

Fairmont State University Board of Governors  
Meeting of October 14, 2010  
Falcon Center Board Room - 9:00 a.m.

**AGENDA**

- I. Call to Order
  - a. Roll Call
  - b. Public Comment
  - c. Approve Agenda **Action Item**
  - d. Presentations
  
- II. Approval of Minutes (8-19-10) **Tab 1 Action Item**
  
- III. Chairperson's Report
  
- IV. President's Report
  
- V. Reports and Presentations
  - a. Faculty Senate (*Chuck Shields*)
  - b. Classified Staff (*Harriet Bower*)
  - c. Student Government (*Alicia Nieman*)
  - d. ~~Foundation~~ (*Devanna Corley*) *Unst. Adm.*
  - e. Alumni Association (*Devanna Corley*)
  - f. Athletic Association (*Shannon Kelley*)
  
- VI. Consent Agenda **Action Item**
  - a. Financial Report **Tab 2 FYI**
  - b. Capital Project Report **Tab 3 FYI**
  
- VII. Academic Affairs/Admissions (*Janet Crescenzi, Chair*)
  - a. Approval of the request for Intent to Plan a new graduate Master of Architecture degree program of study **Tab 4 Action Item**
  
- VIII. Student Life Committee (*Skip Tarasuk, Chair*)
  
- IX. Finance Committee (*Jim Kettering, Chair*)
  
- X. Committee of the Whole
  - a. Acceptance of the Bond Audits **Tab 5 Action Item**
  - b. Approval of one-time Pay Raise for Employees **Tab 6 Action Item**
  - c. Approval of the Suspension of Policy 25 **Tab 7 Action Item**
  - d. Approval of Recommended Budget Changes for Fiscal Year 2011 for the Unrestricted Fund **Tab 8 Action Item**
  - e. Approval of Recommended Budget Changes for Fiscal Year 2011 for the Auxiliary and Restricted Funds **Tab 9 Action Item**
  - f. Approval of Folklife Center- Phase III Design **Tab 10 Action Item**
  - g. Approval of Policy 54 – Bookstore Policy **Tab 11 Action Item**
  
- XI. Executive Committee (*Rocco Muriale, Chair*)
  
- XII. By-laws Committee (*Shirley Stanton, Chair*)
  
- XIII. Possible Executive Session
  
- XIV. Adjournment

**Fairmont State University**  
**BOARD OF GOVERNORS**  
**MINUTES**  
August 19, 2010

**I. Call to Order**

A meeting of the Fairmont State University Board of Governors was held on August 19, 2010 beginning at 9:00 a.m. in the Board Room of the Falcon Center. Present at the meeting were Board Members: Zach Hammett, Matt Jacques, James Kettering, Bob Mild, Rocco Muriale, Mark Pallotta, Skip Tarasuk, Bryan Towns and Ron Tucker. Absent members included: Janet Crescenzi, Shirley Stanton and Bob White. Also in attendance were: FSU President Thomas L. Krepel, Sharon Handelsman, Rick Porto, Maria Rose, David Tamm and Mary Jo Thomas.

Jim Kettering requested that item IX #d. be deleted from today's agenda and recommended, with that correction, the agenda be approved. Skip Tarasuk seconded. Motion carried.

Dr. Krepel presented Lt. Col. Mathew Sampson, Professor of Military Science at WVU, a plaque for reinstituting the ROTC program here on FSU campus.

**II. Approval of Minutes**

Bob Mild moved to accept the minutes of June 17, 2010. Jim Kettering seconded. Motion carried.

**III. Consent Agenda**

Bob Mild moved the Consent Agenda items be approved. Skip Tarasuk seconded. Motion carried. The following items were approved:

- a. Financial Report
- b. Capital Project Report

**IV. Finance Committee**

Jim Kettering brought recommendations for the committee's approval.

- a. Ron Tucker moved the approval of updates to Capital Projects for FY 2011. Mark Pallotta seconded. Motion carried.
- b. Bob Mild moved the approval of the Legislative Audit Report. Jim Kettering seconded. Motion carried.
- c. Jim Kettering moved to accept the 2012 Appropriation Requests. Skip Tarasuk seconded. Motion carried.
- d. Bryan Towns moved the 2012 Capital Project Requests be approved. Matt Jacques seconded. Motion carried.

**V. Executive Session**

Matthew Jacques moved to go into executive session Pursuant to §6-9A-4-2b of the West Virginia Code, to discuss personnel matters which if discussed in public might adversely affect the reputation of any person. Skip Tarasuk seconded. Motion carried.

Ron Tucker moved to come out of executive session. Mark Pallotta seconded. Motion carried

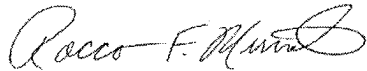
Matt Jacques moved to reconvene in open session. Skip Tarasuk seconded. Motion carried.

Bob Mild moved the BOG's extend President Krepel's end date of employment from June 30, 2011 to June 30, 2010. Skip Tarasuk seconded. Motion carried.

Jim Kettering moved the Board conduct a formal evaluation of President Krepel, to be completed by March 30, 2011, for review by June 30, 2011. Matt Jacques seconded. Motion carried.

## **VI. Adjournment**

Mark Palotta moved to adjourn. Matt Jacques seconded. Motion carried.

A handwritten signature in cursive script that reads "Rocco F. Murina".

**Fairmont State University**  
**Board of Governors**  
**Financial Report**  
**for the period ending August 31, 2010**

Please Note: The financial reports have been modified to provide information related to budget changes since the Board approved the original budget, and to show formula calculation for operating income (loss), totals, and budget balance. We incorporated use of net asset reserve dollars as a part of this report to document any approval the Board would give to use net asset reserves in excess of the recommended net asset value. We are hopeful that the changes to these reports along with the below narrative will provide for a clearer understanding of the institution financial condition during the year and overall.

**Current Unrestricted Fund:**

Tuition and fees revenue as of the end of August exceeded 50%. Since this report, we have removed students for non-payment and our revenue picture shows over 49% of our budget revenue for the fall term to be above target. This is due to enrollment growth. In a subsequent agenda item for this meeting we are recommending an adjustment be made to the tuition and fee revenue budget to recognize additional revenues expected for this fiscal year.

With two months (or 16.7%) of the fiscal year completed we have spent in all categories an average of 12.4% of the budget. This is not unusual for this time of the year.

As a reminder most of our tuition and fee revenues are received three times a year – July through August (fall term), January through February (spring term), and May (summer term). Also, state appropriations are received on a percent driven allocation defined by the State at the beginning of each quarter.

**Auxiliary Fund:**

Auxiliary revenues (like tuition and fee revenues) are exceeding budget projections for the fall term due to enrollment growth. In a subsequent agenda item for this meeting, we are recommending an adjustment be made to the auxiliary revenue budget to recognize additional revenues expected for this fiscal year.

With two months (or 16.7%) of the fiscal year completed, we have spent in all categories an average of 14.2% of the budget.

Like Tuition and Fee Revenue, Auxiliary Fee Revenues are received three times a year.

**Restricted Fund:**

Please Note: the color charts for the restricted fund will be available for the next reporting cycle.

Federal and State financial aid for the fall term were provided to our students on schedule. Some grants were added to budget as well as modification to existing grants.

Please find the above reference reports attached. If there are any questions about these reports, you may contact me at (304)367-4689.

Thank you.

Fairmont State University  
Actual vs Budget Statement of Revenues and Expenses  
Current Unrestricted  
As of August 31, 2010

		Approved Budget	Current Budget	Actual	Actual to Current Budget
<b>OPERATING REVENUE</b>	Tuition and Fees	20,958,349	21,158,349	10,653,366	50.35
	Activity, Cap. & Debt Service Support Rev.	559,169	559,169	192,417	34.41
	Faculty Services Revenue	1,268,259	1,268,259	0	0.00
	Private Grants and Contracts	0	0	(110)	
	Auxiliary Enterprise Revenue	0	0	(640)	
	Operating Costs Revenue	2,432,922	2,442,515	0	0.00
	Support Services Revenue	3,942,875	3,938,533	0	0.00
	Other Operating Revenue	414,308	414,308	76,984	18.58
	<b>Total:</b>	<b>29,575,881</b>	<b>29,781,133</b>	<b>10,922,017</b>	<b>36.67</b>
<b>OPERATING EXPENSE</b>	Salaries	22,934,077	22,958,684	2,121,895	9.24
	Benefits	5,819,430	5,824,434	491,462	8.44
	Student financial aid-scholarships	1,748,476	1,948,476	787,569	40.42
	Utilities	1,749,920	1,749,920	159,594	9.12
	Supplies and Other Services	7,011,909	6,956,176	1,027,379	14.77
	Equipment Expense	1,063,891	1,065,891	165,700	15.55
	Loan cancellations and write-offs	0	0	0	
	Fees retained by the Commission	178,427	178,427	0	0.00
	Assessment for Faculty Services	1,502,589	1,502,589	0	0.00
	Assessment for Support Services	422,524	424,302	0	0.00
	Assess for Activity, Cap. & Debt Ser Costs	2,888,351	2,888,351	905,218	31.34
	Assessment for Operating Costs	209,276	208,947	0	0.00
	<b>Total:</b>	<b>45,528,870</b>	<b>45,706,196</b>	<b>5,658,816</b>	<b>12.38</b>
<b>OPERATING INCOME / (LOSS)</b>		<b>(15,952,989)</b>	<b>(15,925,064)</b>	<b>5,263,201</b>	<b>-33.05</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>	State Appropriations	15,611,661	15,611,661	3,122,332	20.00
	State Fiscal Stabilization Funds	701,797	701,797	0	0.00
	Gifts	25,000	25,000	6,250	25.00
	Investment Income	266,166	266,166	38	0.01
	Loss/Gain in Disposal of Fixed Assets	0	0	0	
	Reappropriated State Funding	0	0	0	
	<b>Total:</b>	<b>16,604,624</b>	<b>16,604,624</b>	<b>3,128,620</b>	<b>18.84</b>
<b>TRANSFERS &amp; OTHER</b>	Capital Expenditures	(449,158)	(449,158)	(21,649)	4.82
	Transfers for Fin Aid Match	(124,877)	(124,877)	0	0.00
	Indirect Cost Recoveries	450,218	509,400	30,823	6.05
	Transfers for Capital Projects	0	0	0	
	Transfers for Scholarships	0	(85,000)	(42,500)	50.00
	Transfers - Other	0	0	0	
	One-time use of reserve	0	0	0	
	<b>Total:</b>	<b>(123,817)</b>	<b>(149,635)</b>	<b>(33,325)</b>	<b>22.27</b>
<b>BUDGET BALANCE</b>		<b>527,818</b>	<b>529,925</b>	<b>8,358,496</b>	<b>1577.30</b>
* <b>Add: PROJECTED UNRESTRICTED NET ASSETS - Beginning of Year</b>		<b>8,895,697</b>	<b>8,895,697</b>		
<b>Less: USE OF RESERVE</b>		<b>0</b>	<b>0</b>		
** <b>Equals: PROJECTED UNRESTRICTED NET ASSETS - End of Year</b>		<b><u>9,423,515</u></b>	<b><u>9,425,622</u></b>		

\* Projected Net Assets - Beginning of Year is before cumulative OPEB liability at June 30, 2010 in the amount of \$2,961,374  
Beginning Net Assets balance is unaudited as Audit continues through October 2010.

\*\* Unrestricted Net Asset Balance is 20.62% of the current budget total operating expense.

Auxiliary  
Actual vs Budget Statement of Revenues and Expenses  
Board of Governors  
As of August 31, 2010

		Approved Budget	Current Budget	Actual	Actual to Current Budget
OPERATING REVENUE	Tuition and Fees	0	0	1,000	
	Auxiliary Enterprise Revenue	5,500,976	5,491,477	2,595,075	47.26
	Auxiliary Support Services Revenue	4,762,696	4,762,696	1,660,205	34.86
	Other Operating Revenue	245,304	247,438	31,246	12.63
	<b>Total:</b>	<b>10,508,976</b>	<b>10,501,611</b>	<b>4,287,525</b>	<b>40.83</b>
OPERATING EXPENSE	Salaries	2,070,834	2,081,555	307,322	14.76
	Benefits	538,167	540,699	58,489	10.82
	Student financial aid-scholarships	486,160	486,160	151,147	31.09
	Utilities	912,265	912,265	58,583	6.42
	Supplies and Other Services	2,136,549	2,209,796	281,946	12.76
	Equipment Expense	97,446	96,946	42,194	43.52
	Loan cancellations and write-offs	1131	1,131	0	0.00
	<b>Total:</b>	<b>6,242,552</b>	<b>6,328,552</b>	<b>899,681</b>	<b>14.22</b>
OPERATING INCOME / (LOSS)		<b>4,266,424</b>	<b>4,173,059</b>	<b>3,387,844</b>	<b>81.18</b>
NONOPERATING REVENUE (EXPENSE)	Interest on capital asset related debt	(100,473)	(100,473)	0	0.00
	<b>Total:</b>	<b>(100,473)</b>	<b>(100,473)</b>	<b>0</b>	<b>0.00</b>
TRANSFERS & OTHER	Capital Expenditures	(162,260)	(157,259)	0	0.00
	Transfers for Debt Service	(3,603,621)	(3,603,621)	0	0.00
	Transfers for Fin Aid Match	(3,425)	(3,425)	0	0.00
	Transfer to Plant Reserves	(396,646)	(393,282)	0	0.00
	Transfers for Scholarships	0	85,000	42,500	50.00
	Transfers - Other	0	0	0	
	<b>Total:</b>	<b>(4,165,951)</b>	<b>(4,072,586)</b>	<b>42,500</b>	<b>-1.04</b>
BUDGET BALANCE		0	0	3,430,344	
* Add: PROJECTED NET ASSETS - Beginning of Year		<u>6,544,956</u>	<u>6,544,956</u>		
Equals: PROJECTED NET ASSETS - End of Year		<u>6,544,956</u>	<u>6,544,956</u>		

\* Projected Net Assets - Beginning of Year is before cumulative OPEB liability at June 30, 2010 in the amount of \$375,293.  
Beginning Net Assets balance is unaudited as Audit continues through October 2010.

**Board of Governors  
Financial Report  
Fairmont State University  
Restricted Fund  
For the period as of August 31, 2010**

**New Grant Budgets**

PDS Grant	110,000.00
Wheeling Symphony Grant	8,000.00
MapWorks Grant	6,930.00
EOP Grant	5,500.00
Bringing Theory to Practice Grant	2,500.00

**Other Changes in Existing Grant Funds**

ITQ Watershed Grant Revenue	(16,632.25)
RBA Today Grant Revenue	(11,000.00)
Project Issac Grant Revenue	(466.91)
Partnership Grant Revenue	(619.47)
<b>Total Revenue Change</b>	<b>(28,718.63)</b>

Global Youth Day Grant Expense	(9.00)
Gear Up Grant Expense	(1,498.22)
NEAP Grant Expense	(171.00)
<b>Total Expense Change</b>	<b>(1,678.22)</b>

**Net Change** **(27,040.41)**

The budget balance of \$-213,052.63 is covered by the restricted fund cash balance of \$246,086.68 on June 30, 2010.

There was no net change in overall budget

Fairmont State University  
 Actual vs Budget Statement of Revenues and Expenses  
 Current Restricted  
 As of August 31, 2010

		Beginning Budget	Current Budget	Actual	Actual to Current Budget
<b>OPERATING REVENUE</b>					
	Federal Grants and Contracts	35,155,676	35,090,863	10,465,408	29.82%
	State/Local Grants and Contracts	5,421,053	5,519,620	1,500,994	27.19%
	Private Grants and Contracts	2,100,110	2,056,328	138,519	6.74%
	Other Operating Revenue	200	200	0	0.00%
	<b>Total:</b>	<b>42,677,039</b>	<b>42,667,010</b>	<b>12,104,920</b>	<b>28.37%</b>
<b>OPERATING EXPENSE</b>					
	Salaries	1,424,306	1,443,057	189,579	13.14%
	Benefits	230,290	231,749	33,709	14.55%
	Student Financial Aid-Scholarships	44,102,306	44,102,306	15,406,616	34.93%
	Utilities	21,607	21,607	0	0.00%
	Supplies and Other Services	5,379,841	5,421,413	-107,689	-1.99%
	Equipment Expense	3,308,144	3,309,657	161,924	4.89%
	Assessment for Support Services	0	0	0	0.00%
	<b>Total:</b>	<b>54,466,495</b>	<b>54,529,788</b>	<b>15,684,139</b>	<b>28.76%</b>
<b>OPERATING LOSS</b>		<b>-11,789,456</b>	<b>-11,862,778</b>	<b>-3,579,219</b>	<b>30.17%</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>					
	Federal Pell Grant Revenues	12,000,000	12,000,000	4,509,521	37.58%
	<b>Total:</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>4,509,521</b>	<b>37.58%</b>
<b>TRANSFERS AND OTHER</b>					
	Assets	-15,459	-15,459	0	0.00%
	Transfers for Fin Aid Match	128,302	128,302	0	0.00%
	Indirect Cost Recoveries	-509,400	-509,400	-30,823	6.05%
	Transfers - Other	0	46,282	46,282	0.00%
	<b>Total:</b>	<b>-396,557</b>	<b>-350,274</b>	<b>15,459</b>	<b>-4.41%</b>
<b>BUDGET BALANCE</b>		<b>-186,012</b>	<b>-213,053</b>	<b>945,761</b>	<b>-443.91%</b>
<b>PROJECTED NET ASSETS - Beginning of Year**</b>		<b>219,123</b>	<b>246,087</b>		
<b>PROJECTED RESTRICTED NET ASSETS- End of Year</b>		<b>33,111</b>	<b>33,034</b>		

\*\*Net Assets adjusted for year end audit entries not budgeted



**CAPITAL PROJECTS**  
**FY 2011**

<b>Project</b>	<b>Project Budget</b>	<b>Expenses &amp; Encumbrances</b>	<b>Available Project Budget</b>	<b>Project Completion Date and/or Update Notes</b>
Byrd Center - HVAC Units (2)	\$ 50,000.00	\$ -	\$ 50,000.00	Expressions of Interest were received 8/27. A total of 10 firms responded to the advertisement
Byrd Center - Roof Renewal	\$ 400,000.00	\$ -	\$ 400,000.00	Expressions of Interest were received 8/27. A total of 10 firms responded to the advertisement
Hardway Hall - HVAC Unit	\$ 56,472.00	\$ 56,472.00	\$ -	Thermostats and temperature controls are currently being installed
Hunt Haught Hall Glass Front	\$ 238,386.00	\$ -	\$ 238,386.00	A total of 7 firms responded to the advertisement. A short list of 4 firms were interviewed and Thrasher Engineering has been selected as the design firm
Hunt Haught Hall - HVAC Units	\$ 500,000.00	\$ -	\$ 500,000.00	A total of 7 firms responded to the advertisement. A short list of 4 firms were interviewed and Thrasher Engineering has been selected as the design firm
Infrastructure - Hardway Hall	\$ 400,000.00	\$ 393,842.00	\$ 6,158.00	Project is substantially complete. Minor punchlist items remain to be completed.
Infrastructure - IT Emergency Back-Up	\$ 197,299.00	\$ 16,550.00	\$ 180,749.00	Purchase order has been finalized with design firm.
Infrastructure - Retaining Walls	\$ 130,000.00	\$ 9,000.00	\$ 121,000.00	Design firm is currently finishing bid documents.
Infrastructure - Retaining Wall Merchant Street	\$ 175,000.00	\$ 3,500.00	\$ 171,500.00	Design firm has provided bid documents to the Physical Plant. Project will be advertised for bidding the week of 9/13/10. Pre-bid meeting will be week of 9/20/10 and bids will be due week of 10/4/10
Infrastructure - Paving Lot #15	\$ 58,560.00	\$ -	\$ 58,560.00	
Locust Avenue	\$ 40,000.00	\$ -	\$ 40,000.00	
Turley Center Renovations	\$ 6,000,000.00	\$ -	\$ 6,000,000.00	Request for Expression of Interest is prepared and ready to advertise
Wallman Hall Renovations	\$ 5,200,000.00	\$ -	\$ 5,200,000.00	
Musick Library Elevator	\$ 2,000,000.00	\$ -	\$ 2,000,000.00	
Hardway Hall Renovations	\$ 5,500,000.00	\$ -	\$ 5,500,000.00	
Turley Center Renovations - FF&E	\$ 550,000.00	\$ -	\$ 550,000.00	
Academic Fund	\$ 100,000.00	\$ -	\$ 100,000.00	On-going - Numerous projects through-out year
Landscaping	\$ -	\$ -	\$ -	On-going - Numerous projects through-out year
Physical Plant - Small Projects	\$ 197,000.00	\$ -	\$ -	On-going - Numerous projects through-out year

**In Progress**

**Not Started**

**On-Going**

\$ 21,286,245.00    \$ 422,892.00    \$ 20,666,353.00

**AUXILIARY CAPITAL PROJECTS**

**FY 2011**

<i>Project</i>	<i>Project Budget</i>	<i>Expenses &amp; Encumbrances</i>	<i>Available Project Budget</i>	<i>Project Completion Date and/or Update Notes</i>	
College Apartments - Roof E & F	\$ 70,000.00	\$ 64,990.00	\$ 5,010.00	Completed on 8/31/10	Completed
Residence Halls - Facility Audit Master Plan	\$ 150,000.00	\$ -	\$ 150,000.00	A total of 6 firms responded to the advertisement. A short list of firms will be selected for interviews.	In Progress
Residence Halls - Housing Software	\$ 60,000.00	\$ 30,050.00	\$ 29,950.00	Awarded by Procurement Office - Starrez	
Parking Garage - Maintenance - Caulking & Painting	\$ 50,000.00	\$ -	\$ 50,000.00		Not Started
	\$ 330,000.00	\$ 95,040.00	\$ 234,960.00		

**Fairmont State Board of Governors**  
**Meeting of October 14, 2010**

**ITEM:** College of Science and Technology Intent to Plan a new graduate *Master of Architecture (M.Arch) degree program of study.*

**COMMITTEE:** Academic Affairs and Student Life Committee

**RECOMMENDED RESOLUTION:** *Resolved*, that the Fairmont State Board of Governors approve the Request for Intent to Plan a new graduate *Master of Architecture degree program of study* and direct the President to so inform the West Virginia Higher Education Policy Commission.

**STAFF MEMBER(S):** Dr. Maria Rose  
Dr. Anthony F. Gilberti, DTE

**BACKGROUND**

Fairmont State University offers the only B.S. degree in architecture in the state of West Virginia, and graduates of this program currently must go out of state to complete their requirements for professional licensure. Further, there are no accredited architecture programs in West Virginia. An accredited graduate program leading to professional licensure would: create a unique educational opportunity locally that would reduce the educational expenses to West Virginia citizens, draw students from the surrounding states to FSU, and would result in West Virginia retaining more professionally licensed architects. This would further contribute to the economic well-being of the state.

## **PROGRAM GOALS/CONSISTENCY WITH INSTITUTIONAL MISSION**

The faculty of the Architecture Program requests permission to develop a Master of Architecture (M.Arch) degree program. We anticipate submission of the full proposal by January 2012. This program would most likely begin in the Fall Semester of 2012.

The objectives of this program and the University are to foster individual growth, professional and career development, lifelong learning, global understanding, responsible citizenship, and a commitment to excellence in academic and community pursuits that promote the common good. Specifically, the Master of Architecture program encompasses the art and the science of design and will prepare students for positions in the design and building construction fields where they will be responsible for synthesizing the artistic, technical and budgetary requirements, restraints of a site, needs of the users, and the limitations of materials into a unique and balanced design solution. This program will also serve as a professional architecture degree that may be accredited by the National Architectural Accrediting Board (NAAB).

## **BRIEF DESCRIPTION OF THE PROGRAM**

All students seeking admission to this graduate program must first meet the established standards of the Office of Graduate Studies. Applicants must also be approved for admission by the architecture program, where the admissions standards may be more rigorous than those of the Office of Graduate Studies. Regular admission to any graduate degree program and Fairmont State University requires a baccalaureate degree from a regionally accredited institution, and a 3.0 undergraduate grade point average (GPA) on a 4.0 scale on the last 60 hours attempted. Students in the M.Arch graduate program would be required to complete 54 credit hours within the major. Integral with the study of architecture is an examination of the processes of design, systems of construction, relationships to environmental, social, historical and geographical context, and an understanding of behaviorism and symbolism.

## **PROGRAM STANDARDS AND ASSESSMENT OF QUALITY**

The National Architectural Accreditation Board (NAAB) assures quality through professionally licensed, terminal-degree level faculty and via rigorous accreditation standards. The NAAB is the sole agency authorized to accredit professional degree programs in architecture in the United States. Program requirements as established by NAAB will be followed in the development of all graduate classes. Continuing quality will be identified through employment of graduates, employer feedback, and the ability of students to meet program and course outcomes.

## **OTHER WEST VIRGINIA INSTITUTIONS WITH SIMILAR PROGRAMS**

There are no other institutions offering the M.Arch degree in the state of West Virginia. The advantage in investing in the current architecture program is that Fairmont State University offers the only B.S. degree in architecture within the state of West Virginia. There are no accredited programs within the state. Thus, an accredited program would likely draw students from the surrounding states to Fairmont State University.

## **STATEMENT OF NEEDS MET BY THE PROGRAM**

The M.Arch degree program will provide graduates with the requisite educational background to enter the professional practice of architecture and its numerous variants. The state of West

Virginia requires an architect to be a graduate of a professional degree program. This program will provide opportunities for improved research and applications in sustainable and green design principles. The United States Department of Labor noted that architecture is a growing field of study with a faster than average projected growth of needed employees. This field will need between 14 and 19 percent more employees until 2018. The average annual salary for architects is \$72,700.00.

### **ADDITIONAL RESOURCES NEEDED FOR THE PROGRAM**

Given the nature of an accredited graduate program in architecture, the proposed degree will require a variety of resources beyond what currently exists at the undergraduate level.

1. The architecture program faculty at Fairmont State will be shouldering most of the load in the delivery of courses for the graduate program. There will be a need for additional faculty. For the inaugural year of the program, one new full-time faculty will need to be in place. An additional full-time faculty member will be required for year two of the program. Specific requirements for accreditation and program enrollment may dictate additional faculty as the program matures.
2. To pursue specialized accreditation, the program must obtain a permanent and adequate physical space that promotes student learning and achievement. This will require space to support and encourage studio-based learning, space for didactic and interactive learning, and space for research and mentoring of students. Ideally, this space should be located within the Engineering Technology Building on the campus of Fairmont State University to capitalize on the administrative, faculty, support staff, and existing laboratories that will be needed to support this program. However, the space needs for this new program of study cannot come at the expense of other College of Science and Technology programs already housed within the Engineering Technology Building.

**NOTE:** Several proposals have been written to support the costs associated with obtaining future faculty, updating equipment, and other needs associated with the establishment of a M.Arch program at Fairmont State University. We are currently awaiting responses from these funding requests.

**Fairmont State University  
Board of Governors  
October 14, 2010**

**Item:** Acceptance of the Bond Audits

**Committee:** Committee of the Whole

**Resolution:** Whereas, the Infrastructure Revenue Bonds 2002 Series B, Facilities Revenue Bonds 2002 Series A and 2003 Series A, and Student Activity Revenue Bonds 2003 Series B have been audited with no material findings; and

Whereas, all three audit reports indicate that debt coverage ratios have been exceeded with debt coverage ratios of 175%, 243%, and 264% respectively; and

Whereas, the Board of Governors of both Fairmont State University and Pierpont Community and Technical College recognize that they are bound by all bond covenants and are legally obligated for the bond debt payments.

Further, let it be resolved that these audit reports be accepted as official audited bond statements for the year ending June 30, 2010.

**Staff Member:** Rick Porto

**Background:** We are required to have annual audits of these bonds.

# Board of Governors of Fairmont State University Infrastructure Revenue Bonds 2002 Series B

Combined Special-Purpose Modified Cash Basis  
Financial Statements as of and for the  
Years Ended June 30, 2010 and 2009, and  
Independent Auditors' Report

## INDEPENDENT AUDITORS' REPORT

To the West Virginia Higher Education Policy Commission  
Charleston, West Virginia

We have audited the accompanying combined special-purpose statements of assets, liabilities, and fund balance (deficit) — modified cash basis of the Board of Governors of Fairmont State University Infrastructure Revenue Bonds 2002 Series B (the “Bonds”) as of June 30, 2010 and 2009, and the related combined special-purpose statements of revenues collected, expenses and costs paid, and changes in fund balance (deficit) — modified cash basis for the years then ended. These combined special-purpose financial statements are the responsibility of the Fairmont State University’s management. Our responsibility is to express an opinion on these combined special-purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the combined special-purpose financial statements, these combined special-purpose financial statements were prepared in connection with the related bond agreements and are intended to present only the selected assets, liabilities, fund balances (deficit), revenues, and expenses of the Fairmont State University required to be presented under these agreements. These combined special-purpose financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These combined special-purpose financial statements are not intended to be a complete presentation of Fairmont State University.

In our opinion, such combined special-purpose financial statements present fairly, in all material respects, the combined assets, liabilities, and fund balance (deficit) of the Bonds at June 30, 2010 and 2009, and its combined revenues collected, expenses and costs paid, and changes in fund balance (deficit) for the years then ended on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the West Virginia Higher Education Policy Commission, the Board of Governors of Fairmont State University, management of Fairmont State University and the West Virginia Higher Education Policy Commission, and the bondholders and should not be used for any other purpose.

August 5, 2010



**BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY  
INFRASTRUCTURE REVENUE BONDS 2002 SERIES B**

**COMBINED SPECIAL-PURPOSE STATEMENTS OF ASSETS, LIABILITIES, AND FUND  
BALANCE (DEFICIT) — MODIFIED CASH BASIS  
AS OF JUNE 30, 2010 AND 2009**

	2010		2009	
	Revenue Fund	Bond Fund	Revenue Fund	Bond Fund
<b>ASSETS</b>				
DEPOSITS WITH THE TRUSTEE BANK	\$ -	\$ 73	\$ -	\$ 335
DEPOSITS WITH THE STATE TREASURY HELD IN ACCOUNTS OF FAIRMONT STATE UNIVERSITY	1,201,781		1,073,904	
<b>TOTAL</b>	<u>\$ 1,201,781</u>	<u>\$ 73</u>	<u>\$ 1,073,904</u>	<u>\$ 335</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>				
LIABILITIES — Bond indebtedness	\$ 7,860,000	\$ -	\$ 8,070,000	\$ -
FUND (DEFICIT) BALANCE	<u>(6,658,219)</u>	<u>73</u>	<u>(6,996,096)</u>	<u>335</u>
<b>TOTAL</b>	<u>\$ 1,201,781</u>	<u>\$ 73</u>	<u>\$ 1,073,904</u>	<u>\$ 335</u>

See notes to combined special-purpose modified cash basis financial statements.

## BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY INFRASTRUCTURE REVENUE BONDS 2002 SERIES B

### COMBINED SPECIAL-PURPOSE STATEMENTS OF REVENUES COLLECTED, EXPENSES AND COSTS PAID, AND CHANGES IN FUND BALANCE (DEFICIT) — MODIFIED CASH BASIS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010		2009	
	Revenue Fund	Bond Fund	Revenue Fund	Bond Fund
REVENUES COLLECTED:				
Infrastructure fee	\$ 1,042,323	\$ -	\$ 989,299	\$ -
Interest on investments	80	80	781	781
Total revenues collected	<u>1,042,323</u>	<u>80</u>	<u>989,299</u>	<u>781</u>
EXPENSES AND COSTS PAID:				
Equipment and supplies	313,430	-	-	-
Construction and related expenses	383,308	383,308	9,275	390,073
Interest	8,050	8,050	-	9,275
Administrative	-	-	-	-
Total expenses and costs paid	<u>321,480</u>	<u>383,308</u>	<u>9,275</u>	<u>390,073</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENSES AND COSTS PAID	720,843	(383,228)	980,024	(389,292)
RETIREMENT OF BONDS	210,000	(210,000)	205,000	(205,000)
TRANSFERS (FROM) TO — For payment of current debt service	(592,966)	592,966	(593,031)	593,031
FUND (DEFICIT) BALANCE — Beginning of year	<u>(6,996,096)</u>	<u>335</u>	<u>(7,588,089)</u>	<u>1,596</u>
FUND (DEFICIT) BALANCE — End of year	<u>\$ (6,658,219)</u>	<u>\$ 73</u>	<u>\$ (6,996,096)</u>	<u>\$ 335</u>
			<u>\$ (6,996,096)</u>	<u>\$ (6,995,761)</u>

See notes to combined special-purpose modified cash basis financial statements.

## BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY INFRASTRUCTURE REVENUE BONDS 2002 SERIES B

### NOTES TO COMBINED SPECIAL-PURPOSE — MODIFIED CASH BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** — Fairmont State University (the “University”) is governed by the Board of Governors of Fairmont State University (the “Board”). The Board was established by Senate Bill 653 (S.B. 653), which was enacted by the West Virginia Legislature on March 19, 2000, and restructured public higher education in West Virginia.

The Board’s powers and duties include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the University; the duty to develop a master plan for the University; the power to prescribe the specific functions and the University’s budget request; the duty to review, at least every five years, all academic programs offered at the University; and the power to fix tuition and other fees for different classes or categories of students enrolled at the University.

S.B. 653 also created the West Virginia Higher Education Policy Commission, which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda.

During fiscal year 2008, House Bill 3215 was passed, which clarified and redefined relationships between and among certain higher education boards and institutions. This legislation defines the statewide network of independently accredited community and technical colleges. Effective July 1, 2008, the administratively linked community and technical college of Fairmont State established its own Board of Governors. The newly established Board of Governors of Pierpont Community & Technical College (PC&TC) and the Board of Governors of Fairmont State University jointly agreed to a division of assets and liabilities of Fairmont State effective July 1, 2009.

The Separation of Assets and Liabilities Agreement was made in accordance with the provisions of West Virginia State Code — §18B-2A-7a (2008 supp.) which states as follows:

*(A) Any agreement to allocate system and institutional educational and general and auxiliary debt service payments shall be consistent with the provisions of all applicable bond covenants.*

The Agreement further specifies the following agreement in regard to bond indebtedness:

**WHEREAS**, there is currently outstanding the following bonded indebtedness:

(A) Board of Governors of Fairmont State College College Facilities Revenue Bonds, Series 2002 A (the “Series 2002A Bonds”), issued in the principal amount of \$18,170,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of August 1, 2002 (the “2002A Indenture”), with WesBanco Bank, Inc., as Trustee (the “Bond Trustee”), and currently outstanding in the principal amount of [\$15,595,000] *updated as of June 30, 2010;*

- (B) Board of Governors of Fairmont State College College Infrastructure Revenue Bonds, Series 2002 B (the “Series 2002B Bonds”), issued in the principal amount of \$9,310,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of August 1, 2002 (the “2002B Indenture”), with the Bond Trustee and currently outstanding in the principal amount of [\$7,860,000] *updated as of June 30, 2010*;
- (C) Board of Governors of Fairmont State College College Facilities Revenue Bonds, Series 2003 A (the “Series 2003A Bonds”), issued in the principal amount of \$13,320,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of March 1, 2003 (the “2003A Indenture”), supplementing and amending the 2002A Indenture, with the Bond Trustee and currently outstanding in the principal amount of [\$11,850,000] *updated as of June 30, 2010*;
- (D) Board of Governors of Fairmont State College Student Activity Revenue Bonds, Series 2003 B (the “Series 2003B Bonds”), issued in the principal amount of \$22,925,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of March 1, 2003 (the “2003B Indenture”), with the Bond Trustee and currently outstanding in the principal amount of [\$20,385,000] *updated as of June 30, 2010*; and
- (E) Fairmont State University Board of Governors Subordinate Facilities Improvement Revenue Bonds, Series 2006 (the “Series 2006 Bonds”; the Series 2002A Bonds, the Series 2002B Bonds, the Series 2003A Bonds, the Series 2003B Bonds and the Series 2006 Bonds are hereinafter referred to together as the “Bonds”), issued in the principal amount of \$8,500,000 pursuant to a Bond Authorizing Resolution adopted on May 3, 2006 (as supplemented and amended, the “2006 Resolution”; the 2002A Indenture, the 2002B Indenture, the 2003A Indenture, the 2003B Indenture and the 2006 Resolution, together with the other documents authorizing, securing or otherwise relating to the Bonds, are hereinafter referred to together as the “Bond Documents”), and currently outstanding in the principal amount of [\$7,306,452.73] *updated as of June 30, 2010*.

and

**WHEREAS**, in addition to the statutory requirements described above, the Bond Documents define the College or University to include any successor thereto and, as such, bind both FSU and PCTC, and both FSU and PCTC have copies of the Bond Documents.

and

**WHEREAS**, the Bond Documents set forth controlling bond covenants and require pledged revenues, and the intent of this document is to adhere to all existing and future bond covenants.

The Boards of Governors of both Fairmont State University and Pierpont Community and Technical College recognize that they are bound by all bond covenants and are legally obligated for the bond debt payments.

**Basis of Presentation** — The Bond Indenture (the “Indenture”) requires that the University maintain certain accounts and funds related to the Infrastructure Revenue Bonds 2002 Series B (the “Bonds”) and that the University prepare annual financial statements that set forth the balances and activity in the specified funds. The following is a description of the funds that the University is required to maintain and to present in the form of financial statements:

*Revenue Fund* — The revenue fund accounts for pledged revenues and expenses and costs paid related thereto and outstanding bonds.

*Bond Fund* — The bond fund accounts for the proceeds of the bonds and subsequent disbursement thereof for their intended purpose and the payment of bond principal and interest.

These combined special-purpose financial statements do not constitute a complete presentation of the assets, liabilities, net assets, revenues, and expenses of the University, but present only the funds the University is required to present in the combined special-purpose financial statements pursuant to the provisions of the Indenture.

In accordance with requirements of the Indenture, the accounting records for the Bonds are maintained on the modified cash receipts and disbursements basis. Consequently, certain revenues and the related assets are recognized when received, rather than when earned and certain expenses and costs are recognized when paid rather than when the obligation is incurred. These combined special-purpose financial statements are prepared on the modified cash basis of accounting which is another comprehensive basis of accounting required by the Indenture. The principal modification to the cash basis of accounting is the recording of bond indebtedness. Consequently, as these are combined special-purpose financial statements to comply with the Indenture, a Management's Discussion and Analysis (MD&A) is not included in the combined special-purpose financial statements.

Deposits with the Trustee Bank as of June 30, 2010 and 2009, include \$73 and \$335, respectively, invested in a money market fund sponsored by an investment company, the underlying assets of which are securities of the U.S. government, its agencies, authorities, and instrumentalities.

Deposits with the West Virginia State Treasurer have been pooled for maximization of investment income. These deposits are combined with deposits of various other funds. Investment income on these deposits is allocated to the various funds based on the balances of these deposits at the end of the month in which the income was earned.

Fixed assets are not included in the combined special-purpose financial statements because they do not represent financial resources available for expenditures, but are items for which financial resources have been used. Title to and accountability for fixed assets remain with the University.

## **2. BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY INFRASTRUCTURE REVENUE BONDS, 2002 SERIES B**

In August 2002, \$9,310,000 of the Bonds were sold. The Bonds were issued under the authority contained in Chapter 18, Article 23 of the Code of West Virginia, 1931, as amended, and the Bonds are secured pursuant to the Indenture and Security Agreement, dated as of August 1, 2002, by and between the Board and WesBanco (the "Trustee"). The Bonds were issued to (1) finance the costs of acquisition and construction of improvements to the campus infrastructure and utilities, including the entranceways to the University and the roads surrounding the University, and electrical, water, and sewerage systems (including reimbursements to the University as approved by Bond Counsel) and (2) pay the costs of issuance of the Bonds and related costs.

The Bonds outstanding consist of \$1,165,000 of serial bonds, with varying interest rates from 3.625% to 4.2% and mature serially from June 1, 2011 to June 1, 2015. Term Bonds of \$2,115,000 and \$4,580,000 bear interest at 4.8% and 5.0% and mature on June 1, 2022 and 2032, respectively.

Term Bonds are subject to mandatory redemption prior to maturity. The redemption prices are 100% of the principal amount, plus accrued interest.

The Bonds are special obligations of the University and are secured by and payable from fees assessed to students of the University held under the Indenture. The infrastructure fee assessed for both years ended June 30, 2010 and 2009, was \$85 per full-time student and is subject to pro rata reductions for part-time and summer-term students and for waivers required by West Virginia Code.

The Bonds shall not be deemed to be general obligations or a debt of the State of West Virginia (the “State”) within the meaning of the Constitution of the State, and the credit or taxing power of the State or the University shall not be pledged therefor. The Bonds are fully insured as to principal and interest by the Financial Guaranty Insurance Company (FGIC).

The University has fixed and will assess and maintain just and equitable fees, which shall at all times be adequate to produce revenues sufficient to make the prescribed payments into the funds and accounts created under the Indenture. The amount of the fees shall be revised from time to time to provide revenues each fiscal year equal to at least 100% of the maximum annual debt service. For the years ended June 30, 2010 and 2009, the University had revenues, as defined in the Indenture, which approximated 175% and 166%, respectively, of the maximum annual debt service.

A summary of annual aggregate principal, interest, and sinking fund payments is as follows:

Fiscal Years Ending June 30	2002 Series B		Grand Total
	Principal Payments Due June 1	Interest (Due June 1 and December 1)	
2011	\$ 215,000	\$ 375,958	\$ 590,958
2012	225,000	368,164	593,164
2013	235,000	359,726	594,726
2014	240,000	350,620	590,620
2015	250,000	341,020	591,020
2016	260,000	330,520	590,520
2017	275,000	318,040	593,040
2018	290,000	304,840	594,840
2019	300,000	290,920	590,920
2020	315,000	276,520	591,520
2021	330,000	261,400	591,400
2022	345,000	245,560	590,560
2023	365,000	229,000	594,000
2024	380,000	210,750	590,750
2025	400,000	191,750	591,750
2026	420,000	171,750	591,750
2027	445,000	150,750	595,750
2028	465,000	128,500	593,500
2029	490,000	105,250	595,250
2030	510,000	80,750	590,750
2031	540,000	55,250	595,250
2032	565,000	28,250	593,250
Total outstanding	7,860,000	5,175,288	13,035,288
Cumulative bonds retired and interest paid through June 30, 2010	1,450,000	3,147,329	4,597,329
	<u>\$9,310,000</u>	<u>\$8,322,617</u>	<u>\$17,632,617</u>

**3. OTHER TRANSACTIONS**

Certain purchasing, accounting, and other administrative services are provided by other State agencies to the University.

\* \* \* \* \*

# Board of Governors of Fairmont State University University Facilities Revenue Bonds 2002 Series A and 2003 Series A

Combined Special-Purpose Modified Cash Basis  
Financial Statements as of and for the  
Years Ended June 30, 2010 and 2009, and  
Independent Auditors' Report



## INDEPENDENT AUDITORS' REPORT

To the West Virginia Higher Education Policy Commission  
Charleston, West Virginia

We have audited the accompanying combined special-purpose statements of assets, liabilities, and fund balance (deficit) — modified cash basis of the Board of Governors of Fairmont State University University Facilities Revenue Bonds 2002 Series A and 2003 Series A (the “Bonds”) as of June 30, 2010 and 2009, and the related combined special-purpose statements of revenues collected, expenses and costs paid, and changes in fund balance (deficit) — modified cash basis for the years then ended. These combined special-purpose financial statements are the responsibility of Fairmont State University’s management. Our responsibility is to express an opinion on these combined special-purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined special-purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the combined special-purpose financial statements, these combined special-purpose financial statements were prepared in connection with the related bond agreements and are intended to present only the selected assets, liabilities, fund balances (deficit), revenues, and expenses of Fairmont State University required to be presented under these agreements. These combined special-purpose financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These combined special-purpose financial statements are not intended to be a complete presentation of Fairmont State University.

In our opinion, such combined special-purpose financial statements present fairly, in all material respects, the combined assets, liabilities, and fund balance (deficit) of the Bonds at June 30, 2010 and 2009, and its combined revenues collected, expenses and costs paid, and changes in fund balance (deficit) for the years then ended on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the West Virginia Higher Education Policy Commission, the Board of Governors of Fairmont State University, management of Fairmont State University, the West Virginia Higher Education Policy Commission, and the bondholders, and should not be used for any other purpose.

August 5, 2010

**BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY  
UNIVERSITY FACILITIES REVENUE BONDS  
2002 SERIES A AND 2003 SERIES A**

**COMBINED SPECIAL-PURPOSE STATEMENTS OF ASSETS, LIABILITIES, AND  
FUND BALANCE (DEFICIT) — MODIFIED CASH BASIS  
AS OF JUNE 30, 2010 AND 2009**

	2010			2009				
	Revenue Fund	Bond Fund	Debt Service Reserve Fund	Combined	Revenue Fund	Bond Fund	Debt Service Reserve Fund	Combined
<b>ASSETS</b>								
DEPOSITS WITH THE TRUSTEE BANK	\$ -	\$23,369	\$2,106,500	\$ 2,129,869	\$ -	\$39,654	\$2,106,500	\$ 2,146,154
DEPOSITS WITH THE STATE TREASURY HELD IN ACCOUNTS OF FAIRMONT STATE UNIVERSITY	3,044,279			3,044,279	2,619,095			2,619,095
TOTAL	<u>\$ 3,044,279</u>	<u>\$23,369</u>	<u>\$2,106,500</u>	<u>\$ 5,174,148</u>	<u>\$ 2,619,095</u>	<u>\$39,654</u>	<u>\$2,106,500</u>	<u>\$ 4,765,249</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>								
LIABILITIES — Bond indebtedness	\$27,445,000	\$ -	\$ -	\$ 27,445,000	\$ 28,155,000	\$ -	\$ -	\$ 28,155,000
FUND (DEFICIT) BALANCE	<u>(24,400,721)</u>	<u>23,369</u>	<u>2,106,500</u>	<u>(22,270,852)</u>	<u>(25,535,905)</u>	<u>39,654</u>	<u>2,106,500</u>	<u>(23,389,751)</u>
TOTAL	<u>\$ 3,044,279</u>	<u>\$23,369</u>	<u>\$2,106,500</u>	<u>\$ 5,174,148</u>	<u>\$ 2,619,095</u>	<u>\$39,654</u>	<u>\$2,106,500</u>	<u>\$ 4,765,249</u>

See notes to combined special-purpose modified cash basis financial statements.

**BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY  
UNIVERSITY FACILITIES REVENUE BONDS  
2002 SERIES A AND 2003 SERIES A**

**COMBINED SPECIAL-PURPOSE STATEMENTS OF REVENUES COLLECTED, EXPENSES AND COSTS PAID,  
AND CHANGES IN FUND BALANCE (DEFICIT) — MODIFIED CASH BASIS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	2010			2009				
	Revenue Fund	Bond Fund	Debt Service Reserve Fund	Combined	Revenue Fund	Bond Fund	Debt Service Reserve Fund	Combined
REVENUES COLLECTED:								
Parking and housing fees	\$ 5,301,973	\$ -	\$ -	\$ 5,301,973	\$ 5,361,951	\$ -	\$ -	\$ 5,361,951
Other operating revenue	39,994			39,994	37,198			37,198
Interest on investments	9,047	296	46,218	55,561	38,766	3,244	83,457	125,467
Total revenues collected	5,351,014	296	46,218	5,397,528	5,437,915	3,244	83,457	5,524,616
EXPENSES AND COSTS PAID:								
Salaries and employee benefits	1,148,733			1,148,733	1,078,151			1,078,151
Utilities	433,310			433,310	407,015			407,015
Administrative	869,207			869,207	988,409			988,409
Repairs and alterations	175,801			175,801	179,591			179,591
Equipment and supplies	145,970			145,970	125,572			125,572
Construction	114,569	1,391,039		1,391,039	198,299	1,412,909		198,299
Interest								1,412,909
Total expenses and costs paid	2,887,590	1,391,039	-	4,278,629	2,977,037	1,412,909	-	4,389,946
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENSES AND COSTS PAID	2,463,424	(1,390,743)	46,218	1,118,899	2,460,878	(1,409,665)	83,457	1,134,670
RETIREMENT OF BONDS	710,000	(710,000)		-	690,000	(690,000)		-
TRANSFERS (FROM) TO — For payment of current debt service	(2,038,240)	2,084,458	(46,218)	-	(1,997,234)	2,080,691	(83,457)	-
FUND (DEFICIT) BALANCE — Beginning of year	(25,535,905)	39,654	2,106,500	(23,389,751)	(26,689,549)	58,628	2,106,500	(24,524,421)
FUND (DEFICIT) BALANCE — End of year	\$ (24,400,721)	\$ 23,369	\$ 2,106,500	\$ (22,270,852)	\$ (25,535,905)	\$ 39,654	\$ 2,106,500	\$ (23,389,751)

See notes to combined special-purpose modified cash basis financial statements.

## BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY UNIVERSITY FACILITIES REVENUE BONDS 2002 SERIES A AND 2003 SERIES A

### NOTES TO COMBINED SPECIAL-PURPOSE MODIFIED CASH BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** — Fairmont State University (the “University”) is governed by the Board of Governors of Fairmont State University (the “Board”). The Board was established by Senate Bill 653 (S.B. 653), which was enacted by the West Virginia Legislature on March 19, 2000, and restructured public higher education in West Virginia.

The Board’s powers and duties include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the University, the duty to develop a master plan for the University, the power to prescribe the specific functions and University’s budget request, the duty to review, at least every five years, all academic programs offered at the University, and the power to fix tuition and other fees for different classes or categories of students enrolled at the University.

S.B. 653 also created the West Virginia Higher Education Policy Commission, which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda.

During fiscal year 2008, House Bill 3215 was passed, which clarified and redefined relationships between and among certain higher education boards and institutions. This legislation defines the statewide network of independently accredited community and technical colleges. Effective July 1, 2008, the administratively linked community and technical college of Fairmont State established its own Board of Governors. The newly established Board of Governors of Pierpont Community & Technical College (PC&TC) and the Board of Governors of Fairmont State University jointly agreed to a division of assets and liabilities of Fairmont State effective July 1, 2009.

The Separation of Assets and Liabilities Agreement was made in accordance with the provisions of West Virginia State Code — §18B-2A-7a (2008 supp.) which states as follows:

*(A) Any agreement to allocate system and institutional educational and general and auxiliary debt service payments shall be consistent with the provisions of all applicable bond covenants.*

The Agreement further specifies the following agreement in regard to bond indebtedness:

Whereas, there is currently outstanding the following bonded indebtedness:

(A) Board of Governors of Fairmont State College College Facilities Revenue Bonds, Series 2002 A (the “Series 2002A Bonds”), issued in the principal amount of \$18,170,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of August 1, 2002 (the “2002A Indenture”), with WesBanco Bank, Inc., as Trustee (the “Bond Trustee”), and currently outstanding in the principal amount of [\$15,595,000] updated as of June 30, 2010;

- (B) Board of Governors of Fairmont State College College Infrastructure Revenue Bonds, Series 2002 B (the “Series 2002B Bonds”), issued in the principal amount of \$9,310,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of August 1, 2002 (the “2002B Indenture”), with the Bond Trustee and currently outstanding in the principal amount of [\$7,860,000] *updated as of June 30, 2010*;
- (C) Board of Governors of Fairmont State College College Facilities Revenue Bonds, Series 2003 A (the “Series 2003A Bonds”), issued in the principal amount of \$13,320,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of March 1, 2003 (the “2003A Indenture”), supplementing and amending the 2002A Indenture, with the Bond Trustee and currently outstanding in the principal amount of [\$11,850,000] *updated as of June 30, 2010*;
- (D) Board of Governors of Fairmont State College Student Activity Revenue Bonds, Series 2003 B (the “Series 2003B Bonds”), issued in the principal amount of \$22,925,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of March 1, 2003 (the “2003B Indenture”), with the Bond Trustee and currently outstanding in the principal amount of [\$20,385,000] *updated as of June 30, 2010*; and
- (E) Fairmont State University Board of Governors Subordinate Facilities Improvement Revenue Bonds, Series 2006 (the “Series 2006 Bonds”; the Series 2002A Bonds, the Series 2002B Bonds, the Series 2003A Bonds, the Series 2003B Bonds and the Series 2006 Bonds are hereinafter referred to together as the “Bonds”), issued in the principal amount of \$8,500,000 pursuant to a Bond Authorizing Resolution adopted on May 3, 2006 (as supplemented and amended, the “2006 Resolution”; the 2002A Indenture, the 2002B Indenture, the 2003A Indenture, the 2003B Indenture and the 2006 Resolution, together with the other documents authorizing, securing or otherwise relating to the Bonds, are hereinafter referred to together as the “Bond Documents”), and currently outstanding in the principal amount of [\$7,306,452.73] *updated as of June 30, 2010*.

and

Whereas, in addition to the statutory requirements described above, the Bond Documents define the College or University to include any successor thereto and, as such, bind both FSU and PCTC, and both FSU and PCTC have copies of the Bond Documents.

and

Whereas, the Bond Documents set forth controlling bond covenants and require pledged revenues, and the intent of this document is to adhere to all existing and future bond covenants.

The Boards of Governors of both Fairmont State University and Pierpont Community and Technical College recognize that they are bound by all bond covenants and are legally obligated for the bond debt payments.

**Basis of Presentation** — The Bond Indenture (the “Indenture”) requires that the University maintain certain accounts and funds related to the University Facilities Revenue Bonds 2002 Series A (“2002A Bonds”), and the University Facilities Revenue Bonds 2003 Series A (“2003A Bonds”) (collectively, the “Bonds”), and that the University prepare annual financial statements that set forth the balances and activity in the specified funds. The following is a description of the funds that the University is required to maintain and to present in the form of financial statements:

*Revenue Fund* — The revenue fund accounts for pledged revenues and expenses and costs paid related thereto and outstanding bonds.

*Bond Fund* — The bond fund accounts for the proceeds of the bonds and subsequent disbursement thereof for their intended purpose and the payment of bond principal and interest.

*Debt Service Reserve Fund* — The debt service reserve fund accounts for the required debt service reserve fund activity.

These combined special-purpose financial statements do not constitute a complete presentation of the assets, liabilities, net assets, revenues, and expenses of the University, but present only the funds the University is required to present in the combined special-purpose financial statements pursuant to the provisions of the Indenture.

In accordance with requirements of the Bond Trust Indentures and Security Agreements (the “Indentures”), the accounting records for the Bonds are maintained on the modified cash receipts and disbursements basis. Consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses and costs are recognized when paid rather than when the obligation is incurred. These combined special-purpose financial statements are prepared on the modified cash basis of accounting which is an other comprehensive basis of accounting required by the Indentures. The principal modification to the cash basis of accounting is the recording of bond indebtedness. Consequently, as these are combined special-purpose financial statements to comply with the Indenture, a Management’s Discussion and Analysis (MD&A) is not included in the combined special-purpose financial statements.

Deposits with the Trustee Bank as of June 30, 2010 and 2009, include \$2,129,869 and \$2,146,154, respectively, invested in a money market fund sponsored by an investment company, the underlying assets of which are securities of the U.S. government, its agencies, authorities, and instrumentalities.

Deposits with the West Virginia State Treasurer have been pooled for maximization of investment income. These deposits are combined with deposits of various other funds. Investment income on these deposits is allocated to the various funds based on the balances of these deposits at the end of the month in which the income was earned.

Fixed assets are not included in these combined special-purpose financial statements because they do not represent financial resources available for expenditures, but are items for which financial resources have been used. Title to and accountability for fixed assets remain with the University.

## 2. **BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY, UNIVERSITY FACILITIES REVENUE BONDS, 2002 SERIES A AND 2003 SERIES A**

In August 2002 and March 2003, \$18,170,000 of the 2002A Bonds and \$13,320,000 of the 2003A Bonds, respectively, were sold. The Bonds were issued under the authority contained in Chapter 18, Article 23 of the Code of West Virginia, 1931, as amended, and the Bonds are secured pursuant to the

Indentures and Security Agreements, dated as of August 1, 2002 and March 1, 2003, by and between the Board and WesBanco Bank, Inc. (the “Trustee”). The Bonds were issued to (1) finance the costs of acquisition of student housing facilities, consisting of an existing 113-unit apartment complex, (2) finance the costs of design, acquisition, construction, and equipping of a new dormitory anticipated to include approximately 400 units, (3) finance the costs of design, acquisition, and construction of a new, approximately 1,000 space motor vehicle parking facilities, (4) establish a debt service reserve fund for the Bonds, (5) capitalize interest on the Bonds, and (6) pay the costs of issuance of the Bonds and related costs.

The 2002A and 2003A Bonds outstanding consist of \$2,240,000 and \$1,725,000 of serial bonds, respectively, with varying interest rates from 3.6% to 4.2%, and mature serially from June 1, 2011 to June 1, 2015, and Term Bonds as follows:

<b>Principal Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>
\$4,125,000	June 1, 2022	5.375 %
3,170,000	June 1, 2022	5.250
4,030,000	June 1, 2027	5.375
5,200,000	June 1, 2032	5.000
6,955,000	June 1, 2032	5.000

The Term Bonds are subject to mandatory redemption prior to maturity. The redemption prices are 100% of the principal amount, plus accrued interest.

The Bonds are special obligations of the University and are secured by and payable from certain pledged revenues of the housing, apartment, and parking funds of the University held under the Indentures. The Bonds shall not be deemed to be general obligations or a debt of the State of West Virginia (the “State”) within the meaning of the Constitution of the State, and the credit or taxing power of the State or University shall not be pledged therefor. The Bonds are fully insured as to principal and interest by Financial Guaranty Insurance Company (FGIC).

The University has fixed and will maintain just and equitable rules, regulations, rents, charges, and fees for the use and occupancy of housing, apartment, and parking facilities (collectively, the “Facilities”). The University must fix rents, charges, and fees to produce revenues from Facilities sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created under the Indentures, and that such schedule of rents, charges, and fees shall be revised from time to time to provide for all reasonable operating expenses, and leave net revenues, when combined with other monies legally available to be used for such purposes, each fiscal year equal to at least 110% of the maximum annual debt service. For the years ended June 30, 2010 and 2009, the University had net revenues when combined with other monies legally available, as defined in the Indentures, that approximated 243% and 222%, respectively, of the maximum annual debt service. Additionally, the debt service reserve fund originally had deposits totaling \$2,107,495 as required by the Indentures. Subsequently, the Trustee reduced the 2003A Bond requirements from \$903,745 to \$902,750. Deposits held under the Debt Service Reserve Fund totaled \$2,106,500 both at June 30, 2010 and 2009.



A summary of annual aggregate principal, interest, and sinking fund payments is as follows:

Fiscal Years Ending June 30	2002 Series A		2003 Series A		Total Principal	Total Interest	Grand Total
	Principal Payments Due June 1	Interest (Due June 1 and December 1)	Principal Payments Due June 1	Interest (Due June 1 and December 1)			
2011	\$ 415,000	\$ 785,714	\$ 320,000	\$ 581,095	\$ 735,000	\$ 1,366,809	\$ 2,101,809
2012	430,000	770,670	330,000	569,575	760,000	1,340,245	2,100,245
2013	445,000	754,545	345,000	557,200	790,000	1,311,745	2,101,745
2014	465,000	737,301	360,000	543,745	825,000	1,281,046	2,106,046
2015	485,000	718,701	370,000	529,345	855,000	1,248,046	2,103,046
2016	500,000	698,331	385,000	514,175	885,000	1,212,506	2,097,506
2017	525,000	671,456	405,000	493,963	930,000	1,165,419	2,095,419
2018	555,000	643,238	430,000	472,700	985,000	1,115,938	2,100,938
2019	590,000	613,406	450,000	450,125	1,040,000	1,063,531	2,103,531
2020	620,000	581,694	475,000	426,500	1,095,000	1,008,194	2,103,194
2021	650,000	548,369	500,000	401,563	1,150,000	949,932	2,099,932
2022	685,000	513,431	525,000	375,313	1,210,000	888,744	2,098,744
2023	720,000	476,613	555,000	347,750	1,275,000	824,363	2,099,363
2024	765,000	437,913	580,000	320,000	1,345,000	757,913	2,102,913
2025	805,000	396,794	610,000	291,000	1,415,000	687,794	2,102,794
2026	845,000	353,525	640,000	260,500	1,485,000	614,025	2,099,025
2027	895,000	308,106	670,000	228,500	1,565,000	536,606	2,101,606
2028	940,000	260,000	705,000	195,000	1,645,000	455,000	2,100,000
2029	985,000	213,000	740,000	159,750	1,725,000	372,750	2,097,750
2030	1,040,000	163,750	780,000	122,750	1,820,000	286,500	2,106,500
2031	1,090,000	111,750	815,000	83,750	1,905,000	195,500	2,100,500
2032	1,145,000	57,250	860,000	43,000	2,005,000	100,250	2,105,250
Total outstanding	15,595,000	10,815,557	11,850,000	7,967,299	27,445,000	18,782,856	46,227,856
Cumulative bonds retired and interest paid through June 30, 2010	2,575,000	6,538,110	1,470,000	4,429,463	4,045,000	10,967,573	15,012,573
	<u>\$18,170,000</u>	<u>\$17,353,667</u>	<u>\$13,320,000</u>	<u>\$12,396,762</u>	<u>\$31,490,000</u>	<u>\$29,750,429</u>	<u>\$61,240,429</u>

### 3. OTHER TRANSACTIONS

Certain purchasing, accounting, and other administrative services are provided by other State agencies to the University.

\* \* \* \* \*

# Board of Governors of Fairmont State University Student Activity Revenue Bonds 2003 Series B

Combined Special-Purpose Modified Cash  
Basis Financial Statements as of and for the  
Years Ended June 30, 2010 and 2009, and  
Independent Auditors' Report

## INDEPENDENT AUDITORS' REPORT

To the West Virginia Higher Education Policy Commission  
Charleston, West Virginia

We have audited the accompanying combined special-purpose statements of assets, liabilities, and fund balance (deficit) — modified cash basis of the Board of Governors of Fairmont State University Student Activity Revenue Bonds 2003 Series B (the “Bonds”) as of June 30, 2010 and 2009, and the related combined special-purpose financial statements of revenues collected, expenses and costs paid, and changes in fund balance (deficit) — modified cash basis for the years then ended. These combined special-purpose financial statements are the responsibility of Fairmont State University’s management. Our responsibility is to express an opinion on these combined special-purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined special-purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the combined special-purpose financial statements, these combined special-purpose financial statements were prepared in connection with the related bond agreement and are intended to present only the selected assets, liabilities, fund balances (deficit), revenues, and expenses of Fairmont State University required to be presented under this agreement. These combined special-purpose financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These combined special-purpose financial statements are not intended to be a complete presentation of Fairmont State University.

In our opinion, such combined special-purpose financial statements present fairly, in all material respects, the combined assets, liabilities, and fund balance (deficit) of the Bonds at June 30, 2010 and 2009, and its combined revenues collected, expenses and costs paid, and changes in fund balance (deficit) for the years then ended on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the West Virginia Higher Education Policy Commission, the Board of Governors of Fairmont State University, managements of Fairmont State University and the West Virginia Higher Education Policy Commission, and the bondholders and should not be used for any other purpose.

August 5, 2010

**BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY  
STUDENT ACTIVITY REVENUE BONDS 2003 SERIES B**

**COMBINED SPECIAL-PURPOSE STATEMENTS OF ASSETS, LIABILITIES, AND  
FUND BALANCE (DEFICIT) — MODIFIED CASH BASIS  
AS OF JUNE 30, 2010 AND 2009**

	2010		2009	
	Revenue Fund	Bond Fund	Revenue Fund	Bond Fund
<b>ASSETS</b>				
DEPOSITS WITH THE TRUSTEE BANK	\$ -	\$ 190	\$ -	\$ 864
DEPOSITS WITH THE STATE TREASURY HELD IN ACCOUNTS OF FAIRMONT STATE UNIVERSITY	<u>2,549,745</u>	<u>2,549,745</u>	<u>2,063,879</u>	<u>2,063,879</u>
TOTAL	<u>\$ 2,549,745</u>	<u>\$ 190</u>	<u>\$ 2,063,879</u>	<u>\$ 2,064,743</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>				
LIABILITIES — Bond indebtedness	\$ 20,385,000	\$ -	\$ 20,920,000	\$ -
FUND (DEFICIT) BALANCE	<u>(17,835,255)</u>	<u>190</u>	<u>(18,856,121)</u>	<u>864</u>
TOTAL	<u>\$ 2,549,745</u>	<u>\$ 190</u>	<u>\$ 2,063,879</u>	<u>\$ 2,064,743</u>

See notes to combined special-purpose modified cash basis financial statements.

**BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY  
STUDENT ACTIVITY REVENUE BONDS 2003 SERIES B**

**COMBINED SPECIAL-PURPOSE STATEMENTS OF REVENUES COLLECTED, EXPENSES AND COSTS PAID,  
AND CHANGES IN FUND BALANCE (DEFICIT) — MODIFIED CASH BASIS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	2010			2009		
	Revenue Fund	Bond Fund	Combined	Revenue Fund	Bond Fund	Combined
REVENUES COLLECTED:						
Student union fees	\$ 2,224,645	\$ -	\$ 2,224,645	\$ 2,089,063	\$ -	\$ 2,089,063
Operating fees	1,652,659		1,652,659	1,579,969		1,579,969
Interest on investments	5,289	208	5,497	26,277	2,009	28,286
Total revenues collected	<u>3,882,593</u>	<u>208</u>	<u>3,882,801</u>	<u>3,695,309</u>	<u>2,009</u>	<u>3,697,318</u>
EXPENSES AND COSTS PAID:						
Salaries and employee benefits	698,967		698,967	678,376		678,376
Utilities	298,570		298,570	326,538		326,538
Administrative	701,663		701,663	612,633		612,633
Repairs and alterations	69,023		69,023	53,834		53,834
Equipment and supplies	68,986		68,986	82,106		82,106
Interest	9,707	1,015,693	1,025,400	11,193	1,031,292	1,042,485
Total expenses and costs paid	<u>1,846,916</u>	<u>1,015,693</u>	<u>2,862,609</u>	<u>1,764,680</u>	<u>1,031,292</u>	<u>2,795,972</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENSES AND COSTS PAID	2,035,677	(1,015,485)	1,020,192	1,930,629	(1,029,283)	901,346
RETIREMENT OF BONDS	535,000	(535,000)	-	520,000	(520,000)	-
TRANSFERS (FROM) TO — For payment of current debt service	(1,549,811)	1,549,811	-	(1,545,983)	1,545,983	-
FUND (DEFICIT) BALANCE — Beginning of year	<u>(18,856,121)</u>	<u>864</u>	<u>(18,855,257)</u>	<u>(19,760,767)</u>	<u>4,164</u>	<u>(19,756,603)</u>
FUND (DEFICIT) BALANCE — End of year	<u>\$(17,835,255)</u>	<u>\$ 190</u>	<u>\$(17,835,065)</u>	<u>\$(18,856,121)</u>	<u>\$ 864</u>	<u>\$(18,855,257)</u>

See notes to combined special-purpose modified cash basis financial statements.

## BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY STUDENT ACTIVITY REVENUE BONDS 2003 SERIES B

### NOTES TO COMBINED SPECIAL-PURPOSE MODIFIED CASH BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** — Fairmont State University (the “University”) is governed by the Board of Governors of Fairmont State University (the “Board”). The Board was established by Senate Bill 653 (S.B. 653), which was enacted by the West Virginia Legislature on March 19, 2000, and restructured public higher education in West Virginia.

The Board’s powers and duties include, but are not limited to, the power to determine, control, supervise, and manage the financial, business, and educational policies and affairs of the University, the duty to develop a master plan for the University, the power to prescribe the specific functions and University’s budget request, the duty to review, at least every five years, all academic programs offered at the University, and the power to fix tuition and other fees for different classes or categories of students enrolled at the University.

S.B. 653 also created the West Virginia Higher Education Policy Commission, which is responsible for developing, gaining consensus around, and overseeing the implementation and development of a higher education public policy agenda.

During fiscal year 2008, House Bill 3215 was passed, which clarified and redefined relationships between and among certain higher education boards and institutions. This legislation defines the statewide network of independently accredited community and technical colleges. Effective July 1, 2008, the administratively linked community and technical college of Fairmont State established its own Board of Governors. The newly established Board of Governors of Pierpont Community & Technical College (PC&TC) and the Board of Governors of Fairmont State University jointly agreed to a division of assets and liabilities of Fairmont State effective July 1, 2009.

The Separation of Assets and Liabilities Agreement was made in accordance with the provisions of West Virginia State Code — §18B-2A-7a (2008 supp.) which states as follows:

*(A) Any agreement to allocate system and institutional educational and general and auxiliary debt service payments shall be consistent with the provisions of all applicable bond covenants.*

The Agreement further specifies the following agreement in regard to bond indebtedness:

**WHEREAS**, there is currently outstanding the following bonded indebtedness:

(A) Board of Governors of Fairmont State College College Facilities Revenue Bonds, Series 2002 A (the “Series 2002A Bonds”), issued in the principal amount of \$18,170,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of August 1, 2002 (the “2002A Indenture”), with WesBanco Bank, Inc., as Trustee (the “Bond Trustee”), and currently outstanding in the principal amount of [\$15,595,000] *updated as of June 30, 2010*;

- (B) Board of Governors of Fairmont State College College Infrastructure Revenue Bonds, Series 2002 B (the “Series 2002B Bonds”), issued in the principal amount of \$9,310,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of August 1, 2002 (the “2002B Indenture”), with the Bond Trustee and currently outstanding in the principal amount of [\$7,860,000] *updated as of June 30, 2010*;
- (C) Board of Governors of Fairmont State College College Facilities Revenue Bonds, Series 2003 A (the “Series 2003A Bonds”), issued in the principal amount of \$13,320,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of March 1, 2003 (the “2003A Indenture”), supplementing and amending the 2002A Indenture, with the Bond Trustee and currently outstanding in the principal amount of [\$11,850,000] *updated as of June 30, 2010*;
- (D) Board of Governors of Fairmont State College Student Activity Revenue Bonds, Series 2003 B (the “Series 2003B Bonds”), issued in the principal amount of \$22,925,000 pursuant to a Bond Trust Indenture and Security Agreement dated as of March 1, 2003 (the “2003B Indenture”), with the Bond Trustee and currently outstanding in the principal amount of [\$20,385,000] *updated as of June 30, 2010*; and
- (E) Fairmont State University Board of Governors Subordinate Facilities Improvement Revenue Bonds, Series 2006 (the “Series 2006 Bonds”; the Series 2002A Bonds, the Series 2002B Bonds, the Series 2003A Bonds, the Series 2003B Bonds and the Series 2006 Bonds are hereinafter referred to together as the “Bonds”), issued in the principal amount of \$8,500,000 pursuant to a Bond Authorizing Resolution adopted on May 3, 2006 (as supplemented and amended, the “2006 Resolution”; the 2002A Indenture, the 2002B Indenture, the 2003A Indenture, the 2003B Indenture and the 2006 Resolution, together with the other documents authorizing, securing or otherwise relating to the Bonds, are hereinafter referred to together as the “Bond Documents”), and currently outstanding in the principal amount of [\$7,306,452.73] *updated as of June 30, 2010*.

and

**WHEREAS**, in addition to the statutory requirements described above, the Bond Documents define the College or University to include any successor thereto and, as such, bind both FSU and PCTC, and both FSU and PCTC have copies of the Bond Documents.

and

**WHEREAS**, the Bond Documents set forth controlling bond covenants and require pledged revenues, and the intent of this document is to adhere to all existing and future bond covenants.

The Boards of Governors of both Fairmont State University and Pierpont Community and Technical College recognize that they are bound by all bond covenants and are legally obligated for the bond debt payments.

**Basis of Presentation** — The Bond Indenture (the “Indenture”) requires that the University maintain certain accounts and funds related to the Student Activity Revenue Bonds 2003 Series B (the “Bonds”) and that the University prepare annual financial statements that set forth the balances and activity in the specified funds. The following is a description of the funds that the University is required to maintain and to present in the form of financial statements:

*Revenue Fund* — The revenue fund accounts for pledged revenues and expenses and costs paid related thereto and outstanding bonds.



*Bond Fund* — The bond fund accounts for the proceeds of the bonds and subsequent disbursement thereof for their intended purpose and the payment of bond principal and interest.

These combined special-purpose financial statements do not constitute a complete presentation of the assets, liabilities, net assets, revenues, and expenses of the University, but present only the funds the University is required to present in the combined special-purpose financial statements pursuant to the provisions of the Indenture.

In accordance with requirements of the Indenture, the accounting records for the Bonds are maintained on the modified cash receipts and disbursements basis. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses and costs are recognized when paid rather than when the obligation is incurred. These combined special-purpose financial statements are prepared on the modified cash basis of accounting which is another comprehensive basis of accounting required by the Indenture. The principal modification to the cash basis of accounting is the recording of bond indebtedness. Consequently, as these are combined special-purpose financial statements to comply with the Indenture, a Management's Discussion and Analysis (MD&A) is not included in the combined special-purpose financial statements.

Deposits with the Trustee Bank as of June 30, 2010 and 2009, include \$190 and \$864, respectively, invested in a money market fund sponsored by an investment company, the underlying assets of which are securities of the U.S. government, its agencies, authorities, and instrumentalities.

Deposits with the West Virginia State Treasurer have been pooled for maximization of investment income. These deposits are combined with deposits of various other funds. Investment income on these deposits is allocated to the various funds based on the balances of these deposits at the end of the month in which the income was earned.

Fixed assets are not included in the combined special-purpose financial statements because they do not represent financial resources available for expenditures, but are items for which financial resources have been used. Title to and accountability for fixed assets remain with the University.

## **2. BOARD OF GOVERNORS OF FAIRMONT STATE UNIVERSITY, STUDENT ACTIVITY REVENUE BONDS, 2003 SERIES B**

In March 2003, \$22,925,000 of the Bonds were sold. The Bonds were issued under the authority contained in Chapter 18, Article 23 of the Code of West Virginia, 1931, as amended, and the Bonds are secured pursuant to the Indenture and Security Agreement, dated as of March 1, 2003, by and between the Board and WesBanco Bank, Inc. (the "Trustee"). The Bonds were issued to (1) finance the costs of design, acquisition, construction, and equipping a new student activities center (including demolition of an existing dining facility) to be located on the campus of the University (the "Project"), (2) capitalize interest on the Bonds during and for a reasonable time after construction of the Project, and (3) pay the costs of issuance of the Bonds and related costs.

The Bonds outstanding consist of \$2,965,000 of serial bonds, with varying interest rates from 3.6% to 4.1%, and mature serially from June 1, 2011 to June 1, 2015. Term bonds mature as follows:

<b>Principal Amount</b>	<b>Maturity Date</b>	<b>Interest Rate</b>
\$ 5,130,000	June 1, 2022	5.25 %
325,000	June 1, 2022	4.75
11,965,000	June 1, 2032	5.00

The Bonds maturing June 1, 2022, and June 1, 2032, are subject to mandatory redemption prior to maturity. The mandatory redemption prices are 100% of the principal amount, plus accrued interest.

The Bonds are special obligations of the University and are secured by and payable from certain pledged revenues of the student union and bookstore funds of the University held under the Indenture. The Bonds shall not be deemed to be general obligations or a debt of the State of West Virginia (the "State") within the meaning of the Constitution of the State, and the credit or taxing power of the State or University shall not be pledged therefor. The Bonds are fully insured as to principal and interest by Financial Guaranty Insurance Company (FGIC).

The University has fixed and will maintain and collect from each student who attends one or more classes at the University's main campus student union fees of not less than \$110 per semester, as defined in the Indenture. Upon issuance of the Bonds and while the Bonds are outstanding, the University has fixed and will maintain and collect from each student who attends one or more classes at the University's main campus operating fees of not less than \$40 per semester, as defined in the Indenture. Upon the opening of the Facilities, an additional operating fee of not less than \$50 per semester will be assessed. The Student Union Fees and Operating Fees are subject to pro-rata reductions for part-time and summer term students and for waivers required by West Virginia Code.

The University must maintain Student Union Fees and Operating Fees to pay operating expenses and to make the prescribed payments into the funds and accounts created under the Indenture, and such schedule of rents, charges, and fees shall be revised from time to time to provide for all reasonable operating expenses, and leave net revenues, when combined with other monies legally available to be used for such purposes, each fiscal year equal to at least 100% of the maximum annual debt service. For the years ended June 30, 2010 and 2009, the University had pledged revenues, as defined in the Indenture, which approximated 264% and 233%, respectively, of the maximum annual debt service.

A summary of annual aggregate principal, interest, and sinking fund payments is as follows:

Fiscal Years Ending June 30	2003 Series B		Grand Total
	Principal Payments Due June 1	Interest (Due June 1 and December 1)	
2011	\$ 550,000	\$ 998,038	\$ 1,548,038
2012	570,000	978,238	1,548,238
2013	590,000	956,863	1,546,863
2014	615,000	933,853	1,548,853
2015	640,000	909,253	1,549,253
2016	665,000	883,013	1,548,013
2017	700,000	848,150	1,548,150
2018	735,000	811,475	1,546,475
2019	775,000	773,038	1,548,038
2020	815,000	732,550	1,547,550
2021	860,000	690,013	1,550,013
2022	905,000	645,238	1,550,238
2023	950,000	598,250	1,548,250
2024	1,000,000	550,750	1,550,750
2025	1,050,000	500,750	1,550,750
2026	1,100,000	448,250	1,548,250
2027	1,155,000	393,250	1,548,250
2028	1,215,000	335,500	1,550,500
2029	1,275,000	274,750	1,549,750
2030	1,340,000	211,000	1,551,000
2031	1,405,000	144,000	1,549,000
2032	1,475,000	73,750	1,548,750
Total outstanding	20,385,000	13,689,972	34,074,972
Cumulative bonds retired and interest paid through June 30, 2010	2,540,000	7,609,726	10,149,726
	<u>\$22,925,000</u>	<u>\$21,299,698</u>	<u>\$44,224,698</u>

**3. OTHER TRANSACTIONS**

Certain purchasing, accounting, and other administrative services are provided by other State agencies to the University.

\* \* \* \* \*

**Item:** One-time Pay Raise for Employees.

**Committee:** Committee of the Whole

**Resolution:** Whereas, the Higher Education Policy Commission supports a one-time pay raise for higher education employees and the majority of higher education institutions are providing a pay raise; and

Whereas, sufficient budget exists in 2011 budget to fund a one-time pay raise that would provide for a 2.3% increase from December 1, 2010 thru the end of the fiscal year.

Be it resolved, that the Board of Governors approve this one-time pay raise.

**Staff Member:** Rick Porto

**Background:** This one-time pay raise will be effective beginning December 1, 2010 for non-arrears pay employees and December 16, 2010 for arrears pay employees.

The estimated cost of this pay raise for each fund is shown on the attached report.

This one-time pay raise may be rescinded in fiscal year 2012 if the budget is insufficient to continue the raise.

The following employee groups would receive this pay raise:

- Full-time faculty who have a complete 2009-2010 annual faculty report.
- Full-time and part-time classified staff who have more than 15 years of service and did not receive an October 2010 step increase.
- Full-time and part-time non-classified and faculty equivalent academic professional (FEAP) who have an evaluation of "meets expectations" or above in the most recent performance evaluation (1.51 or above numeric score).

- Adjunct faculty effective the spring 2011 semester.
- Retirees on phased retirement.

Note 1: Consistent with past practice, full-time faculty employed August 15, 2010 or after, non-classified and FEAP (full or part-time) employees employed July 1, 2010 or after are not eligible to receive the December 2010 pay raise.

## Fairmont State Estimates of 2.3% Raise - December 1, 2010

	2.3% Raise	Benefits	Total	FSU \$	CTC\$
<b><i>Unrestricted</i></b>					
Retirees	5,011	753	5,764	5,284	480
FEAP	3,147	471	3,618	2,943	675
Non-Classified Staff	89,046	13,363	102,409	75,308	27,101
Faculty	217,442	32,615	250,057	247,517	2,540
Classified Staff	47,907	7,180	55,087	39,055	16,032
Part-Time Staff	6,991	1,050	8,041	5,688	2,353
Adjunct Faculty	19,208	2,879	22,087	22,087	0
PCTC Assessment				4,792	
	<b>388,752</b>	<b>58,311</b>	<b>447,063</b>	<b>402,674</b>	<b>49,181</b>
<b><i>Restricted</i></b>					
FEAP	2,098	315	2,413	2,413	0
Non-Classified Staff	7,374	1,106	8,480	8,480	0
Faculty	2,091	314	2,405	2,405	0
Part-Time Staff	460	69	529	529	0
	<b>12,023</b>	<b>1,804</b>	<b>13,827</b>	<b>13,827</b>	<b>0</b>
<b><i>Auxiliary</i></b>					
Retirees	245	37	282	282	0
Non-Classified Staff	15,156	2,274	17,430	17,430	0
Faculty	1,629	244	1,873	1,873	0
Classified Staff	7,462	1,119	8,581	8,581	0
Part-Time Staff	1,544	232	1,776	1,776	0
	<b>26,036</b>	<b>3,906</b>	<b>29,942</b>	<b>29,942</b>	<b>0</b>

Fairmont State University  
Board of Governors  
October 14, 2010

**Item:** Suspension of Policy #25, Salary Policy for the December 2010 One-time Pay Raise.

**Committee:** Committee of the Whole

**Resolution:** Whereas, most employees have not had a pay raise in two years; and

Whereas, Fairmont State University has sufficient budget to fund a one-time pay raise; and

Whereas, the Higher Education Policy Commission supports a one-time pay raise for higher education employees, and administration recommends this December 2010 pay raise of 2.3% be provided in an across-the-board manner; therefore

Be it resolved, that the Board of Governors approve suspension of salary policy #25 for the December 2010 pay raise of 2.3%, and distribute the pay raise as follows:

- The classified staff have been provided full funding of the Mercer Step effective October 1, 2010, (No additional pay raise).
- For full-time and part-time classified staff who have more than 15 years of service and did not receive an October 2010 step increase.
- For full-time faculty who have a complete 2009-2010 annual faculty report.
- For full-time and part-time non-classified and faculty equivalent academic professional (FEAP) staff who have an evaluation of "meets expectations" or above in the most recent performance evaluation (1.51 or above numeric score).
- For phased retirees.
- For adjunct faculty effective for the spring semester.

Note 1: Consistent with past practice, full-time faculty employed August 15, 2010 or after, non-classified and FEAP (full or part-time) employees employed July 1, 2010 or after are not eligible to receive the December 2010 pay raise.

**Staff Member:** Rick Porto

**Background:** In order to provide an across-the-board pay raise to each employee, board policy #25 must be suspended. This agenda item has been reviewed by legal counsel.

Note 2: For classified employees who have more than 15 years experience there is no step increase. State Code 18B-9-4(C) states: "A classified employee may receive a salary in excess of the salary established by the salary schedule for his or her pay grade and years of experience only if all such employees at the institution are receiving at least the minimum salary for their pay grade and years of experience as established for them by the salary schedule: *Provided*, That any salary increase must be provided in a manner that is consistent with the uniform classification system and the institution's salary policy".



Fairmont State University Board of Governors  
Policy #25

Revised August 27, 2007 and June 15, 2006, originally adopted November 29, 2004

- TITLE: SALARY POLICY
- SECTION 1. GENERAL
- 1.1 SCOPE: These salary policies shall be in effect and shall govern the assignment of salaries for employees of Fairmont State University.
- 1.2 AUTHORITY: West Virginia Code § 18B-1-6; §18B-2A-4.
- 1.3 Effective Date: November 29, 2004
- SECTION 2. PROCEDURES FOR ESTABLISHING SALARY POOLS
- 2.1 Each year, or from time to time as deemed appropriate, the President shall present to the Board a plan for the distribution of general salary increases to employees. This plan shall address increases for all employees other than the President.
- 2.2 The general salary increase plan shall be developed after state-wide salary mandates have been accounted for. Statewide salary mandates shall include salary increases for faculty promoted in rank, as well as required incremental funding of the classified employee "entry rate," if applicable.
- 2.3 After the cost of state-wide salary mandates has been separately accounted for, the President's general salary increase plan shall be submitted to the Board for approval.
- 2.3.1 The plan shall reflect separately the total projected costs of aggregate salary increases for faculty, for non-classified employees, and for classified employees.
- 2.3.2 The plan shall reflect the aggregate percentage increase in salary to be paid to faculty, non-classified, and classified employees.
- 2.3.3 The increase in salary for each of the three groups of employees shall be comparable, but not necessarily equivalent. If the increases are not comparable, the President shall present a justification with the proposal.

2.4 The Board shall act, in response to the plan submitted, to establish the aggregate dollars to be allocated each year for general salary increases for each of the three groups of employees. The aggregate increase in dollars shall be distributed in accordance with Sections 3, 4 and 5 of this Policy.

### SECTION 3. FACULTY SALARY POLICY

The total dollars for this increase in aggregate faculty salaries shall be distributed among faculty as follows:

3.1 The Distribution of Faculty New Pay Monies Each Fiscal Year

3.1.1 Salary Inequities Distributions: Twenty-five percent (25%) of the total faculty salary pool shall be distributed to address salary inequities until such time that a lower percentage is sufficient to bring all faculty to 90% of their target salary. Of this amount, a minimum of 80% (or 20%) will be used to fund the salary equity model with the balance restricted for special cases at the discretion of the Provost. The salary equity model is based on median data from the College and University Professional Association for Human Resources (CUPA), taking into account discipline and rank. Time in rank and possession of a terminal degree affect the actual target salary as follows:

- The CUPA peer group will be all Bachelor and Masters Institutions.
- No terminal degree - 10% reduction in CUPA base for rank and discipline. This does not apply to C&TC faculty.
- Zero time in rank - 10% reduction in CUPA base for rank and discipline
- Maximum credit for time in rank – 9 years
- Maximum target salary – 110% of CUPA base

The equity adjustments will have two components, fixed and variable. The maximum possible variable percentage will be no greater than the fixed percentage and will be determined based on dollars available. The variable percentage for each individual will be determined by the difference between their OCR score and the minimal acceptable OCR score. To be eligible for an equity adjustment in any given year, a faculty member must be eligible for a merit increase.

- 3.1.1.1 For the purpose of accelerating approach to target salary, an additional amount of money may be made available by the Board. These dollars will be dispersed as described in 3.1.1.
- 3.1.2 Merit Pay Allocations: The remaining salary increase pool after Section 3.1.1 is implemented shall be distributed on the basis of merit pay. The procedures for determining merit will be those developed by the faculty in the respective schools and colleges and approved by the Provost.
- Graduated Rankings of Recipients. The merit raise will have two components, fixed and variable. The maximum possible variable percentage will be no greater than the fixed percentage and will be determined based on dollars available. The variable percentage for each individual will be determined by the difference between their OCR score and the minimal acceptable OCR score. The percentage of the variable component pool available to each School or College will equal the School or College's percentage of the total salary pool. Those rated below a minimal acceptable level as determined by the Provost in consultation with the Faculty will not receive a merit increase.

#### SECTION 4. CLASSIFIED STAFF SALARY POLICY

- 4.1 Salaries of classified employees shall be set consistent with Article 9, Chapter 18B of the Code of West Virginia and Series 8, as amended by the Higher Education Policy.
- 4.2 In computing the salary increases for all classified employees, the target salary under the salary schedule set forth in Section 3, Article 9, Chapter 18B of the Code of West Virginia, as amended, shall be identified. The gaps between the target and current salary shall be established. Salaries of all classified employees shall be increased in equal proportions toward eliminating all gaps; however no raises will be given if the employee's overall job performance evaluation is "unsatisfactory." Beginning January 1, 2007, no raises will be given if the employee's overall job performance evaluation is "needs improvement" or "unsatisfactory."

SECTION 5. NON-CLASSIFIED SALARY POLICY

The total dollars for the annual increase in aggregate non-classified salaries shall be distributed among non-classified staff as follows:

- 5.1 Salary Inequities Distributions: The President may distribute a portion of the non-classified salary increase pool at his/her discretion to address salary inequities.
- 5.2 Merit Pay Recipients: The remaining portion of the non-classified staff salary pool shall be distributed on the basis of merit pay.
  - 5.2.1 Each non-classified employee shall be evaluated at least once each year, to include the Annual Evaluation. The Annual Evaluation will include, but need not be limited to, the Fairmont State Non-Classified Employee Performance Evaluation.
  - 5.2.2 No employee who receives an overall rating of "unsatisfactory" on the Annual Evaluation form will be eligible for merit pay. Beginning January 1, 2007, no raises will be given if the employee's overall job performance evaluation is "needs improvement" or "unsatisfactory."
  - 5.3.3 Graduated Rankings of Recipients. Merit recipients will be ranked at level A, B, or C. Those ranked B shall receive a percentage increase in base salary 50% higher than those rated C. Those ranked A shall receive a percentage increase in base salary 100% higher than those rated C.

SECTION 6. THE PRESIDENT'S SALARY

No provision herein shall be deemed to apply in any manner to the salary of the Fairmont State University President, whose remuneration shall be set, from time to time, at the will and pleasure of the Board and with the approval of the Policy Commission.

**Item:** Approval of Recommended Budget Changes for Fiscal Year 2011 for the Unrestricted Fund

**Committee:** Committee of the Whole

**Resolution:** Whereas, enrollment growth for the current academic year is providing over \$500,000 in additional tuition and fee revenue; and

Whereas, sufficient 2011 budget balance exists to provide a one-time pay raise to employees who have not been provided any pay raise for two years; and

Whereas, sufficient 2011 budget balance exists along with a recommendation to use excess net assets of \$363,349 to fund one million dollars (\$1,000,000) for one-time strategic initiatives; and

Whereas, sufficient excess net assets exists to allow for use of \$363,349 of these net assets.

Be it resolved, that the Board of Governors approves the attached adjusted budget plan for the 2011 fiscal year.

**Staff Member:** Rick Porto

**Background:** The enrollment growth has yielded additional revenues that we feel comfortable in recommending adding to our base budget for FY 2011.

The one-time pay raise for employees, who have not received the classified step increase pay raise, and who have not received a pay raise for two years, can be afforded from the existing 2011 budget. Note: This pay increase, which will be paid out beginning December 1, for non-arrears pay employees, and December 16 for arrears pay employees could be rescinded effective in the new fiscal year if the 2012 budget would be insufficient to continue this raise.

One-time strategic initiatives would include but not limited to:

- Initiatives to implement the revised strategic plan.
- Initiative to acquire property in proximity to the campus.

The condition by which these strategic initiatives will be approved are that they will support the strategic plan and that they will not require continuous funding.

Fairmont State University  
 Actual vs Budget Statement of Revenues and Expenses  
 Current Unrestricted  
 As of August 31, 2010

	Approved Budget	Current Budget	Projected Change	Adjusted Budget - Oct 31
<b>OPERATING REVENUES</b>				
Tuition and Fees	20,958,349	21,158,349	618,500	21,776,849
Activity, Cap. & Debt Service Support Rev.	559,169	559,169	20,900	580,069
Faculty Services Revenue	1,268,259	1,268,259	0	1,268,259
Private Grants and Contracts	0	0	0	0
Auxiliary Enterprise Revenue	0	0	0	0
Operating Costs Revenue	2,432,922	2,442,515	0	2,442,515
Support Services Revenue	3,942,875	3,938,533	49,181	3,987,714
Other Operating Revenue	414,308	414,308	0	414,308
<b>Total:</b>	<b>29,575,881</b>	<b>29,781,133</b>	<b>688,581</b>	<b>30,469,714</b>
<b>OPERATING EXPENSES</b>				
Salaries	22,934,077	22,958,684	388,752	23,347,436
Benefits	5,819,430	5,824,434	58,311	5,882,745
Student financial aid-scholarships	1,748,476	1,948,476	0	1,948,476
Utilities	1,749,920	1,749,920	0	1,749,920
Supplies and Other Services	7,011,909	6,956,176	1,000,000	7,956,176
Equipment Expense	1,063,891	1,065,891	0	1,065,891
Loan cancellations and write-offs	0	0	0	0
Fees retained by the Commission	178,427	178,427	0	178,427
Assessment for Faculty Services	1,502,589	1,502,589	0	1,502,589
Assessment for Support Services	422,524	424,302	4,792	429,094
Assess for Activity, Cap. & Debt Ser Costs	2,888,351	2,888,351	130,000	3,018,351
Assessment for Operating Costs	209,276	208,947	0	208,947
<b>Total:</b>	<b>45,528,870</b>	<b>45,706,196</b>	<b>1,581,855</b>	<b>47,288,051</b>
<b>OPERATING INCOME / (LOSS)</b>	<b>(15,952,989)</b>	<b>(15,925,064)</b>	<b>(893,274)</b>	<b>(16,818,338)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State Appropriations	15,611,661	15,611,661	0	15,611,661
State Fiscal Stabilization Funds	701,797	701,797	0	701,797
Gifts	25,000	25,000	0	25,000
Investment Income	266,166	266,166	0	266,166
Loss/Gain in Disposal of Fixed Assets	0	0	0	0
Reappropriated State Funding	0	0	0	0
<b>Total:</b>	<b>16,604,624</b>	<b>16,604,624</b>	<b>0</b>	<b>16,604,624</b>
<b>TRANSFERS &amp; OTHERS</b>				
Capital Expenditures	(449,158)	(449,158)	0	(449,158)
Transfers for Fin Aid Match	(124,877)	(124,877)	0	(124,877)
Indirect Cost Recoveries	450,218	509,400	0	509,400
Transfers for Capital Projects	0	0	0	0
Transfers for Scholarships	0	(85,000)	0	(85,000)
Transfers - Other	0	0	0	0
One-time use of reserves	0	0	363,349	363,349
<b>Total:</b>	<b>(123,817)</b>	<b>(149,635)</b>	<b>363,349</b>	<b>213,714</b>
<b>BUDGET BALANCE</b>	<b>527,818</b>	<b>529,925</b>	<b>(529,925)</b>	<b>0</b>
<b>*Add: PROJECTED UNRESTRICTED NET ASSETS - Beginning of Year</b>	<b>8,895,697</b>	<b>8,895,697</b>	<b>0</b>	<b>8,895,697</b>
<b>Less: USE OF RESERVES</b>	<b>0</b>	<b>0</b>	<b>363,349</b>	<b>363,349</b>
<b>Equals: PROJECTED UNRESTRICTED NET ASSETS - End of Year</b>	<b>9,423,515</b>	<b>9,425,622</b>	<b>(893,274)</b>	<b>8,532,348</b>

\*Projected Net Assets - Beginning of Year is before cumulative OPEB liability at June 30, 2010 in the amount of \$2,961,374.  
 Beginning Net Assets balance is unadmitted as audit continues through October 2010.

Fairmont State University  
Board of Governors  
October 14, 2010

**Item:** Approval of Recommended Budget Changes for Fiscal Year 2011 for the Auxiliary and Restricted Funds.

**Committee:** Committee of the Whole

**Resolution:** Whereas, enrollment growth for the current academic year is providing over \$135,000 in additional auxiliary fee revenue; and

Whereas, sufficient 2011 budget balance exists to provide a one-time pay raise to employees who have not been provided any pay raise for two years; and

Whereas, restricted fund budgets can be adjusted to provide for this pay raise;

Be it resolved, that the Board of Governors approve the attached adjusted budget plan for the Auxiliary and Restricted Funds for the 2011 fiscal year.

**Staff Member:** Rick Porto

**Background:** The enrollment growth has yielded additional revenues that we feel comfortable in recommending adding to our base budget for FY 2011.

The one-time pay raise for employees, who have not received the classified step increase pay raise, and who have not received a pay raise for two years, can be afforded from the existing 2011 budget. Note: This pay increase, which will be paid out beginning December 1, for non-arrears pay employees, and December 16 for arrears pay employees, could be rescinded effective in the new fiscal year if the 2012 budget would be insufficient to continue this raise.

The additional revenue from enrollment growth after providing for pay raises will increase the planned amount to transfer to reserves for the Auxiliary Fund.

Auxiliary  
Actual vs Budget Statement of Revenues and Expenses  
Board of Governors  
As of August 31, 2010

		Approved Budget	Current Budget	Projected Change	Adjusted Budget - Oct 31
<b>OPERATING REVENUES</b>	Tuition and Fees	0	0		0
	Auxiliary Enterprise Revenue	5,500,976	5,491,477		5,491,477
	Auxiliary Support Services Revenue	4,762,696	4,762,696	135,400	4,898,096
	Other Operating Revenue	245,304	247,438		247,438
	<b>Total:</b>	<b>10,508,976</b>	<b>10,501,611</b>	<b>135,400</b>	<b>10,637,011</b>
<b>OPERATING EXPENSES</b>	Salaries	2,070,834	2,081,555	26,036	2,107,591
	Benefits	538,167	540,699	3,906	544,605
	Student financial aid-scholarships	486,160	486,160	0	486,160
	Utilities	912,265	912,265	0	912,265
	Supplies and Other Services	2,136,549	2,209,796	0	2,209,796
	Equipment Expense	97,446	96,946	0	96,946
	Loan cancellations and write-offs	1131	1,131	0	1,131
	<b>Total:</b>	<b>6,242,552</b>	<b>6,328,552</b>	<b>29,942</b>	<b>6,358,494</b>
<b>OPERATING INCOME / (LOSS)</b>		<b>4,266,424</b>	<b>4,173,059</b>	<b>105,458</b>	<b>4,278,517</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	Interest on capital asset related debt	(100,473)	(100,473)	0	(100,473)
	<b>Total:</b>	<b>(100,473)</b>	<b>(100,473)</b>	<b>0</b>	<b>(100,473)</b>
<b>TRANSFERS &amp; OTHERS</b>	Capital Expenditures	(162,260)	(157,259)	0	(157,259)
	Transfers for Debt Service	(3,603,621)	(3,603,621)	0	(3,603,621)
	Transfers for Fin Aid Match	(3,425)	(3,425)	0	(3,425)
	Transfer to Plant Reserves	(396,646)	(393,282)	(105,458)	(498,740)
	Transfers for Scholarships	0	85,000	0	85,000
	Transfers - Other	0	0	0	0
	<b>Total:</b>	<b>(4,165,951)</b>	<b>(4,072,586)</b>	<b>(105,458)</b>	<b>(4,178,044)</b>
<b>BUDGET BALANCE</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>*Add: PROJECTED NET ASSETS - Beginning of Year</b>		<b><u>6,544,956</u></b>	<b><u>6,544,956</u></b>	<b><u>0</u></b>	<b><u>6,544,956</u></b>
<b>Equals: PROJECTED NET ASSETS - End of Year</b>		<b><u>6,544,956</u></b>	<b><u>6,544,956</u></b>	<b><u>0</u></b>	<b><u>6,544,956</u></b>

\* Projected Net Assets - Beginning of Year is before cumulative OPEB liability at June 30, 2010 in the amount of \$375,293  
Beginning Net Assets balance is unaudited as audit continues through October 2010.



Fairmont State University  
Actual vs Budget Statement of Revenues and Expenses  
Current Restricted  
As of August 31, 2010

		Beginning Budget	Current Budget	Projected Change	Adjusted Budget - Oct 31
<b>OPERATING REVENUE</b>					
	Federal Grants and Contracts	35,155,676	35,090,863		35,090,863
	State/Local Grants and Contracts	5,421,053	5,519,620		5,519,620
	Private Grants and Contracts	2,100,110	2,056,328		2,056,328
	Other Operating Revenue	200	200		200
	<b>Total:</b>	<b>42,677,039</b>	<b>42,667,010</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSE</b>					
	Salaries	1,424,306	1,443,057	12,023	1,455,080
	Benefits	230,290	231,749	1,804	233,553
	Student Financial Aid-Scholarships	44,102,306	44,102,306		44,102,306
	Utilities	21,607	21,607		21,607
	Supplies and Other Services	5,379,841	5,421,413	-13,827	5,407,586
	Equipment Expense	3,308,144	3,309,657		3,309,657
	Assessment for Support Services	0	0		0
	<b>Total:</b>	<b>54,466,495</b>	<b>54,529,788</b>	<b>0</b>	<b>54,529,788</b>
<b>OPERATING LOSS</b>		<b>-11,789,456</b>	<b>-11,862,778</b>	<b>0</b>	<b>-11,862,778</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>					
	Federal Pell Grant Revenues	12,000,000	12,000,000		12,000,000
	<b>Total:</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>0</b>	<b>12,000,000</b>
<b>TRANSFERS AND OTHER</b>					
	Assets	-15,459	-15,459	0	-15,459
	Transfers for Fin Aid Match	128,302	128,302		128,302
	Indirect Cost Recoveries	-509,400	-509,400		-509,400
	Transfers - Other	0	46,282		46,282
	<b>Total:</b>	<b>-396,557</b>	<b>-350,274</b>	<b>0</b>	<b>-350,274</b>
<b>BUDGET BALANCE</b>		<b>-186,012</b>	<b>-213,053</b>	<b>0</b>	<b>-213,053</b>
<b>PROJECTED NET ASSETS - Beginning of Year**</b>		<b><u>219,123</u></b>	<b><u>246,087</u></b>	<b><u>0</u></b>	<b><u>246,087</u></b>
<b>PROJECTED RESTRICTED NET ASSETS- End of Year</b>		<b><u>33,111</u></b>	<b><u>33,034</u></b>	<b><u>0</u></b>	<b><u>33,034</u></b>

\*\*Net Assets adjusted for year end audit entries not budgeted

Fairmont State University  
Board of Governors  
October 14, 2010

**Item:** Folklife Center – Phase III Design

**Committee:** Committee of the Whole

**Resolution:** Whereas, the Folklife Center Phases I and II are complete and the Governing Boards resolved that the completion of the last Phase (III) will be contingent on the Foundation raising 50 percent for the entire project, and

Whereas, administration wishes to begin design work for Phase III at a cost of \$24,100.00; and

Whereas, the Foundation has agreed to fund the design costs for Phase III; and

Be it resolved, that the Board of Governors approves the administration to contract with WYK Architects (who was the architect for Phases I & II) for design work in the amount of \$24,100.00, to be reimbursed by Foundation Funds already available for this design work.

Further let it be resolved, that the completion of the last Phase (III) of the Folklife Center project continues to be contingent on the Foundation raising 50 percent of the total funds for the entire project, including funds that will come to the Foundation through estate gifts.

**Staff Member:** Rick Porto

**Background:** Attached is the December 11, 2008 Board of Governor's resolution approving Phase II funding of the Folklife Center, and the requirement of the Board for the funding of the last Phase (III).

Also attached is:

- Architects invoice for designing Phase III (exclusive of bidding and construction administration costs).
- Foundation approval to reimburse for the design fees in the amount of \$24,100.00.

**Fairmont State University Board of Governors  
Meeting of December 11, 2008**

**ITEM:** Folklife Center Project

**COMMITTEE:** Committee of the Whole

Whereas, the first phase of the Frank and Jane Gabor Folklife Center is scheduled to be completed by the end of December 2008; and

Whereas, the next phase needs to be completed for the building to be occupied; and

Whereas, by deferring other capital projects, funds can be made available to complete the next phase according to the cost estimates provided by WYK Architects; and

Whereas, funding the entire project would result in a deficit in capital spending; and

Whereas, the Fairmont State Foundation has raised funds for the project and committed to a \$2 million fund raising campaign;

Now, therefore, be it resolved, that this Board of Governors approves the plan presented by the administration to fund the next phase of the Frank and Jane Gabor Folklife Center in the amount of \$635,000; and

Be it further resolved, that the completion of the last phase of the project will be contingent on the Foundation raising 50 percent of the total funds for the entire project, including funds that will come to the Foundation through estate gifts.

**STAFF MEMBER:** Sarah Hensley

**MEMORANDUM**  
**WYK Associates, Inc.**

**TO:** Jim Decker; Assistant VP for Physical Facilities, FSU

**FM:** Bill Yoke

**RE:** Gabor Folklife Center; Phase 3

**DATE:** June 10, 2010

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As we discussed, FSU is considering completing the design and construction documents for Phase 3 of the Gabor Center, and waiting until the funding is in place to bid and complete construction for the project. We have reviewed all of the design work and the construction completed to date, and based our fee calculations on construction of this phase at a later date.

We propose the following Architectural/Engineering fees for Phase 3:

A/E Fee for complete services	\$32,700.00
• Design thru completion of the Construction Documents	\$24,100.00
• Bidding and Construction Administration	\$ 8,600.00

We will prepare and AIA contract form for review and execution if these values are acceptable. Please let us know if you have any questions or need any additional information.

**Distribution:** Jim Decker, James B. Swiger, AIA, LEED AP; file

**MINUTES**  
**EXECUTIVE COMMITTEE MEETING**  
**FAIRMONT STATE FOUNDATION, INC.**  
**Thursday, September 16, 2010**  
*7:30 a. m. Erickson Alumni Center Conference Room*

	<u>Item</u>	<u>Reporting</u>	<u>Action</u>
I.	<p><b>Welcome and Call to Order</b></p> <p><u>The meeting was called to order at 7:35 a.m.</u></p> <p><b><u>Directors Present:</u></b> Gina Fantasia, Dr. Fred Fidura, Aaron Hawkins, Kim Pellillo, Becky Phillips, Kevin Rogers, Gerry Schmidt, Melissa Watkins, Gary K. Bennett, Dr. Thomas Krepel, Dr. Doreen Larson, Rick Porto and Dixie Yann</p> <p><b><u>Directors Absent:</u></b> John Myers</p> <p><b><u>Invited Guests Present:</u></b> Dale Bradley, Emily Swain, Shannon Kelley, Jim Kettering</p> <p><b><u>Staff Present:</u></b> Devanna Corley</p> <p>A. Foundation President's Comments The committee was welcomed.</p>	<p>Pellillo</p> <p>Pellillo</p>	<p></p> <p>Information</p>
II.	<p><b>Minutes</b> (Tab 2)</p> <p>A motion was made to approve the minutes of the August 19, 2010 Executive Committee meeting.</p>	<p>Pellillo</p>	<p><b>Motion to Approve:</b> Schmidt <b>Seconded:</b> Fidura <b>Result:</b> <b>APPROVED</b></p>
III.	<p><b>Financial Report</b> (Tab 3)</p> <p>A motion was made to approve the August 2010 monthly financial report.</p>	<p>Watkins</p>	<p><b>Motion to Approve:</b> Watkins <b>Seconded:</b> Fidura <b>Result:</b> <b>APPROVED</b></p>
IV.	<p><b>Management Reports</b></p> <p>A. <u>Fairmont State University's Report</u> Dr. Krepel provided a report reflective of the following topics: enrollment, housing, equity funding and budget instructions from Charleston are not reflective of budget cuts in FY 2010.</p> <p>B. <u>Pierpont C&amp;TC President's Report</u> Dr. Larson provided a report reflective of the following topics: enrollment, meeting with Governor</p>	<p>Krepel</p> <p>Larson</p>	<p>Information</p> <p>Information</p>

Manchin, Pierpont students participating in student government, upcoming meetings at the WVHTC Foundation.

- |    |   |             |             |
|----|---|-------------|-------------|
| C. | <u>Interim Executive Director's Report</u><br>Dixie Yann provided a report that consisted of the progress being made by the development committee and others. Dixie also mentioned the continued involvement with the FLC Center project. | <b>Yann</b> | Information |
|----|---|-------------|-------------|

V. **Committee & Other Reports:**

- |    |   |                  |             |
|----|---|------------------|-------------|
| A. | <u>FSU Board of Governors</u><br>No report.   | <b>Kettering</b> | Information |
| B. | <u>PC&amp;TC Board of Governors</u><br>As Kyle Hamilton was absent, there was no report.  | <b>Hamilton</b>  | Information |
| C. | <u>Athletics</u><br>Shannon provided information relevant to general occurrences of the FSAA Board activities.  | <b>Kelley</b>    | Information |
| D. | <u>Alumni Relations</u><br>Emily provided information relevant to general occurrences of the Fairmont State Alumni Association activities.  | <b>Swain</b>     | Information |
| E. | <u>Board Governance</u><br>No report.   | <b>Yann</b>      | Information |
| F. | <u>Student Enrollment and Scholarship</u><br>The committee is pleased to announce that the Foundation Scholarships are now on-line and can be viewed from the Apply Now tab on the FSU and PC&TC homepages.         | <b>Phillips</b>  | Information |
| G. | <u>Finance and Investment</u><br>Melissa Watkins provided a verbal report of the completion of the FY2009-2010 audit, with an unqualified opinion. The full audit report will be included in the full board packet. | <b>Watkins</b>   | Information |

A motion was made to accept the FY 2009-2010 audit report with unqualified opinion.

**Motion to Approve:**  
Schmidt  
**Seconded:**  
Bennett  
**Result:**  
**APPROVED**

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H. Bylaws  
No Report. **Fantasia** Information

I. Development  
Dixie Yann reported on behalf of the Development Committee and discussed the OSIX grant. Dixie and the committee were pleased with the report given by David Abruzzino. **Yann** Information

VI. **Old Business:**

VII. **New Business:**

Gary Bennett made a motion to approve payments issued to Nicole Crane for work performed for the Foundation. **Bennett** Approval  
**Motion to Approve:**

Bennett  
**Seconded:**  
Fidura  
**Result:**  
**APPROVED**

Devanna Corley requested issuance of payment to WYK architectural firm for architectural renderings for Phase III of the WV Folklife Center. **Corley** Approval  
**Motion to Approve:**

Fidura  
**Seconded:**  
Schmidt  
**Result:**  
**APPROVED**

Devanna Corley informed the board regarding the request from Donna Nuzum for a match of \$250.00 to be made by the Foundation in the event that Campus Compact grants funds to FSU and Pierpont for activities in honor of Martin Luther King, Jr. **Corley** Approval  
**Motion to Approve:**

Fidura  
**Seconded:**  
Schmidt  
**Result:**  
**APPROVED**

VIII. **Executive Session**

The committee went into Executive Session at 8:35 a.m. Executive Session ended at 9:20 a.m. and the meeting was adjourned.

IX. **Adjournment**

With no further business, the meeting was adjourned at 9:20 a.m.

The next Executive Committee meeting will be held October 14 at 7:30 a.m. in the Erickson Alumni Center Conference Room.

Minutes submitted by:

*Corley*

Fairmont State University  
Board of Governors  
October 14, 2010

**Item:** Policy 54 – Bookstore Policy

**Committee:** Committee of the Whole

**Recommended Resolution:** Resolved, that the Fairmont State Board of Governors approve a final version of Policy 54 – Bookstore Policy based on the draft revision circulated for public comment and modifications to this draft revision based on comments received.

**Staff Member:** Rick Porto

**Background:** The changes made to Policy 54 – Bookstore Policy are intended to bring it into line with new requirements established by the Higher Education Opportunities Act and the newly revised Higher Education Policy Commission Series 51.

Changes focus on timeline for adoption of textbook, regulations concerning the types of textbooks and supplemental materials that can be adopted, publication of textbook adoptions by course and section and reporting requirements concerning textbook adoptions.

The Public Comment Period was established at the June 17, 2010 meeting from June 17 – August 31, 2010.

All comments received during the comment period came from the General Counsel for The Higher Education Policy Commission.



Fairmont State University  
Board of Governors  
Policy #54  
Bookstore Policy

Effective Date: ~~October 24, 2007~~

SECTION 1: GENERAL

- 1.1 SCOPE: This policy shall be in effect and shall govern textbook sales and the operation of a bookstore by a private vendor at Fairmont State University (FSU). The goal of the policy is to maintain and improve program and course quality and minimize textbook costs to students and to be in compliance with the Higher Education Opportunities Act of 2008 and West Virginia Higher Education Policy Commission Series 51.
- 1.2 AUTHORITY: **West Virginia Code § 18B-1B-4, 18B-10-14**

SECTION 2: PRICING

- 2.1 The prices charged for textbooks and other instructional material may not be less than the prices fixed by any fair trade agreements and shall, in all cases, include in addition to the purchase price paid by the bookstore, a sufficient handling charge to cover all expenses incurred for personal and other services, supplies and equipment, storage and other operating expenses.
- 2.2 The bookstore will minimize the costs to students of purchasing textbooks and instructional supplies.
- 2.2.1 The bookstore shall maintain both new and used book stocks along with other supplies for student needs and commit to the maximum extent practicable to make available a maximum number of used textbooks. Additionally, the bookstore shall make available textbook rental programs and offer books in alternate formats such as electronic books that offer cost savings to students.
- 2.2.1.1 ~~The bookstore~~ institution will require that prior to submitting a new adoption for textbooks or related educational components that faculty review other comparable titles and compare pricing. This comparison will be documented on the adoption form at time of submission. The review should include price of textbook and supplement materials, copy write dates of three (3) previous editions if any, a description of substantial content revisions, whether the textbook is available in lower cost formats with prices included, the price of textbooks unbundled, and the price of custom textbooks.
- 2.2.1.2 Bundling of customized and supplemental items with textbooks is strongly discouraged. ~~prohibited.~~ Access codes and disposable class resources such as workbooks must be made available separately from required textbooks to maximize

the opportunity for buy back (bookstore repurchase from students) and the availability of used textbooks for students.

- 2.2.2 Textbooks should be used for at least three years before a change is made if at all practicable, and new adoptions should be made effective fall term.
- 2.2.3 The same textbook should be used for all sections of a single course number. Whenever practicable the course coordinator or Dean responsible for the adoption should submit adoptions ~~do so~~ for all sections.
- 2.2.4 All textbook adoptions for the full academic year (Fall, Spring, and Summer Semesters) shall be returned to the bookstore by ~~April 1st~~ March 15 or date prescribed by the bookstore and must have ~~Program Coordinator~~ approval of the academic Dean.
- 2.2.4.1. Failure to submit an adoption by the established deadline will result in the adoption of the class materials used in the previous semester.
- 2.2.4.2 Faculty wishing to continue with the same class materials must confirm this through the submission of the textbook adoption forms.
- 2.2.4.3 Once a textbook adoption is published, the adoption may not be changed by faculty member or Dean for any reason.
- 2.2.5 FSU employees may not require students to purchase a textbook which they have authored, unless that textbook has also been adopted by another accredited institution or unless the employee waives royalties from the student purchases.
- 2.2.5.1 Textbooks that include or incorporate either detachable worksheets or worksheet-style pages may not be adopted without approval of the academic Dean and Textbook Affordability Committee, however, FSU employees are prohibited from adopting textbooks with detachable worksheets which they have authored. ~~This provision does not prohibit an employee from requiring as a supplement to a textbook any workbook, access code or similar material which is published independently from the textbook.~~
- 2.2.6 FSU employees may not receive a payment, loan, subscription, advance, deposit of money, service, benefit or thing of value, present or promised, as an inducement for requiring students to purchase a specific textbook for coursework or instruction, as this would be in violation of the West Virginia Ethics Act.
- 2.2.7 ~~Exceptions to 2.2.2, 2.2.3, 2.2.4, 2.2.5 and 2.2.5.1 may be made with the approval of Deans. Deans are required to report in May of each year to the President with a justification of all exceptions granted.~~ The bookstore will compile a report regarding missing textbook adoptions by June 1 ~~and will forward~~ This report will be forwarded to the institutional Board of Governors for review annually by May 1. The report to the Board should contain specific information on adoption deadlines missed by each according to academic

area, including justifications submitted by each Academic Dean, and course sections as well as general information required by West Virginia Higher Education Policy Commission standards.

The Academic Dean is responsible to submit a report concerning textbook adoptions in his/her department to the Vice President for Administrative and Fiscal Affairs. This report should include justification for adoption deadlines missed.

The institutional Board of Governors must submit a report on textbook adoptions to the West Virginia Higher Education Policy Commission annually by November 1.

### SECTION 3: TEXTBOOK LISTS

- 3.1 ~~————~~ Prior to the beginning of each semester ~~The bookstore shall make available to students a listing of textbooks, with available formats (new, used, rental, ebook) and course materials required or assigned for any course offered at FSU. The bookstore will make provisions in its adoption procedure to include in book ordering all available formats of adopted texts to include new, used, rental, ebooks and other methods of content delivery and will make available to students policies concerning buy back (repurchase), return or length of license of materials in various formats.~~
- 3.1.1 The listing shall be prominently posted at the bookstore and on the official FSU website.
- 3.1.2 The listing shall include for each textbook the International Standard Book Number (ISBN), the edition number and any other relevant information.
- 3.1.3 Each book will be posted to the listing ~~when the adoption process is complete and the textbook is designated for order by the bookstore.~~ in conjunction with the publishing of the master schedule of courses prior to pre-registration for the upcoming an academic term.

### SECTION 4: DESK COPIES

- 4.1 FSU employees may receive sample copies, instructor's copies, and instructional materials. Per West Virginia Code § 18B-10-14(e)(2)(A), such material may not be sold for personal or private gain.
- 4.2 Faculty may make available review or desk copies of adopted textbooks for student use on library reserve. Instructor editions may not be made available to student.
- 4.3 Faculty and staff may donate unneeded textbooks to the bookstore. Proceeds from donated textbooks will be directed to the Textbook Scholarship fund.

### SECTION 5: BOOKSTORE REVENUES

- 5.1 ~~————~~ In the event Pierpont C&TC operates its own bookstore, all moneys derived from the operation of the bookstore shall be paid into a special

revenue fund as provided in section two, article two, chapter twelve of the West Virginia Code. Subject to approval of the Governor, the governing board periodically shall change the amount of the revolving fund necessary for the proper and efficient operation of the bookstore.

~~5.1.1 Moneys derived from the operation of the bookstore shall be used first to replenish the stock of any goods and to pay the costs of operating and maintaining the bookstore.~~

~~5.2 In the event Pierpont C&TC contracts with a private entity for bookstore operation, all revenue generated by the operation and enuring to the benefit of the institution shall be deposited into an appropriate account and shall be used for non-athletic scholarships.~~

5.1 Moneys derived from the operation of the bookstore shall be used first to replenish the stock of any goods and to pay the costs of operating and maintaining the bookstore.

5.1.1 All net revenues derived from the operation of the bookstore shall be paid into a special revenue fund, series 2003 B, toward the debt service payment for the student activity center.

5.2 Following the retirement of the Series 2003 B bond indebtedness, all revenue generated by the operation and enuring to the benefit of the institution shall be deposited into an appropriate account and shall be used for non-athletic scholarships.

#### SECTION 6: TEXTBOOK AFFORDABILITY COMMITTEE

6.1 Fairmont State University shall have a permanent Textbook Affordability Committee to advise faculty, student government, administration and the Board of Governors on issues related to textbook affordability and initiatives, textbook selection guidelines, educational opportunities and strategies designed to keep the cost of textbooks low.

6.2 This committee shall include faculty, administrators, students, staff, and bookstore representatives. The members shall be selected from the membership of the Bookstore Advisory Committee.

6.3 Members shall be selected annually and may serve consecutive terms.

6.4 Provided that FSU continues to operate a bookstore that supports both FSU and Pierpont C&TC, the membership of this committee shall meet jointly with the members of the Textbook Affordability Committee representing Pierpont C&TC quarterly.

6.5 The Textbook Affordability shall meet annually with the members of the Board of Governors to present recommendation and reports concerning textbook affordability.

SECTION 7: FUTURE MANDATES

7.1 The FSU Board of Governors will take steps to update this policy to ensure compliance with future mandates at both the State and Federal levels.

Fairmont State University  
Board of Governors  
Policy #54  
Bookstore Policy

Effective Date: ~~October 24, 2007~~

SECTION 1: GENERAL

- 1.1 SCOPE: This policy shall be in effect and shall govern textbook sales and the operation of a bookstore by a private vendor at Fairmont State University (FSU). The goal of the policy is to maintain and improve program and course quality and minimize textbook costs to students and to be in compliance with the Higher Education Opportunities Act of 2008 and West Virginia Higher Education Policy Commission Series 51.
- 1.2 AUTHORITY: **West Virginia Code § 18B-1B-4, 18B-10-14**

SECTION 2: PRICING

- 2.1 The prices charged for textbooks and other instructional material may not be less than the prices fixed by any fair trade agreements and shall, in all cases, include in addition to the purchase price paid by the bookstore, a sufficient handling charge to cover all expenses incurred for personal and other services, supplies and equipment, storage and other operating expenses.
- 2.2 The bookstore will minimize the costs to students of purchasing textbooks and instructional supplies.
- 2.2.1 The bookstore shall maintain both new and used book stocks along with other supplies for student needs.
- 2.2.1.1 The ~~bookstore~~ institution will require that prior to submitting a new adoptions for textbooks or related educational components that faculty review other comparable titles and compare pricing. This comparison will be documented on the adoption form at time of submission.
- 2.2.1.2 Bundling of customized and supplemental items with textbooks is strongly discouraged. ~~prohibited.~~ Access codes and disposable class resources such as workbooks must be made available separately from required textbooks to maximize the opportunity for buy back and the availability of used textbooks for students.
- 2.2.2 Textbooks should be used for at least three years before a change is made if at all practicable, and new adoptions should be made effective fall term.
- 2.2.3 The same textbook should be used for all sections of a single course number. Whenever practicable the course coordinator or Dean responsible for the adoption should submit adoptions ~~do so~~ for all sections.

- 2.2.4 All textbook adoptions for the full academic year (Fall, Spring, and Summer Semesters) shall be returned to the bookstore by ~~April 1st~~ March 15 or date prescribed by the bookstore and must have ~~Program Coordinator~~ approval of the academic Dean.
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- 2.2.4.2 Faculty wishing to continue with the same class materials must confirm this through the submission of the textbook adoption forms.
- 2.2.4.3 Once a textbook adoption is published, the adoption may not be changed by faculty member or Dean for any reason.
- 2.2.5 FSU employees may not require students to purchase a textbook which they have authored, unless that textbook has also been adopted by another accredited institution or unless the employee waives royalties from the student purchases.
- 2.2.5.1 Textbooks that include or incorporate either detachable worksheets or worksheet-style pages may not be adopted without approval of the academic Dean and Textbook Affordability Committee. This provision does not prohibit an employee from requiring as a supplement to a textbook any workbook, access code or similar material which is published independently from the textbook.
- 2.2.6 FSU employees may not receive a payment, loan, subscription, advance, deposit of money, service, benefit or thing of value, present or promised, as an inducement for requiring students to purchase a specific textbook for coursework or instruction, as this would be in violation of the West Virginia Ethics Act.
- 2.2.7 ~~Exceptions to 2.2.2, 2.2.3, 2.2.4, 2.2.5 and 2.2.5.1 may be made with the approval of Deans. Deans are required to report in May of each year to the President with a justification of all exceptions granted. The bookstore will compile a report regarding missing textbook adoptions by June 1. and will forward. This report will be forwarded to the institutional Board of Governors for review annually by May 1. The report to the Board should contain specific information on adoption deadlines missed by each according to academic area, including justifications submitted by each Academic Dean, and course sections as well as general information required by West Virginia Higher Education Policy Commission standards.~~

The Academic Dean is responsible to submit a report concerning textbook adoptions in his/her department to the Vice President for Administrative and Fiscal Affairs. This report should include justification for adoption deadlines missed.

The institutional Board of Governors must submit a report on textbook adoptions to the West Virginia Higher Education Policy Commission annually by November 1.

### SECTION 3: TEXTBOOK LISTS

- 3.1 The bookstore shall make available to students a listing of textbooks required or assigned for any course offered at FSU.
- 3.1.1 The listing shall be prominently posted at the bookstore and on the official FSU website.
- 3.1.2 The listing shall include for each textbook the International Standard Book Number (ISBN), the edition number and any other relevant information.
- 3.1.3 Each book will be posted to the listing when the adoption process is complete and the textbook is designated for order by the bookstore, in conjunction with the publishing of the master schedule of courses for an academic term.

### SECTION 4: DESK COPIES

- 4.1 FSU employees may receive sample copies, instructor's copies, and instructional materials. Per West Virginia Code § 18B-10-14(e)(2)(A), such material may not be sold for personal or private gain.
- 4.2 Faculty may make available review or desk copies of adopted textbooks for student use on library reserve. Instructor editions may not be made available to student.
- 4.3 Faculty and staff may donate unneeded textbooks to the bookstore. Proceeds from donated textbooks will be directed to the Textbook Scholarship fund.

### SECTION 5: BOOKSTORE REVENUES

- ~~5.1 In the event Pierpont C&TC operates its own bookstore, all moneys derived from the operation of the bookstore shall be paid into a special revenue fund as provided in section two, article two, chapter twelve of the West Virginia Code. Subject to approval of the Governor, the governing board periodically shall change the amount of the revolving fund necessary for the proper and efficient operation of the bookstore.~~
- ~~5.1.1 Moneys derived from the operation of the bookstore shall be used first to replenish the stock of any goods and to pay the costs of operating and maintaining the bookstore.~~
- ~~5.2 In the event Pierpont C&TC contracts with a private entity for bookstore operation, all revenue generated by the operation and enuring to the benefit of the institution shall be deposited into an appropriate account and shall be used for non-athletic scholarships.~~



- 5.1 Moneys derived from the operation of the bookstore shall be used first to replenish the stock of any goods and to pay the costs of operating and maintaining the bookstore.
- 5.1.1 All net revenues derived from the operation of the bookstore shall be paid into a special revenue fund, series 2003 B, toward the debt service payment for the student activity center.
- 5.2 Following the retirement of the Series 2003 B bond indebtedness, all revenue generated by the operation and enuring to the benefit of the institution shall be deposited into an appropriate account and shall be used for non-athletic scholarships.