

**West Liberty University
Board of Governors**

Minutes

December 12, 2012

Attendance:

Beverly Burke, Richard Carter, George Couch, Rob Marks, Ann Thomas, Carrie White,

Unable to Attend:

Lisa Allen, Brian Joseph, Patrick Kelly, Paul Limbert, LeeAnne Yeater

Administration/Faculty/Staff:

Christopher Barrick, Sheli Bernstein-Goff, Hollie Buchanan, Robin Capehart, Judy Carney, Lihma Chen, Scott Cook, Linda Cowan, John Davis, Mary Ann Edwards, John Gompers, Shannon Halicki, Sylvia Hawranick-Senfteri, Aaron Huffman, John McCullough, Ryan McCullough, Richard West, Jack Wright

1. Call to Order:

Chair Carter called the meeting to order at 5:12 p.m.

2. Chairperson Comments:

Chair Carter stated that over the past week there were events here at West Liberty, one of them a DUI, which was a person on the basketball team, and that is certainly an event that got publicity that we are not very happy about; the University is handling that issue. The second event is what Chair Carter considered to be an unconscionable display of the investigative process by the Florida and Ohio County police, and does not know which department is more to blame. The fact that people came to this campus, cuffed this young man and took him to jail to sit for several days when there hadn't been proper, sufficient investigation and no due diligence done.

The only saving grace to come out of this traumatic experience is that it was, maybe, lessened by the fact that the University administration provided information immediately and tried to show where the allegations were not correct; he was finally exonerated. We all know news happens and it's on the front page; if something is found out later to be incorrect it's usually pushed somewhere back behind the Macy's ad. This time it received front page coverage and kudos goes out to the administration to make certain that, what was considered to be a significant defamation of character, was attempted to be minimized. We don't know if the trauma to this individual could ever be minimized. The University responded very well in support of its student to try and make certain the facts and accuracy prevailed rather than the emotion of the moment.

We finished the first semester of the 2012 school year and though Chair Carter is not on campus every day, he realizes this is a big week; finals week. This week culminates on Saturday with tradition and knows that faculty are probably happy about that, along with the students. Chair Carter stated that this semester, from what he's seen and heard, has gone pretty well for West Liberty.

3. Consent Agenda*:

Chair Carter asked for a motion to approve the consent agenda items, those being the minutes of the full Board of October 17, 2012, minutes of the Executive Committee of October 3 and November 28, 2012, and the honorary degree.

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

4. Informational Items:

a. Faculty Senate Update

Chair Carter welcomed the members of Faculty Senate to the Board meeting and apologized for not doing so earlier. He thanked Faculty Senate Chair Dr. Linda Cowan and stated that faculty are the ones who create the product, education, for West Liberty University.

Dr. Cowan introduced herself began the presentation by stating this is a young Senate who are learning policies and procedures, and currently working on some green initiatives to try and save money on campus. Senate is also working on a complete policy revision of how they are evaluated and the tenure/ promotion process. The policy will be taken down to bare bones and redone, taking an integral role in this process because that's what they do. The Senate is an advisory body and doesn't create policies; they report directly to the Provost and President and are happy they were invited this evening. Richard West introduced himself and he and Dr. Cowan continued with the presentation.

At the conclusion of the presentation they asked if there were any questions. Chair Carter, on behalf of the Board, thanked them for their presentation. He noted that this is a University that consists of many different disciplines; those who collect money, people who are out there trying to keep up enrollment, and all types of administration. It's very important that faculty realize how necessary they are and their performance in order to produce quality students so they are able to go out into the world and be prepared, and also to keep the reputation of the University high to keep enrollment up and to keep paying bills and enable increases for employees. The role of faculty is absolutely extremely important and you might want to preach on Chair Carter's behalf at Faculty Senate; you have a very important role in the short-term and long-term success of this University. Everything else is here to help service you in this role, but you're making the product and if that product isn't delivered efficient and in a quality manner, things will start to deteriorate for the whole and everyone will be unhappy. Chair Carter stated to keep up the good work and felt confident in seeing the way faculty approach what they do, why they do it, and their interaction with the community. He feels confident that WLU has a good Faculty Senate who is out there representing the whole faculty and won't be afraid to preach to their fellow employee just how important their role is.

Dr. Cowan had those members of Faculty Senate attending introduce themselves to the Board, those being Aaron Huffman, Judy Carney, Hollie Buchanan, Sylvia Hawranick-Senften, Sheli Bernstein-Goff, Ryan McCullough, and Christopher Barrick.

Dr. McCullough added that Faculty Senate and the Senators take their job very seriously and do an excellent job as an advisory body, keeping check and balance for all involved on the academic side. They are a sounding board, a voice, and a very important part of WLU, taking that role and those they represent very seriously. Chair Carter stated that when he took this term as Chair he made the remark that he just wanted to act as a steward and oversee what the administration does and that he certainly did not want to get into trying to run the University. He stated it's very important that Dr. McCullough, as Interim Provost, communicate with Faculty Senate and what's developing; he is the common link to the President. The President, if requested, goes to Faculty Senate meetings and has many hats to wear. The Provost also wears many hats and he keeps his finger on the pulse of the faculty and the pulse comes through the Faculty Senate. Chair Carter strongly suggests that the common link be a good link. Chair Carter thanked Faculty Senate for their update this evening.

b. President's Report

President Capehart thanked the Faculty Senate members for their presentation and echoed the remarks made this evening, stating that he is excited about the fact that Faculty Senate is picking up projects that have been lying around for years, such as policies that have been battered back and forth for years dealing with evaluation, promotion and tenure. President Capehart then continued with his report to the Board.

President Capehart discussed the proposed outcome based funding. This funding is going to bring West Virginia spring into the 1980's. The Select Committee for this outcome based model is legislators. This is an outcome based model where you take a portion of the State appropriation received from the legislature through the budget process and dedicate it to some kind of outcome based model, which we are working on to determine how to divide it between the different schools.

The State appropriation was changed around 2001, wanting to change from the per student FTE model. The State appropriation has been frozen in time since 2001. The idea then was that the total amount of money given to the HEPC, when formed in 2001, was to divide the lump of money into five different pots. The money was to be used for fulfilling State policy goals, research, etc. For the last two years the Legislature put everything the same as the previous year but, instead of a lump sum to the HEPC to divide, they started putting institutions as line items. This took away the ability of the HEPC to develop a plan to have things divided among the different institutions based on their outcomes, etc.

When you look at WLU compared to Shepherd or WVU Tech, there is a real disparity that is not being addressed. Five percent of the total amount for colleges and universities plugs into the outcome based formula, which will be increased over a period of years.

The college and university presidents have made calls their legislators about this funding; if the Board and faculty members make calls, since there are more of them than anybody, something might get done about this proposal. The key is that we need to sit down and work together to come up with a simple, succinct proposal to send to the Legislature.

President Capehart thanked the Board and wanted to say, with regard to the Graduate Entrepreneurship Certificate Program action item, that Carrie White has done such a wonderful job picking up a lot of ideas and laying-out this program. It has gone forward in so many directions; it's more than a certificate, it's community engagement and students from all disciplines are getting involved. This program was talked about for many years when President Capehart first came to West Liberty.

5. Action Items:

a. Graduate Entrepreneurship Certificate Program*

Dr. McCullough stated that this is an innovative program of which Carrie White has been the driving force. This is not an academic degree nor a stand-alone program, but serves as a track/concentration under the existing Master of Arts in Education degree. This is a great collaboration between Education and the Center for Entrepreneurship. It is directed toward K-12 teachers and supported by the State Department of Education, and will provide the knowledge base for teachers to successfully incorporate into their program for those who have an interest in entrepreneurship and all aspects that go along with the program. This operates as a stand-alone graduate certificate and courses will be offered in the summer only. The program is quite innovative and has been approved by the Curriculum Committee and Faculty Senate. Carrie White stated that they are excited about the program and it came about from information received from the State Department of Education. One of their initiatives right now is entrepreneurship education in K-12. It has been endorsed by the State and teachers who enter the program are eligible for a pay increase when completed. This program is not being done anywhere else in the State; WLU will be able to set the standard. Dr. McCullough stated that this is a low-cost program. Other than adjunct faculty or faculty on an overload basis there are no new costs associated with the program.

Chair Carter stated that he likes the concept; he is a mercenary type person and likes the fact that people are going to buy 15 credit hours to get the certificate. We have a revenue generator, an opportunity for people to increase their salary and at very little cost to the University.

A motion that the West Liberty University Board of Governors approve the creation of a new graduate Entrepreneurship certificate program within the Master of Arts in Education degree program of the College of Education was then made by Carrie White and seconded by George Couch; motion passed unanimously.

b. Change in Designation of English Liberal Arts Tracks to Majors*

Dr. McCullough stated that this is a real perfunctory action. At the last Board meeting we had the same action with a program in Social Science. The HEPC has allowed us to change the nomenclature from what was called a track or concentration to now use the phraseology of major. This markets and promotes a little better and is better understood by the prospective students and parents. This change conforms to HEPC guidelines and again and is a nomenclature only change.

A motion that the West Liberty University Board of Governors approve the conversion of two tracks (English Literature and English: Rhetoric and Writing) within the English Liberal Arts degree program to majors was then made by Ann Thomas and seconded by Carrie White; motion passed unanimously.

c. Refinancing of the 2003 Bonds*

Mr. Wright stated that in the last three months bids went out for refinancing of the 2003 bonds and the RFI for counsel, which will be Fred Williams with Steptoe & Johnson. Most Board members met Fred when he was here on the new bond issue. The information went out to four banks; WesBanco, Huntington, United, and Chase. Chase for the second time declined at the last minute. WesBanco came in at a fixed interest rate of 2.42, United at 3.22, and Huntington at 2.70, and all were willing to accept existing capital fees. No one wanted to continue the room and board rent and Coke machine pledge. The one big advantage of WesBanco, along with the low rate, is we have no penalty for payments; the other two did want a certain number of years guaranteed before repayment.

The current repayment is \$16,458,597; the new repayment would be \$11,478,285 for an overall savings on the three bonds of almost \$5 million. This is a savings of \$330,000 a year. Another item is that as long as the capital fees cover the principal and interest times 1.25, any remaining capital fee over and above can be pledged to future bonds. The borrowing that we are looking at right now is \$9.5 to \$9.6 million. The resolution which Fred will run down through is attached to the Board packet.

Mr. Williams noted that the existing bonds were sold in 2003 and they were sold as three separate series, separately secured and done that way because it was the way you typically did things under the system in place in 2003. In 2004 legislation modernized and significantly changed the higher education bond financing provisions. What we're seeing now is that instead of having the three separate series type effect pledges; you have a pledge of all three revenues together to secure a single bond issue that would refinance the existing bonds that are outstanding.

One other positive about this transaction is that when the bonds were done in 2003 they were publically offered and the underwriting required that reserves be financed for a little over \$1 million and financed with proceeds from original bonds. Whenever refunding occurs, WesBanco has not required that there be reserve funds like that so that \$1 million will be used to pay off existing bonds and would not be present. That's one reason why the outstanding amount of bonds is dropping to \$9.5 million. The benefit is that the interest WLU paid on the serve fund is in essence the bond rate on one existing bond. In today's market you're not able to invest those reserves in anything close to those interest rates. Under this transaction the only revenue pledge would be capital fees exclusive of the 2012 capital fee in the recent bond issue. Theoretically those monies would be separately pledged to some future borrowing. If passed WLU would basically be going through the same process they went through in the spring. If approved here this evening, the HEPC would then approve a resolution approving the issuance of the bond, the Governor would sign off, and once we have both approvals we would move forward and close the transaction around the first week of January.

In addition, this resolution designates these new refunding bonds as bank qualified, which gives the bank purchaser a better tax benefit from owning the bond. In order to have this designation the Board has to reasonably expect the amount of terms would not exceed \$10 million, which is not anticipated to occur. In looking at the resolution itself, the first couple pages lay out facts of the existing bond, provision for new bonds, and the pledge of the existing capital fee.

Mr. Williams continued to review the Resolution, and the various sections and information contained in the document. WesBanco is appointed by the Board to serve as the trustee, the same as the 2012 bond. It is customary that the trust department handles the trusteeship of the bond; it's easier when you make payments. Since the bonds are only secured by revenues pledged none of the individuals involved have any personal liability associated with the bonds.

Section 10-Post Issuance Compliance Procedures, is different than in the past. The IRS has been pushing every issuer of bonds, when they issue the bonds, to go ahead and have post issuance compliance procedures in place so someone looks at the bonds over the years in the future to make sure some action isn't taken to cause the bonds to be taxable; inadvertently.

Reasons any bond issue becomes taxable, when it starts out okay, is somehow using money in a way they're not supposed to or lease a building out to a private company; these cause problems with a bond. Standard compliance procedures are not too much to worry about because all proceeds will be spent quickly and we don't expect to lease a bond-financed building to a private company to use for private business. Mr. Williams reviewed the remainder of the document, stating that this was the short summary of the resolution and asked if there were any questions.

Mr. Wright thanked Mr. Williams for an excellent job in distilling the information to the Board. The issue is whether WLU wants to refinance the three bonds for an amount of money not to exceed \$10 million. A benefit to WLU is \$330,000 per year for 15 years, generating a total savings of \$4,980,312; that's the issue at hand. Chair Carter asked for a motion to refinance these bonds.

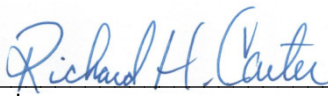
A motion that the West Liberty University Board of Governors authorize the refunding of certain outstanding bonds previously issued by the Board of Governors on behalf of West Liberty University; authorizing the financing of the costs of such refunding, and related expenses through the issuance by the West Liberty University Board of Governors of a series of revenue bonds in the aggregate principal amount of not more than \$10,000,000; authorizing the execution of a trust indenture with respect to the bonds; authorizing the sale of the bonds to WesBanco Bank, Inc. pursuant to a commitment with respect to the bonds and the execution and delivery of such commitment letter; authorizing the execution and delivery of other documents and agreements in connection with the bonds, including but not limited to a depository trust agreement and a tax certificate; appointing a trustee for the bonds; delegating to the President and the Chief Financial Officer of West Liberty University and the Chairman and Vice-Chairman of the West Liberty University Board of Governors certain responsibilities in connection with the sale and issuance of the bonds and the investment of bond proceeds; designating the bonds as qualified tax-exempt obligations; adoption of post issuance tax compliance procedures and taking other actions in connection with the sale and issuance of the bonds was then made by Ann Thomas and seconded by Carrie White; motion passed unanimously.

6. Adjournment:

A motion to adjourn was made by Beverly Burke and seconded by Ann Thomas; motion passed unanimously. Chair Carter wished a happy holiday to faculty and administration.

The meeting adjourned at 6:33 p.m.

Richard Carter


Chair

Paul Limbert

Secretary