

**MINUTES
MIDWESTERN STATE UNIVERSITY
BOARD OF REGENTS**

**Finance and Audit Committee
February 9, 2006**

The Board of Regents, Midwestern State University, met in regular session in the Board Room, Hardin Administration Building, Wichita Falls, Texas, at 10:36 a.m., Thursday, February 9, 2006. Finance and Audit Committee members in attendance were Mr. Munir Lalani, Chairperson, and Mr. Don Ross Malone. In accordance with Board of Regents By-Laws, Policy 2.22, Article VIII, Section 1, Mr. Cannedy included Mr. Stephen Gustafson as a voting member of the committee on this date to assure a quorum. Other regents attending the meeting were Mr. Mac Cannedy, Jr., Ms. Patricia Haywood, and new Student Regent Will Morefield.

Administrative staff members present included Dr. Jesse W. Rogers, President; Dr. Friederike Wiedemann, Provost; Mr. Juan Sandoval, Vice President for Administration and Finance; Dr. Howard Farrell, Vice President for University Advancement and Student Affairs; Dr. Bob Clark, Associate Provost; and Mr. Keith Lamb, Associate Vice President for Student Affairs. Other university personnel attending the meeting included Ms. Gail Ferguson, Controller; Mr. David Spencer, Internal Auditor; Dr. David Tucker, Chairperson of the MSU Faculty Senate; Ms. Valarie Maxwell, Director of Budget and Management; Mr. Michael Dye, Director of Information Systems; Ms. Bobbie Tassinari, Director of Purchasing; Ms. Dianne Weakley, Director of Personnel; Mr. Mike Snow, Director of Institutional Research and Planning; Ms. Mitzi Lewis, Assistant Director of Institutional Research and Planning; Ms. Janus Buss, Director of Public Information and Marketing; Ms. Cindy Ashlock, Assistant to the President; and Ms. Debbie Barrow, Executive Assistant to the President. Mr. Jason York, Student Government Association Observer, also attended the meeting. Representing the news media was Ms. Ann Work, reporter for the Wichita Falls *Times Record News*.

Chairperson Lalani called the meeting to order at 10:36 a.m.

Reading and Approval of Minutes

06-55. The minutes of the Finance and Audit Committee meeting November 3, 2005 were approved as presented.

Review and Acceptance of Financial Reports

06-56. The administration recommended the August, September, October and November 2005 Financial Reports for acceptance. Mr. Sandoval commented on the August 2005 Annual Financial Report. He noted that revenues in 2004-2005 increased over the previous year from \$57 million to \$59.5 million while expenditures increased from \$55 million to \$57 million. The largest increase in expense was depreciation; he added that library books must now be depreciated. He reported that in reviewing overall fund balances he found Education and General Funds and Designated Funds to be stable. He added that the largest deviation came in Unexpended Plant Funds due to the building expenses related to the Dillard College of Business Administration building. He indicated no other significant observations as of August 31, 2005.

Mr. Lalani moved the acceptance of these reports as presented. Mr. Malone seconded the motion and it was approved.

Banner Implementation and Financing

06-57. Dr. Rogers stated that it was time for Midwestern State University to migrate from mainframe technology to server-based technology, as well as change to a better software system. He reminded the Board that several years ago a group of consultants indicated the cost for this migration would be over \$25 million. Dr. Rogers commented on the timetable and financing plan as shown in Attachment No. 1 at a total cost of approximately \$3.7 million. He stated that the time had come to move forward with the implementation.

On behalf of the administration he recommended the following with respect to the implementation of Banner:

- a. Authorize the administration to enter into a contract with SunGard SCT, Inc. for the Banner implementation project at an estimated cost \$3.7 million (expenses related to necessary additional personnel would be in addition to this total).
- b. Approve the financing of \$1,270,500 of the project cost through the Texas Public Finance Authority (TPFA) and approve TPFA Master Lease Purchase Program documents as part of this financing package.
- c. Commit \$1 million during the next four years from Higher Education Assistance Funds (HEAF) to support this project.

Dr. Rogers reminded the Board that Midwestern State University's HEAF funds for the current fiscal year and the next were significantly reduced by \$800,000 each year. However, beginning with the 2007-2008 year MSU's HEAF allocation will increase by \$1.4 million.

Mr. Sandoval noted that previously the administration had previously estimated the project cost to be \$3.2 million. The amount was increased so that a contingency fee could be included in the project cost. He added that the original timetable was modified to allow the Student Information System component to be installed earlier in the process. Mr. Dye stated that this would give students 24/7 access to their individual data regarding registration, billing, etc. He reviewed the timetable shown in Attachment No. 1. He indicated that there was a great deal of work to be done in the planning phase prior to the installation of hardware and software.

Mr. Malone moved approval of the recommendation as presented by the administration. Mr. Gustafson seconded the motion. Mr. Cannedy noted that Item 06-60 dealt with the purchase of new software for student billings. He asked if this would be something that would work with the new Banner system. Mr. Sandoval indicated that it would.

The motion was approved.

Student Recreational and Health Facility Fee

06-58. Dr. Rogers stated that the administration did not plan to make a recommendation concerning this matter at this meeting. He indicated his intent to recommend the initiation of the fee as well as the scope of the project at the May 2006 meeting.

Dr. Rogers noted that the Texas Legislature previously authorized the MSU Board of Regents to initiate a Student Recreational and Health Facility Fee at a maximum of \$130 per student per long semester and one-half that amount in the summer. He indicated that the administration is reviewing various fee models and plans to determine the appropriate fee to recommend to the Board. He noted that the fee would not start at \$130 because that is the maximum allowed and it is likely the fee would need to be raised at some time in the future.

Dr. Farrell commented that the architectural firm was selected by the Executive Committee in January and a great deal of dialogue has been taking place with the firm of Brinkley Sargent Architects. He presented a preliminary project schedule (see Attachment 2). He added that the recommendation in May would include a recommended site for the facility.

Dr. Rogers stated that in spite of the anticipated increase in construction costs and utilities he felt that funds would be available to build a very nice facility and safely finance it. He added that the administration may consider recommending a tiered fee, with a smaller fee being charged during construction and then a larger fee being charged when the facility is complete.

Mr. Malone commented that from a public interest point of view, this project has been one of the most high profile projects that the university has undertaken. He expressed his desire that the administration and Board do whatever possible to move the project along rapidly.

Addition to List of Approved Brokers/Dealers and Other Investment Vehicles

06-59. Mr. Lalani noted that the administration had recommended that JPMorgan Chase, the university's current banking institution, be added to the list of approved brokers/dealers for Midwestern State University. He added that JPMorgan Chase representatives have signed a statement to the effect that they have reviewed MSU's investment policy and will implement reasonable procedures and controls in an effort to preclude imprudent investment activities as required by the Public Funds Investment Act.

The administration further recommended that the administration be permitted to deposit funds into the JPMorgan Chase High Yield Savings Money Market Demand Account. This would further diversify the university's investment in high yielding, liquid assets, in addition to Texpool.

Mr. Malone moved approval of these recommendations as presented. Mr. Gustafson seconded the motion and it was approved.

Student Billing System Software

06-60. Mr. Lalani noted that the university currently utilizes TouchNet software as its payment gateway over the internet. While utilizing this software, multiple mailings of student billing statements are still necessary and are sent through the regular mail. The estimated annual cost for handling and postage is \$19,500. The administration recommended the purchase of another software package from TouchNet to produce eBills (electronic billing sent directly to student email accounts). The total cost of the software package, including implementation, training, and the first year's maintenance, would be \$66,463. The annual maintenance cost in future years would be \$8,313. The source of funding for this software would be Unallocated Designated Funds.

Mr. Lalani noted that this request would bring the university's system more up to date and would hopefully pay for itself in six years. Dr. Rogers stated that this would speed up many billing processes for students and would provide a much better service to MSU students.

Mr. Malone moved approval of this recommendation. Mr. Gustafson seconded the motion and it was approved.

Salary/Title/Position Changes in 2005-2006 Budget Approved per Board Authorization

06-61. Salary, title, and position changes approved by the President were presented for ratification in the agenda document. New positions approved by the President and the Board Chairperson were also presented for ratification.

Dr. Rogers noted that these additions and changes were quality and equity issues. Mr. Malone moved ratification of these items as presented. Mr. Gustafson seconded the motion and it was approved.

FY 2005-2006 Items \$50,000 & Under Approved by President

06-62. The administration recommended budget changes for ratification as shown in the agenda document. Dr. Rogers noted that the first item provided additional marketing funds for the Metroplex area. He indicated that a presentation was made to the Board in November concerning the need for this funding. Ms. Buss added that these funds were needed for billboards and postcards to students in Wise and Tarrant counties. He also noted an item which provided funding to the Dillard College of Business Administration to support work toward Association to Advance Collegiate Schools of Business ("AACSB International") accreditation.

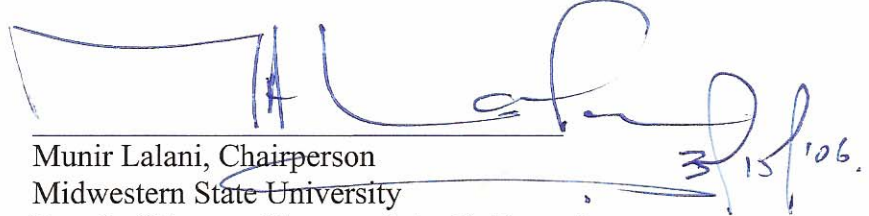
Mr. Lalani asked that Dean Chelte provide an update at a future Board meeting concerning the college's work toward accreditation. Ms. Barrow added that the Board would have an opportunity to tour the new Dillard College of Business Administration Hall in May.

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

Adjournment

The Finance and Audit Committee discussion concluded at 11:10 a.m.

Reviewed for submission:


Munir Lalani, Chairperson
Midwestern State University
Board of Regents Finance & Audit Committee

ATTACHMENTS:

1. Banner Implementation and Financing Information
2. Student Recreation and Health Center Preliminary Project Schedule