

WEST VIRGINIA UNIVERSITY
BOARD OF GOVERNORS

April 3, 2009

The seventy-fourth meeting of the West Virginia University Board of Governors was held on April 3, 2009 at the Erickson Alumni Center. Board members in attendance were Ellen Cappellanti, Dr. Tom Clark, James Dailey, Steve Goodwin, Drew Payne, Dr. Steve Kite, Raymond Lane, Diane Lewis, Carolyn Long, Oliver Luck, Paul Martinelli, Ted Mattern, Bill Nutting, Ed Robinson, and Dr. Charles Vest. Board member, Jason Parsons, was absent and excused.

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

Interim President, C. Peter Magrath;
Interim Chief of Staff, Jay Cole;
Interim Provost and Vice President for Academic Affairs and Research, E. Jane Martin;
Interim Vice President for Health Sciences, Fred Butcher;
Chief Financial Officer for Health Sciences, Wendy King;
Vice President for Administration and Finance, Narvel Weese;
Vice President for Student Affairs, Ken Gray;
Vice President for University Relations, Chris Martin;
Vice President for Legal Affairs & General Counsel, & Assistant BOG Secretary,
Bobbie Brandt;
Deputy General Counsel, Beverly D. Kerr;
Vice President for Research and Economic Development, Curt Peterson;
Vice President for Human Resources, Margaret Phillips;
West Virginia University Institute of Technology, Divisional Campus Provost,
Scott Hurst;
Potomac State College of West Virginia University, Divisional Campus Provost,
Kerry Odell;
Executive Officer for Social Justice, Jennifer McIntosh;
Associate Vice President for Finance, Dan Durbin;
Executive Officer for Policy Development, Jennifer Fisher;
Associate Vice President for Planning & Treasury Operations, Liz Reynolds;
Associate Provost for Extension & Public Service, Dave Miller;
Associate Director-Organizational Advancement, WVU Extension Service, Ann Berry;
Director of Internal Audit, William Quigley;
Executive Director of Student Affairs Business Operations, Les Carpenter;
Director, WVU's Advanced Energy Initiative, Terri Marts;
Associate General Counsel, Shea R. Browning;
Associate General Counsel, Gary G. Furbee, II;
Director of News & Information Services, Danial Kim;
Executive Director, Internal Communications, Becky Lofstead;
Special Assistant to the Provost, Jessica Thomas;
Special Assistant to the President, Sara Master; 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, Carolyn Long, at 8:30 a.m. A roll call was taken to determine who was in attendance and a quorum established.

BOARD ITEMS

Chairman Long announced that the Annual Report of the Student Representative, on today's agenda schedule, will be presented during our June, 2009 meeting.

Status of WVU Healthcare Restructuring:

Interim Vice President for Health Sciences, Dr. Fred Butcher, presented the following overview of a proposed restructuring of the WVU Healthcare system:

The School of Medicine faculty practice plan (University Health Associates – UHA) and WVU Hospitals (WVUH) have the opportunity to significantly improve patient care and academic performance by creating a joint management structure. The joint clinical enterprise will be called WVU Healthcare. The proposed model will create an integrated academic health system, wherein there exists a social contract between the health care center and the population it serves. The new plan will create an organization better positioned to manage its resources and grow to serve its communities in a changing healthcare environment to provide optimal care and fully deliver on this social contract. The proposal will establish a tighter relationship between physician executive leadership and management. Faculty will play a greater role in governance, strategic direction and management of the combined organizations. There will be a single set of financial statements and a commitment to financial transparency. Key elements of the proposal include the following:

- The faculty practice plan (UHA) and WVU Hospitals will jointly create a WVU Healthcare Executive Committee, chaired by the Health Sciences Chancellor, to govern WVU Healthcare. It will have equal representation from the boards of UHA and WVUH, and those boards will delegate many functions to the Executive Committee.
- WVU Healthcare will have a single CEO. It is the CEO's responsibility to assure that WVU Healthcare can contribute financially to the School of Medicine on a global basis at the level required to support all of the School's missions.
- WVUH and UHA will continue to exist as separate corporate entities. The WVU President will remain the chair of the WVUH Board.
- The School of Medicine faculty members will have a significantly stronger voice in governance and strategic direction of the West Virginia United Health System. This will be achieved by making UHA a member of this organization and giving it the power to nominate faculty members to the board. Not only will this ensure full faculty involvement in leadership of the Morgantown campus, but it sets the stage for future advancement of educational research and clinical collaboration with other partners in the System.

The proposed model provides a platform for creating a better future by achieving the following key goals:

- Ability to create a single unified clinical vision and strategy aligned with the academic mission;
- Improved financial performance provides the faculty and WVUH with increased funds;
- Clearer and more rapid decision making with oversight from the Executive Committee;
- Reduced overhead from integration of administrative services;
- Increased faculty role in WVU Healthcare governance and management as well as increased faculty role in WVUHS governance; and,
- Improved availability of information for informed decision making.

In addition, the new model should provide tangible benefits, as follows:

- The proposed model should enable WVU Healthcare to grow market share, achieve efficiencies, and optimize reimbursement that could be worth \$25M annually; however, it will take several years to achieve these benefits.
- The majority of the margin improvement results from growth of key service lines such as Cardiovascular and Cancer Care.

Dr. Butcher noted that this model will be a work in progress and possesses the flexibility to adapt to and accommodate unanticipated needs. Dr. Butcher further indicated that he has met with several constituency groups within the healthcare system, and the consensus is that there needs to be one strategic plan to operate under. The current goal for implementing the proposal is to gain all approvals, including a 2/3 vote of the UHA faculty members, in the spring and “go live” by July 1, 2009. In conclusion, Dr. Butcher noted that Interim President Magrath’s participation and endorsement of this restructuring was instrumental in moving the proposal forward.

Interim President Magrath informed the Board that he has met with President-elect Clements on several occasions, providing in-depth briefings on the status of the WVU Healthcare restructuring, and that President-elect Clements is in favor of the current proposal.

Following a brief discussion, Ellen Cappellanti moved that the West Virginia University Board of Governors endorse the restructuring of the WVU Healthcare System, as presented by Dr. Butcher. This motion was seconded by Drew Payne, and passed.

EXECUTIVE SESSION

Chairman Long requested 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 Ed Robinson, seconded by Dr. Steve Kite, and passed. The Board thereupon met in Executive Session. Following the discussion, Ted Mattern moved that the Board rise from Executive Session. The motion was seconded by Ellen Cappellanti, and passed. The Board re-convened in general session at 11:10 a.m. and moved to committee meetings before joining invited guests for lunch.

ACTIONS EMANATING FROM EXECUTIVE SESSION

Chairman Long announced that there were no actions emanating from today's Executive Session.

APPROVAL OF MINUTES

Paul Martinelli moved that the minutes of the February 2, 2009, February 6, 2009, and March 6, 2009 meetings be approved. The motion was seconded by Dr. Charles Vest, and passed.

INTERIM PRESIDENT'S REPORT

Interim President, C. Peter Magrath, made the following comments:

Dr. Magrath has been in close contact with President-elect, James Clements, and they are working together to facilitate a smooth transition.

There are currently two significant searches under way at West Virginia University. A committee is being organized to conduct WVU's search for a permanent provost. The composition of this panel will be announced in the near future. In addition, the search for the Chancellor of Health Sciences is moving forward. It is anticipated that in early to mid-June, the President-elect will start reviewing the top prospects.

As discussed during today's Board meeting, the endorsement of the Health Sciences restructuring proposal is a big move forward for Health Sciences, the university, and the entire healthcare system.

April 14-18, 2009 has been designated as a special week to highlight WVU's premier cancer care. From exemplary patient care, to cutting-edge research, public outreach and education, the Mary Babb Randolph Cancer Center (MBRCC) at West Virginia University's Robert C. Byrd Health Sciences Center will share its journey with state citizens and the world during this time. Some of the nation's pre-eminent scientists will be on campus to discuss the latest research in their fields. In addition, survivors and current patients will tell their stories of hope and survival, and cancer center nurses, doctors, researchers and students will discuss their passion for treating and curing cancer.

Recent student recognitions at West Virginia University include the announcement of two Goldwater Scholars and one Truman Scholar, in addition to two undergraduate students receiving a special acknowledgement from the Department of Homeland Security.

LEGISLATIVE UPDATES

Associate Provost for Extension & Public Service, Dave Miller, who serves as the legislative liaison for West Virginia University, reported on several topics being worked on during the current legislative session.

- There are items currently being discussed which relate to the CTC at WVUIT (i.e. a move to reunite this entity with the WVUIT four year school) and WVU at Parkersburg (i.e. a move to bring WVU-Parkersburg back to West Virginia University) but no legislation has been passed as of this week.
- Mr. Miller has been working with the WVU Student Government Association this year on issues related to a “towing bill,” which did not pass.
- Senate Bill 63 is good news for higher education. It approves money from the West Virginia Lottery proceeds for capital projects. This legislation is on its way to the House.
- Senate Bill 638 will determine how the capital projects will be funded. 30% will go to WVU and Marshall, with the remainder divided among the balance of institutions in the state.
- Senate Bill 373, which relates to the Promise Scholarship, sets the floor at \$4,750.00; raised the amount from \$27M to \$29M taken from excess lottery proceeds; dissolved the Promise Board; and moved the administration of the PROMISE program under the West Virginia Higher Education Policy Commission. This legislation is on its way to the House.
- Senate Bill 464 gives the Public Employees Insurance Agency (PEIA) authority to charge \$5.00 for each transaction processed on behalf of PEIA.
- Senate Bill 695 relates to buying back unused sick leave from employees, but details are currently being revamped in this legislation to control costs.
- House Bill 2961 relates to the reorganization of the WVU Board of Governors, and has passed the House of Delegates. This legislation would add a second faculty member to the board, either from health sciences or the university’s extension service. This bill is going to the Senate Finance Committee.

In reference to the current state budget, Mr. Miller advised that the Governor is going to send a letter today to the legislature, revealing new estimates on revenues. Mr. Miller added that since revenue estimates keep changing, and factoring in potential stimulus considerations, the legislature may have a special session in May and not have a budget until June.

Interim President Magrath thanked Mr. Miller for his diligent efforts, on behalf of West Virginia University, and added that we are well represented by having Dave Miller as our legislative liaison in Charleston.

DISCUSSION OF RESEARCH UNIVERSITIES

Interim President Magrath invited a discussion and question and answer session related to research universities. This topic was an expansion on the exposition by Dr. Curt Peterson of his *Report/Presentation on the Research Enterprise* during this morning’s Strategic Plans, Initiatives, and Accreditations Committee. Dr. Magrath noted that while West Virginia University is a 21st century engaged university with preeminent programs related to research, we are currently not as “intense” as we need to be in these efforts. He proposed that we need to: become more proficient in procuring federal fund-raising opportunities; become more entrepreneurial in developing partnerships with business and industry; and develop a strategic culture wherein research becomes a fundamental part of this university.

Dr. Magrath also stated that issues related to energy are high priority and offer substantive opportunities for future development. In fact, we have an Advanced Energy Initiative (AEI) within the Research Trust of West Virginia University. Dr. Magrath then introduced Dr. Terri Marts, recently named as the new Director of our Advanced Energy Initiative, and asked her to address the Board. Dr. Marts stated that helping our nation with its goals to become energy independent in an environmentally prudent manner is critical, and added that she is pleased to be part of this strategic initiative and to build on the legacy of success at West Virginia University, which has ambitious plans for research and development.

Dr. Curt Peterson, Vice President for Research and Economic Development and President of the WVU Research Corporation, concluded with a statement that Dr. Marts is a seasoned executive with more than 30 years experience in the strategic management of energy, defense and power-utility system projects with federal agencies and private corporations, who possesses vast experience and a network of contacts which are ideally matched to the task of moving AEI forward so that WVU plays a vital role in working to secure the energy independence of America.

COMMITTEE REPORTS

Audit Committee: James Dailey, Chair of the Audit Committee, reported that the committee met yesterday afternoon, during which meeting it approved a new committee mission statement, in addition to revisions to the Audit Committee charter. The committee also heard reports from the Chief Financial Officer, General Counsel, and the Director of Internal Audit.

Also present during the Audit Committee meeting were representatives from Deloitte & Touche, the independent auditor, who presented a Report on Applying Agreed-Upon Procedures, conducted to assist West Virginia University in connection with its evaluation of its compliance with the interim reporting requirements of the Audit Committee as of December 31, 2008 and the six-month period then ended, which evaluation resulted in no outstanding, unresolved issues to bring to the attention of the Board. Chairman Dailey executed, on behalf of the Audit Committee of West Virginia University, an engagement letter with Deloitte & Touche, under date of March 13, 2009, for the services detailed in this paragraph.

Chair Dailey announced that Deloitte & Touche was awarded the RFP to do state-wide audits, through the West Virginia Higher Education Policy Commission, for educational institutions, including West Virginia University. During yesterday's meeting, representatives from Deloitte & Touche presented to Audit Committee members an overview of elements involved in this process.

Executive Committee: Carolyn Long, Chair of the Executive Committee, reported that the committee met yesterday evening, during which it discussed items presented during today's meeting.

Finance Committee: Ted Mattern, Chair of the Finance Committee, reported that the committee received a report from Vice President for Administration and Finance, Narvel Weese,

and Associate Vice President for Facilities and Services, Joe Fisher, dealing with contracts related to the University's energy performance program.

Chair Mattern advised that the Finance Committee also heard from Vice President Weese on the FY2009 Key Monthly and Financial Indicators and Capital Projects Status Report through February 28, 2009, which revealed that WVU is ahead of last year's operating budget by 1.5%; that student enrollment numbers are moving forward; that all major revenue sources are positive; and that WVU currently has three building projects which are being completed, namely, the Intermodal Transportation Facility and Parking Garage, the Early Childhood Center, and the Downtown Residence Hall.

The Finance Committee also discussed the Emergency Call-In Policy, and recommended movement to today's Consent Agenda items. Vice President for Legal Affairs, Bobbie Brandt, also added that the Division of Human Resources requested that this policy be made effective May 1, 2009.

Strategic Plans, Initiatives and Accreditations Committee: Drew Payne, Chair of the Strategic Plans, Initiatives and Accreditations Committee, reported that Dr. Curt Peterson, Vice President for Research and Economic Development and President of the WVU Research Corporation, appeared before the committee to present a *Report/Presentation on the Research Enterprise*.

Chair Payne also advised that the committee reviewed and discussed both the Graduate Program Review Recommendations and the Medical Technology Program Modification: Request for a name change for the degree program and major, "B.S. in Medical Technology" to "B.S. in Medical Laboratory Science" by the Department of Pathology, WVU School of Medicine, both of which items were recommended for approval as part of today's Consent Agenda.

Chair Payne reported on the Research Trust Fund, listed initially as an Information Item on our current agenda. Mr. Payne advised that we have a total of \$740,575.00 of gifts in hand that fall under the focus areas of the strategic plan that the BOG approved in June, 2008. Mr. Payne announced that during the committee meeting, a motion was made and duly passed to move this Research Trust Fund agenda item to the Consent Agenda for approval. With the pre-requisite certifications required in this process achieved, Mr. Payne, as Chair of the Strategic Plans, Initiatives, and Accreditations Committee, 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.

Health Sciences Committee: Ellen Cappellanti, Chair of the Health Sciences Committee, reported that this committee wants to introduce the Board to different constituency groups involved with West Virginia University, and committee members were privy to an informative presentation today by Dr. Louise Veselicky, of the WVU School of Dentistry, dealing with the poor status of oral health care in West Virginia.

Divisional Campus Committee: Ed Robinson, Chair of the Divisional Campus Committee, advised that Dr. Scott Hurst, Campus Provost of West Virginia University Institute of Technology, and Dr. Kerry Odell, Campus Provost of Potomac State College of West Virginia

University, presented reports providing an overview of the deferred maintenance priorities on their respective campuses. Additionally, two other issues were reviewed and a decision made that reports would be prepared and presented to the Board during its June 5, 2009 meeting involving (1) clarification of the relationship of the WVU divisions and the main campus, and (2) marketing of the WVU divisional campuses as part of West Virginia University.

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. Ted Mattern noted that Item 11(a) - Emergency Call-In Policy - will have an effective date of May 1, 2009. Drew Payne moved for approval of all Consent Agenda items, as presented. The motion was seconded by James Dailey, and passed.

Thereupon, the following Consent Agenda items were approved:

1. Emergency Call-In Policy

Resolved: That the West Virginia University Board of Governors approves the Emergency Call-In policy, as presented and modified.

2. Graduate Program Review Recommendations

Resolved: That the West Virginia University Board of Governors approve the West Virginia University Graduate Council 2007-2008 Program Review Recommendations, as presented.

3. Medical Technology Program Modification: Request for a name change for the degree program and major, “B.S. in Medical Technology” to “B.S. in Medical Laboratory Science” by the Department of Pathology, WVU School of Medicine

Resolved: That the West Virginia University Board of Governors approves a name change for the degree program and major, “B.S. in Medical Technology” to “B.S. in Medical Laboratory Science” as requested by the Department of Pathology, WVU School of Medicine.

4. Research Trust Fund

Resolved: That the West Virginia University Board of Governors approves the total of \$740,575.00 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.

NOMINATING COMMITTEE

Chairman Long asked the following Board members to serve on a nominating committee to prepare and present a slate of officers at the June 5, 2009 Board meeting: James Dailey, who will serve as Chair, Oliver Luck, Ellen Cappellanti, and Ed Robinson. Tom Clark moved to accept these committee appointments, as presented by Chairman Long. The motion was seconded by Dr. Steve Kite, and passed.

NEXT MEETING

Chairman Long announced that the next meeting is scheduled for June 5, 2009, and will take place on the campus of West Virginia University Institute of Technology in Montgomery, West Virginia.

ADJOURNMENT

There being no further business, Ellen Cappellanti moved to adjourn the meeting. The motion was seconded by Ed Robinson, and passed. The meeting was adjourned at 2:10 p.m.

John T. Mattern, Secretary