

WEST VIRGINIA UNIVERSITY
BOARD OF GOVERNORS

September 25, 2015

The one hundred thirty-second meeting of the West Virginia University Board of Governors was held on September 25, 2015 in Morgantown, WV. Board members in attendance/participating by telephone included David Alvarez, George Capel, Ellen Cappellanti, James W. Dailey, II, Thomas Flaherty, Dr. Robert Griffith, J. Thomas Jones; Raymond Lane, Diane Lewis, Dixie Martinelli, William Nutting, J. Robert (J.R.) Rogers, Ed Robinson, Dr. Richard Turton, Dr. Kim Weaver and William Wilmoth. Board member, Greg Babe, was absent and excused.

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;
Interim General Counsel, Gary Furbee;
Vice President for Finance and Administration, Narvel Weese;
Vice President for Student Life, William Schafer;
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 Provost of Undergraduate Education, Sue Day-Perroots,
Interim Executive Director of Academic Innovation, Joe Seiaman;
President, West Virginia University Institute of Technology, Carolyn Long;
Campus Provost, West Virginia University Institute of Technology, Nigel Clark;
Assistant Vice President for Marketing and Outreach, University Relations, Ann Berry;
Associate Provost for Graduate Academic Affairs, Katherine Karraker;
Executive Director of Financial Aid and Scholarships, Sandra Bennett;
Assistant Vice President, Student Affairs Communications, Sabrina Cave;
Dean of Students and Director of Housing, G. Corey Farris;
Student Affairs Chief Business and Planning Officer, Les Carpenter;
Associate Provost for Information Technology, John Campbell;
Executive Director of University Events & Liaison to the President, Robin Yorty;
Dean, Benjamin M. Statler College of Engineering and Mineral Resources, Dr. Eugene Cilento;
Professor, Mechanical & Aerospace Engineering, Dr. Daniel Carder;

Professor, Mechanical & Aerospace Engineering, Dr. Greg Thompson;
Professor, World Languages, Literature and Linguistics, Dr. Lisa DiBartolomeo;
Director, Planning & Treasury Operations, David Kosslow;
WVU's ACCE representative, Paul Martinelli;
Several members of the Student Government Association;
Assistant Vice President for University Communications, Becky Lofstead;
Executive Assistant, Office of the President, Amy Garbrick; and,
Special Assistant to the Board of Governors, Valerie Lopez.

From the West Virginia University Foundation:

WVU Foundation President & CEO, Cindi Roth;
WVU Chief Development Officer and Senior VP of
Development, B. J. Davisson; and,
Vice President and CIO, Richard Kraich

Members of the Press were also present.

CALL TO ORDER

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

BOARD PRESENTATIONS

WVU Foundation Update

WVU Foundation President & CEO, Cindi Roth, and WVU Chief Development Officer and Senior VP of Development, B. J. Davisson made a presentation to the Board regarding the state of the WVU Foundation. They reported that "A State of Minds" the comprehensive campaign being conducted on behalf of the University has brought in nearly \$900 million through June 30, 2015 and that is over 90 percent of the \$1 billion goal with more than two years remaining in the campaign. This translates into progress for WVU by creating 632 new endowed student scholarships, 24 endowed faculty chairs, 21 endowed professorships and 199 new funds to assist research efforts. Ms. Roth said the campaign's success was bolstered by \$125 million in new gifts and pledges in fiscal year 2015, the second highest fiscal year of giving ever in the Foundation's history.

Investment Report

Associate Vice President for Planning & Treasury Operations, Liz Reynolds, provided a quick briefing on some investments that will not be covered today. She reminded us that the University was granted increased investment authority during the last legislative session. With the collection of fall tuition and fees WVU has taken advantage of that authority and invested

\$125 million in August in two FDIC insured products through United Bank. These products are earning double the returns provided by the investment products offered by the State Treasurer's Office, 25 basis points compared to 12. As the semester proceeds WVU will uninvest this money to meet cash obligations. Then in January we expect to replenish these investment accounts and do it all again. These investments are made through the WVU Foundation as required by the statute, so in the future they will be covered as part of Mr. Kraich's report on investments. She then turned the podium over to Richard Kraich, the Chief Investment Officer of the WVU Foundation.

Mr. Kraich reported that Foundation-managed investment assets totaled \$1.3 billion as of June 30, 2015, including the long-term investment pool which had a return of 3.1 percent for fiscal year 2015 and that the value of the long-term investment pool stood at \$534 million as of June 30, 2015. The Foundation acts as an investment agent for WVU, WVU Hospitals and the WVU Research Corporation.

4th Quarter Preliminary Financial Results and 2015 Financial Statement Audit Status

Vice President for Finance and Administration, Narvel Weese, and Senior Associate Vice President for Finance, Dan Durbin, addressed the status of the 4th Quarter preliminary financial results and the 2015 Financial Statement Audit Status. Highlights included the following:

- We anticipate draft financial statements in about three weeks. Once the draft statements have been received, we will share them with the Finance Committee, and provide significant time for the committee members to review, prior to scheduling a follow-up meeting;
- Preliminary financial results indicate that we could have an adjusted negative operating margin in the \$3 million range. The results are not surprising but disappointing – tuition revenues have been less than expected, spending for salaries and supplies have exceeded targets throughout FY2015 as well as other extraordinary items that have impacted our operating margins. We will continue to explore corrective actions that mitigate any long term negative margins. It is important to note that we have not had an adjusted negative margin in the past 10 years and have experienced a steady growth in cash balances over this same period;
- The university is in a period of transformation and innovation. During the past couple of years, the university has invested in strategic priorities and will continue to do so, as well as recognizing that these investments will put downward pressure on operating margins short term. Moving forward, we need to focus on the pace by which we implement change in operations and strategies and how those changes affect operating margins. We also need to be more diligent in assessing our strategic priorities and their impact on operating margins. It is also important to remember that we have been managing a reduction of \$24 million in state funds over the past three years;
- We are operating in a very competitive enrollment environment and therefore we are reimagining how we recruit students. We are also focusing on improving student retention;

- We continue to transform our business practices and processes and will move to market based hiring, plus reimagine college level business operations.
- We are spending dollars related to the new Beckley campus that we will get reimbursed for when we move forward with the financing;
- We are implementing flexibility obtained during the last legislative session related to the State Oasis System;
- We remain committed to our financial goals of maintaining a positive adjusted operating margin; maintaining cash reserves; preserving the current bond rating; and continuing to invest in the core mission and long-term quality of the institutions.

Senior Associate Vice President for Finance, Dan Durbin, provided these additional highlights regarding the preliminary financial results:

- The external audit process is underway and no issues have been identified thus far. We are on schedule for a November issuance and expect an unqualified (clean) opinion with no BOG/Audit Committee management letter expected;
- In terms of the financial statements, we have preliminary results for Income Statement and Balance Sheet; the statement of cash flows is in progress; we have yet to record WV pension plan accrual (similar to OPEB) and we are performing variance analysis, footnotes and MD&A (available in approximately 3 weeks);
- Actual results are influenced by extraordinary and unique items such as the 2020 Plan investments; software donations; GASB 45 (OPEB) continues to temporarily skew statements; changes in spending patterns and strategies; tuition discounting to improve student profiles; and further reductions in state support;
- Two “billion dollar” milestones are maintained: total revenues and net position (excluding OPEB);
- We continue investment in our students, faculty, staff and infrastructure;
- We anticipate growth in total revenues and net position.

Final Observations to date include the following:

- The university remains stable
- We continue active investments in strategic items
- We continue active financial planning and evaluation of corrective actions
- We have continued dependence on tuition revenue for enrollment growth – strategies for future enrollment, pricing and discounting pressures and competition
- We face future challenges including state support, federal support (grants) and enrollment

Academic Affairs Updates

In her report, Provost Joyce McConnell updated the Board on the “transformation” occurring in the academic arena, citing progress at the new Energy Institute, the Rockefeller School and the Entrepreneurship and Innovation Center as examples.

She reported the Higher Learning Commission representative was on campus recently to review the plans for WVU Beckley and the move of WVU Tech to that campus in 2017 and that the HLC representative referred to that purchase and decision as transformative and overall was very supportive of such a bold and innovative move.

Provost McConnell discussed the appointment of Sue Day-Perroots as Associate Provost of Undergraduate Education, along with all of the exciting reorganization going on in that office. She reported that WVU’s undergraduate students will now have a Dean of Completion with the hiring of Joe Seiaman in academic advising.

EXECUTIVE SESSION

Chairman Flaherty requested a motion that the Board go into Executive Session, under authority in West Virginia Code §§6-9A-4(b)(2)(A), (b)(9), 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. The motion was made by David Alvarez, seconded by Ed Robinson, and passed. Following the conclusion of Executive Session, Dixie Martinelli moved that the Board reconvene into regular session. This motion was seconded by J. Thomas Jones and passed.

DISCUSSIONS EMANATING FROM EXECUTIVE SESSION

Chairman Flaherty announced that nothing discussed in today’s Executive Session required Board action.

APPROVAL OF MINUTES

William Wilmoth moved that the minutes of the June 5, 2015 regular meeting and the September 1, 2015 special meeting be approved. The motion was seconded by William Nutting, and passed. Following approval of these two sets of minutes, Chairman Flaherty asked that a Board member move to attach the Vision Document mentioned in the September 1, 2015 special meeting minutes and the Board Resolution resulting from the motion to open a campus of WVU Tech on the Beckley Campus of WVU as addendums to the September 1, 2015 special meeting minutes when they are posted on the Board of Governors’ website. This motion was made by Ellen Cappellanti, seconded by J. Robert (J.R.) Rogers and passed.

COMMITTEE REPORTS

Thomas Flaherty reported on the September 24, 2015 Audit Committee meeting and William Wilmoth reported on the September 24, 2015 Accreditation and Academic Affairs Committee meeting. Chairman Flaherty 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

In his report to the Board, President Gee recapped his county tours of the past year, especially the integration of students into the experience. He plans to add an internship component next year. A video compilation of some of the trips was shown and several students who traveled to various trips in West Virginia spoke to the Board about the impact of those trips. Related to state outreach, President Gee also noted the work by University faculty, staff, and students underway in Harper's Ferry in the aftermath of a fire that destroyed 30 percent of its business district.

President Gee also introduced Dean Eugene Cilento and faculty member, Dr. Dan Carder, interim director of WVU's Center for Alternative Fuels, Engines and Emissions. Dr. Carder spoke to the Board about the Center's research that raised questions about emissions levels in a study of a major automotive company that earned worldwide attention.

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 Flaherty 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, Chairman Flaherty announced that he would entertain a motion to approve today's Consent Agenda – including Consent Agenda Items 11 and 12 – both revised to include new BOG member, Greg Babe, copies of which revised agenda items were distributed to board members in advance of today's meeting. David Alvarez therefore moved that the Board approve all Consent Agenda items (including the two revised agenda items.) This motion was seconded by J. Thomas, and passed

Thereupon, the following Consent Agenda items were approved:

- 1. Entry of Institutional Undergraduate Fee Waivers and Institutional Graduate and Professional Fee Waivers**

Resolved: That the West Virginia University Board of Governors enter the report of the Institutional Undergraduate Fee Waivers for FY 2014-2015, at West Virginia University, West Virginia University Institute of Technology, and Potomac State College of West Virginia University (attached) into its minutes; and,

Resolved: That the West Virginia University Board of Governors enter the report of the Institutional Graduate and Professional Fee Waivers for Fall, 2014, Spring, 2015, and Summer, 2015 at West Virginia University (attached) into its minutes;

2. Approval of Graduate Program Reviews

Resolved: That the West Virginia University Board of Governors approves the graduate program reviews of the Pharmaceutical and Pharmacological Sciences Ph.D. program and the Doctor of Pharmacy program conducted by the WVU Graduate Council in the 2014-15 cycle, as presented.

3. Approval of New Degree Program: Master of Sciences in Business Data Analytics

Resolved: That the West Virginia University Board of Governors approves the creation of the Master of Science in Business Data Analytics in the College of Business and Economics.

4. Termination of Degree Program: Bachelor of Sciences in Industrial Relations and Human Resources (IR&HR)

Resolved: That the West Virginia University Board of Governors approves the termination of the Bachelor of Science Degree in Industrial Relations and Human Resources (IR&HR) in the College of Business, Humanities and Social Sciences of the WVU Institute of Technology.

5. Termination of Degree Program: Bachelor of Sciences in Management Information Systems

Resolved: That the West Virginia University Board of Governors approves the termination of the Bachelor of Science Degree in Management Information Systems (MIS) in the Leonard C. Nelson College of Engineering & Sciences of the WVU Institute of Technology.

6. WVU Building Naming – Evansdale Crossing

Resolved: That the West Virginia University Board of Governors approves the naming of a new building on the Evansdale Campus as Evansdale Crossing.

7. Engineering Sciences Building – Upgrades to floors G, 3, 4, 5 and 6

Resolved: That the West Virginia University Board of Governors approves the Engineering Sciences building renovation project, as presented.

8. University Apartment Rates for Academic Year 2016-2017

Resolved: That the West Virginia University Board of Governors approves the University Apartment bed rates for the upcoming academic year, as presented.

9. Notice of Proposed Rulemaking, West Virginia University Board of Governors Policy 31, University Student Conduct and Discipline Policy, and West Virginia University Board of Governors Policy 44, Policy Regarding Discrimination, Harassment, Sexual & Domestic Misconduct, Stalking and Retaliation

Resolved: That the West Virginia University Board of Governors approves the issuance of a notice of proposed rulemaking for West Virginia University Board of Governors Policy 31, University Student Conduct and Discipline Policy, and West Virginia University Board of Governors Policy 44, Policy Regarding Discrimination, Harassment, Sexual & Domestic Misconduct, Stalking and Retaliation, as presented.

10. West Virginia University Board of Governors Policy 56, Drug and Alcohol Testing for Federal Transit Administration (FTA) & Federal Motor Carrier Safety Administration (FMCSA) Covered Positions

Resolved: That the West Virginia University Board of Governors approves the amended Policy 56, Drug and Alcohol Testing for Federal Transit Administration (FTA) & Federal Motor Carrier Safety Administration (FMCSA) Covered Positions, as presented.

11. West Virginia University Board of Governors Resolution to Approve the Exclusion of Certain Newly Appointed Governors From the Personnel Security Clearance Requirements of the Department of Defense Regulations

Resolved: That the West Virginia University Board of Governors approves the Resolution to Approve the Exclusion of Certain Newly Appointed Governors From the Personnel Security Clearance Requirements of the Department of Defense Regulations, as presented.

12. Appointment of BOG Committees

Resolved: That the West Virginia University Board of Governors approves the proposed committee structure/assignments for 2015-2016, as presented.

13. 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.

OTHER BUSINESS

Chairman Flaherty announced that the Board will conduct its next regular meeting on November 6, 2015.

George Capel, the student representative on the board, made an announcement that the Mountie Bounty program (a convenient debit plan wherein students place dollar amounts on their Mountaineer Card for later use to secure food allowance and take advantage of other campus services) is being expanded to other locations to add convenience of use for all students.

ADJOURNMENT

There being no further business to come before the Board, Dr. Richard Turton moved to adjourn the meeting. The motion was seconded by Dr. Kim Weaver, and passed. The meeting was adjourned at 12:35 p.m.

Diane Lewis, Secretary

INVENTORY OF INSTITUTIONAL UNDERGRADUATE FEE WAIVERS

Institution: West Virginia University

2014-15

DATE: August 21, 2015

Primary Award Category	Number Awarded					Total	In-State	Out-of-State & International	In-State	Out-of-State & International	Total	Students With Need
	In-State	Out of State	International	Total	(%)							
Demonstrated Financial Need												
Office of Financial Aid	13.8	55.1		68.9	0.07	86,372	1,211,185	1,297,557	242			
Financial Hardship	5.3	18.7		24	0.02	31,416	372,708	404,124	63			
General Academic Ability	125.7	620.7		746.4	0.76	809,992	13,469,419	14,279,411	2021			
Creative Arts/Dance	17.5	75.4		92.9	0.09	99,960	1,447,788	1,547,748	66			
Athletic Post-Eligibility	1	3.1		4.1	0.00	5,712	63,750	69,462	3			
Voice of Democracy	1	0		1	0.00	5,712	0	5,712	1			
American Legion	0.3	0		0.3	0.00	2,210	0	2,210	0			
Student Government	1	0		1	0.00	5,712	0	5,712	0			
The Mountaineer				0	0.00			0				
Part Time Enrollment												
Employees	0	0.3		0.3	0.00	0	7,191	7,191	0			
Other (Specify)												
International Students	0	0	23.4	23.4	0.02	0	485,707	485,707				
Debate	3.5	1.5		5	0.01	19,992	28,764	48,756	4			
Livestock & Horse Judging	2.5	1		3.5	0.00	14,280	19,176	33,456	4			
Foster Care	7.5	0		7.5	0.01	43,709	0	43,709	9			
Child of Slain Officer												
	179.1	775.8	23.4	978.3								
TOTAL	179 3/30	775 24/30	23 12/30	978 9/30	100.00%	1,125,067	17,105,688	18,230,755	2413			

HSTA	112 12/30
Total Amount	660,297
Need	114

INVENTORY OF INSTITUTIONAL UNDERGRADUATE FEE WAIVERS

Institution: West Virginia University Institute of Technology

DATE: August 31, 2015

Primary Award Category	Number Awarded			Total	International	Out of State	International	Total	In-State	Dollar Value of Waivers			Students With Need
	In-State	Out of State	International							(%)	In-State	Out-of-State & International	
Academic Ability/Specific Field	182.1	20.8	4.0	207.0	41.0%	371,650	164,520	536,170	96				
Athletic Eligibility	69.0	129.8	92.4	291.3	57.7%	221,353	2,160,002	2,381,355	107				
Other (Specify)													
Student Ambassadors	6.2	0.0	0.0	6.2	1.2%	651	0	2,604	1				
TOTAL	257 9/30	150 18/30	96 12/30	504 9/30	100.0%	593,654	2,324,522	2,920,129	204				

HSTA	8
Total Amount	36,789
Need	4

INVENTORY OF INSTITUTIONAL UNDERGRADUATE FEE WAIVERS

Institution: Potomac State College of WVU

DATE: August 30, 2015

Primary Award Category	Number Awarded				Total	Out-of-State & International	Dollar Value of Waivers		Students With Need
	In-State	Out of State	International	(%)			In-State	Total	
Demonstrated Financial Need	7/30	1 26/30	17/30	2 20/30	10%	\$1,365	\$44,500	\$45,865	23
General Academic Ability	6 29/30	4 9/30		11 8/30	42%	\$43,177	\$57,350	\$100,527	76
Athletic Ability	5 2/30	6 13/30		11 15/30	43%	\$37,114	\$113,136	\$150,250	51
Other (Specify)									
Part Time Enrollment									
Employees	1 8/30	2/30		1 10/30	5%	\$7,938	\$150	\$8,088	18
TOTAL	13 16/30	12 20/30	17/30	26 23/30	100%	\$89,594	\$215,136	\$304,730	168
Foster Care	2 24/30			2 24/30		\$21,000		\$21,000	10
HSTA	9/30			9/30		\$2,127		\$2,127	1

West Virginia University Waiver Report

Fall 2014

	Number of Students		Number of Credit Hours		Dollar Value	
	Resident	Non Resident	Resident	Non Resident	Resident	Non Resident
Total	1075	1931	6987	14755	\$2,576,956	\$16,167,960
Employees	133	26	606	94	\$219,765	\$82,615
Graduate Assistants (RA/RH/SA/TA)	480	1394	4092	12192	\$1,507,415	\$13,379,667
Graduate Student Merit Waivers	427	447	2057	1936	\$758,030	\$2,112,274
Fellowships	35	64	232	533	\$91,746	\$593,403
Total	1075	1931	6987	14755	\$2,576,956	\$16,167,960

West Virginia University Waiver Report

Spring 2015

	Number of Students		Number of Credit Hours		Dollar Value	
	Resident	Non Resident	Resident	Non Resident	Resident	Non Resident
Total	1018	1867	6865	14120	\$2,502,789	\$15,442,004
Employees	130	30	594	123	\$216,762	\$111,282
Graduate Assistants (RA/RH/SA/TA)	416	1272	3670	11216	\$1,334,151	\$12,298,323
Graduate Student Merit Waivers	441	482	2351	2117	\$863,392	\$2,312,592
Fellowships	31	83	250	664	\$88,484	\$719,807
Total	1018	1867	6865	14120	\$2,502,789	\$15,442,004

West Virginia University Waiver Report

Summer 2015

	Number of Students		Number of Credit Hours		Dollar Value	
	Resident	Non Resident	Resident	Non Resident	Resident	Non Resident
Total	475	1047	1923	3000	\$701,820.00	\$3,169,586
Employees	82	18	288	66	\$104,832.00	\$56,154
Graduate Assistants (RA/RH/SA/TA)	257	849	969	2373	\$355,628.00	\$2,526,312
Graduate Student Merit Waivers	121	132	616	394	\$223,160.00	\$427,813
Fellowships	15	48	50	167	\$18,200.00	\$159,307
Total	475	1047	1923	3000	\$701,820.00	\$3,169,586

Grand Total	Number of Credit Hours		Dollar Value	
	Resident	Non Resident	Resident	Non Resident
	15775	31875	\$5,781,565.23	\$34,779,550
Total	47650	47650	\$5,781,565.23	\$34,779,550