

WEST VIRGINIA UNIVERSITY
BOARD OF GOVERNORS

February 24, 2012

The one hundredth meeting of the West Virginia University Board of Governors was held on February 24, 2012 at the Erickson Alumni Center. Board members in attendance/participating included David Alvarez, Jason Bailey, 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, Ed Robinson, J. Robert (J.R.) Rogers, Dr. Charles Vest and William Wilmoth. Board member, Dr. Tom Clark, was absent and excused.

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

President, James P. Clements;
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;
Athletic Director, Oliver Luck;
Vice President for Student Affairs, Ken Gray;
Vice President for University Relations, Chris Martin;
Interim Vice President for Research, Fred King;
Vice President for Human Resources, Margaret Phillips;
Associate Vice President for Academic Planning, Dr. Nigel Clark;
Executive Officer for Social Justice, Jennifer McIntosh;
Senior Associate Provost, Russell Dean;
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;
Assistant Vice President for Student Affairs, Michael Ellington;
Associate Vice President for Facilities, Randy Hudak;
Director of Communications for Student Affairs and Executive Director of
Mountaineer Parents Club, Sabrina Cave;
Executive Director of Student Affairs Business Operations, Les Carpenter;
Potomac State College of West Virginia University, Divisional Campus Provost,
Kerry Odell;
West Virginia University Institute of Technology, Chief Executive Officer,
Carolyn Long;
Assistant Vice President for University Communications, Becky Lofstead;
Chief Financial Officer for Health Sciences, Wendy King;
Director of Treasury Operations, David Kosslow;
Associate Director, Organizational Advancement, WVU Extension Service, Ann Berry;
WVU Police Chief, Bob Roberts;

Interim Chief Financial Officer and Associate Provost, Mark Six;
Director, OIT Project Management and Planning, Jagan Gudur;
Chair, WVU Staff Council, Jo Morrow;
WVU Engineering Professor, Dr. Jack Byrd;
WVU Engineering Student, Richard Woody;
Special Assistant to the President, Sara Master;
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; and,
Vice President for Investments & CIO, Rick Kraich.

Members of the Press were also present.

CALL TO ORDER

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

SWEARING IN OF NEW MEMBER

Vice President for Legal Affairs and General Counsel, & Assistant BOG Secretary, William H. Hutchens, III, administered the oath of office to newly appointed BOG member, David Alvarez. It is noted that Mr. Hutchens previously administered the oath of office, via telephone, to Mr. Alvarez following his appointment to the Board in January of 2012. Chairman Payne welcomed Mr. Alvarez to the Board and thanked him for his willingness to serve in the governance of West Virginia University.

BOARD ITEMS

**WVU BOARD OF GOVERNORS POLICY 18, ALCOHOLIC
BEVERAGES ON THE CAMPUS (UPDATE)**

President Clements introduced Athletic Director, Oliver Luck, who reminded everyone that at its June, 2011 meeting, following the adoption of a revised alcohol policy, the Board asked for a report coinciding with the initial year of beer sales and related operations. In addition to the beer sales, Mr. Luck also reviewed the major initiatives undertaken by his department to improve game day operations, namely, no re-entry policy after halftime, adding designated smoking areas outside the concourse, and stricter enforcement of ID checks as well as a limit on beer purchases.

To provide an update, Mr. Luck introduced Richard Woody, an industrial engineering student under the mentorship of Industrial and Management Systems Engineering professor, Jack Byrd. Mr. Woody conducted an independent analysis which looked at a variety of factors,

including vendor operations, restroom accessibility, fan feedback and police incident management. Mr. Woody then shared his methodology and findings with the Board. His overall findings concluded:

- Portable restrooms were not needed (noting that restrooms only have issues at halftime)
- Non-Alcoholic beverages outsold alcoholic beverages
- Concession sales increased (up 84% with just food and soft drinks and up 134% with alcohol sales)
- Incident management was better (Police calls, arrests and charges were all down in 2011 compared to 2010. Police responded to an average of 79 calls on campus for the 24 hours around game day in 2010 and 74 last season. Arrests dropped from 17 to 11)

Mr. Woody's study also included satisfaction surveys which were distributed to a random sample of 700 fans following the Connecticut and Louisville games. He noted that there was an approximate 28 percent response rate with 77 and 78 percent of those who responded after the two games indicating that their experience was an "enjoyable" one. Seventeen and 14 percent, respectively, responded their experience as enjoyable, but noted that disruptive behavior was present.

In addition, Mr. Woody's study offered the following operational considerations:

- Remove portable restrooms
- Add hot stands to satellites (focus on hot dogs and pretzels)
- Find a better system for cooling beer at satellites
- Sustain process for comparison in future years
- Sell beer at 2 stands on the East side

WVU Police Chief, Bob Roberts, relayed his overall positive impressions of the operational changes by stating that for all the years he has worked games, this past season was the best.

Athletic Director Luck stated that his department will continue to look at some of the data, but he does not anticipate any significant changes to the policy for the upcoming year at Milan Puskar Stadium. In total, WVU profited about \$750,000 dollars from beer sales this past season -- \$500,000 from the sales themselves and another \$250,000 in sponsorships from three suppliers.

INVESTMENT REPORT

Narvel Weese, Vice President for Administration and Finance, introduced Associate Vice President for Planning & Treasury Operations, Liz Reynolds, who provided a brief overview and breakdown of the University's investments with the State, which as of January 31, 2012 totaled \$253,475,180.

Next, Richard Kraich, Vice President and Chief Investment Officer for the WVU Foundation, provided an overview (as of December 31, 2011) of the various investments that the WVU Foundation manages to benefit West Virginia University. Mr. Kraich recognized members of the WVU Foundation Investment Group, identified the Foundation's tenets of

investment strategy (i.e. recognize that asset allocation is key; employ “best in class” managers to implement asset allocation; favor managers with a fundamental value bias; and take advantage of illiquidity premium available in private versus public markets), and summarized the performance of WVU Unrestricted Funds, RBC HSC BRIM Funds, WVU Research Corporation Funds, and the Research Trust Fund Investments. In summary, Mr. Kraich reported that WVU Foundation investments totaled \$983 million as of December 31, 2011. That included the endowment investment pool, which saw a positive return of 2.7 percent for the calendar year 2011. Additionally, the value of the endowment investment pool stood at \$386 million as of December.

AUDIT COMMITTEE REPORT

Since Board member, James W. Dailey, II, as Chair of the Audit Committee, needs to step out of the meeting for a brief time this afternoon, Chairman Payne asked Mr. Dailey to present his Audit Committee report at this point in today’s meeting.

Chairman Dailey reported that yesterday’s audit committee meeting was very lively and well attended. The committee heard from Dennis Juran, Lead Client Service Partner from Deloitte & Touche, on the audit of the WVU Research Corporation Financial Statements for the year ended June 30, 2011, which received an unqualified opinion.

Chairman Dailey noted that the committee had authorized him, as Chairman of the WVU BOG Audit Committee, to execute an engagement letter with Deloitte & Touche to perform certain agreed upon procedures to assist West Virginia University in connection with its evaluation of its compliance with interim reporting requirements of the Audit Committee as of December 31, 2011 and the six month period then ended.

Chairman Dailey further reported that Russ Dean, Senior Associate Provost, provided an update on the search for a new Chief Information Officer, and the committee also heard several reports on current projects within the Office of Information Technology, including work on the development of a strategic planning process.

Chairman Dailey concluded his report with a notation that William H. Hutchens, III, Vice President for Legal Affairs and General Counsel, in addition to William Quigley, Director of Internal Audit, provided updates during the Audit Committee’s Executive Session

LEGISLATIVE UPDATE

William H. Hutchens, III, Vice President for Legal Affairs and General Counsel, discussed current matters pending before the West Virginia Legislature that may affect West Virginia University and its divisional campuses.

Mr. Hutchens advised that the legislature will be in session until March 10th of this year. State appropriations and budget lines are pending and while everyone is cautious about the budget, Mr. Hutchens was optimistic that WVU will not suffer any reduction in its budget. Mr. Hutchens identified the following pending bills as significant to WVU:

- SB490 is a trademark counterfeit act. Currently, WVU’s only method of going after trademark violations is by suing someone in federal court. This bill would make trademark violations a criminal offense in the state, and the police could confiscate counterfeit merchandise and issue a citation with a fine.
- Amendment to the personnel bill dealing with classified staff. The legislature tasked the WV Higher Education Policy commission to establishment deadlines related to classified staff. However, HEPC was unable to accomplish this within the time allocated and the deadlines have been moved to mid-2012.
- Other Post Employment Benefits deals mostly with the cost of health care for retirees. Hopefully there will be a credit coming from the state to offset these costs on our balance sheets.
- SB522 would create a Marcellus share policy center at WVU. The new center could study health in the industry, water issues and look at drilling technology. If passed, WVU would become the hub in the United States for this research, generating jobs and providing significant revenues for the state.

**UPDATE FROM WEST VIRGINIA
UNIVERSITY INSTITUTE OF TECHNOLOGY**

Carolyn Long, Chief Executive Officer, provided the following progress updates regarding the campus at West Virginia University Institute of Technology:

Enrollment:

Working on plans for a Student Success Center to support Tech’s critical retention and graduation rates.

Recruitment:

	Feb. 2011	versus	Feb. 2012	
Admits*	198		382	+184
Incompletes	250		461	+ 211

*Includes 2.5x more out-of-state students. Greatest out-of-state ROI seen in VA, MD, OH and PA.

Athletics:

- Swim team additions announced February 2012.
- Men’s basketball team is 13-3 in the MSC and in “unofficial” first place.

Student Life:

- Intramurals: New part-time intramurals director is leading basketball, volleyball and dodgeball activities. Currently, 140 students are participating.
- Wifi additions announced in both dorms January 2012.

Facilities:

- CoEd (vacant residence hall) will be razed late spring/early summer 2012 (and the land converted to green space.)

- In partnership with the WV Division of Energy, Tech secured \$465K worth of federal funding for energy upgrades, including new HVAC controls in Vining Library and new boilers for the ELab and Tech Center.
- Old Main renovations, totaling nearly \$3 million worth of deferred maintenance, will begin summer 2012 with funding from the sale of higher education revenue bonds.

Alumni Relations:

- The Tech Golden Bear Alumni Association, which began in fall 2010, currently has nearly 200 members. The Association intends to hold a membership drive in summer 2012 with the assistance of the WVU Foundation. They are also working on plans for their first fundraising project, which will fund a new campus entryway.

Revitalization Committee:

- First meeting to be held on March 15 in the Tech Center Ballroom.
- HEPC’s online survey launched February 2012 (to gather community, faculty and staff feedback, ideas, and strategies on moving forward.)

Chief Executive Officer Long further advised the Board that since her arrival at Tech she has attended City Council meetings, met with representatives from the student organizations, faculty senate, classified staff and deans and chairs within the institution. She has visited ten high schools to boost recruitment and also met with several key delegates within the WV legislature. Her new goals for Tech encompass the three “R’s” – recruitment, retention, and rebuilding. She and her administrative staff traveled to the Morgantown campus of WVU, as well as the campus at Potomac State, to meet with their counterparts at each location. Ms. Long concluded that it is imperative that West Virginia University Institute of Technology become viable, and she looks forward to working with WVU as the campus moves forward with exciting plans for the future.

RESEARCH TRUST FUND

Senior Associate Provost Russell Dean reported that for today’s meeting, West Virginia University has gifts received and pledges recorded, as certified by the WVU Foundation and Dr. Fred King, Interim Vice President for Research and Economic Development, as to consistency with the Research Trust Fund Strategic Plan, totaling the sum of \$395,866.00 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 Payne 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, William Wilmoth moved that the West Virginia University Board of Governors approves today’s total of \$395,866.00 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 Dr. Robert Griffith, and passed unanimously.

President Clements announced that with these matches, WVU will officially complete all requests of the initial \$35 million allocation for WVU in the Research Trust Fund. He thanked all of our State leaders and legislators, as well as the University leaders who established this program. He noted that in 2008, \$35 million was allocated for WVU to draw upon, but the University had to earn it by raising private dollars that could be matched dollar for dollar. WVU has done that, enabling a \$70 million endowment in support of efforts in energy, biometrics, biomedical sciences, and nanotechnology. While the Board has approved each request for match, the President provided a quick run-down of some of the largest gifts to demonstrate the kind of impact this program will have.

- \$11 million from Ben and Jo Statler for research support and undergraduate scholarships at the Benjamin M. Statler College of Engineering and Mineral Resources.
- \$5 million from the Hazel Ruby McQuain Charitable Trust for graduate research fellowships.
- \$2 million from the Cline Family Foundation establishing an endowed chair in orthopedic surgery.
- \$1 million from Stu and Joyce Robbins to establish the Stuart M. & Joyce N. Robbins Distinguished Professorship in epidemiology; the first endowed chair in the new School of Public Health.
- \$1 million from George Bennett to support research in energy, nanotechnology, biomedical sciences and biometrics within the Statler College.
- \$750,000 from the Chambers Family Foundation for the John and June Chambers Chair of Oncology Research in the School of Medicine to support cancer research.
- \$1 million for the Maier Foundation Chair in Research in Medicine at Health Sciences' Charleston Division.
- Also, more than \$307,000 has been raised for the Norma Mae Huggins Cancer Research Endowment.

The president noted that several million dollars is already waiting to be matched, pending additional matching allocations into the state's fund. President Clements ended with a special thanks to all of the donors who participated in this initiative, as well as everyone on the WVU and the Foundation teams for their support.

Chairman Payne added his congratulations to President Clements, the WVU Foundation, Academic Affairs, Health Sciences, the Research Office, the Deans and everyone who helped reach this goal. He noted that we are encouraged that the Legislature is considering an additional allocation to the Research Trust Fund and is hopeful that this will occur this year because – as the President said – we have several million dollars already waiting to be matched. Chairman Payne further noted that in the summer of 2009, when President Clements arrived, we had about \$3.5 million raised. So in the past 2-1/2 years, the team at WVU raised about \$32 million during tough economic times – and a \$70 million endowment is outstanding. Chairman Payne added his thanks to the donors, as well as the Legislature, for their support of the program. On behalf of the entire Board, he extended congratulations to everyone who made this such a high priority in achieving the goal the State set for us.

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 personnel issues, legal matters, matters involving commercial competition, and an official investigation. The motion was made by J. Robert (JR) Rogers, seconded by James W. Dailey, II, and passed. Following the conclusion of Executive Session, Dr. Lesley Cottrell moved that the Board reconvene into regular session. This motion was seconded by Raymond Lane, and passed.

DISCUSSIONS EMANATING FROM EXECUTIVE SESSION

Chairman Payne reported that during Executive Session the Board discussed personnel issues, legal matters, matters involving commercial competition, and an official investigation, and that nothing discussed required Board action.

APPROVAL OF MINUTES

Ellen Cappellanti moved that the minutes of the December 16, 2011 regular meeting be approved. The motion was seconded by Diane Lewis, and passed.

COMMITTEE REPORTS

Student Government Association Constituency Committee Meeting: SGA President, Jason Bailey, reported that yesterday afternoon his constituency had a very successful committee meeting with the Board. Mr. Bailey presented his annual report to Board members, which included a long list of SGA accomplishments and initiatives, as well as reports from the presidents of the Tech and Potomac State Student Government Associations. In addition, Mr. Bailey touched upon issues of concern facing students at WVU and nationally.

Executive Committee Meeting: Chairman Payne reported that the Executive Committee meeting scheduled for yesterday afternoon was canceled.

PRESIDENT'S REPORT

President Clements opened his report thanking Jason Bailey for his excellent presentation yesterday on behalf of students. The President applauded all of Student Government for their impressive accomplishments, and particularly their efforts on textbook affordability. He also acknowledged Josh Strachan, the President of the Student Body at Potomac State, who was in attendance at the meeting with campus Provost Dr. Kerry O'Dell.

The President provided a sampling of good news and progress since the last BOG meeting, including: The \$34 million gift commitment from Ben and Jo Statler to benefit the Benjamin M. Statler College of Engineering and Mineral Resources; the completion of \$35 million in fundraising for matches by the state's Research Trust Fund; plans for a 10-story

Tower at Ruby Hospital; completion of the White Hall renovation for Physics; progress on the new greenhouse, as well as bonding for projects in Evansdale that include a new Agriculture, Natural Resources, and Design building; new College of Physical and Sports Sciences building, PRT connector building, new student health and wellness building; and a new engineering research facility.

He also noted the Respectful Workplace Advisory Group originally proposed by Staff Council has begun to meet, and thanked everyone, especially the staff leaders, for their efforts on this important initiative.

The President indicated that it is too early in the cycle to predict the fall enrollment, but we are encouraged that applications are up at all levels – freshmen, transfers, graduate students and professional students.

He also noted that his service on the National Innovation Advisory Board included a report submitted to Congress in January.

He pointed out that Dr. Fred King – a long-time faculty member and associate dean of the Eberly College – has been appointed interim Vice President for Research. Dr. King will lead our efforts for the next year and focus on implementing best practices in support of our faculty and staff who are doing research.

In other good news, the President applauded Protea Biosciences (based in Morgantown) for selection by *The Scientist* journal to receive a Top Ten Innovative Technologies award for the year 2011. He also recognized the Mon Quest project of the West Virginia Water Research Institute at WVU for being awarded a Regional IMPACT Award by the National Institutes for Water Resources.

President Clements noted the WVU College of Law recently celebrated 35 years of clinics that provide direct service in the State and recently added another clinic called the Land Use and Sustainable Development Law Clinic. This program will provide legal assistance to land-owners, land trusts, and county and municipal governments to protect local land and water.

He also noted the WVU online Masters of Business Administration program has been recognized among the top online education programs by U.S. News & World Report in the first-ever online education ranking by US News. He also recognized that Jim Dean, Director of Mine and Industrial Extension at WVU, was 1 of 9 people appointed to the National Academies National Research Council committee to study how to equip miners to escape during a disaster, even before help can arrive.

President Clements applauded an interdisciplinary team of our students who has been selected to participate in the 2013 Solar Decathlon, hosted by the United States Department of Energy. WVU was 1 of only 20 teams selected worldwide to design, build and operate the most affordable, attractive and energy-efficient solar-powered house they can create.

He also noted another outstanding student achievement – Katherine Bomkamp’s invitation to speak at the Royal Society of Medicine’s -- Medical Innovations Summit in London, England.

Next, President Clements asked Chris Martin, Vice President for University Relations, to provide an overview of survey results about WVU's work in West Virginia. After her presentation and discussion by the Board, the President concluded his report.

SURVEY RESULTS

Chris Martin, Vice President for University Relations, reported on the results of a survey of West Virginia voters commissioned to understand attitudes toward WVU, to measure WVU's perceived impact and to examine its interface with the public. The survey was conducted (by telephone) from November 1 through November 3, 2011, among 800 voters statewide. Vice President Martin provided the following highlights revealed by the survey results:

Attitudes toward WVU:

- West Virginians hold WVU in high regard.
- They view the University very favorably. They rate its work positively. They see it as very important to the state's economy.
- They experience WVU's impact – firsthand – in their communities, through their interactions with WVU professionals and graduates.

Other Key Observations:

- Compared with regional university peers, WVU stands alone among those ranked “very favorable.”
- Inspiring statewide pride (through athletics), training healthcare professionals and educating students are WVU's most highly ranked contributions to the state.
- While WVU's importance to the state's economy is universally acknowledged, boosting the state's economy ranks lower in perceived impact.
- At least two-thirds of voters positively rate the impact of all services WVU provides. Ruby Memorial Hospital and care from WVU health professionals, receive the highest rankings.
- Doctors, pharmacists and teachers are the WVU graduates citizens are most likely to have encountered over the past year.

Key Takeaways:

- WVU is very highly rated.
- Voters feel WVU is very important (68%) to the state's economy, but are less likely to volunteer that it does an excellent job “boosting” the state's economy (31%).
- When it comes to federal and state funding, 61% of voters are unsure (33%) or believe the University is neither over nor underfunded (28%). By a two-to-one margin, more are likely to believe the University is underfunded (27%) than overfunded (13%).
- West Virginians rate two WVU services above the rest: 1. Inspiring pride through Mountaineer Athletics 2. Inspiring trust and hope through healthcare programs and healthcare professional training.
- Of the 15 WVU services tested, voter awareness of medical care at Ruby Memorial Hospital, and healthcare from WVU doctors and professionals across the state, ranked highest. WVU healthcare services also received the most favorable ratings.

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, J. Robert (J.R.) Rogers moved that the Board accept the Consent Agenda items as presented in today's agenda booklet. This motion was seconded by Dr. Charles Vest, and passed.

Thereupon, the following Consent Agenda items were approved:

1. Parking Improvements

Resolved: That the West Virginia University Board of Governors approves the Mountaineer Station Surface Parking Improvements with a project budget of \$1,250,000.

2. Agricultural Sciences Greenhouse

Resolved: That the West Virginia University Board of Governors approves the revised budget of the Agricultural Sciences Greenhouse Project at \$8,800,000.

3. Old Main Renovation Project

Resolved: That the West Virginia University Board of Governors approves the renovation of Old Main at West Virginia University Institute of Technology with a project budget of \$3,000,000.

4. Property Acquisition in Star City, West Virginia

Resolved: That the West Virginia University Board of Governors approves the acquisition of 1.411 acres, including the Shoney's Restaurant, and having an address of 3504 Monongahela Boulevard, in Star City, Monongalia County, West Virginia from R.S.S.H. LLC, a West Virginia limited liability company, with such acquisition being subject to the approval by the West Virginia Attorney General and the Joint Committee on Government and Finance.

5. Health Sciences Animal Facility Annex Construction Project and Financing Resolution

Resolved: That the West Virginia University Board of Governors approves the revised budget of the HSC Animal Facility Annex Project of \$22 million and authorizes issuance of Revenue Bonds in an amount not to exceed \$7 million and reimbursement of capital project improvement costs incurred prior to issuance of such bonds.

6. Naming of Residence Hall at Potomac State College of West Virginia University

Resolved: That the West Virginia University Board of Governors approves the naming of the new residence hall at Potomac State College of West Virginia University as Catamount Place.

ADJOURNMENT

There being no further business, Ed Robinson moved to adjourn the meeting. The motion was seconded by David Alvarez, and passed. The meeting was adjourned at 3:15 p.m.

Thomas V. Flaherty, Secretary