

MINUTES

HIGHER EDUCATION POLICY COMMISSION

July 19, 2012

1. Call to Order

Chairman David Hendrickson convened a special meeting of the Higher Education Policy Commission at 2:30 PM in the 9th Floor Conference Room at 1018 Kanawha Boulevard, East, Charleston, West Virginia and by conference call. The following Commission members were present: Jenny Allen, Bruce Berry, Kathy Eddy, Kay Goodwin, David Hendrickson, John Leon, and David Tyson. Absent: Bob Brown, John Estep, and Jorea Marple.

2. Approval of Appointment to the Higher Education Student Financial Aid Advisory Board

Rob Anderson, Executive Vice Chancellor for Administration, reported that Senate Bill 373, which was passed during the 2009 regular legislative session, reconstituted the Higher Education Student Financial Aid Advisory Board. Mr. Anderson stated that the original appointments to this Advisory Board were made in 2009 with subsequent appointments in 2010. Mr. Anderson noted that the recommendation being made is consistent with the qualifications provided for in the statute and in consultation with the West Virginia Association of Student Financial Aid Administrators. Mr. Anderson recommended the reappointment of Kay Widney, Director of Financial Aid at West Virginia University, to the Higher Education Student Financial Aid Advisory Board for a second three-year term.

Dr. Berry moved approval of the following resolution:

Resolved, That the West Virginia Higher Education Policy Commission approves the appointment to the Higher Education Student Financial Aid Advisory Board.

Secretary Goodwin seconded the motion. Motion passed.

3. Approval of Additional Funding for West Virginia State University

Dr. Paul Hill, Chancellor, provided an overview of a request from West Virginia State University for additional funding from the West Virginia Legislature as part of the 2012 regular legislative session. Chancellor Hill noted that this item originally appeared on the May 18, 2012 Commission meeting, but it was tabled to provide an opportunity for incoming President Brian Hemphill to review institutional priorities.

Dr. Hemphill thanked the Commission for their consideration of this request and support of the institution.

Secretary Goodwin inquired regarding any changes from the original proposal to the current proposal. President Hemphill noted that requested funding for athletics was reallocated to marketing and branding activities in order to increase the institution's student enrollment. Commissioner Allen thanked President Hemphill for making modifications to the institution's request.

Mr. Tyson moved approval of the following resolution:

Resolved, That the West Virginia Higher Education Policy Commission approves the allocation of additional funding for various projects to West Virginia State University as presented.

Ms. Allen seconded the motion. Motion passed.

4. Approval of Refunding Bond Resolution for West Virginia University

Mr. Richard Donovan, Senior Director of Facilities, reported that West Virginia University Board of Governors University Revenue Improvement Bonds 2004 Series C were issued in 2004 in an aggregate principal amount of \$138,710,000 to fund capital improvements on campus. Mr. Donovan noted that, due to recent changes in the municipal bond market, the institution can experience significant savings by refinancing the bond.

Vice Chairman Berry inquired as to the intended use of the savings. Mr. Donovan responded that the institution plans to fund projects in the capital plan or strategic on-campus priorities with the savings. Narvel Weese, the institution's Vice President for Administration and Finance, indicated that the savings will be utilized to fund deferred maintenance projects. Vice Chairman Berry encouraged the institution to utilize the savings to fund the classified salary schedule. Secretary Goodwin encouraged the institution to utilize the savings to lower current tuition levels or offset future tuition increases.

Dr. Berry moved approval of the following resolution:

Resolved, That the West Virginia Higher Education Policy Commission approves and authorizes issuance of revenue bonds to advance refund all or a portion of the outstanding West Virginia University Board of Governors University Revenue Improvement Bonds 2004 Series C in an aggregate principal amount not to exceed \$150 million and authorizes the issuance of revenue bonds in an aggregate principal amount not to exceed \$12 million, pursuant to the approving and authorizing resolution prepared by bond counsel that follows.

Ms. Allen seconded the motion. Motion passed.

5. Approval of Purchase and Financing of Suncrest Plaza Site in Morgantown, West Virginia by West Virginia University

Mr. Donovan provided an overview of a request from West Virginia University regarding Suncrest Plaza located in Morgantown. The institution proposes to own the property jointly with West Virginia University Hospitals once a Certificate of Need is obtained. President Jim Clements stated that the request is a strategic property acquisition, which is consistent with the institution's plans for capital expansion for the Health Sciences campus. Dr. Chris Colenda, the institution's Chancellor for Health Sciences, expressed the importance of this property acquisition to the future of health sciences programming and services. Vice President Weese noted that no state monies or tuition and fees will be utilized to fund acquisition or operation of the property. Drew Payne, Chair of the institution's Board of Governors, expressed the board's support for this proposal.

Vice Chairman Berry noted that he had concerns regarding the entrepreneurial nature of the project, but he discussed such concerns with institutional and Commission staff. As a result of those discussions, he was aware that acquiring the project was a strategic investment. Vice Chairman Berry expressed his desire for future requests of this magnitude to involve Commission staff participation and consideration from the initial planning and review stages.

Mr. Tyson moved approval of the following resolution:

Resolved, That the West Virginia Higher Education Policy Commission approves the acquisition of certain real property located along Van Voorhis Road, consisting of approximately 5.5 acres, with improvements, which include the Suncrest Center, Suncrest Executive Plaza II, an Applebee's Restaurant, and approximately 100,000 square feet of premium Class A office space and 440 parking spaces, including garage and surface parking, in the Seventh Ward, City of Morgantown, Monongalia County, West Virginia, for the sum of \$26,385,000 from Glenmark Holding Limited Liability Company, a West Virginia limited liability company. Such acquisition is further subject to a thirty-day advance notice to the Joint Committee on Government and Finance.

Further Resolved, Pursuant to the approving and authorizing resolution prepared by bond counsel, that the West Virginia Higher Education Policy Commission approves and authorizes the issuance of revenue bonds and a reimbursement resolution in an amount not to exceed \$13.5 million, and the execution of a purchase money loan agreement with West Virginia University Hospitals, Inc. in the amount of \$13.5 million for interim financing that shall thereafter convert to equity upon West Virginia University Hospitals' receipt of a final, non-appealable Certificate of Need.

Dr. Berry seconded the motion. Motion passed with Commissioner Allen voting no.

6. Additional Board Action and Comment

Chairman Hendrickson welcomed West Virginia State University President Brian Hemphill to the State of West Virginia and its higher education system. He expressed the Commission's enthusiasm in working collaboratively with Chancellor Hill, President Hemphill, the West Virginia State University Board of Governors, and the entire campus community.

7. Adjournment

There being no further business, the meeting was adjourned.

David K. Hendrickson

Chairman

Kathy Eddy

Secretary