdated and needed to be changed before the policy could be considered for approval. Changes to the proposed policy are shown in Attachment 1.

Mr. Crosnoe moved approval of the policies as presented. Mr. Bernhardt seconded the motion.

Mr. Hessing asked if the audit report would be sent to the board and a report made in February. Dr. Fowlé responded affirmatively. Mr. Crosnoe noted that these policies included a number of actions that are required of the board and the administration. He asked that the administration develop a list of these requirements to help ensure they are being addressed. Dr. Fowlé commented that the investment audit would verify that all of the necessary requirements were met. Dr. Shipley asked Dr. Fowlé to provide such a list and Mr. Hessing asked that the matter be included in the February agenda for discussion.

Mr. Gregg noted that the investment policies were quite cumbersome and suggested the administration review the policies to determine if they can be shortened and/or cleaned up. Mr. Hessing commented that the current policy was developed several years ago with guidance from the state. He asked Dr. Fowlé to include an item on the February agenda regarding the policy.

There being no further discussion the motion was approved.

Adjournment

There being no further business, the meeting was adjourned at 2:24 p.m.

I, Tiffany Burks, the fully appointed and qualified Acting Secretary of the Midwestern State University Board of Regents, hereby certify that the above and foregoing is a true and correct copy of the minutes of the Midwestern State University Board of Regents meeting December 16, 2015.



Tiffany Burks, Acting Secretary

ATTACHMENT:

1. REVISED Policy 4.182 - Investment

Policy 4.182 INVESTMENT POLICY – OPERATING FUNDS

Date Adopted/Most Recent Revision: 5/9/14 12/16/15

A. Purpose

The purpose of this investment policy is to establish cash management and investment guidelines for the investment and protection of university operating funds in order to ensure that the university's investments are duly authorized, properly managed, and adequately protected. This policy will be reviewed annually by the Board of Regents. This policy is intended to:

1. Establish prudent investment procedures.
2. Assure that investment assets are adequately safeguarded.
3. Assure that adequate accounts and records are maintained which reflect investment position and results.
4. Assure that a system of good internal controls is maintained.

This policy provides investment guidelines for all operating funds invested by Midwestern State University to ensure compliance with university standards, the Public Funds Investment Act (TX Govt. Code 2256), Texas Education Code 51.0031, and all other state and federal laws.

B. Investment Objectives

1. Safety of Principal:

Each investment transaction shall seek to reduce the likelihood of capital losses, whether from security defaults or erosion of market value.

2. Liquidity:

The investment portfolio shall remain sufficiently flexible to enable the university to meet all operating requirements which may be reasonably anticipated in any funds.

3. Public Trust:

In managing the investment portfolio, officials shall avoid any transaction that might impair public confidence in the university. Investments shall be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived. No security shall be purchased that has either a limited or nonexistent secondary market.

4. Rate of Return:

The investment portfolio shall be designed with the purpose of regularly exceeding the average return of three month U.S. Treasury bills and the State of Texas Treasury yield. The investment program shall seek returns above this threshold, consistent with the overall investment policy and other investment objectives.

C. Investment Fund Administration

1. Investment Responsibility

Investment responsibilities are delegated by the Midwestern State University Board of Regents to the President and the Vice President for Business Affairs and Finance. Each member of the Board shall attend at least one (1) training session relating to the person's responsibilities under the Public Funds Investment Act within six (6) months after taking office. The university's chief financial officer and controller shall attend at least one (1) training session relating to that person's responsibilities within six (6) months after assuming duties and shall attend a training session not less than once in a two (2) year period and prepare a report to the Board of Regents on

such training. This training must include education in investment controls, security risks, strategy risks, market risks, and compliance with the Public Funds Investment Act (TX Govt. Code 2256.007). The university's chief financial officer shall also provide a report within six months of the end of each legislative session on any changes to the Public Funds Investment Act passed that session.

2. Day-to-Day Supervision

The Controller shall be responsible for the daily supervision and implementation of the investment program and shall be authorized to purchase, sell and invest university funds in accordance with the Public Funds Investment Act and Education Code 51.003 and this investment policy, with approval of the President or the Vice President for Business Affairs and Finance.

3. Record Keeping

Transaction and accounting records shall be complete and prepared on a timely basis with consideration at all times to the adequacy of an audit trail. Internal controls will assure responsible separation of duties and diminish the real and prospective burden on individual employees.

4. Custody

Custody of investment assets shall be in compliance with applicable laws and arranged to provide as much security, trading speed, and flexibility as possible.

D. Investment Strategy - Short-term Operating Funds

1. The daily cash position will be monitored by the Controller to ensure that non-interest bearing cash is minimized. The collection time of all dividend and interest payments will be accelerated to the extent possible. The university will maintain a minimum of \$1,000,000 available in overnight funds which will be kept in Texpool, Logic, or repurchase agreements. Should balances fall below this amount for any reason they will be replenished at the earliest opportunity from the first available cash receipts.
2. Overnight or short-term (thirty [30] days) funds shall be invested through a competitive bid or offer process as frequently as the market dictates as follows:
 - a. Banks in the local area are to be contacted by telephone to obtain their current certificate of deposit rates.
 - b. An unaffiliated investment broker is to be contacted to obtain statewide Texas banks' certificate of deposit rates.
 - c. Texpool or LOGIC, or other Board-approved cash investment pools are to be contacted to obtain current overnight rates.
 - d. Funds shall be placed based on the best rate quoted.
3. Transactions to purchase or sell securities shall be entered into on the basis of "best execution," which normally means best realized net price for the security. Settlement of all transactions except investment pool funds must be on a delivery versus payment basis.
4. The goal of the university will be that the portfolio shall be adequately diversified at all times in accordance with these investment guidelines. Specific investment ranges and investment policy limitations are as follows:

	Minimum	Maximum
U.S. Treasury Obligations	0%	100%
Federal Agency Obligations	0%	90%
Federal Agency Mortgage-Backed	0%	25%
Municipal Obligations	0%	50%
Certifications of Deposit (Insured)	0%	20%
Purchase Agreements (Collateralized)	0%	20%
Mutual Funds	0%	15%
Approved Investment Pools	0%	50%
University System Cash Concentration Pool	0%	90%

5. The university's pooled investment fund is comprised primarily of operating funds, and fund balance equity that carries forward from year to year. At the beginning of each fiscal year, the Controller and Vice President for Business Affairs and Finance will analyze current operating cash needs as well as any cash requirements for capital projects that will occur within the next two (2) years. If the university is not using a University System Cash Concentration Pool arrangement, the university will be required to more closely monitor its investments and maturities. This monitoring and analysis will include a two (2) year time line which clearly identifies any known cash requirements and the approximate month in which the cash must be available. Once an analysis of project needs has been assembled, an analysis of current economic conditions and interest rate levels and projections from third party outside sources should be reviewed. Investment maturities are to be structured in such a way as to maintain a liquid or currently maturing balance for all operating funds budgeted for expenditure during the fiscal year. If interest rates are rising or anticipated to increase these funds may be kept in short-term investment pools such as TEXPOOL. If interest rates are falling or are projected to fall, these funds should be invested to match projected cash needs as determined. Funds in excess of operating funds may be invested, preferably by staggering maturities, for longer than a year.
6. Bond proceeds are to be invested separately and apart from the university's pooled investment fund and maturities are to be structured in such a way as to provide sufficient cash to meet construction expenditures.
7. Endowment funds are to be invested in accordance with the university's separate Investment Policy – Endowment Funds.
8. Investments donated to the university for a particular purpose or for a specific use as specified by the donor may be held in investments other than those identified as authorized investments in this policy. Such investments shall be held apart from the university's pooled investment fund. Those investments shall be subject to all other requirements of this policy.
9. The investment staff shall be responsible for following the "prudent person" standard which shall be applied in the management of the portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

E. Investment Brokers/Dealers

1. The Board of Regents and the President may hire independent investment advisors or investment managers to assist university personnel in the execution of their investment responsibilities. All routine investments will be purchased or sold utilizing an established list of qualified firms. The Board of Regents shall annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the university. Qualified firms must be regulated by the Securities Exchange Commission and be members of the ~~National Association of Securities Dealers, Inc.~~ **Financial Industry Regulatory Authority (FINRA)**.
2. A written copy of this investment policy shall be presented to any person offering to engage in an investment transaction with the university. The qualified representative of the business organization shall execute a written instrument substantially to the effect that the business organization has:
 - a. Received and reviewed this investment policy; and
 - b. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the university and the organization that are not authorized by the university's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the university's entire portfolio or requires an interpretation of subjective investment standards.
 - c. The investment officer may not acquire or otherwise obtain any authorized investment described in this investment policy from a person who has not delivered the written instrument to the university as described above.
 - d. Nothing in this section relieves the university of the responsibility of monitoring the investments made by the university to determine that they are in compliance with this investment policy.

F. Investment Ethics

Officers and investment staff involved in the investment process shall refrain from personal business activity, as defined by the Public Funds Investment Act (TX Govt. Code 2256.005), that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. A member of the Board shall not direct nor participate in the decision to purchase or sell securities of a firm with which such member is significantly affiliated. Securities will not be purchased from or sold to a member of the Board. All investment staff must report any personal business relationship or relationship within the second degree of affinity or consanguinity with an individual or another firm or organization to the President and the Internal Auditor. On an annual basis the staff will report the nature and extent of any investments in or business transacted with such firms.

G. Investment Guidelines

Funds must be invested at all times in strict compliance with the Public Funds Investment Act (TX Govt. Code 2256) and other applicable laws, unless invested according to Texas Education Code Section 51.0031 which allows the Board of Regents to contract with another institution under prudent person investment standards.

1. **Authorized Investments.** Authorized investments include the following.
 - a. Obligations of the United States or its agencies and instrumentalities.

- b. Direct obligations of the State of Texas or its agencies and instrumentalities.
- c. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States with a maturity of 10 years or less.
- d. Other obligations, the principal of an interest on which are unconditionally guaranteed or insured by the State of Texas or United States.
- e. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.
- f. Certificates of deposit issued by a state **bank**, and national banks, **or savings bank** having a main office or branch office in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor, or collaterally secured by those obligations as listed above in a.- e.
- g. ~~Certificates of deposit issued by a savings bank having a main office or branch office in this state that are guaranteed or insured by the Federal Savings and Loan Insurance Corporation or its successor, or collaterally secured by those obligations as listed above in a.- e.~~
- h. Fully collateralized repurchase agreements having a defined termination date, secured by obligations described in a. above, and the securities are pledged to the university, held in the university's name and deposited at the time the investment is made with the university or with a third party selected and approved by the university, and is placed through a primary government securities dealer as defined by the Federal Reserve, or a financial institution doing business in this state. Repurchase agreement means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described in a. above, at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. This term includes a direct security repurchase agreement and a reverse security repurchase agreement. The term of any reverse security repurchase agreement may not exceed ninety (90) days after the date the reverse security repurchase agreement is delivered. Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.
- i. Prime domestic bankers' acceptances with a stated maturity of two-hundred-seventy (270) days or less from the date of issuance and will be liquidated in full at maturity, are eligible for collateral for borrowing from a Federal Reserve Bank, and are accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1, P-1, or the equivalent by at least one nationally recognized credit agency and is fully secured by an irrevocable letter of credit issued by a bank.
- j. Commercial paper with a stated maturity of two-hundred-seventy (270) days or less from the date of its issuance that is rated not less than A-1, P-1, or the equivalent by at least two (2) nationally recognized rating agencies, or is rated at least A-1, P-1, or the equivalent by at least one (1) nationally recognized credit agency and is fully secured by an irrevocable letter of credit issued by a bank.
- k. SEC-registered, no-load money market mutual funds and no-load mutual funds as described in and limited by the Public Funds Investment Act (TX Govt. Code 2256.014).
- l. Guaranteed Investment contracts for bond proceeds as described in the Public Funds Investment Act (TX Govt. Code 2256.015)
- m. Investment Pools as described in the Public Funds Investment Act (TX Govt. Code 2256.016).

- n. Corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.
- o. A contracted arrangement with a university system as defined under Education Code 51.0031 which allows the university to invest its cash into a system's cash concentration pool.

2. Unauthorized Investments

Effective September 1, 1995, in compliance with the Public Funds Investment Act (TX Govt. Code 2256.009b), the following are not authorized investments:

- a. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (interest-only).
- b. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (principal only).
- c. Collateralized Mortgage obligations that have a stated final maturity date of greater than ten (10) years.
- d. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

H. Performance Measurement

The investment performance of the funds will be measured by an unaffiliated organization with recognized expertise in this field, and compared against the stated performance goals. Measurement will occur at least monthly and will be used to evaluate the results on investment holdings and will include monitoring any rating changes in the university's investments. Reports will be prepared in compliance with generally accepted accounting principles and will describe in detail the investment position of the university and will include, by individual investment, the book value, market value, accrued interest, maturity dates, any purchases, sales, gains or losses and the fund or pooled account for which each individual investment was acquired. Reports shall be distributed to the President, the Vice President for Business Affairs and Finance, and the Internal Auditor. The Board of Regents shall receive the report no less than quarterly. The reports to the Board of Regents must be prepared and signed by the investment staff of the university and certified as to the portfolio's compliance with these policies and the Public funds Investment Act (TX Govt. Code 2256.023), unless the funds are invested under Texas Education Code Section 51.0031, for which the reporting will be provided by the contracted institution. The university Internal Auditor will perform a compliance audit at least once every two years with results reported to the State Auditor, President, and the Board of Regents not later than January 1 of each even-numbered year on those funds held locally and not invested through contract according to Texas Education Code Section 51.0031.

I. Interest Rate Risk Measurement

The university will measure on a quarterly basis the interest rate risk of its securities. The university will monitor and be aware of the overall interest rate and market value risk it is taking.