

WEST VIRGINIA UNIVERSITY
BOARD OF GOVERNORS

June 5, 2015

The one hundred thirtieth meeting of the West Virginia University Board of Governors was held on June 5, 2015 at the Glade Springs Resort in Daniels, WV. Board members in attendance/participating by telephone included David Alvarez, Dr. Lisa DiBartolomeo, Ellen Cappellanti, James W. Dailey, II, Thomas Flaherty, Dr. Robert Griffith, J. Thomas Jones; Raymond Lane, Diane Lewis, Dixie Martinelli, William Nutting, Christopher Nyden, Andrew A. Payne, III, Ed Robinson, J. Robert (J.R.) Rogers, and William Wilmoth.

WVU officers, divisional campus officers, representatives (and others) present included:

President, E. Gordon Gee;
Vice President, Legal, Government and Entrepreneurial Engagement, Rob Alsop;
Provost, Joyce McConnell;
Associate Vice President for Legal Affairs and General Counsel, April Min;
Vice President for Finance and Administration, Narvel Weese;
Vice Provost, Russell Dean;
Vice President for University Relations, Sharon Martin;
Vice President for Research, Fred King;
Chief Financial Officer for WVU Health Sciences, Paula Congelio;
Executive Officer and Assistant Board Secretary, Jennifer Fisher;
Senior Associate Vice President for Finance, Dan Durbin;
Associate Vice President for Planning & Treasury Operations, Liz Reynolds;
Associate Vice President for Facilities and Services, Randy Hudak;
Director of Internal Auditing, Bryan Shaver;
Associate Vice President in the Office of Transformation, Matt Harbaugh;
President, West Virginia University Institute of Technology, Carolyn Long;
Associate Vice President, Academic Strategic Planning, Dr. Nigel Clark;
Assistant Vice President for University Communications, Becky Lofstead;
Director of University Relations/News, John Bolt;
Special Events Coordinator, Kevin Hanks; 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, James W. Dailey, II, at 10:00 a.m. A roll call was taken to determine who was in attendance and a quorum established.

Chairman Dailey thanked everyone involved for their participation in yesterday's campus tour and last evening's reception here at Glade Springs. He also acknowledged the enthusiasm and involvement from the community and others.

EXECUTIVE SESSION

Chairman Dailey requested a motion that the Board go into Executive Session, under authority in West Virginia Code §§6-9A-4(b)(2)(A), (b)(9), (b)(10) and (b)(12) to discuss legal, personnel, and deliberative matters; matters not considered public records; matters related to construction planning, commercial competition matters, the purchase, sale or lease of property, and/or the investment of public funds; naming opportunity for an academic facility; and discussion of an emeritus determination. The motion was made by Andrew A. Payne, III, seconded by David Alvarez, and passed. Following the conclusion of Executive Session, Dr. Lisa DiBartolomeo moved that the Board reconvene into regular session. This motion was seconded by Thomas Flaherty, and passed.

DISCUSSIONS EMANATING FROM EXECUTIVE SESSION

Upon rising from Executive Session, Chairman Dailey asked if there were there any motions concerning the potential naming opportunity for the academic facility that was discussed during today's Executive Session. Whereupon, J. Thomas Jones moved that the Board approve the naming opportunity for the academic facility that was discussed in Executive Session, and further moved that the name and identity of the building be withheld until a later date at which time a formal announcement and ceremony may be held. This motion was seconded by Dr. Lisa DiBartolomeo, and passed.

Chairman Dailey then asked if there were any motions concerning the emeritus determination that we discussed during today's Executive Session. Whereupon, J. Robert (J.R.) Rogers moved that the Board award the emeritus status discussed in Executive Session, and further moved that the identity of the individual be withheld until personal notification is made. This motion was seconded by Dr. Robert Griffith, and passed.

ACADEMIC AFFAIRS UPDATES

Provost Joyce McConnell thanked members of the board for making West Virginia University at Beckley a possibility. Thereafter she lifted up several faculty accomplishments and provided details on the five faculty members named to the inaugural class of the Academic Leadership Fellows program. The fellows, who were chosen based on application materials, recommendation letters from administrators in their college and face-to-face interviews, will spend the 2015-2016 academic year with part-time appointments in the Office of the Provost, working closely with Provost McConnell and one or more associate provosts on major academic initiatives.

The WVU Academic Leadership Fellows for 2015-16 are:

- Lesley Cottrell, Pediatrics
- Lisa DiBartolomeo, World Languages, Literature and Linguistics
- Michael Ibrahim, School of Music
- Jennifer Orlikoff, Women's and Gender Studies
- Jennifer Steele, Sociology and Anthropology

Provost McConnell is confident that the program will not only continue, but even grow in the coming years.

Provost McConnell also reported on an annual grant of approximately \$3.25 million from the National Institutes of Health that is jointly administered by WVU and Marshall University to support students and faculty conducting biomedical research at primarily undergraduate institutions throughout the state.

FISCAL YEAR 2016 BUDGET

Vice President for Administration and Finance, Narvel Weese, provided the following information related to the FY 2016 Budget (and Financial Planning Parameters) presented today for board approval.

As West Virginia University enters the 2016 fiscal year, we are facing an increasingly challenging financial and operating environment due to:

- A base reduction in state appropriations of \$4.3 million;
- An increasingly competitive enrollment environment;
- An increasingly competitive market for personnel;
- And reductions in federal appropriations and federally funded research grants.

The University must also continue to invest in its FY budget goals including:

- Support of new student scholarship initiatives;
- Support of new strategic initiatives focused around student success as part of Project 168 and improving graduation rates, information technology, innovation and entrepreneurship, and improving the overall quality of the academic experience.

We also need to offset the reduction in state funds; provide a pay raise for faculty and staff; continue to invest in our facilities; and support ongoing operating cost increases.

Additionally, WVU remains committed to ensuring the financial strength of the University and will:

- Maintain positive operating margins adjusted for GASB 45, donated software amortization;
- Maintain externally funded capital projects and
- Maintain unrealized investment gains/(losses) on average over the next five years;

- Maintain cash reserves
- Preserve its current bond rating
- Continue to support the core mission and the long-term quality of the institution

Today, West Virginia University is requesting approval of its \$1,037 million operating budget for fiscal year 2016. Vice President Weese reported that the budget achieves the expectations set forth above.

The budget is balanced and is projected to have a positive operating margin of \$2 million; after adjusting for the extraordinary items.

Due to recognition of \$126 million of public-private partnership buildings transferred to the University, there is an increase in the University's Net Position of \$101 million.

The budget also includes tuition and fee increases and other major budget parameters as approved at the May 1, 2015 meeting of the Board of Governors. Even with these increases, WVU resident tuition is among the most affordable in its HEPC peer group and remains one of the best values nationally, based on tuition, quality of academic programs and overall student experience.

Housing and dining revenues are estimated to increase 3.5% and 2.5% respectively.

No growth in grants and contracts revenues is anticipated compared to FY2015 actual revenues.

Athletic revenues are due to increase as the conference revenue shares grow and with 2 additional home football games compared to the 2014 season.

On the expense side, WVU's budget includes \$12.7 million to support a salary improvement program, which will support a raise pool of 3 percent. The raises will be implemented in October and the specifics of how the raise plan is to be implemented for 7,000 employees will be shared with the Board. However, it is important to note the focus of the raise plan will be on merit and market.

The University remains committed to student access; therefore the University will also increase institutional scholarships by \$2.2 million to support need based aid as well as a \$750 scholarship award to encourage students to graduate in four years.

The budget also includes funding to support additional debt related to PRT modernization Plan - Phase III, acquisition and start-up costs for the WVU Beckley Campus and the HSC Infrastructure Master Plan.

The University's financial and strategic goals set forth in the budget parameters are preserved in this budget.

The FY2016 Budget also maintains our goals of positive operating margins, maintaining cash reserves, and preserving our bond credit rating. The budget also addresses our major budget goals of investing in our student' success employees and facilities.

Vice President Weese reported that the FY2016 budget is balanced and the long-term financial outlook for the University remains stable.

We had several thoughtful and analytical, even challenging, discussions regarding the budget parameters presented by staff, and considered at great length those parameters. The support of the WVU Foundation to launch a \$50 million scholarship fundraising campaign, as well as increases in institutional aid budgeted by the University, commitments to improved student support systems and the need to remain competitive with faculty and staff salaries, were among the important issues solidified during those discussions.

Ultimately, the budget planning parameters and the proposed tuition increase were approved in tandem by the Board of Governors on May 1, 2015, which brings us to today's meeting where we request approval of the FY2016 budget.

Vice President Weese concluded by expressing his appreciation to the Board, the Finance Committee and the Facilities Committee for their engagement and dedication in developing the FY2016 Budget. He noted that the University is facing increasingly challenging financial and operating environments and having the Board actively engaged in discussions, which in earnest started on October 30, 2014 with a meeting of the Board's Finance Committee, followed by seven additional committees and full board meetings has led to the development of today's FY 2016 budget.

APPROVAL OF MINUTES

Thomas Flaherty moved that the minutes of the May 1, 2015 meeting be approved. The motion was seconded by William Wilmoth, and passed.

COMMITTEE REPORTS

Audit Committee Meetings

Audit Chairman, Thomas Flaherty, reported that during the May 1, 2015 Audit Committee meeting members received an overview of the preliminary audit planning being conducted by WVU's external auditor, CliftonLarsonAllen. In addition, Vice President for Administration and Finance, Narvel Weese, provided an extensive update on the progress of the Bureaucracy SWOT Committee (created by President Gee) which he chairs. During Executive Session the committee received reports from Director of Internal Audit, Bryan Shaver, and Associate Vice President for Legal Affairs and General Counsel, April Min.

Audit Chairman, Thomas Flaherty, reported that during the June 5, 2015 Audit Committee members received an update from Vice President Weese on continued progress of the Bureaucracy SWOT Committee. In addition, Senior Associate Vice President for Finance,

Dan Durbin, provided copies and a summary related to a Final Report on a Purchasing Performance Audit at West Virginia University submitted by Matrix Consulting Group, which generated a clean audit report. During Executive Session the committee received a report from Director of Internal Audit, Bryan Shaver, addressing Current Internal and External Audit Activity, in addition to other matters being handled within his department.

Nominating Committee

J. Robert (J.R.) Rogers reported that this year's nominating committee (consisting of himself as Chairman, and Board members, Dixie Martinelli, Bob Griffith and Bill Nutting) met via telephone and now recommends the following slate of officers for the upcoming year: Thomas Flaherty, Chair, William Wilmoth, Vice-Chair, and Diane Lewis, Secretary. Accordingly, Board member Rogers moved that the Board accept the slate of officers as presented by this Nominating Committee and elect these individuals to begin service effective July 1, 2015. The motion was seconded by David Alvarez, and passed.

Chairman Dailey asked for a motion to approve the above reports, as presented to the Board. Andrew A. Payne, III, so moved – and the motion was seconded by David Alvarez, and passed.

Chairman Dailey also stated that several other committee meetings were noticed and conducted prior to today's Board meeting – during which Executive Session discussions took place – and there is no Board action to report as a result of these committee meetings.

PRESIDENT'S REPORT

The president echoed the positive comments about the new opportunities presented by the new Beckley campus. He thanked outgoing chair Jim Dailey, underscoring his quiet, ethical leadership. He also thanked Tom Flaherty for accepting the role of chair, as well as the other outgoing officer (Ellen Cappellanti) and thanking new Vice Chair Bill Wilmoth and Board Secretary Diane Lewis. He thanked outgoing constituency representatives Lisa DiBartolomeo and Chris Nyden, noting how valuable the service of faculty, staff, and students is to the Board. The president also discussed affordability and the efforts the University is making to improve our student experience and graduation rates while remaining one of the lowest tuition costs in the country. He also discussed the newly launched Dream First scholarship initiative to support our affordability goals.

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 Dailey called for any discussion of today's Consent Agenda items, and asked whether any items needed to be pulled for a separate discussion/vote. There being none, J. Thomas Jones moved that the Board accept the Consent Agenda items as presented in today's agenda booklet. This motion was seconded by David Alvarez, and passed

Thereupon, the following Consent Agenda items were approved:

1. Approval of the FY2016 Budget

Resolved: That the West Virginia University Board of Governors approves the FY2016 Budget, as presented.

2. Approval of New Degree Program: Public Health

Resolved: That the West Virginia University Board of Governors approves the creation of a BS in Public Health in the School of Public Health at the WVU main campus.

3. Approval of Health Sciences Center Infrastructure Master Plan

Resolved: That the West Virginia University Board of Governors approves the Health Sciences Center Infrastructure Master Plan and authorizes Phase I to begin with a budget of \$18 million. Furthermore, the Board of Governors incorporates the HSC Infrastructure Master Plan as a component of the WVU Master Plan.

4. Resolution authorizing the financing of improvements associated with Phase I of the Health Sciences Center Deferred Maintenance Master Plan through the issuance of Revenue Bonds in the aggregate principal amount of up to \$20,000,000 and reimbursement of capital improvement costs incurred prior to the issuance of such bonds.

Resolved: That the West Virginia University Board of Governors approves the Resolution related to the issuance of Revenue Bonds, as presented.

5. WVU Building Naming

Resolved: That the West Virginia University Board of Governors approves the naming of new buildings on the Morgantown campus, as presented.

6. Percival and Allen Hall Life Safety Improvements

Resolved: That the West Virginia University Board of Governors approves the proposed improvements to the Percival Hall and Allen Hall life safety systems to bring those systems into compliance with WV State Fire Marshal's requirements, as presented.

7. Resolution authorizing the financing of improvements associated with Phase III of the PRT Modernization Plan through the issuance of revenue bonds or other obligations, including notes, in the aggregate principal amount of up to \$31,000,000 and reimbursement of capital improvement costs incurred prior to issuance of such bonds or notes.

Resolved: That the West Virginia University Board of Governors approves the Resolution related to issuance of revenue bonds or notes, as presented.

8. Department of Defense Security Clearance Items

Resolved: That the West Virginia University Board of Governors re-authorizes and approves the creation of, and appoints members to, a Special Committee for Classified Matters, and further approves the exclusion of all other governors from the personnel security clearance requirements of the Department of Defense Regulations, all as set forth on the Resolutions, as presented.

9. Approval of the development and implementation of a plan to advise students, faculty, staff, and all incoming students on suicide prevention programs and resources available on and off campus in accordance with “Jamie’s Law,” which will be located at W.Va. Code § 18B-1B-7.

Resolved: That the West Virginia University Board of Governors approves the development and implementation of a plan to advise students, faculty, staff, and all incoming students on suicide prevention programs and resources available on and off campus in accordance with “Jamie’s Law,” which will be located at W.Va. Code § 18B-1B-7, as set forth in a Resolution, as presented.

10. 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.

11. Approval of Undergraduate Program Review Recommendations

Resolved: That the West Virginia University Board of Governors approves the Undergraduate Program Reviews conducted by the Undergraduate Council in this cycle, for the 2014/2015 academic year, as presented.

12. Approval of Graduate Program Reviews

Resolved: That the West Virginia University Board of Governors approves the graduate program reviews, conducted by the WVU Graduate Council in this cycle, as presented.

OTHER BUSINESS

Chairman Dailey expressed appreciation of behalf of the entire Board to outgoing student government representative, Christopher Nyden, and outgoing faculty representative, Dr. Lisa DiBartolomeo, stating that both had served as outstanding members of the West Virginia University Board of Governors. Chairman Dailey then presented Mr. Nyden and Dr. DiBartolomeo with gifts in acknowledgement of their service.

Chairman Dailey then shared personal thoughts regarding his service on the Board of Governors in an emotional farewell – which sentiments were echoed by other board members and WVU administrators in attendance.

Chairman Dailey announced that the Board will conduct its next regular meeting on September 25, 2015.

ADJOURNMENT

There being no further business to come before the Board, Ellen Cappellanti moved to adjourn the meeting. The motion was seconded by Ed Robinson, and passed. The meeting was adjourned at 12:40 p.m.

Ellen Cappellanti, Secretary