

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

September 9, 2011

The ninety-fifth meeting of the West Virginia University Board of Governors was held on September 9, 2011 at the Erickson Alumni Center. Board members in attendance/participating included Jason Bailey, Ellen Cappellanti, Dr. Lesley Cottrell, Thomas Flaherty, Dr. Robert Griffith, Raymond Lane, Diane Lewis, Carolyn Long, Dixie Martinelli, William Nutting, Andrew A. Payne, III, Ed Robinson, J. Robert (J.R.) Rogers, Dr. Charles Vest and William Wilmoth. Board members, Dr. Tom Clark and James Dailey, 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;  
Vice President for Administration and Finance, Narvel Weese;  
Vice President for Legal Affairs and General Counsel & Assistant  
BOG Secretary, William H. Hutchens, III;  
Athletic Director, Oliver Luck;  
Vice President for Student Affairs, Ken Gray;  
Vice President for University Relations, Chris Martin;  
Vice President for Research, Curt Peterson;  
Vice President for Human Resources, Margaret Phillips;  
Vice President Planning and Operations for Health Sciences,  
Dr. Fred Butcher;  
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;  
Assistant Vice President for Enrollment Management, Brenda Thompson;  
Executive Director of Student Affairs Business Operations, Les Carpenter;  
Assistant Vice President for Student Affairs, Michael Ellington;  
Director of Communications for Student Affairs and Executive Director of  
Mountaineer Parents Club, Sabrina Cave;  
Director of Maintenance, Facilities Management, Daniel Olthaus;  
Potomac State College of West Virginia University, Divisional Campus Provost,  
Kerry Odell;  
West Virginia University Institute of Technology, Divisional Campus Provost,  
Scott Hurst;  
Assistant Vice President for University Communications, Becky Lofstead;  
Director of University Relations/News, John Bolt;  
Senior Special Event Coordinator, Gretchen Hoover; and,  
Special Assistant to the Board of Governors, Valerie Lopez.

**From the WVU Foundation:**

President & CEO, R. Wayne King;  
Vice President for Investments & CIO, Rick Kraich; and,  
Vice President for Finance & CFO, Michael Augustine.

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

**CALL TO ORDER**

The meeting was called to order by Board Chairman, Andrew A. Payne, III, at 2:30 p.m. A roll call was taken to determine who was in attendance and a quorum established. Chairman Payne began the meeting with remarks on how WVU will honor the 10<sup>th</sup> anniversary of the September 11<sup>th</sup> attacks over the next few days, and joined everyone in attendance for a moment of silence to honor the memories of those – some from the WVU family – who lost their lives on September 11<sup>th</sup>.

**BOARD ITEMS**

**West Virginia University Board of Governors Tax Equity and Fiscal Responsibility Act (“TEFRA”) Hearing regarding the Student Health Facility:**

Chairman Payne opened the meeting for a public hearing on the proposed issuance of Revenue Bonds by the Board of Governors and the use of approximately \$20,000,000 in proceeds of the Bonds for the acquisition, construction, and equipping of a Student Health Facility. The Student Health Facility is expected to include an urgent care or similar facility operated by WVU, West Virginia University Hospitals, Inc. (“WVU-H”), and University Health Associates, Inc. (“UHA”). WVU-H and UHA are both nonprofit corporations. Thus, this hearing is required by the Internal Revenue Code because those two non-governmental entities are involved in the Student Health Facility Project. Notice of this hearing was published at least 14 days ago in the Dominion Post and the State Register.

Chairman Payne asked that if anyone present had any comment to make regarding the issuance of the Revenue Bonds and their use for the Student Health Facility, they should please come forward, state their name and present their comments. Hearing no comments, Chairman Payne declared the public hearing portion of this meeting closed.

Whereupon, Board member, Thomas Flaherty, moved to direct the Vice President for Finance and Administration at WVU to forward information regarding the hearing to the Governor and to request the Governor’s approval of the issuance of the Revenue Bonds and the use of approximately \$20,000,000 of the proceeds of the Revenue Bonds for the Student Health Facility. This motion was seconded by J. R. Rogers, and passed unanimously.

## **FY 2011 Quarterly Financial Report through June 30, 2011**

Vice President for Administration and Finance, Narvel Weese, distributed booklets to each Board member containing information related to the FY 2011 Quarterly Financial Report through June 30, 2011 and the FY 2011 Year End Performance based on Draft Financial Statements. Vice President Weese began his remarks with a reminder that the information contained in the booklets is based on the FY 2011 unaudited Financial Statements (with a more detailed analysis to be provided when he presents the audited numbers at the November Board meeting.)

Highlights shared by Vice President Weese included the following:

- The University's financial outlook remains stable. The university FY 2011 adjusted operating margin is estimated at \$12.3 million - based on the financial performance as reported in the unaudited financial statements and adjusted for GASB 45, capital revenues and investment gains. This is very positive news and reinforces the university's financial capacity to implement its strategic plan and capital plan, as well as issue \$200 million long-term debt and support other strategic investment priorities.
- The University collected revenues in excess of \$955 million and exceeded its FY 2011 Budget by 7.7% or \$67.8 million. Grant and contract revenues attributed to \$54 million of excess revenues; of which over half was derived from capital project and Pell Grant revenues. Actual Tuition and Auxiliary revenues each exceeded budget by an estimated \$5 million. On the expense side, the University spent \$932 million and exceeded the FY 2011 budget by about \$30.4 million - much of which is attributable to grant and contract related expenses.
- Net assets are projected to increase by \$22.8 million including GASB 45 and \$71 million excluding GASB 45.

Vice President Weese reported that the just-concluded fiscal year proved to be a good one financially for West Virginia University. He pointed out that we have been able to strengthen the University financially in what is an otherwise cloudy and uncertain economic environment and that many things have contributed to the performance, but overall it is reflective of the hard work and skill of all our employees, plus the growing appreciation – and drawing power – of West Virginia University.

Vice President Weese also advised that the external audit is ongoing and he anticipates WVU receiving an unqualified opinion by October 1.

Vice President Weese concluded his remarks with the announcement that West Virginia University will be issuing \$200 million in bonds to support its capital plan, and he anticipates the pricing on the debt to occur September 21, 2011.

### **Status of WVU Foundation:**

In his annual report to the Board, R. Wayne King, President and CEO of the WVU Foundation, distributed and discussed an updated WVU Foundation Fact Sheet. Mr. King was pleased to announce that donor contributions hit a record of \$96.3 million during the fiscal year ending June 30th, and that for the same period the endowment investment pool returned 18.4 percent and that total assets under Foundation management are \$1.09 billion dollars.

Mr. King also distributed and discussed a summary of services provided to the University, the various colleges/schools/units and affiliated organizations as part of the Foundation's operations.

Mr. King advised that the Foundation's top fund raising priority continues to be the state Research Trust Fund, which enables the University to receive up to \$35 million in matching state dollars for private contributions received. He also announced that the Foundation's comprehensive capital campaign continues in setting goals and formulating strategies – with a public launch expected in 2012. Additionally, Mr. King introduced his new Vice President for Finance and CIO, Mr. Michael Augustine, who joined the Foundation in June of this year.

Mr. King concluded his remarks with a reminder that the mission of the WVU Foundation is to enrich the lives of those touched by West Virginia University by maximizing private charitable support and providing services to the University and its affiliated organizations. He publically thanked President Clements and Board of Governors' members for their continued support, involvement and contributions.

### **Research Trust Fund:**

Provost Michele Wheatly reported that for today's meeting, West Virginia University has gifts received and pledges recorded, as certified by the WVU Foundation and Dr. Curt Peterson, Vice President for Research and Economic Development, as to consistency with the Research Trust Fund Strategic Plan, totaling the sum of \$2,891,465.00 that fall under the focus areas of the strategic plan that the BOG approved in June, 2008, and modified December, 2010. With the pre-requisite certifications required in this process achieved, Chairman Long recommended that the Board approve this request for match. Upon such approval, the request can be sent to the Vice Chancellor for Science and Research in Charleston.

Thereupon, J. R. Rogers moved that the West Virginia University Board of Governors approves today's total of \$2,891,465.00 of gifts received and pledges recorded that fall under the focus areas of the strategic plan that the BOG approved in June, 2008, and modified December, 2010, for a matching request pursuant to the provisions of said Research Trust Fund strategic plan. This motion was seconded by William Wilmoth, and passed unanimously.

## **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) and § 6-9A-4(b)(9) and (12)) to discuss personnel issues, legal matters and compliance training. The motion was made by Dixie Martinelli, seconded by Diane Lewis, and passed. Following the conclusion of Executive Session, William Nutting moved that the Board reconvene into regular session. This motion was seconded by Thomas Flaherty, and passed.

## **DISCUSSIONS EMANATING FROM EXECUTIVE SESSION**

Chairman Payne announced that there were no discussions emanating from today's Executive Session to report upon.

## **APPROVAL OF MINUTES**

Ellen Cappellanti moved that the minutes of the June 3, 2011 regular meeting and August 10, 2011 emergency meeting be approved. The motion was seconded by Jason Bailey and passed.

## **COMMITTEE REPORTS**

**Audit Committee:** William Nutting, Vice Chairman of the Audit Committee, reported upon action resulting from yesterday's meeting wherein Chairman James Dailey was authorized, as Chairman of the Audit Committee of the West Virginia University Board of Governors, to execute an engagement letter authorizing Deloitte & Touche, LLP to serve as independent auditors for certain WVU Research Corporation plans. Also during the Audit Committee's Executive Session, reports were delivered by Vice President for Administration and Finance, Narvel Weese; Vice President for Legal Affairs and General Counsel & Assistant BOG Secretary, William H. Hutchens, III; and Director of Internal Auditing, William Quigley.

**Classified Staff Constituency Committee Meeting:** Dixie Martinelli, Classified Staff Representative on the Board of Governors, thanked all Board members who attended yesterday afternoon's meeting during which Ms. Martinelli provided an overview of the composition, functions, successes and initiatives related to classified staff at WVU. Additionally, Johnna S. Beane, Research Associate, WV Rural Health Research Center, Charleston Division, presented an overview of Senate Bill 330 as the same affects classified staff. Lana Cooke, Business Operation Manager and Staff Council Executive Council member also made a presentation on the Healthy Workplace Environment Initiative (and pending legislation) being supported by classified staff at West Virginia University. In closing Ms. Martinelli thanked Board members for the positive feedback their concerns generated from members of her constituency and specifically acknowledged President Clements' involvement with and commitment to classified staff at WVU as members of his team.

**Executive Committee:** Andrew A. Payne, III, Chairman of the Executive Committee, reported that yesterday evening's meeting was spent primarily discussing today's agenda.

## **PRESIDENT'S REPORT**

President Clements opened with reflections on the success of the innovation forum held in the morning. He thanked the BOG for participating, and specifically Ray Lane and Charles Vest for their opening comments.

The President also commented about the quality of presentations in the staff forum the previous day and thanked everyone from Staff Council involved with the meeting.

In his September report, Dr. Clements talked about positive results from the previous academic year and records in enrollment, private giving, and research/sponsored project funding. He mentioned a number of initiatives that are giving momentum to the strategic plan, including: the 100 new faculty lines, salary increases this year, plans for a new School for Public Health, and progress on \$300 million of capital projects.

President Clements then highlighted some recognitions WVU received in the recent months, including: # 2 of public universities as best places to do research (top 20 "Best Places to Work in Academia" by *The Scientist* magazine); WVU was selected the fifth best employer in the nation for workers aged 50 and more by the AARP; WVU Health System named in Top 100 Most Wired for the first time; researchers from West Virginia University and the National Energy Technology Laboratory in Morgantown earning an award known around the world as the "Oscar of Innovation;" WVU named among 641 colleges and universities named to the 2010 President's Higher Education Community Service Honor Roll by the federal agency that oversees AmeriCorps; the WVU-based Industries of the Future – West Virginia program was 1 of only 4 organizations in the United States to receive a Champion of Energy Efficiency award from the American Council for an Energy Efficient Economy; a WVU team of engineering students finished 3rd in two categories during an international Lunabotics competition sponsored by NASA and also received recognition for team spirit and innovative design.

Among the activities on campus the President highlighted were: the first Women in Science and Engineering Awards under our NSF ADVANCE Center were given to 2 outstanding female faculty researchers and two graduate students; WellWVU launched "My WVU Chart" which is a free service that gives our students personalized and secure online access to portions of their medical records; WVU's core network was upgraded to support speeds of 10 gigabits per second using Cisco Systems new Cisco Nexus 7000 platform (a 10-fold bandwidth increase); and WVU became one of a broad-based group of 29 universities and communities across the country to recently launch Gig.U: The University Community Next Generation Innovation Project.

Dr. Clements also lifted up WVU's role to preserve history for our state and noted that the WVU Libraries received a grant from National Endowment for the Humanities to digitize 100,000 pages of newspapers published in West Virginia (and Virginia prior to statehood) from 1836 through 1922.

In concluding, President Clements underscored the fact that the successes over the past year have been a team effort. He also echoed the comments by the Chair earlier about the 9-11

memorials that we have planned and thanked Jason Bailey for his leadership in planning some very special opportunities for our entire WVU community.

### **INAUGURAL TEAM WALK CELEBRATED AT WVU**

President Clements introduced Athletic Director, Oliver Luck, who provided an overview in advance of showing a short video detailing a new tradition for WVU football - an inaugural team walk dubbed West Virginia University's "Mountaineer Mantrip" – that made its debut before last Sunday's football game.

Mountaineer players and coaching staff walked from the corner of Don Nehlen and Medical Center Drives to the field along the pathway that divides the Blue Lot and the Light Blue Lot. The walk took 10 to 15 minutes, and WVU students and fans lined the path. Members of the Pride of West Virginia marching band played the fight song as they walked along with the team and cheerleaders. Coach Dana Holgorsen, who brought the idea with him to WVU, and most of his staff made the walk, as well. When players reached the east end of the field, they stopped to rub a 350-pound chunk of coal that was delivered by Alpha Natural Resources. The energy company donated the coal to WVU from the Upper Big Branch mine in Whitesville. The Mountaineer Mantrip will continue for home games throughout the season.

Athletic Director Luck read excerpts from a letter he received from miners of the Upper Big Branch mine and Chairman Payne commended Jason Parsons and Coach Bob Huggins for their exemplary efforts in coordinating fundraising efforts,

### **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, Carolyn Long moved that the Board accept the Consent Agenda items as presented in today's agenda booklet. This motion was seconded by Thomas Flaherty, and passed.

Thereupon, the following Consent Agenda items were approved:

#### **1. 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 2010-2011, 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, 2010, Spring, 2011, and Summer, 2011 at West Virginia University into its minutes.

**2. West Virginia University Board of Governors Policy 43, Investment Policy**

Resolved: That the West Virginia University Board of Governors approves the amended Policy 43, Investment Policy, as presented.

**3. Approval of Bachelor of Science Program in Information Systems at West Virginia University Institute of Technology**

Resolved: That the West Virginia University Board of Governors approves the offering of a baccalaureate of science degree program in Information Systems (as presented) at West Virginia University Institute of Technology.

**4. Approval of New Graduate Program: Doctor of Philosophy in Communication Sciences and Disorders**

Resolved: That the West Virginia University Board of Governors approves the creation of a Doctor of Philosophy in Communication Sciences and Disorders graduate degree program, as presented.

**5. Purchase and renovation of that certain real property, the former Potomac Valley Hospital**

Resolved: That the West Virginia University Board of Governors approves the acquisition and renovation of real and personal property commonly referred to as the former Potomac Valley Hospital, upon the terms and conditions as presented.

**6. Approval of a \$9.5 million Energy Performance Contracting Phase IIIB Project**

Resolved: That the West Virginia University Board of Governors approves a \$9.5 million Energy Performance Contracting Phase IIIB Project, as presented.

**7. Financing and Reimbursement Resolution of the West Virginia University Board of Governors for the \$9.5 million Energy Performance Contracting Phase IIIB Project**

Resolved: That the West Virginia University Board of Governors approves the execution of that certain Resolution authorizing the issuance of long term obligations in aggregate principal amount not to exceed \$10,000,000 to finance Phase IIIB of West Virginia University's Energy Performance Contracting Project; declaring the reasonable expectation of this Board and the West Virginia University to reimburse the university's general fund for capital expenditures in connection with the energy performance contracting project made prior to the issuance of the long term obligations by this Board; authorizing certain actions and documents in connection with the project and the financing; delegating to certain officers of West Virginia University and this Board certain responsibilities in connection with the project and the financing; and taking other actions in connection with the project and financing.



**8. Change in Department Name, Degree Program Title, and Major Name – Eberly College of Arts and Sciences**

Resolved: That the West Virginia University Board of Governors approves a department name change in the Eberly College of Arts and Sciences from the Department of Foreign Languages to the Department of World Languages, Literatures, and Linguistics;

Resolved: That the West Virginia University Board of Governors approves a degree program title change in the Eberly College of Arts and Sciences from Foreign Languages to World Languages, Literatures, and Linguistics;

Resolved: That the West Virginia University Board of Governors approves a major title name change in the Eberly College of Arts and Sciences from Foreign Languages to World Languages, Literatures, and Linguistics at both the Bachelor's and Master's degree levels; and

Resolved: That the West Virginia University Board of Governors approves a major title name change in the Eberly College of Arts and Sciences from Foreign Languages/Secondary Education to World Languages/Secondary Education at the Bachelor's degree level.

**9. Appointment of BOG Committees**

Resolved: That the West Virginia University Board of Governors approves the proposed Committee structure for 2011-2012, as presented.

**10. Appointment of BOG member to West Virginia University Hospitals Board of Directors**

Resolved: That the West Virginia University Board of Governors approves the appointment of Diane Lewis as the BOG representative serving on the West Virginia University Hospitals Board of Directors.

**OTHER BUSINESS AND GENERAL DISCUSSION**

Chairman Payne announced that the June, 2012 Board of Governors' meeting will take place in Charleston, West Virginia, on a Wednesday and Thursday, and will be coordinated with events related to the WVU Classic sponsored in Charleston by the Mountaineer Athletic Club on the Thursday evening and Friday following the BOG meeting.

Chairman Payne announced that Board members will visit the WVU Perley Isaac Reed School of Journalism in conjunction with the November, 2011 Board of Governors' meeting in Morgantown.

Chairman Payne concluded the meeting with a special tribute to former Board Chairman, Carolyn Long. As a special thank you for her dedication and service to the West Virginia University Board of Governors and the State of West Virginia, Chairman Payne announced the formation of a scholarship fund set up by members of the Board of Governors for students in Braxton County, where former Chairman Long served as superintendent.

## **ADJOURNMENT**

Chairman Payne reminded everyone that our next regular meeting is scheduled for November 4, 2011 in Morgantown. There being no further business, Dr. Charles Vest moved to adjourn the meeting. The motion was seconded by William Nutting, and passed. The meeting was adjourned at 5:00 p.m.

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Thomas V. Flaherty, Secretary