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**KENTUCKY STATE UNIVERSITY  
BOARD OF REGENTS**

**External Relations and Development Committee**

**April 27, 2012**

**Regent Ronald Banks**

**Regent Laura Douglas**

**Regent David Guarnieri**

**Regent Charles Whitehead, Chair**

**Regent Phyllis Williams**

**Mr. Hinfred McDuffie, Staff**

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**KENTUCKY STATE UNIVERSITY  
BOARD OF REGENTS**

**April 27, 2012**

**External Relations and Development Committee**

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Auxiliary Enterprise Report  
Capital Planning, Construction and Facility Operations Report
  
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**KENTUCKY STATE UNIVERSITY**

**Regular Meeting of the  
External Relations and Development Committee  
Board of Regents  
11 a.m., April 27, 2012  
Board Room, Academic Services Building  
Regent Charles Whitehead, Presiding**

**AGENDA**

- |      |   |  |
|------|---|--|
| I.   | Call to Order   | Regent Charles Whitehead, Chair                                    |
| II.  | Roll Call   | Hinfred McDuffie<br>Executive Vice President for<br>Administration |
| III. | Opening Remarks   | Regent Whitehead   |
| IV.  | Action Item   | Regent Whitehead   |
|      | Approval of January 27, 2012, Meeting Minutes             |  |
| V.   | Executive Summary Report<br>- Endowment Management Report | H. McDuffie  |
| VI.  | Discussion  | Regent Whitehead   |
| VII. | Adjourn   |  |

KENTUCKY STATE UNIVERSITY  
BOARD OF REGENTS  
AGENDA ITEM BACKGROUND

To:	Board of Regents External Relations and Development Committee	Date:	April 27, 2012
From:	Hinfred McDuffie Executive Vice President for Administration		
Subject:	Committee Meeting Minutes (Jan. 27, 2012)		
Reason for Consideration:	Approval	Enclosures:	Yes

**Background:**

The minutes of the External Relations and Development Committee meeting of January 27, 2012, require approval in order to become an official part of the committee's records.

**Recommendation:**

That the External Relations and Development Committee approve the minutes of the January 27, 2012, meeting.

Initiator:	Hinfred McDuffie Executive Vice President for Administration
Board Action Date:	April 27, 2012
Effective Date:	April 27, 2012

**Kentucky State University  
Regular External Relations and Development Committee Meeting  
Board of Regents  
External Relations and Development Committee  
11 a.m., January 27, 2012  
Marriott Griffin Gate Hotel, Salon C  
Lexington, Kentucky**

**MINUTES**

Regent Charles Whitehead called the meeting of the Kentucky State University Board of Regents External Relations and Development Committee to order at 11 a.m. on Friday, January 27, 2012. Mr. Hinfred McDuffie, Vice President for Administration, External Relations and Development, called roll:

Regent Ron Banks, present      Regent Laura Douglas, present  
Regent David Guarnieri, present      Regent Charles Whitehead, present  
Regent Phyllis Williams, present

All five regents on the committee were present. A quorum was established.

The minutes of the October 28, 2011, External Relations and Development Committee meeting were approved as distributed to the committee.

Mr. McDuffie introduced the Division of External Relations and Development staff for area reports as follows:

The Alumni Relations and Development reports were presented by Mr. William Wilson, Associate Vice President for Development and Major Gifts.

The Information Technology report was presented by Mr. Edward Fields, Director of Information Technology.

Mr. Fields stated that the university is working on converting classrooms into smart classrooms, including the College of Business and Computer Science in Bradford Hall, in addition to the computer labs that have been upgraded. Regent Whitehead inquired about the timeframe for converting the other classroom buildings on campus. Mr. McDuffie responded that Carver Hall is receiving upgrades, which will be complete by the fall. He also stated that Hathaway Hall already has smart classrooms.

Regent Guarnieri asked if the students have been surveyed to gauge their level of satisfaction regarding access to desktops, laptops and WiFi areas and if so, what has been the feedback. Mr. McDuffie responded that students had been surveyed regarding renovations and upgrades in the residence halls over the winter break. He also stated that a survey on faculty and student satisfaction will be conducted and reported out to the Board.

The Auxiliary Enterprise report was presented by Mr. Harold Hayes, Executive Director of Auxiliary Enterprises.

The Capital Planning, Construction and Facility Operations report was presented by Mr. Jack McNear, Associate Vice President for Capital Planning, Construction and Facility Operations.

The Public Relations and Communications report was presented by Ms. Felicia Lewis, Assistant Vice President for External Relations/Director of Communications.

Regent Whitehead asked if surveys have been conducted regarding the university's marketing efforts. Mr. McDuffie responded that a marketing consultant was engaged to conduct a region-wide survey. The results will be used by the university in planning its future marketing strategy and will be reported to the Board. In addition, the Office of Alumni Relations conducts two surveys per the year, focusing on graduating seniors and alumni satisfaction.

The endowment summary report was presented by LouAnn Atlas and James Fereday of Fifth Third Bank.

The following action items were presented for approval by the committee to send to the full Board:

**Action Item:**

Motion was made by Regent Douglas and seconded by Regent Guamieri for the following: That the External Relations and Development Committee recommend the approval of the Atwood Research Building renovation by the Kentucky State University Board of Regents. The motion passed.

**Action Item:**

Motion was made by Regent Guamieri and seconded by Regent Williams for the following: That the External Relations and Development Committee recommend the approval of the housing room rate increase I by the Kentucky State University Board of Regents. The motion passed.

**Action Item:**

Motion was made by Regent Douglas and seconded by Regent Banks for the following: That the External Relations and Development Committee recommend the approval of the proposed asset class inclusions and changes to the asset class strategic ranges and percentages, outlined in Section V (Asset Allocation Guidelines) of the Kentucky State University Endowment Investment Policy, as last amended October 26, 2007, by the Kentucky State University Board of Regents. The motion passed.

The meeting was adjourned at 11:52 a.m.

Submitted by:

Approved by:

\_\_\_\_\_  
Hinfred McDuffie  
Executive Vice President for Administration  
Kentucky State University

\_\_\_\_\_  
Regent Charles Whitehead, Chair  
External Relations and  
Development Committee  
Board of Regents  
Kentucky State University

\_\_\_\_\_ Approved with no corrections

\_\_\_\_\_ Approved with corrections

KENTUCKY STATE UNIVERSITY  
BOARD OF REGENTS  
AGENDA ITEM BACKGROUND

To:	Board of Regents External Relations and Development Committee	Date:	April 27, 2012
From:	Hinfred McDuffie Executive Vice President for Administration		
Subject:	Executive Summary Report		
Reason for Consideration:	Informational	Enclosures:	Yes

## Background:

N/A

## Recommendation:

Informational

Initiator:	Hinfred McDuffie Executive Vice President for Administration
Board Action Date:	April 27, 2012
Effective Date:	April 27, 2012



**Kentucky State University  
Division of External Relations and Development  
Report to the Board of Regents**

**April 27, 2012**

**EXECUTIVE SUMMARY**

During the period of July 1, 2011, to March 31, 2012, Kentucky State University received the annual giving amount of \$486,087 from 479 contributors – corporations, foundations, individuals and organizations. Scholarships received the largest portion of the donations in the amount of \$256,404. The amount received for the Uniting Generations . . . Securing Futures – A Capital Campaign for Kentucky State University is \$1,407,376.

The Office of Alumni Relations processed the following memberships: 811 annual/associate, 356 complimentary to new graduates, 296 life and 39 subscribing life for a total of 1,502 KSU National Alumni Association financial members, as of March 31, 2012. The K-Club has 37 members. There were mass mailings to alumni for the following purposes: Permanent Alumni Scholarship Fund solicitation (1,301 packages), Homecoming (8,548), K-Club (1,116), Classes in Reunion (4,181) and miscellaneous mailings (6,211). A total of 9,405 electronic mailings have been sent. There were two new/revitalized alumni chapters, and the alumni association currently has 24 affiliate chapters.

Information Technology reports progress in the Banner System's implementation: Phase I (discovery and hardware installation) is 100 percent complete, and Phase 2, 2.5, 3, 4, 5 and 6 conversions are 100 percent complete. All modules have gone live as scheduled in 2011. IT has also distributed 142 new laptops to faculty; 49 were distributed to residence halls for student checkout. The campus computer labs received upgrades with a total of 156 new desktops: School of Business Lab, Education Lab, Behavioral and Social Sciences Lab, Athletics Lab, Student Center Lab and Academics With Attitude Lab.

Auxiliary Enterprise reports that housing occupancy was at 85 percent with 879 students at the end of March.

Capital Planning, Construction and Facility Operations had 48 major projects in progress or pending.

The university was covered in 445 newspaper articles in Kentucky. The advertising equivalency dollar amount (or cost saving) for the newspaper coverage of KSU was \$5,359,347. The university also was covered in 147 television news stories reaching a Nielsen audience of 5,109,862 for a total ad equivalency of \$72,610 or total publicity value of \$217,817. There were 108 messages posted on KSU's electronic message board.

KENTUCKY STATE UNIVERSITY  
BOARD OF REGENTS  
AGENDA ITEM BACKGROUND

To:	Board of Regents External Relations and Development Committee	Date:	April 27, 2012
From:	Hinfred McDuffie Executive Vice President for Administration		
Subject:	Executive Contributions Report & Alumni Relations Report		
Reason for Consideration:	Informational	Enclosures:	Yes

Background:

N/A

Recommendation:

Informational

Initiator:	Hinfred McDuffie Executive Vice President for Administration
Board Action Date:	April 27, 2012
Effective Date:	April 27, 2012

**Executive Contributions Report and Comparison**  
**July 1, 2010 - March 31, 2011**  
to  
**July 1, 2011 - March 31, 2012**

**Constituency Type Breakdown**

Constituency Type	Total Dollars Raised July 1, 2010 - March 31, 2011	Total Dollars Released July 1, 2011 - March 31, 2012	Total Participation July 1, 2010 - March 31, 2011	Total Participation July 1, 2011 - March 31, 2012
Alumni	\$56,350.00	\$103,138.45	189	245
Corporations	\$14,875.00	\$6,250.00	16	10
Employees	\$10,856.82	\$80,532.73	62	27
Foundations	\$38,516.00	\$75,585.00	21	33
Organizations	\$142,328.94	\$78,853.06	126	70
Other Individuals	\$8,329.00	\$141,747.93	64	94
<b>Total:</b>	<b>\$271,855.76</b>	<b>\$486,087.17</b>	<b>458</b>	<b>479</b>

**Donor Designation Breakdown**

Donor Designation	Total Dollars Raised July 1, 2010 - March 31, 2011	Total Dollars Released July 1, 2011 - March 31, 2012
Unrestricted	\$13,153.82	\$36,731.05
Scholarships	\$202,430.26	\$256,403.93
Other	\$56,271.68	\$192,952.19
<b>Total:</b>	<b>\$271,855.76</b>	<b>\$486,087.17</b>

**Sponsorships**

Total Sponsorship Amount July 1, 2011 - December 31, 2011	Percentage of Alumni Giving
N/A	0.727%

**Fundraising Status**

GOAL	BETTER	ACTUAL
\$500,000.00	\$600,000.00	\$486,087.17

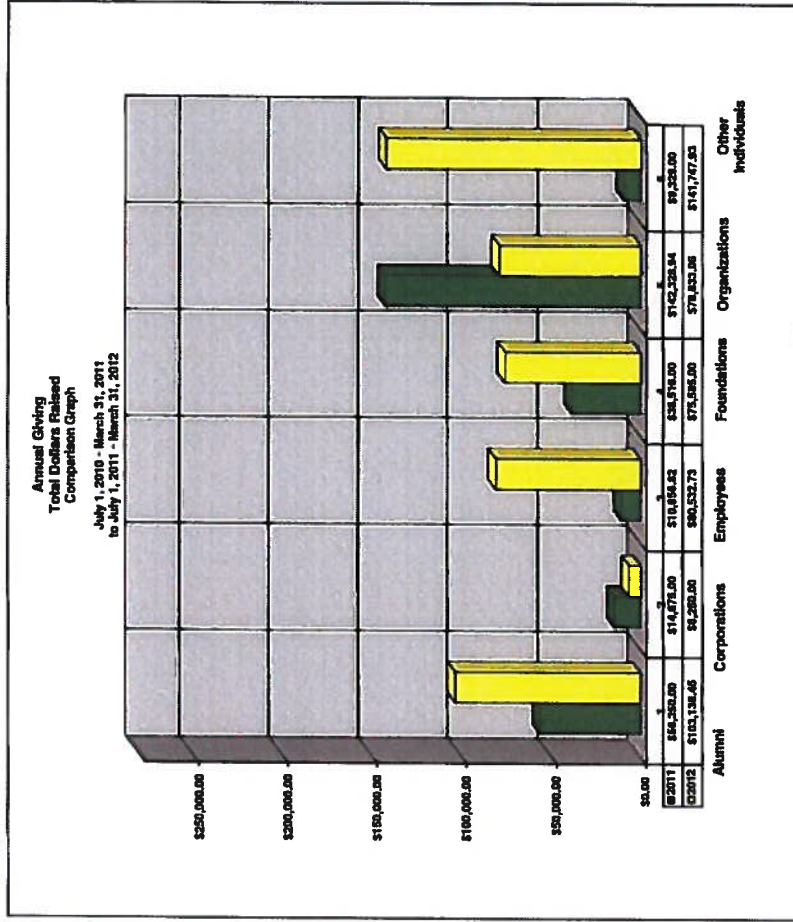
**CAPITAL CAMPAIGN GIVING**

**Constituency Type Breakdown**

Constituency Type	Total Dollars Raised July 1, 2010 - March 31, 2012	Total Participation July 1, 2010 - March 31, 2012
Alumni	\$200,518	557
Corporations	\$228,933	42
Employees	\$167,489	147
Foundations	\$124,105	95
Organizations	\$305,922	258
Other Individuals	\$380,511	271
<b>Total:</b>	<b>\$1,407,376</b>	<b>1,350</b>

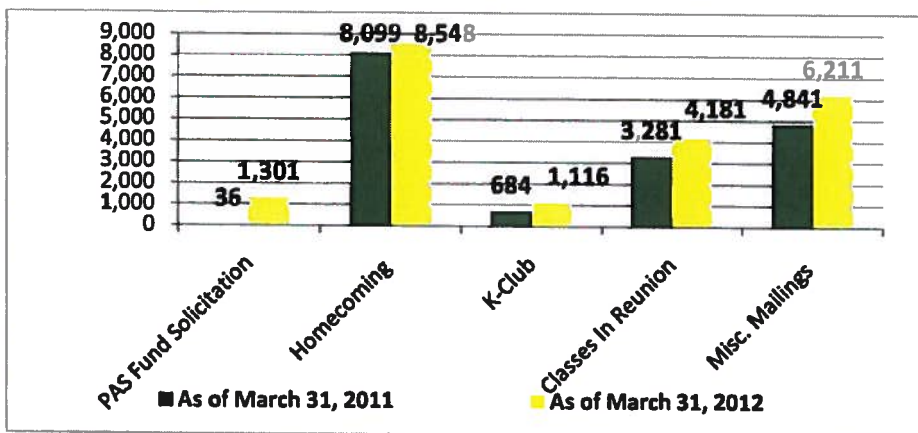
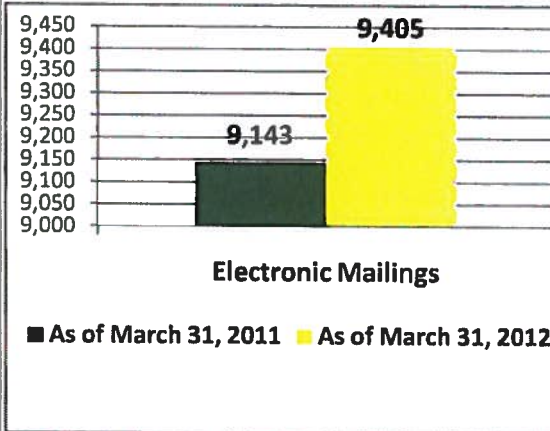
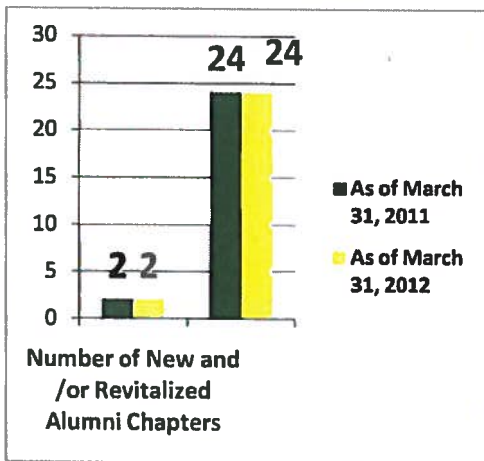
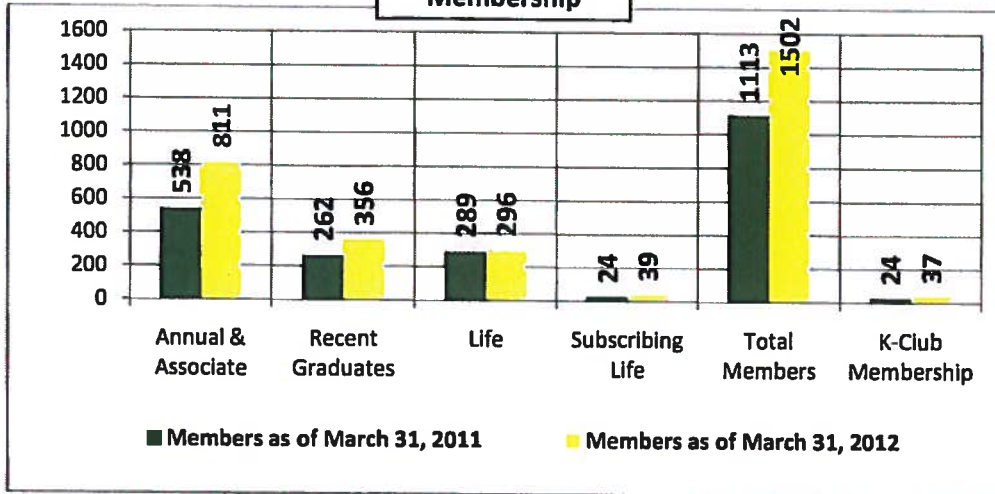
**Donor Designation Breakdown**

Donor Designation	Total Dollars Raised July 1, 2010 - March 31, 2012	Total Participation July 1, 2010 - March 31, 2012
Unrestricted	62,925	188
Scholarships	336,166	376
Other	1,008,285	766
<b>Total:</b>	<b>1,407,376</b>	<b>1,350</b>



# OFFICE OF ALUMNI RELATIONS REPORT

## Membership



## Mailings

KENTUCKY STATE UNIVERSITY  
BOARD OF REGENTS  
AGENDA ITEM BACKGROUND

To:	Board of Regents External Relations and Development Committee	Date:	April 27, 2012
From:	Hinfred McDuffie Executive Vice President for Administration		
Subject:	Information Technology, Auxiliary Enterprise & Capital Planning Reports		
Reason for Consideration:	Informational	Enclosures:	Yes

Background:

N/A

Recommendation:

Informational

Initiator:	Hinfred McDuffie Executive Vice President for Administration
Board Action Date:	April 27, 2012
Effective Date:	April 27, 2012

## Information Technology

July 2011 – March 2012

Information Technology is actively working toward the completion of several projects that will enhance and improve operational efficiency and customer service. It is also working to reduce cost for the overall university. The department is strengthening its internal processes to better serve the needs of the students, faculty and staff.

<b>Banner Enterprise Resource Planning (ERP) Implementation</b>	<b>Phase 1</b>	
	Discovery and hardware installation	100%
	<b>Phase 2</b>	
	Conversion R1	100%
	Data verification and validation	100%
	Data clean-up	100%
	Banner testing and problem resolution	100%
	<b>Phase 2.5</b>	
	Conversion R1.5	100%
	Data verification and validation	100%
	Data clean-up	100%
	Banner testing and problem resolution	100%
	<b>Phase 3</b>	
	Conversion R2	100%
	Data verification and validation	100%
	Data clean-up	100%
	Banner testing and problem resolution	100%
	<b>Phase 4</b>	
	Integration Testing (classroom pilot)	100%
	<b>Phase 5</b>	
	Pre-Prod creation for production	100%
	Banner PROD delivery to KSU Dec. 6	100%
	Campus Banner training begun (FI and HR)	100%
	<b>Phase 6</b>	
Campus Banner Training (FI, HR, FA, ST)	100%	
Finance GO LIVE (Jan. 2011)	100%	
Human Resources GO LIVE (Jan. 2011)	100%	
Financial Aid GO LIVE (Feb. 2011)	100%	
Student GO LIVE (March 2011)	100%	
Accounts Receivable GO LIVE (July 2011)	100%	
Student academic history conversion (Aug. 2011)	100%	

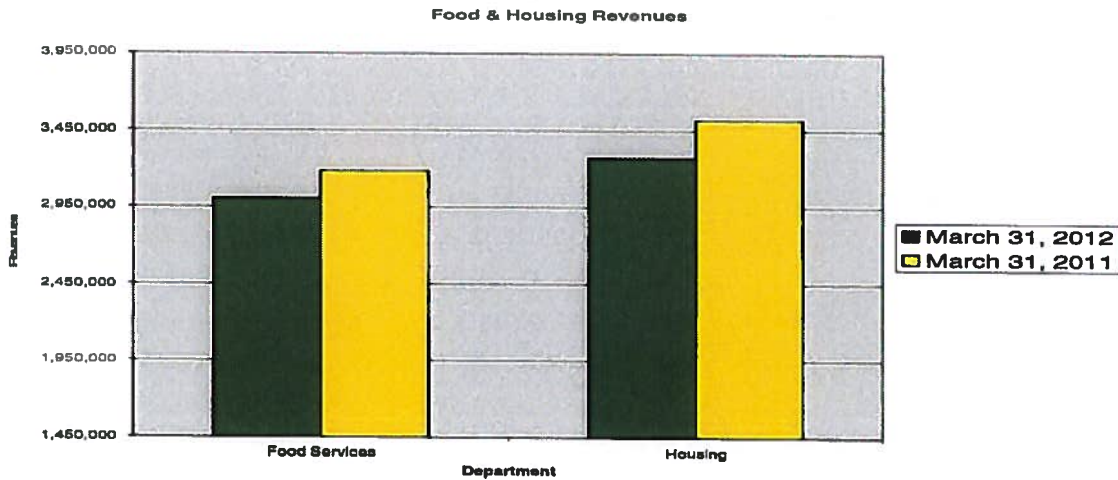
<b>Banner Operational Data Store (ODS) Implementation</b>	<b>Phase 1</b> Project schedule development Project team creation	100% 100%
	<b>Phase 2</b> ODS implementation kickoff ODS tech implementation planning	100% (Feb. 2012) 100% (Feb. 2012)
<b>Banner Luminis Platform 5 Implementation</b>	<b>Phase 3</b> ODS installation – Test ODS installation – Prod	0% (April 2012) 0% (June 2012)
	<b>Phase 1</b> Project schedule development Project team creation	100% 100% (March 2012)
	<b>Phase 2</b> Luminis implementation kickoff Luminis Tech implementation planning	100% (March 2012) 100% (March 2012)
	<b>Phase 3</b> Luminis installation – Test Luminis installation – Prod	0% (April 2012) 0% (May 2012)
	<b>Phase 4</b> Luminis Functional Implementation	0% (Mar. – Aug. 2012)
<b>Laptop Deployment</b>	<b>Faculty Laptop Deployment</b>	142 laptops distributed to faculty
	<b>Residence Hall Laptop Deployment</b>	49 laptops distributed to each residence hall for student checkout (7 laptops per 7 residence halls)
<b>Computer Labs Upgraded</b>	School of Business Lab Education Lab Behavioral and Social Science Lab Athletics Lab Student Center Lab Academics With Attitude Lab	41 desktops 27 desktops 10 desktops 10 desktops 50 desktops 18 desktops
<b>Upgrade and Creation of Smart Classrooms</b>	Currently upgrading 7 classrooms in the School of Business. Upgrade includes classroom furniture.	Estimated completion time: 90 days
	Upgrading 13 classrooms in Carver Hall	Project completion by early summer
	Upgrading 4 classrooms in Exum Center	Project completion by mid-summer

**Kentucky State University  
Auxiliary Enterprise Report  
July 2011 – March 2012**

As of March 31, 2012, Auxiliary Enterprise recorded the following revenues:

	Prior Year YTD	Current Year YTD	Variance
Food Services	3,182,000	3,004,000	(178,000)
Housing	3,259,000	3,271,000	(12,000)
Bookstore	88,000	88,000	-
Facility Usage	14,000	44,000	30,000
Laundry	26,000	26,000	-
Vending	1,000	2,000	-

Food service and housing revenues are down due to lower student count in housing. Housing occupancy as of March 2012 was 85 percent with 879 students compared to 899 students in March 2011.





Capital Construction Project Report April 27, 2012

PROJECT	Goal	Assigned Date	STATUS	Comments
1 Entrance Gatehouse	Controlled Access to Campus	09/01/10		Project under construction - Oct. 12 completion
<i>Anticipated Funding Source</i>				
\$220,000 Auxiliary Services				
\$200,000 Capital Planning				
\$140,000 Title III Infrastructure, Electronic Security				
2 Repair Concrete Steps & Sidewalks	Safe pedestrian paths	08/01/10	COM	Complete
\$150,000 Capital Planning			COM	Complete
3 Erosion Control at Motor Pool	Control of water runoff	07/01/10	COM	Complete
\$15,000 Capital Planning			COM	Complete
4 Flood Damage Repair at Old Federal Building	Restore building	05/05/10	COM	Complete
5 Extend Storm Pipe at Ash Pit	Route storm water around ash pit	05/27/10	COM	Complete
\$5,000 Maintenance Operations			COM	Complete
6 Repair Roof of Old Federal Building	Stop damage from leaking roof	07/01/10	COM	Complete
\$13,000 Capital Planning			COM	Complete
7 Access Control for Governmental Services Center	Install Blackboard electronic card readers	05/01/10	COM	Complete
\$20,000 GSC Maintenance Service			COM	Complete
8 Mills Lane Farm - Center for Sustainable Farms & Families	New Facility	03/27/09	COM	Complete
\$4,800,000 USDA			COM	Complete
9 Aquaculture Production Technology Laboratory	New Facility	08/15/10	COM	Complete

PROJECT	Goal	Assigned Date	STATUS	Comments
\$1,700,000 CPE				
\$700,000 Federal Funding				
10 Rosenwald Center for Families & Children	New Facility	06/01/10		Construction complete except fence. Holding on funding.
\$2,400,000				
11 Renovate Old Federal Building	Complete building renovation	09/01/09		Construction proceeding. August completion date
\$1,000,000 federal ARRA funds through National Parks Service				
12 Replace Roof Sections of Bradford Hall	New roof on remaining old roof sections	09/01/10	COM	Complete
\$270,000 CPE Maintenance Funds				
13 Police Department - Electrical Upgrade / Electronic Infrastructure for Dispatch	Moving Police Dept. to Old Rosenwald	08/01/10	COM	Complete
\$185,500 Title III				
14 Hathaway Hall Repair - Chair Desks	Functional chairs	06/05/10	COM	Complete
\$62,500 State funds				
15 Re-roof Atwood Research	Non-leaking roof	02/01/11	COM	Complete
16 Cheaney Plaza	Fundraising bricks and plaques	08/01/10		Seeking funding
\$500,000 Private Donations				
17 Feasibility of Constructing a Centralized Mail Hub in Student Center Basement	Streamline mail pickup	08/01/10		Under Design
Auxiliary Services				

PROJECT	Goal	Assigned Date	STATUS	Comments
18 Umbrellas for Student Center Tables \$150 Capital Planning	Provide shade for tables on patio	09/01/10	COM	Complete
19 Campus Benches \$10,000 Capital Planning	Replace old benches around campus	08/01/10	COM	Complete
20 New Seating for Bradford Hall Large Auditorium \$120,000 Capital Planning	New seating in Large Auditorium	08/01/10	COM	Complete
21 Scoreboard at Football Stadium	New Scoreboard	02/01/11	COM	Complete
22 (IT) Intercom System at Football Stadium	New intercom system at Alumni Stadium	02/01/11		
23 Parking Lot Expansion \$83,000 Capital Planning	More parking for students/faculty/staff	01/01/11		One lot complete Dec. 2011. Remaining lots under design or advanced for bidding
24 Russell Court interior Renovations \$1,000,000 Auxiliary Services	Modernized apartments	06/01/10		Schematic meeting scheduled for January 2012
25 Privatized Housing RFP \$20M Private Developer/ KSU Foundation	New Student Housing	11/01/09		Firm selection approval from EVP
26 2010 HUD HBCU Grant	Receive grant to buy property in Hill Top Neighborhood	02/01/11		KSU was not awarded grant
27 Submission of Biennium Six-Year Capital Plan	Complete capital plan	01/01/11	COM	Complete

	PROJECT	Goal	Assigned Date	STATUS	Comments
28	Re-design Presidents Suite	Improve safety and enlarge conference room	01/01/11		Design complete May 2011. Awaiting funding
	\$19,000 Capital Planning				
29	Chandler Hall Bathroom Renovation		12/01/10		Complete
	\$125,000 Auxiliary Services				
30	Construct New Building and Facilities to Service University Needs		07/01/10		One project under construction
31	Determine Renovations of Buildings for New Functions and Upgrades of Building Systems		07/01/10		One renovation project has been established for construction in summer and fall 2012
32	Identify and Address Deferred Maintenance Issues		07/01/10		Six new deferred maintenance projects identified and in process.
33	Initiate an Annual Deferred Maintenance Plan		07/01/10		Annual deferred maintenance plan is in operation.
34	Construct New Student Residential Housing		07/01/10		The university has put a hold on constructing new residential housing
35	ADA Access for Hillcrest		07/01/11		Funding hold
36	Tile Bathrooms at Stadium		08/15/11		Complete
37	Repair Concrete Sidewalks at East Wood Garden Apartments		07/15/11		
38	Alumni Stadium Office Roof Replacement 2012 \$306,000	306,000	07/15/12		

	PROJECT	Goal	Assigned Date	STATUS	Comments
39	Jordan Building and Warehouse Roof Replacement 2012 \$229,500	229,500	05/01/12		
40	Carroll ASB Roof Replacement Phase I 2012 \$349,000	349,000	05/01/12		
41	Cooperative Extension Building 2012 \$196,290	196,290	05/01/12		
42	<i>Old Federal Building additional funding \$60,000</i>	<b>60000</b>	<b>05/01/12</b>	<b>COM</b>	Complete
43	Betty White Additional Parking	99,980	05/01/12		Redesign complete
44	Brick Retaining Wall and Fence Betty White Parking	106,452	04/15/12		Redesign complete
45	McCullin Additional Parking	57,245	05/01/12		
46	J Parking Lot Paving	67,000	05/01/12		Construction under way
47	Fill and Retaining Wall for J Lot by McCullin	65,000	05/01/12		Construction under way
48	Additional Funds for Bradford Hall Seating	9,567	05/01/12	<b>COM</b>	Complete

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KENTUCKY STATE UNIVERSITY  
BOARD OF REGENTS  
AGENDA ITEM BACKGROUND

To:	Board of Regents External Relations and Development Committee	Date:	April 27, 2012
From:	Hinfred McDuffie Executive Vice President for Administration		
Subject:	Communications Report		
Reason for Consideration:	Informational	Enclosures:	Yes

Background:

N/A

Recommendation:

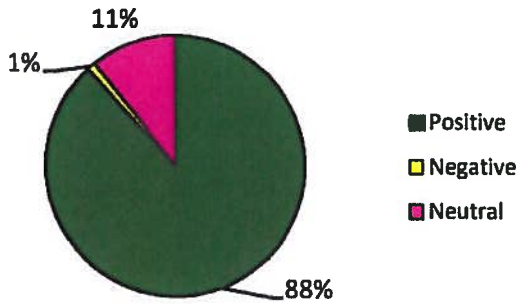
Informational

Initiator:	Hinfred McDuffie Executive Vice President for Administration
Board Action Date:	April 27, 2012
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**KSU Media Coverage  
July 2011 – March 2012**

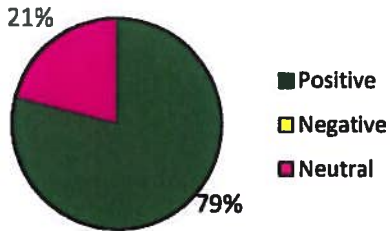
**NEWSPAPER COVERAGE IN KENTUCKY**

Number of Stories - 445 stories  
Ad Equivalency - \$5,359,347



**TELEVISION COVERAGE IN KENTUCKY**

Number of Stories - 147 stories  
Run Time - 2 hours, 11 minutes, 14 seconds  
Ad Equivalency - \$72,610      Publicity Value - \$217,817  
Nielsen Audience - 5,109,862



## **PUBLICATIONS AND MARKETING**

### **Publications (artwork and printed materials)**

- Development/Alumni Printed Materials – Materials produced for 10 campaigns
- Printed materials produced for university events – 118
- Communication pieces – 44
  - o Onward and Upward - 1
  - o President's Report to the Board – 3
  - o President's Report to the Council on Postsecondary Education (CPE) - 1
  - o Good Newsletter for CPE – 3
  - o From the President's Desk – 1
  - o Hoofbeats - 1
  - o Program/Departmental Newsletters & Brochures – 34
- Marketing and advertisement pieces produced – 106
- Designs for general university operations – 47
- Business cards produced – 107

**Land Grant, community and campus community projects and events** (supported by design work and support materials) – 26

**Billboard Displays** – 9 months, four locations in Frankfort, Ky.

**Airport Displays** – Lexington and Louisville airports

Television Advertisements – Advertised in the Frankfort, Lexington and Louisville markets

## **ELECTRONIC COMMUNICATIONS**

**Electronic message board postings** – 108 messages:

90 KSU messages

18 community messages



KENTUCKY STATE UNIVERSITY  
BOARD OF REGENTS  
AGENDA ITEM BACKGROUND

To:	Board of Regents External Relations and Development Committee	Date:	April 27, 2012
From:	Hinfred McDuffie Executive Vice President for Administration		
Subject:	Endowment Investment Policy		
Reason for Consideration:	Informational	Enclosures:	Yes

Background:

N/A

Recommendation:

Informational

Initiator:	Hinfred McDuffie Executive Vice President for Administration
Board Action Date:	April 27, 2012
Effective Date:	April 27, 2012

Endowment Investment Policy  
Kentucky State University

This Statement of Investment Policy is issued by the Board of Regents of Kentucky State University in conjunction with the endowment holdings of Kentucky State University. Pursuant to KRS 164A.560, the Board of Regents of Kentucky State University elects to receive, deposit, collect, retain, invest, disburse and account for funds received as contributions to the endowment and shall manage the gifts and donations in accordance with KRS 164A.550 to KRS 164A.630.

I. The Board of Regents

Kentucky State University is one of eight public higher education institutions in the Commonwealth of Kentucky and is governed by appropriate Kentucky revised Statutes and by the Board of Regents. The Board consists of 11 Regents, eight of whom are appointed by the Governor of the Commonwealth. One Regent each is elected by the University faculty, staff and students.

II. The University President

The Kentucky State University President, by virtue of his/her office, has the responsibility for the management of the University's endowment holdings and to report to the Board of Regents at each quarterly Board meeting on the status of these holdings.

III. Investment Philosophy

The Board of Regents of Kentucky State University recognizes its fiduciary duty not only to invest the University's endowment holdings in formal compliance with the "Prudent Man Rule," but also manage those funds in continued recognition of the basic long-term nature of the University. The Board of Regents interprets this to mean, in addition to the specific guidelines and restrictions set forth in this document, that the assets of the University shall be actively managed, that is, investment decisions regarding the particular securities to be purchased or sold shall be the result of the conscious exercise of discretion. Further, the Board of Regents recognizes that, commensurate with its overall objective of maximizing long-range return while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held. Within this context of active management and the necessity of adherence to proper diversification, the Board of Regents relies upon appropriate professional advice.

**IV. Investment Objectives**

The Board of Regents realizes that prudent investment management is a duty. In fulfillment of this duty, the Board of Regents recognizes that long-term objectives are most important, but it is also necessary that shorter term benchmarks be used to assess the periodic performance of the investment program. The University anticipates annual spending of five percent (5%) of the average market value for the past three years, the amount of which shall be determined in January of each year and is fully described in its Endowment Spending Policy, which is fully incorporated by reference herein. Under no circumstances shall the amount allocated to endowed professorships be less than the amount allocated in the prior year.

**V. Asset Allocation Guidelines**

The University President will allocate the assets within the classes of investments that he/she considers to be appropriate. The Board of Regents believes that it is prudent to diversify endowment investments so as to minimize the risks of large losses and has established the following asset allocation ranges based upon the University's participation demographics, anticipated cash flow requirements and the expected returns of the capital markets. The ranges are guidelines that may be interpreted as a general statement of the Board of Regent's position regarding investment risk.

<u>Asset Class</u>	<u>Allowable Range*</u>
A. Equity Investments	35 - 55 %
B. Fixed Income Investments	25 - 45 %
C. Cash Equivalentents	0 - 25 %
D. Alternatives	0 - 20 %
E. Real Estate	0 - 10 %

**\*Based on market value**

As a general policy, the Board, in keeping with its responsibility as Trustee and wherever consistent with its fiduciary responsibility, encourages the investment of the University's endowment assets in the securities of corporations that provide a positive contribution to the economy of the Commonwealth of Kentucky. However, where any security is not a prohibited investment under Kentucky state statute and where a security is on the approved buy list, discretion will be granted to the appointed investment

managers in the selection of such securities and timing of transactions consistent with the following guidelines and restrictions:

A. **Equity Investments (Stocks)**

The benchmark for Equity Investments shall be MSCI World Index.

Investments may be made in common stock, securities convertible into common stock and in convertible preferred stock of publicly traded corporations. With the approval of the University President, options may be written against equity positions in the University's endowment holding account.

B. **Fixed Income Investments**

The benchmark for Fixed Income Investments shall be Barclays Aggregate Index.

Investments may be made in the various classes of fixed income instruments as follows:

**Corporate Bonds.** Publicly traded bonds are to be selected and managed so as to assure an appropriate balance in quality and maturities consistent with current market and economic conditions. Although active bond management is encouraged, excessive emphasis on short-term trading is not considered appropriate. Nonconvertible bonds may be selected from among those rated within the top three categories of the recognized bond rating services. Private or direct placement bonds may be purchased only upon specific approval of each issue by the University President.

**Government and Agency Bonds.** Investment may be made in any U.S. Government issued debt instrument with an initial maturity of over one year and in any debt instrument issued by agencies of the U.S. Government with an initial maturity of over one year and which are guaranteed by the U.S. Government.

C. **Cash Equivalent Securities**

Selection of particular short-term instruments, whether viewed as liquidity reserves or as alternative investment vehicles, should be determined primarily by the safety and liquidity of the investment and only secondarily by the available yield. The following short-term investment vehicles, with the exception of commercial paper, which requires specific purchase approval by the University President, are considered acceptable:

**Repurchase Agreements** – Repurchase agreements that are collateralized by the United States Government issues.

**U.S. Government Issues** – All obligations of the U.S. Government and its agencies.

**Certificates of Deposit** – Banks domiciled in the Commonwealth of Kentucky. If the dollar amount of certificates of deposit and/or cash equivalent securities exceed the FDIC insurance limit, the bank must pledge securities in an amount equal to that amount not covered by FDIC insurance.

D. **Alternatives**

Alternatives will be fully liquid through the use of mutual funds and ETFs.

Alternatives will include Precious Metals, Commodities, Currencies and Non-Directional Strategies (low correlation to traditional stock and bond portfolios).

E. **Real Estate**

Real Estate Investment Trusts (REITs) will be invested in a liquid, high-quality diversified portfolio of Real Estate Investment Trust companies. No raw land will be purchased for portfolio.

VI. **Standards of Measurement**

The following represent the standards of measurement to be used as guidelines for the various classes of investments of Kentucky State University endowment holdings. They are to be computed and expressed quarterly on a time-weighted total return basis:

Equity Investments – Exceed the return on the MSCI World Index

Fixed Income (Corporate, Government and Agency Funds) – Exceed the return on the Barclays Aggregate Index

Cash Equivalents – Exceed the rate on 90-day treasury bills

VII. **Investments Performance Review Procedures**

On a timely basis, but not less frequently than quarterly, the Board of Regents will review the performance of the University's endowment holdings portfolio for determination of compliance with this Statement of Investment Policy.

**VIII. Review**

The Board of Regents will annually review the University's Investment Policy to make any adjustments that may be necessary.