

**WEST VIRGINIA UNIVERSITY**  
**BOARD OF GOVERNORS**

February 5, 2010

The eighty-second meeting of the West Virginia University Board of Governors was held on February 5, 2010 at the Erickson Alumni Center. Board members in attendance were Ellen Cappellanti, Dr. Nigel Clark, Dr. Tom Clark, James Dailey, Thomas Flaherty, Dr. Robert Griffith, Diane Lewis, Carolyn Long, Oliver Luck, Ted Mattern, Jo Morrow, Drew Payne, Ed Robinson, and Jason Zuccari. Board members Ray Lane, Bill Nutting, and Dr. Charles Vest were absent and excused.

**WVU officers, divisional campus officers, and representatives participating included:**

President, James P. Clements;  
Chief of Staff, Jay Cole;  
Provost and Vice President for Academic Affairs, Michele Wheatly;  
Health Sciences Chancellor, Christopher Colenda;  
Vice President for Administration and Finance, Narvel Weese;  
Chief Financial Officer for Health Sciences, Wendy King;  
Senior Associate Provost, Russell Dean;  
Vice President for Student Affairs, Ken Gray;  
Vice President for University Relations, Chris Martin;  
Vice President for Research and Economic Development, Curt Peterson;  
Deputy General Counsel, Beverly D. Kerr;  
Executive Officer for Social Justice, Jennifer McIntosh;  
Vice President for Human Resources, Margaret Phillips;  
Executive Officer for Policy Development, Jennifer Fisher;  
Senior Associate Vice President for Finance, Dan Durbin;  
Associate Provost for Extension & Public Service, Dave Miller;  
Associate Director-Organizational Advancement, WVU Extension Service, Ann Berry;  
Executive Director, Administrative Technology Solutions, Kate Hazen;  
Assistant Vice President for Enrollment Management, Brenda Thompson;  
Potomac State College of West Virginia University, Divisional Campus Provost,  
Kerry Odell;  
Director of Internal Audit, William Quigley;  
Director of Treasury Operations, David Kosslow;  
Chief Grievance Administrator, Sue Keller;  
Executive Director of Student Affairs Business Operations, Les Carpenter;  
Director for Facilities Planning and Scheduling, Rob Moyer;  
Associate General Counsel, Shea R. Browning;  
Associate General Counsel, Gary G. Furbee, II;  
Assistant Director, News and Information Services, John Bolt;  
Executive Director, Internal Communications, Becky Lofstead; and,  
Special Assistant to the Board of Governors, Valerie Lopez.

**From the WVU Foundation:**

President & CEO, Wayne King;  
Vice President & CIO, Dale Hunt; and,  
Associate Vice President, Investments, Jennifer Cunanan.

**Members of the Press were also present.**

**CALL TO ORDER**

The meeting was called to order by Board Chairman, Carolyn Long, at 8:30 a.m. A roll call was taken to determine who was in attendance and a quorum established

**BOARD ITEMS**

**Legislative Update:**

Dave Miller, Associate Provost for Extension and Public Service, provided the Board with a brief overview of the current legislative session:

Mr. Miller indicated that we are entering the 25<sup>th</sup> day of the 60-day legislative session. Two major items of concern include the Public Employees Insurance Administration (PEIA) and Other Post Employment Benefits (OPEB) which are both unfunded liabilities.

Other items of concern to West Virginia University include a new personnel study. A consulting firm has been engaged to review personnel within higher education. The study is about to come out and WVU will be asked for comments on the same.

Senate Bill 603, which relates to WVU's ability to utilize the WVU Foundation for investment purposes, is slated to sunset on June 30, 2010. This bill may be reformatted.

Also under consideration is a facilities bill related to renovations, new facilities and structures on campuses.

The Governor has presented his budget to the legislature. It will be reviewed first by the Senate and then go to the House. The Governor is proposing no cuts in higher education and anticipates backfilling any deficiencies this year with stimulus funds. Further, the Governor has asked that all institutions not raise tuition and fees for the coming year.

Mr. Miller indicated that both President Clements and Chancellor Colenda have traveled to Charleston on different occasions to meet with representatives – and that their reception and interactions were well received. He mentioned that Provost Wheatly is scheduled to meet with legislative leadership in the near future. Mr. Miller added that former President Hardesty made a recent presentation to a Judicial Committee on a study related to the overcrowding of jails, and that several Health Sciences representatives would be traveling to Charleston next week to discuss the Cancer Center.

Mr. Miller concluded his presentation by indicating that he had with him a current list of all bills (including both House and Senate) should anyone want a copy.

Chairman Long thanked Mr. Miller for his tireless efforts on behalf of West Virginia University.

### **Investment Report:**

Narvel G. Weese, Jr. Vice President for Administration and Finance, advised that WVU has four different pools of money invested by the WVU Foundation. He indicated that Senate Bill 603 authorized WVU to invest up to \$25 million or 65% of unrestricted net assets with the WVU Foundation. In October 2006, \$25 million was transferred to the WVU Foundation and an additional \$4 million was transferred in October 2009 in accordance with BOG Policy 43: Investment Policy.

Mr. Weese indicated that included within today's agenda booklet is a copy of the required report that WVU filed with the Governor's Office on December 18, 2009 regarding the performance of the Senate Bill 603 funds through October 31, 2009 in accordance with §12-1-12d(f). He stated further that §18B-18A authorized the WV Research Trust Fund, commonly referred to as "Bucks for Brains" which permits the WVU Foundation to invest moneys received from the state as matching funds to private donations. In addition, the WVU Foundation manages investment accounts for the WVU Research Corporation and the WVU BRIM investment, which funds WVU's medical malpractice self-insurance program.

Vice President Weese then introduced Ms. Dale Hunt, Vice President for Investments, WVU Foundation, who presented the investment results of the portfolios as of December 31, 2009. Ms. Hunt began her presentation with an overview of the personnel involved with the WVU Foundation Investment Group. She then reported upon the Total Investment Assets Under Management by the WVU Foundation (as of 12/31/09 in \$ millions) which listed 473.5 for the WVU Foundation, 240.2 for the WVU Hospital, and 63.5 for West Virginia University – for total investment of assets under management equaling 777.2. Ms. Hunt then provided WVU's Investment Philosophy for Long Term Assets; WVU Foundation Endowment Asset Allocation; Rolling 5 Year Endowment Annualized Returns for periods ended June 30<sup>th</sup>; WVUF Endowment Performance Review; the background and investment objective related to WVU Senate Bill 603 Unrestricted Funds; and finally figures related to the Robert C. Byrd Health Sciences Center BRIM Funds, WVU Research Corporation Funds, and Research Trust Investments.

### **Budgetary and Tuition Issues – FY2011 Budget:**

Narvel G. Weese, Jr., Vice President for Administration and Finance, provided a general overview of the budgetary and tuition issues under discussion as the University begins preparing for its FY2011 budget. Vice President Weese indicated that WVU's budget has shifted over recent years to a more entrepreneurial model with tuition, fees, grants and contracts accounting for a larger share of the University's overall revenues. He stated that WVU's state allocation has remained unchanged in terms of real dollars since 2002, and remarked that with the capacity for

increased revenues from enrollment growth limited due to challenging economic times, space capacity, limited number of faculty and the realization that mandated costs such as PEIA premiums and other post employee benefits continue to increase, the University is looking for ways to reduce costs through purchasing contracts, energy savings and other means. He concluded that the University remains hopeful that any freeze on tuition, as requested by the Governor, would be covered by federal stimulus dollars.

### **Research Trust Fund:**

Drew Payne, as Chairman of the Strategic Plans, Initiatives and Accreditations Committee, reported on the Research Trust Fund, listed as a Board Item on our current agenda. Mr. Payne advised that we have a total of \$105,246.00 of gifts in hand that fall under the focus areas of the strategic plan that the BOG approved in June, 2008. The requests are based on gifts that have been certified by the WVU Foundation. The gifts are for projects consistent with the strategic plan, as certified by Curt Peterson, Vice President for Research, and Michele Wheatly, Provost and Vice President for Academic Affairs. With the pre-requisite certifications required in this process achieved, Mr. Payne recommended that the Board approve this request for match on its Consent Agenda. Upon such approval, the request can be sent to the Vice Chancellor for Science and Research in Charleston. Thereupon, James Dailey moved that the Research Trust Fund request be moved to today's agenda. The motion was seconded by Thomas Flaherty, and passed.

### **APPROVAL OF MINUTES**

Dr. Tom Clark moved that the minutes of the September 11, 2009 meeting be approved. The motion was seconded by Dr. Robert Griffith, and passed.

### **COMMITTEE REPORTS**

**Audit Committee:** James Dailey, Chairman of the Audit Committee, reported that the committee met yesterday afternoon at 3:00 p.m., and that Board members Carolyn Long, Jo Morrow, Dr. Nigel Clark, and Dr. Robert Griffith were also in attendance.

While in Executive Session, the Committee heard reports from the Vice President for Legal Affairs & General Counsel & Assistant BOG Secretary Mary Roberta Brandt, and Director of Internal Auditing William Quigley. Mr. Quigley first introduced Senior Auditor P. Sean Shea, who provided a follow-up on a recently completed audit. Mr. Quigley then provided updates related to Completed Audits, Current Internal and External Auditing Activity, and Administrative and Other Activities in Process.

Chairman Dailey advised that Dennis Juran, Lead Client Service Partner from Deloitte & Touche, provided an overview of the procedures involved in conducting their audit of the *West Virginia University Research Corporation - Financial Statements for years ended June 30, 2009 and 2008, Independent Auditors' Reports, Report on Federal Awards in Accordance with OMB Circular A-133 for the Year Ended June 30, 2009, and Additional Information for the Year Ended June 30, 2009* (copies of which will be provided to each Board member at today's

meeting). Mr. Juran concluded that (a) the Independent Auditors' Report resulted in the issuance of an unqualified opinion related to these financial statements, and (b) that Deloitte & Touche did not identify any deficiencies in internal control over compliance that they consider to be material weaknesses.

Chairman Dailey thanked our Deloitte & Touche team for their efforts and commended those involved at West Virginia University on their assistance in facilitating the results achieved within these reports.

**Executive Committee:** Carolyn Long, Chairman of the Executive Committee, reported that the committee met yesterday evening, during which it discussed general issues at West Virginia University. She further indicated that no actions or votes were taken.

## **PRESIDENT'S REPORT**

President James P. Clements presented his President's Report. The following encapsulates a summary of his remarks:

President Clements addressed fan behavior, indicating that WVU issued an apology to the University of Pittsburgh for the appalling and inappropriate behavior exhibited by some fans at Wednesday's men's basketball game. He said steps are being discussed and implemented for future games, including surveillance cameras, increased security, a text messaging line and increased communication of sanctions and enforcement.

On a positive note, President Clements called the joint groundbreaking of two premier facilities – White Hall for its nationally recognized physics department and the Indoor Practice Facility for the nationally ranked men's and women's basketball teams – a “historic” event. Both facilities, and the faculty, students, coaches and student-athletes who make these programs what they are, enhance the academic, research and athletic profiles of the University.

President Clements was sporting a red tie to acknowledge “Go Red for Women Day” to raise awareness of heart disease. He paid tribute to WVU's new \$3 million Heart Institute, which opened this week and will serve to expand and consolidate the WVU Health Sciences Center's outpatient services to meet the growing demand for heart care in this region.

President Clements announced that the search is once again on going for the position of General Counsel and Vice President for Legal Affairs. The list of candidates previously submitted will be reviewed and additional interviews conducted.

President Clements briefly discussed a recent retreat attended by his senior administrators, as WVU begins the process of formulating our next Strategic Plan. He indicated that he will look to the Board of Governors for their input and ideas over the next several months.

President Clements enjoyed the recent Capital Classic Event, both the great turn out at lunch, and the impressive basketball games he attended.

## **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 Long called for any discussion of the Consent Agenda items. There being none, Oliver Luck moved that the Board accept the Consent Agenda items as presented in today's agenda booklet. This motion was seconded by Ed Robinson, and passed. It is noted that Board member, Jo Morrow, did cast an opposing vote to accept the Consent Agenda items as presented.

Thereupon, the following Consent Agenda items were approved:

### **1. White Hall Renovation**

Resolved: That the West Virginia University Board of Governors approves an increase of \$3 million to the budget and scope of work for the White Hall Renovation project, with a revised total budget of \$33,300,000.

### **2. Approval of Performance Contracting Phase III**

Resolved: That the West Virginia University Board of Governors approves Performance Contracting Phase III at West Virginia University, as presented.

### **3. Research Trust Fund**

Resolved: That the West Virginia University Board of Governors approves the total of \$105,246.00 of gifts that fall under the focus areas of the strategic plan that the BOG approved in June, 2008, for a matching request pursuant to the provisions of said Research Trust Fund strategic plan.

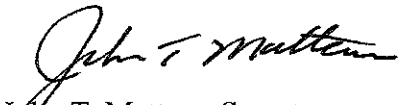
## **OTHER BUSINESS AND GENERAL DISCUSSION**

Chair Long reminded everyone that our next regular meeting would be in Morgantown on April 9, 2010. Jay Cole provided a brief background on Dr. Norman Augustine, who will be on the WVU campus on April 8, 2010 as a David C. Hardesty Festival of Ideas speaker. Chair Long indicated that the Board will incorporate its evening events on Thursday, April 8, 2010, to include having Dr. Augustine join the Board for dinner, and to allow any Board members interested to attend his lecture at the WVU Mountainlair.

## **EXECUTIVE SESSION**

Chairman Long announced that due to the inclement weather, she would now ask for a motion that the Board go into Executive Session - under authority in West Virginia Code §6-9A-4(b)(2)(A) and §6-9A-4(b)(10) and (12) to discuss personnel issues and legal matters. The motion was made by Dr. Drew Payne, seconded by Diane Lewis, and passed. Chairman Long

indicated that the Board meeting would adjourn following Executive Session, and any members wishing to remain in Morgantown to attend lunch were welcome to do so.



John T. Mattern, Secretary