

WEST VIRGINIA UNIVERSITY
BOARD OF GOVERNORS

September 28, 2012

The one hundred third meeting of the West Virginia University Board of Governors was held on September 28, 2012 at the WVU Mountainlair. Board members in attendance/participating included David Alvarez, Ellen Cappellanti, Dr. Lesley Cottrell, James W. Dailey, II, Thomas Flaherty, Dr. Robert Griffith, Diane Lewis, Raymond Lane, Dixie Martinelli, William Nutting, Andrew A. Payne, III, Zach Redding, Ed Robinson, J. Robert (J.R.) Rogers, and William Wilmoth. Board members, Dr. Tom Clark and Dr. Charles Vest, were absent and excused.

WVU officers, divisional campus officers, and representatives present included:

President, James P. Clements;
Provost and Vice President for Academic Affairs, Michele Wheatly;
Health Sciences Chancellor, Dr. Christopher Colenda;
Vice President for Administration and Finance, Narvel Weese;
Vice President for Legal Affairs and General Counsel & Assistant
BOG Secretary, William H. Hutchens, III;
Vice President for Student Affairs, Ken Gray;
Vice President for University Relations, Chris Martin;
Interim Vice President for Research, Fred King;
Athletic Director, Oliver Luck;
Vice President for Human Resources, Margaret Phillips;
Associate Vice President, Academic Strategic Planning, Dr. Nigel Clark;
Senior Associate Provost, Russell Dean;
R. Wayne King, President & CEO, WVU Foundation;
Associate Vice President for University Relations, Tricia Petty;
Director of Internal Audit, William Quigley;
Executive Officer for Policy Development, Jennifer Fisher;
Senior Associate Vice President for Finance, Dan Durbin;
Associate Vice President for Planning & Treasury Operations, Liz Reynolds;
Associate Vice President for Facilities, Randy Hudak;
Associate Vice President for Student Affairs, Michael Ellington;
Interim Dean of Students and Director of Housing, G. Corey Farris;
Director of Communications for Student Affairs and Executive Director of
Mountaineer Parents Club, Sabrina Cave;
Student Affairs Chief Business and Planning Officer, Les Carpenter;
Assistant Vice President for University Communications, Becky Lofstead;
Accreditation and Planning Officer, Academic Strategic Planning, Elizabeth
Hamilton;
West Virginia University Institute of Technology, Chief Executive Officer,
Carolyn Long;
Potomac State College of West Virginia University, Divisional Campus Provost,
Leonard Colelli;

Chief Financial Officer for WVU Health Sciences, Wendy King;
WVU Bookstore Manager, David Lang;
Textbook Affordability Committee Member, Dr. Michael Mays;
Textbook Affordability Committee Member, Dr. Alan Stolzenberg;
Dean of Engineering, WVU Tech, Dr. Zeljko Torbica;
SGA President, WVU Tech, Robin Davis;
Chair, WVU Staff Council, Jo Morrow;
WVU's ACCE representative Paul Martinelli;
WVU Faculty Senate Chair-Elect, Dr. Lisa DiBartolomeo;
Special Assistant to the President, Sara Master;
Senior Special Event Coordinator, Gretchen Hoover; and,
Special Assistant to the Board of Governors, Valerie Lopez.

Members of the Press were also present.

CALL TO ORDER

The meeting was called to order by Board Chairman, Andrew A. Payne, III, at 10:15 a.m.

Vice President for Legal Affairs and General Counsel, & Assistant BOG Secretary, William H. Hutchens, III, administered the oath of office to new and reappointed BOG members, namely, Dr. Robert Griffith, Zach Redding, J. Robert (J.R.) Rogers, and Raymond Lane. It was noted that reappointed board member, Dr. Charles Vest, who could not participate in today's meeting, previously executed a written oath of office. Chairman Payne thanked everyone for their willingness to serve in the governance of West Virginia University. A roll call was then taken to determine who was in attendance and a quorum established.

Chairman Payne took a moment to share a YouTube video in which WVU student leaders are taking a light-hearted, but serious stand around the senseless couch burnings that some students have been known to engage in. In this tongue-in-cheek video that is being pushed out to students -- by students -- WVU's Student Government Association is putting it bluntly: "Save a couch," don't burn one."

BOARD ITEMS

REPORT FROM UNIVERSITY RELATIONS

Marketing communications – and the technology that drives and shapes it – has never been more critical to the success of student/faculty recruitment, alumni affinity building, private and government fundraising and national/global positioning. Vice President for University Relations, Chris Martin, presented an overview of some of the strategies her team employs to reach and influence the largest audience in WVU's history. A brief summary of highlights from the presentation included the following:

- University Relations tells the story of a fine, public, land-grant university to all of its constituents – and to the world. In that process it builds a forum for dialogue,

conversation and community, and they do it facing dramatic and daily changes in technology, message delivery and audience expectations. While they occasionally outsource some creative work, they make most of it from scratch. As a result, the Division of University Relations offers an honest reflection of who WVU is. Every video, every website, every photograph, every postcard, every holiday message, every 30-second spot holds the DNA of our university and its community.

- The Division of University Relations connects West Virginia University – its people, programs, messages, stories, challenges, trials, triumphs, and its continuing narrative of success – to the largest audience in its history – and they continue to build and grow that audience every day. Through new media and even newer technologies, they connect the world to WVU. As emerging communication tools make our world even smaller, University Relations is using innovative communication strategies to reach a Mountaineer “nation” that includes every state, every country, and every corner of the globe.
- As for the work of University Relations - their marketing, public relations, media relations, audience relationship building and strategic communication initiatives are essential to manage internal/external relationships, maintain strong ties with traditional and new media outlets, recruit students, raise funds, reach alumni, shape image, build affinity, and communicate WVU’s accomplishments and innovations. They also distinguish and promote the University’s many divisions, colleges, schools, departments, units and programs to advance WVU’s reputation and to build its prominence among its peers and across the globe.
- Working in partnership with members of the University community, University Relations builds public understanding of, and support for, West Virginia University across all audiences. Through a comprehensive University-wide public relations/targeted communication effort, they forge mutually beneficial relationships with individuals and organizations – from prospective students to alumni, from faculty to city leaders, from business to government – all vital to the University’s growth and development.

TEXTBOOK AFFORDABILITY

Pursuant to various federal and state legislation, WVU Board of Governors Policy 48 was amended on February 4, 2011, providing that a process for the selection, adoption, use and sale of textbooks and supplementary course materials must be established – and further that a textbook affordability committee must be created, textbook selection guidelines must be developed, and textbook information must be made widely available. Russell K. Dean, Senior Associate Provost for Academic Affairs, and Chairman of the WVU Textbook Affordability Committee, provided an overview on the work of the committee, to date.

Chairman Dean identified members of the Textbook Affordability Committee, many of whom were in attendance, and reported on the 2011-2012 committee activities undertaken, which included:

- Creation of textbook selection guidelines (as posted on the Office of the Provost website) - providing that decisions about course materials should be made in a timely fashion;

information about selected course materials should be made public; customized textbooks should not be adopted unless the customization provides exceptional educational utility; textbooks should be used for a reasonable period of time before a new edition is adopted; no benefit may be received as an incentive for requiring a specific textbook; and textbook publishers who solicit faculty must also provide specific supporting information for the textbook to be adopted.

- Creation of default selection procedures for departments or colleges - providing that the course material used the last time that the course was offered will be adopted; that each department may decide to adopt a different default selection procedure; the Chair must enact the default selection procedure; and the default selections must be enforced.
- Preparation/distribution of memos to the faculty on textbook selection deadlines (including joint reminders from the Office of the Provost and the Student Government Association).
- Organize and conduct Chairs' Leadership Luncheon Series, Spring 2012, and,
- Organize and conduct Chairs' Symposium, Summer, 2012.

Chairman Dean provided relevant information related to the WVU Bookstore and briefly discussed textbook options for students, namely textbook rental, digital textbooks, used textbooks and new textbooks. He also reported on textbook trends for Spring, 2011 and Spring, 2012 textbook sales, in addition to discussing textbook adoption deadlines through the Fall, 2012 semester. Chairman Dean concluded his presentation by outlining committee goals for the upcoming year. Following a brief question and answer session, it was suggested that the Board receive an additional update from the Textbook Affordability Committee during its summer meeting.

STATE OF THE WVU FOUNDATION

R. Wayne King, President & CEO of the WVU Foundation, shared some highlights from Fiscal Year 2012 with the Board and spoke briefly about the outlook for FY 2013. Mr. King began his presentation by thanking everyone present for their contribution of the "Four W's" to WVU - that being "work, wisdom, wealth, and wallop." He also expressed his appreciation to President Clements and the members of his Senior Leadership Team for their support of the work of the WVU Foundation, adding that he would be remiss in not mentioning his appreciation for all that Beth Clements does as well.

For the fiscal year ending June 30, the Foundation received \$173.0 million in gifts, including gifts-in-kind. This represents gifts from 21,990 donors. Taking away the \$71.3 million gift-in-kind from the Siemens Corporation, it still received over \$100 million for the first time in our history. 97% of those gifts were restricted to a specific use by the donor. Mr. King noted that \$18 million represented Research Trust Fund (RTF) matching funds – adding that WVU fully matched the \$35 million (funds allocated within RTF) well ahead of schedule thanks in large part to the very generous gift from Ben and Jo Statler to name the College of Engineering and Mineral Resources.

For the fiscal year ending June 30th, gifts to the Health Sciences Center set a record, gifts to the Mountaineer Athletic Club set a record, and gifts to the University Fund set a record, as has been the case five of the last six years.

A State of Minds: The Campaign for West Virginia's University - was publicly launched on June 2nd with a goal of \$750 million. As of June 30th, the Foundation has recorded \$558 million or 74% of the goal.

The Foundation manages 4,569 active funds including 1,554 scholarship funds, 2,444 endowed funds, and they have 128 endowed chairs, professorships and deanships. As of June 30th total assets under management were \$1.1 billion. For the fiscal year, the endowment investment pool returned -0.1%. Based on the information the Foundation has access to regarding other university foundations, its return is average to above average. The Foundation has 82 full-time employees not counting student interns or Mountaineer Line callers. Another 25 development staff are employed by WVU, WVU Healthcare, or other University affiliated organizations.

In looking ahead in Fiscal year 2013, Mr. King indicated there is considerable "buzz" in the foundation community about what will happen to charitable giving in 2013 with so many major events ahead, such as the election, what will happen to taxes, and how Congress will deal with the many serious financial issues our country faces. Even with all the uncertainty, there does appear to be one near certainty, and that is WVU, along with colleges and universities all across the country, will depend on their foundations to provide an ever increasing level of private support. Mr. King concluded his remarks by indicating that WVU is, in his opinion, well positioned to address this challenge through the Foundation's "A State of Minds" campaign.

FY2012 QUARTERLY FINANCIAL REPORT THROUGH JUNE 30, 2012

The quarterly financial report provided in today's agenda booklet was based on June 30, 2012 unaudited numbers. Due to the timing of today's meeting, a quarterly financial report could not be included in the read ahead materials. However, Vice President for Administration and Finance, Narvel Weese, distributed an updated quarterly financial report at the beginning of today's meeting, and additionally provided a FY 2012 year end performance based on draft financial statements. Highlights included the following:

- Vice President Weese reminded the Board that the information contained in their packets is based on the FY 2012 unaudited Financial Statements, and stated that he plans to provide more detailed analyses when the audited numbers are presented at the November board meeting.
- Vice President Weese reported that the University's FY 2012 financial outlook remains stable. Operating and capital related revenues exceeded \$1 billion and assets are in excess of \$1.8 billion. He pointed out that it is also important to note, that the FY 2012 financial performance was influenced by several extraordinary decisions. While these

decisions have impacted the FY 2012 financial statements, the long-term benefits of these decisions will be reflected as positive results in future financial statements.

- The University FY 2012 adjusted operating margin is estimated at \$2.1 million - based on the financial performance as reported in the unaudited financial statements and adjusted for following items: GASB 45, capital revenues, investment gains and other extraordinary events. This year may best be remembered for its extraordinary events: WVU joined the Big 12 Conference, it received a software donation of \$71 million, it received about \$10.7 million in one-time revenues from resolution of contract issues and the foundation, as well as the issuance of \$200 million in revenue bonds to support the implementation of the capital plan. VP Weese indicated that this is very positive news and reinforces the University's financial capacity to implement its strategic plan and maintain existing operations.
- Vice President Weese also reported that the University collected operating and capital revenues in excess of \$1 billion – which exceeded its FY 2012 Budget by 6% or \$107 million. Grant and contract revenues attributed to \$95 million of excess revenues; of which \$89 million was derived from the donation of software and contributions to the Evansdale Greenhouse, and Basketball Practice Facility. Actual tuition and auxiliary revenues each exceeded budget by an estimated \$21million, with auxiliary accounting for more than \$14 million.
- On the expense side, the University spent \$994 million and exceeded the FY 2012 budget by about \$55 million - much of which is attributable to the extraordinary items.
- Net assets are projected to increase by \$34 million, including GASB 45 to \$1.8 billion. Excluding GASB 45, assets would grow to \$1.85 billion.
- Overall, Vice President Weese indicated that he was very pleased with the University's FY 2012 financial performance. He concluded his presentation with a reminder that the external audit is ongoing, the draft statements have been presented to Deloitte & Touche for auditing, and we anticipate WVU receiving an unqualified opinion in October.

RESEARCH TRUST FUND

Chairman Payne announced that this standing agenda item is not applicable for today's meeting since the matching fund is currently maxed out.

EXECUTIVE SESSION

Chairman Payne requested a motion that the Board go into Executive Session, under authority in West Virginia Code §§ 6-9A-4(b)(2)(A), (b)(7), (b)(9) and (b)(12) to discuss legal matters, matters involving commercial competition and the investment of public funds, an official investigation, and personnel matters. The motion was made by James W. Dailey, II, seconded by Thomas Flaherty, and passed. Following the conclusion of Executive Session,

William Wilmoth moved that the Board reconvene into regular session. This motion was seconded by Zach Redding, and passed.

DISCUSSIONS EMANATING FROM EXECUTIVE SESSION

Chairman Payne reported that nothing discussed in today's Executive Session required Board action.

APPROVAL OF MINUTES

J. Robert Rogers moved that the minutes of the June 7, 2012 regular meeting be approved. The motion was seconded by David Alvarez, and passed.

COMMITTEE REPORTS

Audit Committee Meeting: Chairman Dailey thanked other board members who attended yesterday's audit committee meeting. The Audit Committee received (a) a preliminary report from Dennis Juran, Lead Client Service Partner from Deloitte & Touche, regarding the financial statements audit being conducted at WVU; (b) a Peer Review Report from Ernst & Young regarding Deloitte & Touche; and, (c) reports in Executive Session from the Director of Internal Audit, William Quigley, and Vice President for Legal Affairs and General Counsel, William H. Hutchens, III. Chairman Dailey also reported that he was authorized to execute a letter from CliftonLarsonAllen LLP, addressed to the West Virginia University Audit Committee, that details the agreed-upon procedures engagement in reference to the financial statements of the West Virginia University Department of Intercollegiate Athletics for the year ended June 30, 2012.

Classified Staff Constituency Meeting: Dixie Martinelli, Classified Staff Representative on the Board of Governors, thanked all Board members who attended yesterday afternoon's constituency meeting during which an annual report on the successes and challenges facing classified staff at West Virginia University was presented. Ms. Martinelli noted that both divisional campuses were represented during yesterday's presentations. She expressed her appreciation to the Board for its concerns in addressing classified staff issues, and also to President Clements, who meets with classified staff on a monthly basis. Chairman Payne noted that our board was one of few across the country to include faculty, staff and students as voting members.

Chairman Payne announced that a decision was made not to hold an Executive Committee meeting yesterday afternoon.

PRESIDENT'S REPORT

The President noted the phenomenal lecture by John Chambers earlier in the day. He then welcomed Zach Redding as student body president to his first official meeting as a member of the Board. He also applauded the staff representatives for the excellent presentation to the Board on Thursday.

Dr. Clements highlighted the record year in private giving, as well as several recent milestones at the WVU Health Sciences. He gave a tentative enrollment report, which shows growth in key areas such as minority student enrollment. Final numbers will not be available for several weeks. He provided an update on the budget and the outlook related to state budget cuts.

President Clements recognized a number of faculty, staff, and students for national appointments, awards, and accomplishments. He also lifted up several college level academic recognitions. He highlighted progress on numerous facilities – including the opening of the new greenhouse, the planetarium in White Hall, as well as the ground breaking of the new engineering research facility, and upcoming groundbreakings for the student health and wellness building and the new College of Physical Education and Sports Sciences. He also highlighted the new Visitor’s Center that hosted almost 18,000 prospective students and families, which the Board had an opportunity to see on Thursday evening.

Dr. Clements reported on the status of several searches, including the CIO search, and the start of two new deans in the Davis College of Agriculture, Natural Resources and Design and the College of Human Resources and Education. He noted the importance of the recent appointment of David Fryson as Chief Diversity Officer, and he highlighted the opening of two new international alumni chapters – in Japan and Thailand. The report concluded with an opportunity for questions.

INFORMATION ITEMS

There were no questions or concerns expressed by any Board members pertaining to the Information Items contained within the agenda.

CONSENT AGENDA

Chairman Payne called for any discussion of today’s Consent Agenda items. There being none, Ellen Cappellanti moved that the Board accept the Consent Agenda items as presented in today’s agenda booklet. This motion was seconded by Diane Lewis, and passed.

Thereupon, the following Consent Agenda items were approved:

1. Entry of Institutional Undergraduate Fee Waivers and Institutional Graduate and Professional Fee Waivers

Resolved: That the West Virginia University Board of Governors enter the report (attached) of the Institutional Undergraduate Fee Waivers for FY 2011-2012, at West Virginia University, West Virginia University Institute of Technology, and Potomac State College of West Virginia University into its minutes; and,

Resolved: That the West Virginia University Board of Governors enter the report (attached) of the Institutional Graduate and Professional Fee Waivers for Fall, 2011, Spring, 2012, and Summer, 2012 at West Virginia University into its minutes.

2. Conveyance of that certain real property on the WVU Animal Science Farm, 1.95 acres, located at or near the Mileground and U.S. 705, Morgantown, West Virginia

Resolved: That the West Virginia University Board of Governors approves the conveyance of that certain real property, consisting of 1.95 acres, located and situate in the Fifth Ward in the City of Morgantown, Monongalia County, West Virginia (and as more particularly illustrated on the plat appended to this agenda item) to the West Virginia Department of Transportation, Division of Highways (“WVDOH”).

3. PRT Modernization Project

Resolved: That the West Virginia University Board of Governors approves Phase I of the PRT Modernization Project – Vehicle Propulsion Replacement - with a total budget of \$15 million and authorizes financing in an amount not to exceed \$15 million and reimbursement of project costs incurred prior to issuance of such bonds.

4. Student Housing Master Plan 2012 – West Virginia University Main Campus

Resolved: That the West Virginia University Board of Governors approves the 2012 Student Housing Master Plan for the Main Campus of West Virginia University, as presented.

5. Renovation of 992 Elmer Prince Drive, Morgantown, WV

Resolved: The West Virginia University Board of Governors is informed that the previously approved acquisition and renovation of 992 Elmer Prince Drive has changed use from a Data Center to the new University Police Department facility; and,

Resolved: That the West Virginia University Board of Governors approves the renovation project at a cost \$1.6 million to the facility located at 992 Elmer Prince Drive in order to house the University Police Department.

6. Puskar Weight Room Expansion

Resolved: That the West Virginia University Board of Governors approves the Puskar Weight Room Expansion project with a total budget of \$2.6 million and the President of West Virginia University is hereby authorized to execute construction contracts after receiving a recommendation from the Vice President for Administration and Finance that a funding plan is in place to pay for construction costs.

7. Purchase and financing of that certain real property known as the Square at Falling Run located on Falling Run Road, Morgantown, West Virginia, and consisting of approximately 25 acres

Resolved: That the West Virginia University Board of Governors approves acquisition of that certain real property known as the Square at Falling Run, plus additional real property, located on Falling Run Road and Outlook Street, in the City of Morgantown, Monongalia County, West Virginia, and adjacent to the WVU downtown campus, the College of Business & Economics, Life Sciences Building and Ming Hseih Hall, and continuing up the valley to WVU’s farm on the Mileground (“Property”); and authorizes the financing of such purchase through the issuance by the West Virginia University Board of Governors of revenue bonds in the aggregate principal amount of not more than \$5,250,000; execution of a supplemental indenture with respect to such bonds; authorizing

the sale of such bonds to First United Bank & Trust pursuant to a bond purchase or similar agreement with respect to such bonds.

8. Organizational Changes at the Robert C. Byrd Health Sciences Center, Establishing the School of Public Health

Resolved: That the West Virginia University Board of Governors establishes the School of Public Health at West Virginia University

9. Appointment to County Extension Committees

Resolved: That the West Virginia University Board of Governors approves the nominees and alternates for positions on the County Extension Service Committees in West Virginia, as presented.

ADJOURNMENT

There being no further business to come before the Board, William Nutting moved to adjourn the meeting. The motion was seconded by Dr. Lesley Cottrell, and passed. The meeting was adjourned at 3:05 p.m.

Thomas V. Flaherty, Secretary