

**West Liberty University
Board of Governors**

Minutes

August 15, 2012

Attendance:

Beverly Burke, Richard Carter, George Couch, Brian Joseph, Patrick Kelly, Paul Limbert, Rob Marks, Ann Thomas, Carrie White, LeeAnne Yeater

Unable to Attend:

Lisa Allen, Robert Steptoe

Administration/Faculty/Staff:

Robin Capehart, Scott Cook, Mary Ann Edwards, John Gompers, Anthony Koyzis, Melinda Kreisberg, Jack Wright

1. Call to Order:

Chair Carter called the meeting to order at 5:09 p.m.

2. Chairperson Comments:

Chair Carter stated this since this is his maiden voyage for his term as Chair of the Board he wanted to mention a few things to start. First of all, since the last meeting we have had at least two major events on campus that we have been looking forward to; the groundbreaking for Campbell Hall and the commencement of the PA Program on the same day, July 2nd.

As his first meeting as Chair, Mr. Carter stated that he is honored to represent the institution, it is rather humbling and he takes the position very seriously. One thing highlighting how serious the business of the Board is was discussed at the Stonewall conference that the HEPC held in July. Mr. Couch and Mr. Carter, along with President Capehart, attended the conference. Throughout the program, whether in the individual or broad-body conference sessions, there was a tremendous emphasis on board governance, especially because of the issues at Penn State and the University of Virginia. Not knowing the details of the Illinois events, Chair Carter was sure those in the education business knew those details. Everyone knows about the Penn State incident. This was highlighted and driven home about what the responsibilities are of a board. We won't get into the details about what the board did or didn't do; what everyone was reminded of was their responsibilities to oversee and ferret out information.

Chair Carter stated what some of his expectations would be for a Board from an administrative standpoint. As far as fiscal responsibility, the Board approves the budget and needs to know why there are variances, and it is the responsibility of the administration to advise the Board of these variances. The Board also has the responsibility to respect the Board policies and understand their perspectives and what they are. One thing we have as an institution is a very good hierarchal structure to accomplish things, from the President, administration, Provost, Deans, department heads, to the faculty. Coming from the private sector, Mr. Carter stated that he looks at the faculty as those who make the product, and the product is education; everybody else is supporting that product. This collective group and its interaction are creating the vision for the University.

The Board does not run the University and you do not want the Board to be involved in the day-to-day decisions. That's why there is a hierarchal structure; the Board does not create the vision; it authorizes and supports the vision as provided by the administration; that entire hierarchal structure. There should be transparency and no surprises to the Board. Good communication will allow anything that could ultimately be a crisis be resolved beforehand. The Board should not be lurking around pillars in order to find out information, but has the responsibility to stay abreast without interfering. There is a fine line for those on the Board to walk and it's very important that the administration understand that the Board has a responsibility and we don't want to intervene, but we

want to be kept informed. Communication from the Board to the administration, and back, is critical and we feel the need to demand this communication. The Board has the right and the responsibility to know what is going on at the University.

When things are proposed to the Board do not be shy about asking questions. We have Board representatives who represent the different constituent groups; classified staff, faculty, and students; their perceptions and perspectives may be different at times than those who are in the administration and the other Board members, but as far as the Chair is concerned, it doesn't matter. He wants to hear from all members and the opinions of the constituent groups. This doesn't always mean that we are going to do what a specific group wants. Opinions will be heard and group representatives need to represent their group's opinion of what is the better good for the entire institution.

Chair Carter stated that the administration has many rights; the Board doesn't have to be asked for the right to do certain things; they should go ahead and exercise those rights but use good judgment to know when to seek counsel. Those are things that were missed in places like Penn State; counsel wasn't sought and things were kept in a cabal and the next thing you know you have a major national eruption. Everyone thinks it can't happen here but who knows; WLU does not want it ever to occur. He asked the administration in that regard to always keep the Board in mind as things occur, and the Board must also be diligent in the oversight because that's why we are in these positions.

3. Swearing in of New Board Member:

Chair Carter issued the Oath of Office to Leanne Yeater, Student Government President.

4. Consent Agenda:

Chair Carter asked if there were any additions or corrections to the minutes. There being none he asked for a motion to approve the consent agenda items, those being the minutes of the full Board of June 6, 2012 and the minutes of the Executive Committee of July 5 and August 1, 2012.

A motion that the West Liberty University Board of Governors approve the Consent Agenda items was then made by Paul Limbert and seconded by Rob Marks; motion passed unanimously.

5. Action Item*:

Gary West Property Acceptance

Mr. Wright stated that West Rental, Inc. wants to donate real estate to the school and it includes the restaurant and the surrounding parking lot; most will know this property as the former Roadworthy restaurant. President Capehart stated that Gary purchased the property with WLU in mind, and what he decided to do was give the restaurant and parking lots associated with it to the University to be used as a conference center. Because of the positioning of things, and John Gompers will address the legalities, there are some questions as to whether the Board has to take action, but we thought it best if the Board accepted the property.

Mr. Wright stated that the amount of acreage is approximately 1.4 acres and the value of the donation is approximately \$1.4 million. Mr. Gompers stated that under University policy the President has the right to accept donations that include real estate; the State has no regulations that control this type of situation. Even with the right to accept the real estate donation you still have a situation where it would be due diligence on the part of the Board to make sure WLU is not buying into someone else's problem and other things they would want to ferret out with the deal.

In addition to the donation of real estate, West Rentals is asking the University to do certain things, which are contained in the proposal letter, the first of which are essentially maintenance items. Mr. Wright will speak to how much these items will cost and the projection of cost per year. The second part deals with items West Rentals, Inc. will agree to do. Item No. 5 of the deed restriction is probably the only objectionable thing Mr. Gompers found in the document and if the remainder is acceptable, by tweaking a little bit and saying "that should WLU," since several years ago the State changed the statute and WLU is the title owner, not the State. This item cannot be accepted by WLU and then WLU have a reverb type of situation if they sell the property; the money cannot go to

a private entity, which is the Foundation. The document can be tweaked so the funds go to the College of Business for scholarships; there should be no reason for Gary to object to this amendment.

This is the only thing Mr. Gompers could see that would need to be changed if the Board wants to accept the property. The requirements on the part of WLU are acceptable by the State, legally and under the various rules and regulations, as long as the school benefits from the things to be done on page one. If some third-party might obtain an incidental benefit it won't ruin the deal; items that are quid pro quo by doing, such as use of the lower parking lot and maintenance and road repair stated in the document to be done by West Rentals prior to the actual donation. From a legal standpoint, if the Board wants to accept the property with these conditions, it's very doable. Mr. Carter asked if that is a change from what was talked about in the Executive Committee. In the meeting it was felt that the maintenance had to be prorated; a third-party private entity could not receive a benefit from WLU. Mr. Gompers stated that in subsequent conversations with Bruce Walker, Counsel for the HEPC, Bruce stated that as long as there is some quid pro quo, and there is, then it's okay.

Mr. Carter stated for clarification that WLU can do the items listed on page one and, with the exception of item five on page two, this is an actable agreement. If this is doable, and at this point becomes a function of the Board, under due diligence, with the amount of money and effort to maintain; is this something the Board wants to undertake?

Mr. Gompers stated that we do have a couple situations here and that is, you're getting a gift from an individual who is probably the top donor at the school. Do you, if you're looking at the maintenance, really want to upset the top donor at the school? If for good reason, yes; if not for a good reason, you've got to throw it into the mix. Another thing is it's always a good thing with land, looking at the cost situation; this campus is land-locked on either side. There is an opportunity to get land to use now or in the future. In the future if you need the land and individuals want to cause problems, they may not go along with WLU. If the property becomes a burden there's nothing to prevent taking down the building and having a piece of land that would be at minimal cost. There's also no prohibition against selling if need be, the only restriction being that funds would go back to the College of Business.

Mr. Wright stated that when Gary first talked with President Capehart there was a very detailed cost study with very conservative assumptions. We would use the facility 24 times a year for special events from the history we took from both the Boyle Conference Center, the president's home, and College Union. Looking at the 21 items with everything from rug cleaning, pest control, HVAC, utilities, etc., and with the savings of not putting up a tent at the president's home, the cost is about \$16,000 out-of-pocket. At that time we did not have Gary's letter as the Board does this evening, and it is not as easy to quantify as the building itself.

President Capehart stated some points with regard to the property; first is that WLU is really cramped in the number of places to entertain on campus. WLU has held events at Bethany's conference center and many times we have conferences and rent space at Oglebay. When there are events at the house a tent is rented because the house does not hold more than 18 comfortably. An events and conference center was discussed with Gary and we've already had contact from alumni groups who want to use the facilities for events hinged on football games and other sporting events. Sodexo has indicated they would be willing to handle the property the same as Liberty Oaks so there is no burden to WLU. At the end of the day WLU will have a \$1.3 Million building and the surrounding land, with the possible opportunity for more land in the future.

Mr. Wright reviewed the items to be handled by WLU. If West Rentals asphalts these roads they will not be a major problem until there is the need for snow removal. If WLU takes care of the cabins

and the road is still gravel, it will be an unpleasant task. Keeping the overflow on the pond clean will take care of recent problems. The average price for snow removal and salt is \$15,000/year for contracted snow removal. Last year between salt and snow removal we probably didn't spend \$1,000 for snow removal. Three years ago when we had the disaster we spent \$50,000 to \$60,000 on salt and outside contractors. We reached a point where there was no place to put the snow and had trucks haul it off campus. If West follows through on the asphalt it will probably be good for ten years without major problems. A big item in here is that the area between the parking lot and cabins will not be under the right-of-way or owned by the University. Mr. Wright and Mr. Gompers talked and the State insurance probably won't cover this area. We can take a look at the cost; it shouldn't be a lot of money and we will check with the State insurance to see what it will cover. Mr. Wright asked if there were any questions.

Mrs. Burke asked if the cabins are included in this gift. Mr. Wright stated that they are not; four of them are currently rented and they are working to get the other two completed and rented. WLU will not maintain the cabins, but will make sure the road to them and parking around them is clear. Mrs. Burke also asked if there has been discussion of using this building for other things to generate income from the facility. President Capehart stated that campus groups will be able to use the space at no charge as a nice alternative to the college union, and it may be used for wedding receptions at a modest price. Since the property came to WLU rather sudden, these details are something we will need to flush out. Mr. Wright stated that the major problem with renting the building out is that without the porch being open; it only holds approximately 80 people with its current layout.

The furniture is still in the building. Some of the kitchen material that we don't need will go to Gary. John McDermitt with Sodexo looked at the equipment and while there were some things in the building they would never use, most of the kitchen equipment will remain for functions.

Mr. Kelly asked if there were any environmental issues from previous manufacturing on the grounds such as underground fuel storage or dump sites. Mr. Gompers stated that this has always been farm property, the former Metz farm, with no environmental issues. Mr. Wright stated that Gary did get the mineral rights to the property, which he has sold with no drilling to be done on the property.

Dr. White asked with regard to the inspection of the sewage pumps; are these pumps like those on any other property and are we responsible for replacing if something happens? Mr. Wright stated that the pump is on what would be considered WLU's property, covered by separate insurance, and we would just maintain the pump. We would not be responsible for the replacement of the pump. Dr. White also asked what taxes WLU would have to pay on this property, to which Mr. Wright stated that WLU would not pay any taxes on the property. With the limited parking spaces on campus, especially with the loss of parking during construction of the science building, Dr. White asked if students can park on this property. Mr. Wright stated that it would be about a quarter-mile walk and the biggest problems are the hills. It's doubtful students would want to walk that far. President Capehart stated that the people renting the cabins will be going back and forth so we cannot close the road if students did want to walk that far. The entire property was 38 acres and WLU is getting about 1.5 acres with a good possibility to expand. Chair Carter asked if there were any questions; there being none he asked for a motion to accept the Gary West property.

A motion was then made by Patrick Kelly and seconded by Paul Limbert that the West Liberty University Board of Governors hereby accept the real estate donation by West Rentals, Inc. to West Liberty University of the Road Worthy Restaurant and Parking Lot property having an approximate size of 1.4 acres and an approximate value of \$1,400,000.00, upon the terms and conditions as set forth in Exhibit "A" attached hereto.

The President of West Liberty University is hereby authorized to execute Exhibit “A” as amended above and the President, Chairperson of the Board and/or Chief Financial Officer, are hereby authorized to initiate all actions and execute all documents and instruments needed in order to obtain title to the subject property. Said transfer of the above-referenced real estate is subject to final legal review and approval of the deed of transfer of the real estate and right of way comprising this donation. Motion passed unanimously.

6. Informational Items:

a. President’s Report:

President Capehart opened his report with a handout of his Statement of Goals for 2012-2013 and thanked the Chair for his comments. He thanked the entire Board for their engagement, which is appreciated by the administrative staff.

President Capehart stated that in order to talk about the goals it’s important to look at historical information of where WLU’s come from in the last years. President Capehart continued with his presentation.

Chair Carter asked for clarification on the 7.5% budget cuts by the State next year, which is an approximate dollar amount of \$750,000.

Chair Carter noted with regard to the taskforce focused on efficiency; often times in terms of efficiency what you’re looking at, in the private sector, is not necessarily how quickly you pass a piece of paper from desk to desk, but how can you combine functions. If we can modernize to do things more efficiently with technology, we may be able to free-up individuals to do other things that may be more productive. President Capehart stated that there is not a place on this campus that couldn’t use an extra hand.

Mr. Couch asked about revenue per FTE and expense per FTE; noting in health care these two are critical. This is where you increase your margins and increase efficiency. Mr. Kelly stated that in his role you look at some of the state regulations that are increasingly escalating. Why are we doing things this way, because the state tells us to do it this way.

b. Revision of Policy #3 – Program Review:

Dr. Kreisberg stated that the HEPC put out a new series for submissions of review of academic programs. They changed some of the definitions for us and one of those definitions deals with degree programs versus majors. Current HEPC guidelines define Degree programs as "an area of study approved by the institution and the Commission and listed on the official Commission inventory of degree programs, e.g. English, Social Work, Physical Education" (Title 133 Procedural Rule Series 88, Section 3.4). Degree programs may have more than one major, but only the full program is subject to HEPC approval. Individual majors constitute the full course of study available within the degree program. Suggested changes to the policy were highlighted in the document contained in the Board packet.

For clarification, Mrs. White asked if when you say “program,” you’re talking about a degree, to which Dr. Kreisberg responded, “Yes.” A degree program may have more than one major; all majors within the degree program constitute the “program.”

A motion that the West Liberty University Board of Governors approve the revision of Policy No. 3 – Program Review was then made by Paul Limbert and seconded by Beverly Burke; motion passed unanimously.

7. Adjournment:

The meeting adjourned at 6:25 p.m.

Richard Carter

Chair

Paul Limbert

Secretary