

**MINUTES**  
**Kentucky Community and Technical College System**  
**Board of Regents Meeting**  
**March 16, 2018**

**Board Members Present:**

Ms. Lisa V. Desmarais

Ms. Karen A. Finan

Ms. Lisa V. Desmarais

Dr. Angela Fultz

Dr. Gail R. Henson

Ms. Mary R. Kinney

Mr. Barry K. Martin

Mr. Porter G. Peeples, Sr.

Mr. Gavin B. Posey

Ms. Marcia L. Roth

Mr. Ricky Lee Smith

Mr. James Lee Stevens

Mr. Donald R. Tarter

Ms. Tammy C. Thompson

Mr. Mark A. Wells

***CALL TO ORDER***

KCTCS Board of Regents Chair Marcia Roth called to order the meeting of the Kentucky Community and Technical College System Board of Regents at 8:37 a.m. (ET) on March 16, 2018. The meeting was held at the KCTCS System Office in Versailles, Kentucky. The press was notified of the meeting on March 7, 2018. Hon. Mike Murray, KCTCS General Counsel, served as parliamentarian.

There being a quorum present, the meeting began with the approval of minutes.

***APPROVAL OF MINUTES***

Chair Roth asked if there were any corrections to the November 30, 2017, workshop minutes presented in the meeting materials. There being none, the minutes were declared approved as presented.

Chair Roth asked if there were any corrections to the December 1, 2017, minutes presented in the meeting materials. There being none, the minutes were declared approved as presented.

***ADDITIONS OR CHANGES TO THE AGENDA***

There were no additions or changes to the agenda.

***ACKNOWLEDGEMENT OF MEETING HOSTS***

Chair Roth welcomed guests to the meeting. She thanked KCTCS President Jay Box for hosting the Board for dinner Thursday evening. She also thanked the staff for their hospitality.

***CHAIR'S REPORT***

Chair Roth announced that Student Regent Gavin Posey was selected as the West Kentucky Community and Technical College Student of the Year.

Chair Roth noted that on February 2, 2018, the Council of Student Body Presidents held their annual meeting at the Council of Postsecondary on Education (CPE) offices. President Box and Regents Gavin Posey and Ric Smith attended the meeting.

Chair Roth shared that on February 27, 2018, KCTCS was recognized in Frankfort in the House and Senate Chambers with a reading of a resolution honoring KCTCS and their 20<sup>th</sup> anniversary. Regent Henson and Regent Tarter attended the event along with all 16 college presidents and President Box.

Chair Roth announced that the KCTCS board officer elections are scheduled to occur at the June 15, 2018 meetings. The Board Officers serve a one-year term beginning July 1, 2018, through June 30, 2019. She noted that the bylaws regarding elections were changed last year due to a statutory change in state law requiring that elections occur on an annual basis. Chair Roth appointed a Nominating Committee Chair, Regent P.G. Peebles, and a committee will be appointed at a later date.

Chair Roth asked Regent Kinney to share information about representing the KCTCS Board of Regents at the Bellwether Awards. The Bellwether Awards annually recognize outstanding and innovative programs and practices that are successfully leading community colleges into the future.

## **PRESIDENT'S REPORT**

KCTCS President Box introduced the President of Hopkinsville Community College Dr. Alissa Young; President of Maysville Community and Technical College Dr. Steve Vacik; and President of Owensboro Community and Technical College Dr. Scott Williams, who were in attendance.

President Box provided a presentation on KCTCS Revenue Generation, Cost Avoidance, Efficiency Measures, and Entrepreneurial Activities. The President of Elizabethtown Community and Technical College Dr. Juston Pate; President of Hazard Community and Technical College Dr. Jennifer Lindon; President of Jefferson Community and Technical College Dr. Ty Handy; and President of Owensboro Community and Technical College Dr. Scott Williams assisted President Box with the presentation.

Chair Roth called for discussion.

During the discussion, the Board asked if similar entrepreneurial activities can be pursued at the other colleges in the system and President Box responded that all options are being pursued.

Chair Roth noted that the presentations were extraordinary and the entrepreneurial thinking will be beneficial to the System.

The PowerPoint presentations for these and other updates are available at: <https://publicsearch.kctcs.edu/board/Pages/201803.aspx>.

The complete President's Report presented at the meeting is available at: [https://publicsearch.kctcs.edu/board/Board%20Meetings/2018/201803/01\\_Board/President%27s%20Report/March%202018\\_President%27s%20Report%20for%20Web%20Posting\\_1.pdf](https://publicsearch.kctcs.edu/board/Board%20Meetings/2018/201803/01_Board/President%27s%20Report/March%202018_President%27s%20Report%20for%20Web%20Posting_1.pdf).

**RECESS**

The Board recessed at 10:11 a.m. (ET) and reconvened at 10:22 a.m. (ET).

**CONSENT  
AGENDA**

Chair Roth asked if there were any changes to the consent agenda. There being none, the agenda was approved as presented.

**EXECUTIVE  
COMMITTEE**

Chair Roth called upon Executive Committee and Board of Regents Vice Chair Gail Henson to make the committee's report.

**INFORMATION:  
KCTCS BOARD OF  
REGENTS 2019  
MEETING CALENDAR**

Dr. Henson noted that according to KRS 164.340, the KCTCS Board of Regents is mandated to meet quarterly. Board compliance with this mandate has evolved into a two-day meeting format on Thursdays and Fridays with the meetings scheduled to avoid holidays in March, June, September, and December. The Board has held special meetings as necessary under the conditions set forth in Section 4 of the *KCTCS Board of Regents Bylaws*.

The Regents were asked to review their calendars and let staff know by April 29, 2018, whether they are available to attend meetings on March 14-15, 2019; June 13-14, 2019; September 19-20, 2019; and, December 5-6, 2019. The proposed dates do not conflict with federal or religious holidays.

Dr. Henson noted that the Board's 2019 regular meeting calendar would be adopted at the June 15, 2018 Board of Regents meeting.

Chair Roth called for discussion. There being none, she moved on to the next agenda item.

**INFORMATION:  
PROPOSED KCTCS  
BOARD OF REGENTS  
BYLAWS REVISION  
10.2.4 BOARD  
EVALUATION**

Dr. Henson noted that the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) approved a new comprehensive standard at the annual College Delegate Assembly in December 2017. This new standard, 4.2. (g), states that governing boards are now expected to conduct board evaluations periodically. In order for KCTCS to comply with the new standard, a KCTCS Board of Regents Bylaws revision is needed.

The *KCTCS Board of Regents Bylaws Section 14 – Amendments* states that any provisions of the Board's bylaws (except those required or governed by the Kentucky Revised Statutes) may be amended or new provisions added by two thirds of the cast votes of a quorum of the Board. Amendments or new provisions to the Board's Bylaws must be introduced at a preceding regular or special meeting of the Board.

The proposed revision would revise *Section Ten: Committees, 10.2.4 Efficiency, Effectiveness, and Accountability Committee* to add that the committee's responsibility shall be to evaluate the Board's effectiveness and performance. The Committee will meet at least annually to review Board evaluations and report the findings. The Board evaluations will not be personal evaluations of Regents' performances, but rather each Regent will have the opportunity to conduct an overall assessment of the Board as a whole.

Dr. Henson noted that this item would be brought back to the Committee and Board as an Action Item at the June 14, 2018 meeting.

Chair Roth called for discussion. There being none, she moved on to the next agenda item.

**INFORMATION:  
KCTCS PRESIDENT  
ANNUAL  
PERFORMANCE  
REVIEW PROCESS**

Dr. Henson noted that President Box distributed a report on the accomplishments of his 2017-18 Goals and Objectives as of March 2, 2018. President Box will finalize the accomplishments report for the 2017-18 evaluation period and provide them to the Board in mid-May so that the Board may finalize his performance review at the June 15, 2018 Board meeting.

Dr. Henson shared that in mid-May President Box will finalize his accomplishments for the 2017-18 evaluation period and provide to the Board of Regents a final report in order to approve his performance evaluation at the June 14-15, 2018 Board of Regents meeting.

Chair Roth called for discussion. There being none, she moved on to the next agenda item.

**INFORMATION:  
PROPOSED POLICY  
REVISION OF KCTCS  
BOARD OF REGENTS  
2.8 KCTCS  
EMPLOYEE  
SEPARATION**

Dr. Henson noted that in order to respond to the changing nature and levels of funding, and community demands for programs, KCTCS needs to enact policies to permit large or small-scale changes in the workforce. A proposed revision to the *KCTCS Board of Regents KCTCS 2.8 KCTCS Employee Separation Policy* is needed to allow for reduction in staff and faculty when budget, economic, and other critical factors make it necessary to do so. The proposed revision would provide specific language empowering the KCTCS President to implement a Reduction in Force (RIF) Policy, if necessary. By approving the suggested policy revision, the Board of Regents is *not* directing that a RIF be implemented.

Dr. Henson shared that General Counsel Murray noted that the KCTCS Board of Regents was not being asked to approve an actual administrative policy or procedure, as it is not the role of a governing board to do so. An administrative policy and procedure would contain far more details than the KCTCS Board of Regents policies and be drafted only after the Board's revision approval of Policy 2.8. Contingent upon Board approval, the administrative policy and procedure will be developed by the KCTCS President and legal counsel and will outline specific processes and rights of staff and faculty, tenured and non-tenured.

Dr. Henson noted that given the time required to educate the workforce and stakeholders, allow input, plan, and give notice to faculty, staff, and other interested parties before the new fiscal and academic years, it is necessary for the Board of Regents to receive this information now and take action at the June 15, 2018 meeting.

Chair Roth called for discussion.

During discussion, the Board asked what the proposed policy revision would allow KCTCS to do that the old policy did not permit. It was noted that the revised policy would give more protection to faculty and staff. It was also noted that several of the universities have similar RIF policies.

Chair Roth called for additional discussion. There being none, she moved on to the next agenda item.

**UPDATE: 2018  
KCTCS LEGISLATIVE  
SESSION**

Dr. Henson noted that the 2018 Kentucky General Assembly biennial budget session is two-thirds of the way through. The last day of the session is April 13, 2018.

Dr. Henson reported that President Box reviewed the legislative bills monitored by KCTCS during the 2018 General Assembly and the 2018-20 KCTCS Biennial Budget with the Executive Committee. She asked that everyone review the 2018 Bill Tracker and 2018-20 KCTCS Biennial Budget Summary Update handout in his or her materials.

Dr. Henson noted that President Box continues to travel to Frankfort to meet with legislators to discuss KCTCS priorities, improve relationships, and establish new ones with the newly elected legislators. President Box will continue to keep the Board updated until the legislative session ends.

Chair Roth called for discussion. There being none, she moved on to the next committee report.

**EFFICIENCY,  
EFFECTIVENESS,  
AND  
ACCOUNTABILITY  
COMMITTEE**

Chair Roth called upon Executive Committee and Board of Regents Vice Chair Gail Henson to make the committee's report in Efficiency, Effectiveness, and Accountability Committee Chair Martin's absence.

**ACTION: KCTCS  
STRATEGIC PLAN  
2016-22  
PERFORMANCE  
MEASURES**

RECOMMENDATION: That the KCTCS Board of Regents adopt the proposed revisions to the *2016-22 Strategic Plan*, including (1) updating the final target of for "Experiential Learning" from 30.5 percent to 72.3 percent; (2) updating the underrepresented minorities retention rate objective from 1.0 percentage points each year to 1.5 percentage points each year, changing the final target of 45.4 percent to a final target of 48.3 percent; and (3) updating the underrepresented minorities graduation rate from 1.0 percentage points each year to 1.4

percentage points each year, changing the final target of 20.1 percent to a final target of 23.9 percent.

Dr. Henson noted that this was presented as an Information Item at the committee meeting, but after discussion and review, the committee was prepared to take Action on approving the proposed revisions for the *2016-22 Strategic Plan*.

MOTION: On behalf of the Efficiency, Effectiveness, and Accountability Committee, Dr. Henson moved that the proposed revisions to the *2016-22 Strategic Plan*, including (1) updating the final target of for “Experiential Learning” from 30.5 percent to 72.3 percent; (2) updating the underrepresented minorities retention rate objective from 1.0 percentage points each year to 1.5 percentage points each year, changing the final target of 45.4 percent to a final target of 48.3 percent; and (3) updating the underrepresented minorities graduation rate from 1.0 percentage points each year to 1.4 percentage points each year, changing the final target of 20.1 percent to a final target of 23.9 percent.

Chair Roth called for discussion. There being none, called for the vote.

VOTE: The motion was approved unanimously.

Chair Roth moved on to the next committee report.

**ACADEMIC AFFAIRS  
AND CURRICULUM  
COMMITTEE**

Chair Roth called on Academic Affairs and Curriculum Committee Chair Angela Fultz to make the committee’s report.

**ACTION: NEW  
PROGRAM  
PROPOSALS–  
ASSOCIATE IN  
APPLIED SCIENCE  
(AAS) IN ADVANCED  
INTEGRATED  
TECHNOLOGY FOR  
ASHLAND  
COMMUNITY AND  
TECHNICAL  
COLLEGE**

RECOMMENDATION: That the Board of Regents approve an Associate in Applied Science (AAS) in Advanced Integrated Technology (AIT) and the Multi-Skilled Technician, Engineering Controls, and Skilled Operator certificates for Ashland Community and Technical College (ACTC) to be implemented in fall 2018.

Dr. Fultz noted that the Advanced Integrated Technology (AIT) program encompasses the principles of technology integration that aligns with the expectations of current day employers. The objectives of the AIT program align with both the ACTC mission and vision, as well as the *2016-2022 Strategic Plan*. Additionally, the program focus aligns with the objectives and strategies of the Council on Postsecondary Education (CPE) Stronger by Degrees agenda. Implementation of the AIT program will increase the level of educational attainment in Kentucky and meet the demands of industry. The AIT program will provide highly skilled manufacturing workers to area industry.

Dr. Fultz shared that Offering the AIT degree was the result from a direct request from Braidy Industries, who are developing a new aluminum manufacturing and stamping mill in Boyd County. This aluminum mill, located directly across from the Technology Drive campus, will employ 500-550 individuals. The focus of the AIT program is to train individuals in the field of advanced technology as it applies to plant operations. The high level of unemployed/underemployed workers in the area creates a substantial need for this program.

Dr. Fultz noted that costs associated with the Advanced Integrated Technology program include faculty salaries, both full-time and part-time, new equipment purchases, supplies, and renovations to existing space. The initial start-up costs, including equipment, renovations, supplies, and salaries are estimated at approximately \$700,000. First year costs will be supported by a Kentucky TRAINS grant. Additional year costs will be built into the general operating budget. Revenue generated by tuition will help offset program costs. Expenses after the first year are estimated at \$250,000-\$300,000 per year. Latter year costs include salaries and equipment upgrades. ACTC is submitting Perkins requests to pay for any needed professional development in later years.

MOTION: On behalf of the Academic Affairs and Curriculum Committee, Dr. Fultz moved that the KCTCS Board of Regents approve an Associate in Applied Science (AAS) in Advanced Integrated Technology (AIT) and the Multi-Skilled Technician, Engineering Controls, and Skilled Operator certificates for Ashland Community and Technical College (ACTC) to be implemented in fall 2018.

Chair Roth called for discussion. There being none, she called for the vote.

VOTE: The motion was approved unanimously.

**ACTION: NEW  
PROGRAM  
PROPOSALS–  
ASSOCIATE IN  
APPLIED SCIENCE  
(AAS) IN WELDING  
TECHNOLOGY FOR  
MADISONVILLE  
COMMUNITY  
COLLEGE**

RECOMMENDATION: That the Board of Regents approve an Associate in Applied Science (AAS) in Welding Technology for Madisonville Community College (MCC) to be implemented in fall 2018.

Dr. Fultz noted that the Welding Technology program would provide viable options for an increased number of students graduating with the necessary skill set relative to the welding industry. The institution's mission is to advance an enduring and enthusiastic commitment to student-centered learning and achievement.

Dr. Fultz shared that the Welding Technology program will support the Council on Postsecondary Education (CPE) strategic agenda policy objectives of student success, opportunity, and impact. The Welding Technology program will also support the statewide implementation plan through adequate funding, as program needs will be met through existing funding. The welding program is accessible, flexible, fiscally prudent, and

employs creative and innovative approaches to educating a competitive Kentucky workforce.

Dr. Fultz noted that Student demand has proven to be strong for this program. Regional, state, and national demand is growing. There is a strong demand locally by area employers. The average annual salary for Western Kentucky is \$39,489.

MOTION: On behalf of the Academic Affairs and Curriculum Committee, Dr. Fultz moved that the KCTCS Board of Regents approve an Associate in Applied Science (AAS) in Welding Technology for Madisonville Community College (MCC) to be implemented in fall 2018.

Chair Roth called for discussion. There being none, she called for the vote.

VOTE: The motion was approved unanimously.

**UPDATE:  
ACADEMIC  
SERVICES REPORT**

Dr. Fultz provided the following updates:

Dual Credit

KCTCS is continuing its work with the Kentucky Department of Education's Office of Career and Technical Education to expand dual credit opportunities at the fifty-three Area Technology Centers (ATC) centers in Kentucky.

As of January 31, 2018, 23 ATC's have been approved as off-site locations to offer 50 percent or more of a KCTCS program of study.

Apprenticeship/Work and Learn Programs

The Kentucky Labor Cabinet awarded KCTCS \$314,350 to support registered apprenticeships throughout the Commonwealth with the primary purpose of supporting the training KCTCS provides to over 20 companies, and growing, for their registered apprenticeship programs.

As of February 1, 2018, increased interest in registered apprenticeship has driven an increase in the number of apprentices receiving training from KCTCS by 70 percent.

Support For Adult Learners

KCTCS, with the support of a \$300,000 donation from Pearson Solutions, established a Pathway Scholarship Awards for Non-Traditional Students. KCTCS targeted students over the age of 24 for the 2017-2018 academic year.

As of January 2018, \$249,455 of these scholarship funds have been disbursed to 653 students.

Amazon Web Services Training

On February 22, 2018, KCTCS faculty and staff attended an Amazon Web Services (AWS) Educate training session hosted by Amazon staff at the System Office. Over 50 computer and information technology faculty and staff from 13 KCTCS colleges attended the training.

As a result of the training, faculty will be able to incorporate components of the AWS training into the IT curriculum to better prepare students for cloud-based networking jobs.

Southern Association of Colleges and Schools Commission on College (SACSCOC) Drive-In Training

KCTCS hosted a SACSCOC Drive-In Training on February 13, 2018, at the System Office, which was attended by 21 Kentucky two and four-year public and private higher education institutions.

The purpose of the training was learn to more about the newly adopted 2018 SACSCOC Principles of Accreditation.

Chair Roth called for discussion. There being none, she moved to the next agenda item.

**UPDATE:  
DIVERSITY ACTION  
PLANS**

Dr. Fultz noted that at the December 1, 2017 meeting, the KCTCS Board of Regents received an update that the Council on Postsecondary Education (CPE) had postponed action on the college diversity, equity and inclusion plans for KCTCS and four public universities to more closely examine institutional targets for various metrics at their November 3, 2017 meeting. The CPE Council members were interested in seeing higher targets for student success metrics such as retention, graduation rate and credentialing. There was also interest in seeing higher diversity targets for administrative and managerial staff as well as instructional faculty. Eight KCTCS colleges submitted revised targets. CPE did not request revisions from the remaining eight KCTCS colleges.

On February 2, 2018, the CPE Council approved all 16 KCTCS college plans, which comprise the *KCTCS 2016-20 Beyond the Numbers Diversity Action Plan*.

Chair Roth called for discussion. There being none, she moved on to the next committee report.

**FINANCE,  
TECHNOLOGY, AND  
HUMAN RESOURCES  
COMMITTEE**

Chair Roth called upon Finance, Technology, and Human Resources Committee Chair Lisa Desmarais to make the committee's report.

**INFORMATION:  
KCTCS BUDGET  
SCENARIOS**

Ms. Desmarais noted that a discussion involving budget assumptions was needed in order to provide guidance in the development of the 2018-19 proposed budget for consideration at the June 15, 2018 Board of Regents meeting. She called attention to the 2018-20 KCTCS Biennial Budget Summary handout included in the materials.

Ms. Desmarais noted that President Box and Mr. Followell provided the committee an overview of the 2018-20 biennial state appropriations to KCTCS as proposed by Governor Bevin during his state budget recommendation to the Kentucky General Assembly:

Budget Year	Operating Base	Perf. Funding	Enacted Red.	Total Enacted/Proposed
2017-18	\$172,524,800	\$9,080,200	\$1,816,100*	\$179,788,900*
2018-19	\$166,729,000	-	-	\$166,729,000**
2019-20	\$166,034,00	\$1,695,000	-	\$166,729,000**

*\* Governor enacted a 1 percent mid-year reduction from KCTCS’s initial enacted state appropriation for 2017-18.*

*\*\* In 2018-19, the Governor’s proposed budget is reflective of the following: the initial enacted 2017-18 budget of \$181,605,000 less the Adult Agriculture budget of \$1,410,600 and the Kentucky Coal Academy budget of \$2,350,100. This equates to \$177,844,300 as an adjusted base from which the 6.25 percent state appropriation reduction is applied. Using the revised base of \$177,844,300 a 6.25 percent reduction equates to \$11,115,300. This brings the recommended 2018-19 state appropriation to \$166,729,000.*

*In 2019-20 the executive budget also requires 1 percent of the total college state appropriation allocable resources (\$1,695,000 as calculated from the 2017-18 Performance Funding Model) to be reallocated in 2019-2020 to the Postsecondary Education Performance Fund. Distribution from the Postsecondary Education Performance Fund to KCTCS requires performance funding metric achievement. The 2019-20 recommended executive budget for KCTCS is \$165,034,000 reflective of the \$1,695,000 transferred to the Postsecondary Education Performance Fund.*

In addition to state appropriations, the other primary source of funds to support the KCTCS operating budget is tuition revenue. In spring 2018, CPE will establish a tuition rate increase ceiling for each of the universities and KCTCS for the 2018-19 academic year. Last year, CPE approved an increase of \$6 per credit hour, a 3.8 percent increase.

In 2018-19, each \$1 increase in KCTCS tuition per credit hour rate for Kentucky residents and rate increases for students from out-of-state will generate almost \$1.275 million in new tuition revenue.

Ms. Desmarais noted that as a means to preserve depreciating assets for the universities and KCTCS, the CPE is also considering allowing institutions to assess a new dedicated student charge for asset preservation and renovation projects. For KCTCS, the proposed charge is up to \$5 per credit hour. If adopted and implemented, the charge could begin in fall 2018. The revenue generated through the charge would be restricted for maintenance and improvement costs for assets maintained on KCTCS campuses, or to pay debt service on agency bonds, if the bonds were issued to finance such projects.

Fixed costs in property insurance and certain employee benefits are expected to increase in 2018-19, including the increased cost of retirement contributions to the Kentucky Employees Retirement System (KERS), health insurance coverage for continued participation in the state and University of Kentucky health insurance plans, workers' compensation, long-term disability, and unemployment insurance.

KCTCS continues its commitment to sustainability by pursuing energy efficiency initiatives, including energy savings performance contracts. With the implementation of energy savings performance initiatives, increases in utilities for existing facilities are expected to be marginally offset in 2018-19. However, new facilities per the BuildSmart and Work Ready Skills Bond Initiatives are expected to come online in 2018-19 resulting in increased utility costs.

Ms. Desmarais noted that the KCTCS Board of Regents is responsible for determining salary schedules for KCTCS faculty and staff. In 2017-18, KCTCS implemented Phase I of the Compensation and Classification Study completed by the Hanna Resources Group. Phase I of the Study included funding all positions to the new band minimum, provided for hard to fill adjustments, and provided for a 3 percent salary increase for all regular full-time employees receiving a meets or above merit rating.

Feedback requested to determine employee wage and salary increases for fiscal year 2018-19 due to the anticipated decline in state appropriation and the economic reality of increased tuition. Additionally, each year since 1998-99, the Board of Regents has funded the cost of faculty promotions in rank.

Chair Roth called for discussion.

During the discussion, President Box and Vice President Followell addressed questions related to cost of salary increases, asset and preservation fees, and tuition increases. The Board confirmed they would support a \$6 to \$7 increase in tuition because KCTCS tuition is still significantly less than the other public postsecondary institutions and the majority of students receive federal financial aid. The Board agreed with the committee recommendation to have staff prepare the analysis of a 1 to 2 percent cost of living increase, but noted that

implementing such an increase may not be realistic in a year when colleges and the System Office will be reducing budgets.

Chair Roth called for additional discussion. There being none, she moved on to the next agenda item.

**UPDATE: OTHER  
POSTEMPLOYMENT  
BENEFIT (OPEB)  
TRUST**

Ms. Desmarais noted that the OPEB Trust was established in March of 2013 and First Financial Bank of Cincinnati has acted as the trustee since that date. Because of market changes and reaching the five-year milestone, a revisiting of trustee services was warranted. In order to perform due diligence for the services and pricing, KCTCS issued a request for proposal (RFP) for trustee services in December 2017. Four vendors responded with qualified proposals.

Ms. Desmarais shared that a KCTCS OPEB Trust Administrative Committee reviewed the proposals and conducted interviews with the Respondents. Ms. Desmarais noted that she attended the interviews, but did not vote on the selection of the trustee.

Ms. Desmarais shared that the new contract documents are in the final stages execution. It is expected that when the new contract when finalized, saving will be approximately \$140,000 per year, a 70 percent savings as compared to the current contract.

Chair Roth called for discussion. There being none, she moved to the next agenda item.

**UPDATE: KCTCS  
QUARTERLY  
FINANCIAL REPORT**

Ms. Desmarais reported that information for the second quarter of fiscal year 2017-18, which ended December 31, 2017, was derived from the KCTCS Administrative Financial System. The Statement of Revenues and Expenditures reflects the actual program and operational expenditures compared to the fiscal year 2017-18 budget approved by the KCTCS Board of Regents on June 9, 2017.

Total revenues of \$516,674 million reflect 61 percent of the budgeted revenue and appropriated funds. Current fund expenditures and budget reserve through the fiscal year total \$378,039 million, 44 percent of the expenditures budgeted for the year.

The Statement of Net Position, although not specifically required in the Board's Annual Budget Adoption Resolution, has also been included in the Quarterly Financial Report to give the Board a periodic snapshot of the KCTCS financial position using the most common accounting-based schedule. While significantly by the state's pension liability, KCTCS's Statement of Net Position remains fiscally sound at \$609 million as of December 31, 2017.

Chair Roth called for discussion. There being none, she moved to the next agenda item.

**UPDATE: SUPPLIER  
DIVERSITY REPORT**

Ms. Desmarais noted that KCTCS defines diverse suppliers as those businesses owned by ethnic minorities, women, veterans, or the physically challenged. Fiscal year (FY) 2017 data indicates that KCTCS has spent \$3.5 million (11.4 percent) of a total \$31.4 million in impactable discretionary spend with diverse suppliers. Dollars spent with diverse suppliers was more in FY 2018 (11.4 percent) as compared to 2017 (6.4 percent).

It was noted that there was a decline in minority owned business spend. In analyzing the decline, it was discovered that a number of the purchases in the prior year were for products and services that were of a non-repetitive nature (one-time purchases).

On September 20, 2017, KCTCS hosted the fifth annual KCTCS Supplier Diversity Fair at the Frankfort Convention Center. Other events that occurred were the Minority Business Expo, Commerce Lexington Business Link, Procurement Technical Assistance Center Reverse Trade Show, Tri-State Minority Development Council, and the National Association of Women Business Owners.

In October 2017, staff began attending monthly roundtable meetings with the purpose of sharing diversity best practices with representatives from Fayette County Public Schools, Lexington-Fayette Urban Co. Government, UK, Valvoline, and others. The November roundtable was hosted at the System Office.

Chair Roth called for discussion. There being none, she moved to the next agenda item.

**UPDATE:  
TECHNOLOGY  
SOLUTIONS  
REPORT**

Ms. Desmarais noted that Vice President Czarapata reviewed the KCTCS Cybersecurity programs and methods that are implemented to protect KCTCS data with the committee. Ms. Desmarais shared that in 2017, emails received totaled 186,000,000 for KCTCS. The KCTCS Technology Solutions department blocked over 1 billion spam, phishing, and malware attempts.

Ms. Desmarais noted that the presentation that Vice President Czarapata gave on KCTCS Cybersecurity is available at:

<https://publicsearch.kctcs.edu/board/Pages/201803.aspx>

Chair Roth called for discussion. There being none, she moved to the next agenda item.

**UPDATE: OFFICE OF  
AUDIT SERVICES  
REPORT**

Ms. Desmarais noted that Mr. Brian Higgs, Office of Audit Services (OAS), provided the semi-annual report on the activities of the OAS.

Ms. Desmarais noted that due to budgetary constraints and phased retirement, current internal staffing in the OAS is 1.5 auditors. To compensate for reduced staff and maintain a normal audit workload, the audit scope and techniques have been modified.

Ms. Desmarais shared there were 6 audits completed thus far for FY 2017-18 and it has been concluded that KCTCS is operating within expected norms and risk levels. The audit plan for the remainder of the year is focused on colleges with presidential and financial leadership changes, special management reviews, and fieldwork assistance for the external auditors. Two audits were performed due to college leadership changes. The audit performed at Elizabethtown Community, Technical College had five reportable findings and the audit at Southeast Kentucky Community, and Technical College showed one reportable finding. Four additional audits will occur in spring 2018.

Ms. Desmarais noted that three special reviews were conducted including Student Financial Aid, Jefferson Community and Technical College Purchasing Contracts, which showed three reportable findings, and Automotive Manufacturing, and Technical Education (AMTEC). In addition to the audits, the Office of Audit Services has been working with Crowe Horwath to perform tests of students receiving financial aid, grant and contract expenditures, and numerical data contained in A-133 report. These tests, conducted in spring 2018 and summer 2018 help to reduce out-of-pocket costs for KCTCS.

Ms. Desmarais noted that the KCTCS overall risk profile is low based on this assessment. For FY 2018, the highest relative risk units are Student Financial Aid at a 2.8 medium risk; Federal and State Grants and Contracts at a 2.5 medium risk; and Human Resources/Organizational Development at a 2.5 medium risk.

Chair Roth called for discussion.

During the discussion, President Box addressed the questions regarding the KCTCS Foundation reporting method.

Chair Roth called for additional discussion. There being none, she moved on to the next agenda item.

**EXECUTIVE  
SESSION**

Chair Roth called for a motion for the KCTCS Board of Regents to go into Executive Session pursuant to KRS 61.810 (1) (c) – Proposed or Pending Litigation in which KCTCS may be a party or KRS 61.810 (1) (f) Individual Personnel Matters.

MOTION: Dr. Fultz moved and Mr. Smith seconded that the KCTCS Board of Regents Executive Committee go into Executive Session pursuant to KRS 61.810 (1) (c) – Proposed or Pending Litigation in which KCTCS may be a party or KRS 61.810 (1) (f) Individual Personnel Matters.

VOTE: The motion was approved unanimously.

Chair Roth asked President Box and KCTCS General Counsel Mike Murray to participate in the Executive Session.

The Board went into Executive Session at 11:28 a.m. (ET).

**OPEN SESSION**

Chair Roth called for a motion for the KCTCS Board of Regents to reconvene the meeting in Open Session.

MOTION: Mr. Smith moved and Ms. Kinney seconded that the KCTCS Board of Regents reconvene in Open Session.

VOTE: The motion was approved unanimously.

The KCTCS Board of Regents reconvened in open session at 12:11 p.m. (ET).

Chair Roth announced that the Board of Regents discussed individual personnel matters regarding Professor Robin Davis and that one action item needed to be brought before the Board as a result of the closed session. Chair Roth made a Recommendation for the Board to consider and asked for a Motion to adopt the Recommendation and then a second.

RECOMMENDATION: That the KCTCS Board of Regents, pursuant to KRS 164.360, upon the recommendation of the President of the Kentucky Community and Technical College System, remove from tenure and employment with KCTCS, Professor Robin Davis for neglect of or refusal to perform her duty when she failed to report to her job at a time and place properly directed by the President of her college.

Chair Roth asked for a motion to adopt the recommendation.

Chair Roth noted that Dr. Fultz made the motion to adopt the recommendation and Mr. Smith seconded the motion.

Chair Roth called for discussion. There being none, she called for the vote.

VOTE: The motion was approved unanimously.

**NEXT MEETING**

Chair Roth announced that the next regular meeting of the KCTCS Board of Regents is scheduled for June 14-15, 2018 at Gateway Community and Technical College, Florence, Kentucky.

**ADJOURNMENT**

Mr. Peeples moved that the meeting adjourn. Mr. Stevens seconded the motion.

VOTE: The motion was approved unanimously, and the meeting adjourned at 12:13 p.m. (ET).

*06/15/18*

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Date Approved by the  
KCTCS Board of  
Regents

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Marcia L. Roth, Chair  
KCTCS Board of Regents

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Tammy C. Thompson, Secretary  
KCTCS Board of Regents

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Jay K. Box, Ed.D.  
KCTCS President