Fairmont State University Board of Governors
Meeting of December 17, 2009
Falcon Center Board Room
1:30 p.m.

AGENDA

I.	Call to Order		
	a. Roll Call		
	b. Public Comment		
	c. Approve Agenda		**Action Item**
II.	Approval of Minutes (10/29/09)	***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 *(Jane Ryan)*		
	d. Foundation *(Keith Foster)*		
	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***
	c. Moody's Update of Bond Ratings	***Tab 4***	***FYI***
VII.	Academic Affairs/Admissions *(Janet Crescenzi, Chair)*		
VIII.	Student Life *(Skip Tarasuk, Chair)*		
IX.	Executive Committee *(Rocco Muriale, Chair)*		
	a. Separation Agreement	***Tab 5***	***Action Item***
	b. Textbook Costs	***Tab 6***	***FYI***
X.	By-laws Committee *(Shirley Stanton, Chair)*	***Tab 7***	***FYI***
XI.	Possible Executive Session		
XII.	Adjournment		

Fairmont State University
BOARD OF GOVERNORS
MINUTES
October 29, 2009

1. Call to Order

A meeting of the Fairmont State University Board of Governors was held on October 29, 2009 beginning at 1:30 p.m. in the Board Room of the Falcon Center. Present at the meeting were Board Members: Kelley Bronson, Janet Crescenzi, Matt Jacques, James Kettering, Andy Kniceley, Bob Mild, Rocco Muriale (by phone), Mark Pallotta, Shirley Stanton and Ron Tucker. Board members Bob Kittle and Skip Tarasuk were absent. Also in attendance were: FSU President Thomas L. Krepel, Sarah Hensley, Rick Porto, Maria Rose and David Tamm.

2. Approval of Agenda

Shirley Stanton moved the agenda be approved. Matt Jacques seconded. Motion carried.

3. Operation Reports

1) Chuck Shields reported for Faculty Senate.
2) Harriet Bower reported for Classified Staff Council.
3) Emily Miller reported for Student Government.
4) Bun Perkinson reported for Foundation.
5) Devanna Corley reported for Alumni Association.
6) Rusty Elliott reported for Athletic Association.
7) Tom Krepel gave the President's Report.
8) Andy Kniceley gave the Chairman's Report.

4. Consent Agenda

Janet Crescenzi moved the Consent Agenda items be approved. Jim Kettering seconded. Motion carried. The following items were approved:

1. Minutes of September 17, 2009
2. Financial Report
3. Capital Project Budget Update

5. Committee of the Whole

1. Mark Pallotta moved the Board approve the percentage of personnel placed in the category of non-classified staff to be 20%, (10% traditional and 10% critical). Bob Mild seconded. Motion carried.

6. Executive Session

Shirley Stanton moved Pursuant to §6-9A-4-2b(9) of the West Virginia Code, that the Board go into Executive Session to consider matters involving or affecting the purchase, sale or lease of property, advance construction planning, the investment of public funds or other matters involving commercial competition, which if made public, might adversely affect the financial or other interest of the state or any political subdivision: *Provided*, That information relied on during the course of deliberations on matters involving commercial competition are exempt from disclosure under the open meetings requirements of this article only until the commercial competition has been finalized and completed. *Provided*, however, that information not subject to release pursuant to the West Virginia freedom of information act does not become subject to disclosure as a result of executive session; Ron Tucker seconded. Motion carried.

Bob Mild moved the Board return to regular session. Mark Pallotta seconded. Motion carried.

There being no further business the meeting was adjourned.

Andy Kniceley

Fairmont State University
Board of Governors
Financial Report
for the Period thru November 25, 2009

Unrestricted Fund:

The 2010 budget picture has changed only slightly since the last report. After classified staff step increases were implemented effective November 1, 2009, the overall budget improved by approximately $1,000.00.

The operating and non-operating revenues thru this period reflect approximately 42% of budget, while operating expenses represent approximately 36% of budget.

Auxiliary Fund:

The Auxiliary Fund budget as well is stable with a planned transfer to plant reserves of $426,000 at year end. The operating revenues reflect 55% of budget thru this period while operating expenses compared to budget approximate 51%.

Restricted Fund:

The Restricted Fund negative budget balance of $-274,200 is covered by beginning of the year cash of $292,167. Financial Aid revenues and disbursements represent 50% of that budget. Other grant related activity represents approximate 25% of planned budget thru this period.

Please find attached the financial reports for the Unrestricted, Auxiliary, and Restricted Funds.

Fairmont State University
Actual vs Budget Statement of Revenues and Expenses

Current Year 2010 Prior Year 2009 Period November Current Unrestricted
LEVEL 2

		Budgeted Current Year	Actual Current Year	Actual to Budgeted Current Year
OPERATING REVENUES	Tuition and Fees	21,164,590.00	10,145,709.55	47.94
	Tuition and Fees Support Services Revenue	547,829.00	279,426.00	51.01
	Faculty Services Revenue	1,268,259.00	611,409.00	48.21
	State/Local Grant and Contracts	0.00	(2,400.00)	
	Auxiliary enterprises revenue	0.00	0.00	
	Operating Costs Revenue	2,633,395.81	646,877.16	24.56
	Support Services Revenue	3,724,600.53	839,407.20	22.54
	Other Operating Revenue	462,254.00	215,806.40	46.69
	Subtotal:	**29,800,928.34**	**12,736,235.31**	**42.74**
OPERATING EXPENSES	Salaries	22,422,913.14	7,465,372.75	33.29
	Benefits	5,748,183.34	1,984,349.97	34.52
	Student financial aid-scholarships	1,654,260.00	755,597.32	45.68
	Utilities	1,579,464.00	468,427.99	29.66
	Supplies and Other Services	7,509,489.94	2,537,065.54	33.78
	Equipment Expense	955,334.31	513,128.23	53.71
	Loan Cancellations and write-off	0.00	0.00	
	Fees retained by the Commission	167,829.00	89,312.50	53.22
	Assessment for Faculty Services	1,502,589.00	739,284.00	49.20
	Assessment for Support Services	358,571.95	71,669.41	19.99
	Assessment for Tuition, Aux, & Capital Costs	2,877,011.00	1,426,015.00	49.57
	Assessment for Operating Costs	235,989.40	18,657.62	7.91
	Subtotal:	**45,011,635.08**	**16,068,880.33**	**35.70**
NONOPERATING REVENUES (EXPENSES)	State Appropriations	13,769,754.00	5,783,297.00	42.00
	Gifts	25,000.00	6,250.00	25.00
	Investment Income	266,166.00	8,414.00	3.16
	Other nonoper rev - OPEB Liability	0.00	0.00	
	Reappropriated State Funding	1,250,000.00	525,000.00	42.00
	Subtotal:	**15,310,920.00**	**6,322,961.00**	**41.30**
EXCLUDE OPERATING ACCOUNT	Exclude - Assets	(499,100.20)	(132,244.00)	26.50
	Exclude - Transfers for Fin Aid Match	(170,107.00)	(79,078.00)	46.49
	Exclude - Indirect Cost Recoveries	582,876.75	137,404.09	23.57
	Exclude - Transfers for Capital Projects	94,162.00	0.00	0.00
	Exclude - Transfers - Other	365.31	389.86	106.72
	Subtotal:	**8,196.86**	**(73,528.05)**	**-897.03**
OPERATING LOSS WITHOUT STATE APPROPRIATIONS		**(15,210,706.74)**	**(3,332,645.02)**	**21.91**
BUDGET BALANCE		**108,410.12**	**2,916,787.93**	**2690.51**
NET ASSETS - Beginning of Year		**7,324,058.00**		
PROJECTED NET ASSETS - End of Year		**7,432,468.12**		

FSU Auxiliary Support

Actual vs Budget Statement of Revenues and Expenses

Current Year 2010 Prior Year 2009 November Auxiliary

Auxiliary - Bd. Of Governors

		Budgeted Current Year	Actual Current Year	Actual to Budgeted Current Year
OPERATING REVENUES	Auxiliary enterprise revenue	7,882,678.94	4,616,065.38	58.56
	Auxiliary Support Services Revenue	4,797,696.00	2,453,842.00	51.15
	Other Operating Revenue	329,588.60	130,444.03	39.58
	Subtotal:	**13,009,963.54**	**7,200,351.41**	**55.34**
OPERATING EXPENSES	Salaries	2,041,015.00	891,150.89	43.66
	Benefits	530,271.00	175,081.30	33.02
	Student financial aid-scholarships	468,960.00	171,467.16	36.56
	Utilities	843,297.68	220,625.70	26.16
	Supplies and Other Services	4,893,724.80	3,018,822.80	61.69
	Equipment Expense	77,407.00	30,790.12	39.78
	Loan Cancellations and write-off	1,131.00	0.00	0.00
	Subtotal:	**8,855,806.48**	**4,507,937.97**	**50.90**
NONOPERATING REVENUES (EXPENSES)	Investment Income	0.00	0.00	
	Interest on capital asset related debt	-100,472.60	-50,236.30	50.00
	Subtotal:	**-100,472.60**	**-50,236.30**	**50.00**
EXCLUDE OPERATING ACCOUNT	Exclude - Assets	-19,260.00	-29,302.75	152.14
	Exclude - Transfers for Debt Service	-3,604,849.36	-1,782,340.76	49.44
	Exclude - Transfers for Fin Aid Match	-3,425.00	-1,713.00	50.01
	Exclude - Transfers to Plant Reserves	-426,150.10	0.00	0.00
	Exclude - Transfers for Scholarships	0.00	0.00	
	Exclude - Transfers - Other	0.00	0.00	
	Subtotal:	**-4,053,684.46**	**-1,813,356.51**	**44.73**
OPERATING INCOME/LOSS		**4,154,157.06**	**2,692,413.44**	**64.81**
BUDGET BALANCE		**0.00**	**828,820.63**	**0.00**
NET ASSETS - Beginning of Year		**1,716,560.00**		
PROJECTED NET ASSETS - End of Year		**1,716,560.00**		

Board of Governors
Financial Report
Fairmont State University
Restricted Fund
For the period as of Nov. 24, 2009

Operating Revenues:

Revenues increased	**$428,582.70**
Gear Up Close Out	(1,469,717.24)
Federal Financial Aid	2,399,434.94
State Financial Aid	254,617.08
Appalachian Teaching Project	4,000.00
Private Financial Aid	(766,175.00)
Prior Year Grant Activity close out	(359.08)
Perkins Cash Transferred from BOG to University Fund	6,782.00

Non-Operating Revenues

Pell Federal Financial Aid	3,543.00

Operating Expenditures:

Expenditures increased	**$426,105.19**
Gear Up Close Out	(1,469,314.83)
Federal Financial Aid	2,399,434.94
State Financial Aid	254,617.08
Appalachian Teaching Project	4,000.00
Private Financial Aid	(766,175.00)
Pell Federal Financial Aid	3,543.00

Net Change	**6,020.51**

The budget balance of $-274,199.64 is covered by the restricted fund cash balance of 292,166.60 on June 30, 2009.

Fairmont State University
Actual vs Budget Statement of Revenues and Expenses
Current Year 2010 Prior Year 2009 Nov Current Restricted

LEVEL 2

		Budgeted Current Year	Actual Current Year	Actual to Budgeted Current Year
OPEATING REVENUES	Federal Grants and Contracts	30,116,801.22	12,405,317.86	41.19%
	State/Local Grants and Contracts	6,426,867.47	2,975,274.84	46.29%
	Private Grants and Contracts	2,390,000.00	902,509.73	37.76%
	Other Operating Revenue	79.22	0.00	0.00%
Sub Total		**38,933,747.91**	**16,283,102.43**	**41.82%**
OPERATING EXPENSES	Salaries	1,806,750.38	465,944.02	25.79%
	Benefits	285,197.64	78,642.39	27.57%
	Student Financial Aid-Scholarships	38,122,807.38	18,791,030.23	49.29%
	Utilities	24,749.00	1,583.00	6.40%
	Supplies and Other Services	4,840,531.75	719,689.34	14.87%
	Equipment Expense	1,772,684.30	442,406.75	24.96%
	Assessment for Support Services	0.00	0.00	0.00%
Sub Total		**46,852,720.45**	**20,499,295.73**	**43.75%**
NONOPERATING REVENUES (EXPENSES)	Federal Pell Grant Revenues	8,120,137.00	4,090,477.00	50.37%
Sub Total:		**8,120,137.00**	**4,090,477.00**	**50.37%**
EXCLUDE OPERATING	Exclude - Assets	-15,407.10	0.00	0.00%
	Exclude - Transfers for Fin Aid Match	116,527.60	53,579.00	45.98%
	Exclude - Indirect Cost Recoveries	-582,876.74	-137,404.09	23.57%
	Exclude - Transfers - Other	6,392.14	6,392.14	0.00%
Sub Total:		**-475,364.10**	**-77,432.95**	**16.29%**
OPERATING INCOME/LOSS		**-7,918,972.54**	**-4,216,193.30**	**53.24%**
BUDGET BALANCE		**-274,199.64**	**-203,149.25**	**74.09%**
NET ASSETS - Beginning of Year**		**292,166.60**		
PROJECTED NET ASSETS- End of Year		**17,966.96**		

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

Capital Project Update: November 25, 2009

Academic Fund - Hunt Haught Hall Painting - Floors 3 & 4	Painting was completed on floors 3 and 4 the week of August 24th.
College Apartments Roof Replacement Bldg A/B	Project was completed the week of August 17th.
Education Building Roof & Waterproofing	New roof membrane is 95 % complete. Exterior cleaning, waterproofing, & caulking is 98% complete. Interior drywall and ceiling tile replacement work has started.
Feaster Center Elevator	Project is 99% complete. Punch list work is continueing.
Feaster Center HVAC	Two new roof top units have been set in place and are running. Air
Hunt Haught Hall Glass Front	Project has not been started.
Infrastructure - Hardway Hall portico improvements	Negotiations did not work out with first selection, Ewing Cole. The second selection was Paradigm Architecture. Negotiations are in process.
Infrastructure - IT Emergnecy Back-up	Project has not been started.
Infrastructure - painting of roads and parking lots & Inspections	Project was completed week of August 21st.
Infrastructure - Pierpont Signage	Temporary signage has been installed. Bids were received for the new permanent signage. JD Signs bid was $26,686.00 Terms and conditions are being reviewed.
Folk Life Center	Drywall work is 90% complete. Water tap is complete for the sprinkler system. Siding and paint are complete on back addition. Allegheny Power has connected permanent electric.
Locust Avenue	Schedule for work is to be determined by utility companies and WV
Physical Plant - Landscaping	Several projects have been completed. There will be several more throughout the year.
Physical Plant Small Projects	Several projects have been completed. There will be many throughout the year.

CAPITAL PROJECTS

FY 2010

[illegible]	[illegible]	[illegible]	Total Budget	[illegible]	[illegible]	[illegible]	[illegible]
Academic Fund	$ 100,000.00	$ (25,000.00)	$ 75,000.00	$ 54,400.00	$ -	$ 20,600.00	Painting HHH : $54,400 9/1/09
College Apartments - Building A/B Roof	$ 73,000.00	$ -	$ 73,000.00	$ 48,930.00	$ -	$ 24,070.00	8/30/2009
College Apartments - Building G Carpet	$ 15,000.00	$ -	$ 15,000.00	$ 7,315.88	$ -	$ 7,684.12	8/15/2009
Education Building - Exterior Waterproofing	$ 185,000.00	$ (12,500.00)	$ 172,500.00	$ 72,535.77	$ 90,794.23	$ 9,170.00	
Education Building - Roof Replacement	$ 320,000.00	$ (12,500.00)	$ 307,500.00	$ 116,877.94	$ 164,542.06	$ 26,080.00	
Feaster Center - Elevator & Steps	$ 1,489,127.93	$ -	$ 1,489,127.93	$ 1,470,314.99	$ 18,812.94	$ (0.00)	
Feaster Center - HVAC Phase II	$ 298,774.00	$ -	$ 298,774.00	$ 266,966.10	$ 31,807.90	$ -	
Hunt Haught Hall Glass Front	$ 250,000.00	$ (11,614.00)	$ 238,386.00	$ -	$ -	$ 238,386.00	
Infrastructure - Hardway Hall	$ 400,000.00	$ -	$ 400,000.00	$ -	$ -	$ 400,000.00	
Infrastructure - IT Emergency Back-Up	$ 200,000.00	$ (2,701.00)	$ 197,299.00	$ -	$ -	$ 197,299.00	
Infrastructure - Painting & Striping Roadway & Parking Lots	$ 58,000.00	$ -	$ 58,000.00	$ 57,543.08	$ -	$ 456.92	9/1/2009
Infrastructure - Pierpont Signage	$ 58,734.00	$ -	$ 58,734.00	$ 1,450.00	$ -	$ 57,284.00	
IT Software - Card System	$ 40,000.00	$ -	$ 40,000.00	$ -	$ -	$ 40,000.00	
Kennedy Barn - Folklife Center - Phase II	$ 568,789.00	$ -	$ 568,789.00	$ 346,978.06	$ 147,010.21	$ 74,800.73	
Locust Avenue	$ 279,289.00	$ (68,717.00)	$ 210,572.00	$ -	$ -	$ 210,572.00	
Physical Plant - Landscaping	$ 100,000.00	$ -	$ 100,000.00	$ 31,021.68	$ 3,200.00	$ 65,778.32	
Physical Plant Small Projects	$ 202,959.39		$ 202,959.39	$ 58,556.64	$ 70,916.89	$ 73,485.86	Parking Lot Proj; $29,259.39; 8/15/09
	$ 4,638,673.32	$ (133,032.00)	$ 4,505,641.32	$ 2,532,890.14	$ 527,084.23	$ 1,445,666.95	

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Board of Governors
Fairmont State University
December 17, 2009

ITEM:	Moody's Update of Bond Ratings
COMMITTEE:	Committee of the Whole
INFORMATION ITEM ONLY:	
STAFF MEMBER:	Rick Porto
BACKGROUND:	Moody's has affirmed the bond ratings of A2 for Student Activity Center (2003B) and Infrastructure (2002B) bonds and A3 for the Facilities Revenue (2002A and 2003A) bonds. This committee review by Moody's was last done in 2006. Please note the "Recent Developments" section of this report.

Moody's Investors Service

Rating Update: MOODY'S AFFIRMS FAIRMONT STATE UNIVERSITY'S A2 RATING ON THE STUDENT ACTIVITY REVENUE BONDS AND INFRASTRUCTURE REVENUE BONDS AND A3 RATING ON THE UNIVERSITY FACILITIES REVENUE BONDS; RATING OUTLOOK IS STABLE

Global Credit Research - 23 Nov 2009

UNIVERSITY HAS $58.1 MILLION OF RATED DEBT OUTSTANDING

Board of Governors of Fairmont State Coll, WV
Higher Education
WV

Opinion

NEW YORK, Nov 23, 2009 -- Moody's Investors Service has affirmed its A2 ratings on Fairmont State University's Student Activity Revenue Bonds and Infrastructure Revenue Bonds and A3 rating on Fairmont State University's College Facilities Revenue Bonds listed below under RATED DEBT. The outlook remains stable.

LEGAL SECURITY: The University Facilities Revenue Bonds (Series 2002 A and Series 2003 A) are secured by the gross revenue of the College's housing and parking systems. In fiscal year (FY) 2009, the system's gross revenue was just over $5.4 million. Maximum annual debt service is $2.1 million. After deducting expenses, net revenue covers maximum annual debt service 1.14 times.

The Infrastructure Revenue Bonds (Series 2002 B) are secured by the gross revenue from an Infrastructure fee charged to students. In FY 2009, after deducting expenses, net revenue of $989,229 covered maximum annual debt service ($595,750) of 1.64 times.

The Student Activity Revenue Bonds (Series 2003 B) are secured by the gross revenue from the following fees charged each semester to students enrolled in classes on the main campus - Student Union Fee, the Operating Fee, and Student Activities Center Operating Fee. In FY 2009, the gross pledged revenue streams were nearly $3.7 million. Bondholders derive additional security from the inclusion of operating revenues of the bookstore and dining located in the Student Activities Center. After deducting expenses, net revenue covers maximum annual debt service of $1.55 million by more than 1.2 times in FY 2009.

Each series has a cash funded debt service reserve fund. Fairmont State University has agreed not to issue additional bonds with a more senior claim to any of the Pledged Revenue streams, and no additional bonds can be issued unless the gross pledged revenue stream covers pro-forma debt service at least 1.1 times.

INTEREST RATE DERIVATIVES: None

STRENGTHS

* Sustained trend of positive operating margins reflected in an average operating margin of 3.4% and healthy average debt service coverage of 1.6 times. Given management's conservative budgeting of FY 2010 enrollment coupled with a 3% fee increase and modest enrollment growth, management expects another healthy operating result for the current fiscal year.

* Continued healthy support from the State of West Virginia. State appropriations increased 8% in 2009 from 2008. In addition, the College received additional funding of $1.6 million or 7% of 2008 levels after state policymakers determined that the College had been previously under-funded. Management notes the potential for moderate cuts in state appropriation in FY 2010 and is planning accordingly.

* Adequate coverage of debt service from pledged revenues. Strong budgeting practices have generated sufficient annual net revenues from pledged fees to cover annual debt service by over 1.0 times each.

CHALLENGES

* Volatility of enrollment. FSU experienced significant enrollment declines in the fall of 2006 and 2007. With

enrollment at 6,288 (both University and Community College FTE) in the fall of 2005 falling to 5,836 in the fall of 2007; the University has seen only modest recovery at total FTE enrollment of 5,984 for the fall of 2009. Current full time equivalent enrollment consists of 33% of students enrolled at the Community College and 67% at the University. Moody's notes that the University has demonstrated strong fiscal management with consistently positive operating margins, despite enrollment declines.

* Relatively thin coverage of outstanding debt and operations. Moody's calculates expendable financial resources of $23.7 million provide a somewhat thin cushion to debt and operations of 0.28 and 0.35 times; respectively. While somewhat thin, these numbers do represent modest but consistent growth since 2006 levels of 0.19 and 0.27; respectively.

* Fairmont's debt structure requires close monitoring by management to ensure that several very narrow pledged revenue streams remain sufficient to cover debt service, especially in light of a challenging enrollment environment.

RECENT DEVELOPMENTS

As part of state legislated separation agreement which became effective July 1, 2008, Fairmont State University and Pierpont Community and Technical College (which were previously administratively linked and operated under one board) have legally separated to create two independent institutions; each with its own separate governing board. Fiscal year 2009 was a transition year for this new legislation. Beginning in FY 2010, the two institutions will produce separate and independent audits. The outstanding Bonds will continue to be supported by pledged revenues derived from University and Community College fees, as agreed upon in the separation agreement. It is unknown at this time whether the debt will be a direct liability of the University only or if a portion of debt will be recognized as debt of the Community College. Currently one-third of students are enrolled at Pierpont and two-thirds at the University. Moody's will continue to monitor the outcome of the separation and any impact it may have on sources of re-payment of outstanding debt.

Outlook

The stable outlook reflects Moody's expectation that the University will continue to budget conservatively; resulting in adequate debt service coverage from net revenues of pledged fees as well as maintaining positive operating margins and a healthy financial resource base to cushion debt and operations.

What could change the rating-UP

Growing market demand demonstrated in net tuition growth; superior operating margins coupled with significant growth of the financial resource base

What could change the rating-DOWN

Weakening operating margins and/or balance sheet strength; significant decline in market demand

KEY INDICATORS (FY 2009 financial data and fall 2009 enrollment data)

Total Full-Time Equivalent Students (FTE): 5,984 students

Freshman Acceptance Rate: 61.4%

Freshman Matriculation Rate: 43.3%

Total Direct Debt: $84.4 million

Expendable Resources to Direct Debt: 0.28 times

Expendable Resources to Operations: 0.35 times

Three-year Average Operating Margin: 3.4%

Reliance on Student Charges: 38%

Reliance on State Appropriations: 32.2%

State of West Virginia G.O. rating: Aa3 with a positive outlook

Series 2002 A and Series 2003 A, University Facilities Revenue Bonds: A3 (underlying), insurance provided by FGIC

Series 2002 B, Infrastructure Revenue Bonds: A2 (underlying), insurance provided by FGIC

Series 2003 B, Student Activity Revenue Bonds: A2 (underlying), insurance provided by FGIC

CONTACTS:

Fairmont State University: Rick Porto, Director of Fiscal Affairs, 304-367-4689

METHODOLOGY

The principal methodology used in rating Fairmont State University was Moody's Rating Approach for Public Colleges and Universities, published in November 2006 and available on www.moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

The last rating action with respect to Fairmont State University was on Dec 13,2006, when the A2 and A3 rating were affirmed

Analysts

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Moody's Investors Service

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Moody's Investors Service

Fairmont State University / Pierpont Community and Technical College
<u>Separation of Assets and Liabilities</u>
<u>Agreement</u>

- Preamble -

The Board of Governors of Fairmont State University (BoG-FSU) and the Board of Governors of Pierpont Community and Technical College (BoG-PCTC) jointly endeavor to separate assets and liabilities in accordance with the provisions of HB3215, 2008. Despite the legal separation of the two institutions, the BoG-FSU and the BoG-PCTC wish to maintain the collaborative and cooperative spirit that has characterized the historical relationship between the University and the College.

The BoG-FSU and the BoG-PCTC recognize the historical association between the two institutions. The institution that is today Pierpont Community and Technical College grew from and was sponsored by Fairmont State University. Both institutions have been and, for the foreseeable future, will be co-located on a single campus in Fairmont, West Virginia. Both institutions have proportionally coordinated, shared, and paid for instructional services, course schedules, facilities, information systems, admissions processes, auxiliary functions, housing, debt service, development and advancement services, student activities and programs, and all the other resources necessary to deliver a high-quality postsecondary education experience.

Students have benefited and will continue to benefit from the relationship between Fairmont State University (FSU) and Pierpont Community and Technical College (PCTC). Those benefits include a wider range of instructional programs than would be available through an individual institution's offerings; a lower cost of attendance realized from shared institutional infrastructure and reduced duplication of facilities, personnel, and services; and a more diverse mix of student backgrounds, interests, experiences, abilities, and ambitions.

Although the BoG-FSU and the BoG-PCTC recognize the necessity of separation of assets and liabilities, both pledge themselves to continuing, fostering, and promoting collaborative and cooperative relationships between the two institutions. Such relations respect the historical association that has existed between FSU and PCTC. Such relations are to the benefit and best interest of the students at both institutions. Such relations recognize the proportional participation in institutional operations. Such relations recognize that the two institutions have been, are, and will be co-located on one site. Such relations demonstrate responsible stewardship of public resources by achieving efficiencies and synergies that would otherwise not be possible. Therefore, the Board of Governors of Fairmont State University and the Board of Governors of Pierpont Community and Technical College incorporate into their agreement to separate assets and liabilities this pledge of perpetual cooperation and collaboration.

THIS SEPARATION OF ASSETS AND LIABILITIES AGREEMENT (hereinafter the "AGREEMENT"), is by and between the respective boards of governors of Fairmont State University (hereinafter "FSU") and Pierpont Community and Technical College (hereinafter "PCTC").

WHEREAS, West Virginia Code - §18B-2A-7a(d)(2008 supp.) states "Each newly established board of governors and each appropriate institution formerly sponsoring a community and technical college shall jointly agree on a division of all assets and liabilities."

and

WHEREAS, West Virginia Code - §18B-2A-7a(e)(2008 supp.) states "For purposes of generating audited financial statements for inclusion in the higher education fund and state single audits, the division of all assets and liabilities shall be effective retroactively to the first day of July, two thousand nine."

and

WHEREAS, West Virginia Code - §18B-2A-7a(2008 supp.) states as follows:

"(g) Each former sponsoring institution and community and technical college shall enter into a comprehensive agreement to address the division of assets and liabilities and the allocation of revenues and expenditures between former sponsoring institutions and newly independent community and technical colleges.

(h) Absent manifest injustice as determined jointly by the Council and Commission, the following general principles apply to the division of assets and liabilities and allocation of revenues and expenditures between former sponsoring institutions and the newly independent community and technical colleges:

(1) For accounting purposes, the institution that assumes responsibility for any asset also shall assume responsibility for any associated liabilities.

(2) Although one institution may assume responsibility for an asset and associated liabilities for accounting purposes, both institutions shall agree on their respective responsibilities for reducing and ultimately eliminating the liability over time if the asset was originally acquired and/or is being used for the benefit of both institutions.

(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.

(B) Absent a controlling bond covenant or other agreement, debt service payments associated with bond indebtedness presumptively shall be allocated based on the relative full-time equivalent student enrollment of the two institutions either as a whole or on the campus where the asset is located and may be adjusted annually to reflect enrollment changes at the two institutions.

(3) The institutions shall agree to allocate educational and auxiliary capital fees in excess of those needed to cover bonded indebtedness to ensure that assets of both institutions are maintained in proper repair and that the institutions assume responsibility for a reasonable share of the total costs of maintaining the facilities.

(4) The institutions shall develop a plan that ensures the financial stability of auxiliary enterprises, including but not limited to, student housing, student centers, dining services, parking, and athletics through fiscal year two thousand twelve.

(A) If community and technical college students pay a mandatory athletics fee for the benefit of a sponsoring institution, but receive no direct benefit from that fee, the community and technical college may phase out that fee over a five-year period.

(B) If certain community and technical college students were required to live in institution housing consistent with rules or policies in effect on the effective date of this section, the former sponsoring institution may continue to require these students to live in institution housing for at least one year."

and

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 [$15,995,000];

(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 [$8,070,000];

(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 [$12,160,000];

(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 [$20,920,000]; 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 [$7,143,738.56].

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.

Therefore, FSU BOG and PCTC BOG agree to the following:

All contracts, agreements, and covenants between FSU and PCTC in place at the time of this agreement remain in full force and effect until mutually agreed to be amended or terminated.

Education and General Equipment Assets:

1. Equipment assets regardless of whether they are charged back, whether they be presently owned or purchased in the future by either the FSU or the PCTC will be owned by the institution that the equipment was intended for and reflected on the appropriate institution's equipment schedule (e.g., Grants for Nursing Lab, Flight Simulator).

Education and General Buildings and Infrastructure:

1. All capital and infrastructure fees assessed to both FSU and PCTC students for the purpose of paying E&G building and infrastructure bonds, and provide for repair and renovation of same, continue to be collected under the terms outlined in the bond covenants. See Appendix A that summarizes bond covenants and provides debt schedules allocated to both institutions. The allocated debt schedules are not binding on the bondholders, who must continue to be paid as required by the Bond Documents. In addition, these debt schedules do not represent the total fee contributions required annually from both institutions to provide for operating costs, debt costs, and repair and maintenance costs.

2. All E&G Capital Fee Revenue and Infrastructure Capital Fee Revenue in excess of bond payments will be used for repair and renovation projects. When sufficient E&G and Infrastructure Capital excess revenues are available to bond for additional new capital project improvements, the E&G, and Infrastructure Capital Fees will be utilized and/or retained for that specific purpose. Both the FSU and the PCTC assume a shared responsibility proportionate to the full-time equivalent (FTE) enrollment of each institution for the total cost of maintaining the facilities.

3. The FSU-BoG and the PCTC-BoG accept the principles expressed in the Preamble of this agreement. The Presidents of both institutions and their support staff will develop cross-organizational committees that will address facility construction and renovation priorities, facility space allocation, and combine their efforts on organization/operational committees and work diligently to provide agreed upon priorities and policy that will support both institutions and their students. Consistent with those commitments, both boards expect facility and operations issues will be amicably resolved between the administrations of the respective institutions. Those issues will include, but are not

limited to, facility construction and renovation priorities, facility space allocation, and operational procedures affecting co-located institutions.

In the event, which is expected to be rare, that facility or operational issues cannot be resolved by the administrations of the respective institutions, the issue may be referred by mutual agreement of the two presidents of the institutions to the Facility and Operations Resolution Committee (FORC). The FORC will consist of five (5) members, namely:

- Two (2) members of the FSU-BoG appointed by the chair of the FSU-BoG
- Two (2) members of the PCTC-BoG appointed by the chair of the PCTC-BoG
- One (1) chair who shall serve annually and who shall be the chair of the respective BoG. Beginning in January 2010, the chair of the FORC shall be the chair of the __________-BoG. This individual shall serve through December 31, 2010, at which time the chair of the ______-BoG shall assume the chair of the FORC.

4. Joint ownership of the E&G and Infrastructure Capital Assets and Liabilities shall be reflected on each Institution's Financial Statements at the end of each year. The percentage of ownership of assets and liabilities will be assigned and based on the average fall term census date credit hour enrollments (FTE) over the most recent ten (10) years.

5. All land assets will be owned by FSU and land deeds will stay in the name of FSU Board of Governors.

6. Should either institution, after paying off <u>all</u> E&G and Auxiliary bond debt, upon proper acknowledgement of its ongoing obligations under existing bond covenants, decide to build and move its own campus, that institution agrees to sell its ownership rights to the E&G building assets to the other institution at an agreed upon price.

7. All new capital projects that are provided to FSU and PCTC through state appropriations, bonding and/or student capital fee initiatives, that add to the joint ownership of assets and liabilities on a shared campus, will be assigned proportionately based on the average fall term census date credit hour enrollments (FTE) over the most recent ten (10) years. Any capital project designated to only FSU or only to PCTC and not located on a shared campus will be added to the assets and liabilities of the institution to which the capital project is specified.

Auxiliary Enterprises:

1. Assets and related liabilities of the Auxiliary Enterprises (Athletics, Bookstore, Conference Center, Convenience Store, Copy Center, Facilities [Parking & Security], Housing, and Recreation Center) are owned by FSU and all students of both FSU and PCTC who attend class on the main campus and/or pay user fees will have access to these facilities and activities.

2. All auxiliary-related student fees approved by the FSU BOG and the PCTC BOG and the Higher Education Policy Commission and the Community and Technical College Council, for the operation, debt service, and repair and maintenance of auxiliary enterprise facilities will be dedicated and provided to those specific Auxiliary Funds for appropriate indicated purposes. See Appendix A that summarizes bond covenants and provides debt schedules allocated to both institutions. The allocated debt schedules are not binding on the bondholders, who must continue to be paid as required by the Bond Documents. In addition, these debt schedules do not represent the total fee contributions required annually from both institutions to provide for operating costs, debt costs, and repair and maintenance costs.

   All Auxiliary net revenues annually are designated to support future costs of the auxiliary enterprise fund(s) and are managed by FSU for the benefit of each auxiliary enterprise.

3. Auxiliary Enterprise Bond Covenant obligations of FSU and PCTC will be met by continuing to honor the requirements stipulated in those covenants, and both FSU and PCTC students will be required to pay the fees stipulated in all Bond Document covenants.

4. FSU is responsible for managing the operation of the Auxiliary Enterprises, and maintaining the Auxiliary facilities in good repair.

5. All capital projects for the Auxiliary Enterprises will be approved by the FSU BOG.

6. Auxiliary fees that are assessed differently to FSU and PCTC students will be adjusted to make the Falcon Center Operating Fee and the Infrastructure Fee the same amount effective July 1, 2010. To make up for this addition of fee to these two areas the athletic fee will be reduced by the equivalent values. See chart below:

Per Semester Chart	FSU	PCTC	Difference	Proposed new PCTC fees
Athletic Fee	$141	$111	-$30	$81
Falcon Center Operating Fee	113	103	$10	113
Infrastructure Fee	85	65	$20	85
TOTALS	$339	$279	$0	$279

7. Scholarship dollars provided from the non-athletic auxiliary enterprise funds will be allocated proportionately to FSU and PCTC students based on the percentage (%) of student fee contributions made to these funds from the respective FSU and PCTC students.

General:

1. **Asset & Liability Reporting**

   That the Separation of Assets and Liabilities to be reported on the financial statements of FSU and PCTC, based on the above agreements, for the period beginning July 1, 2009 are reflected on the attached reports (Appendix B).

2. **Bond Debt & Assignment**
   The Bond Debt assigned to each institution's balance sheet for E&G and Infrastructure facilities is allocated based on the average of the past ten (10) years of credit hour enrollments. This average allocated 65.66% of the debt to FSU and 34.34% to the PCTC. Attached are the debt schedules separately assigned to each institution. The assignment of debt for the Auxiliary facilities will be with the FSU since the FSU will own the assets. However, the PCTC students will continue to pay all Auxiliary fees based on the requirements of those bonds (see Appendix A and item 2 in the Auxiliary Enterprise section of this document). The allocation of Bond Debt by this Agreement does not affect the obligation of both FSU and PCTC to the bondholders to pay the principal of and interest on the Bonds as the same come due.

   For purposes of financial statements and continuing disclosure required by the Bond Documents, FSU and PCTC must present combined financial statement information along with each institution's separately audited financial statements, and as well must present audits of the bond funds of all 2002A, 2002B, 2003A, 2003B and 2006 Bonds annually.

3. **Chargeback Agreement & Data Sharing**
   Under the cooperative spirit of this agreement to maintain economy of scale in support service and operating budget costs FSU and PCTC agree to buy services from each other under a formal chargeback agreement. FSU and PCTC also agree to operate from one

student database, one finance database, one human resource database, one personnel file, etc.

4. **Waiver**
The express or implied waiver by FSU of any right or remedy it may have under this Agreement for any breach of any term or condition by PCTC shall not constitute a continuing waiver of FSU's rights and remedies resulting from any breach by PCTC of the same or any different term or provision. Failure of FSU to exercise any right or remedy shall not constitute a waiver of FSU's rights or PCTC's obligations.

Further, the express or implied waiver by PCTC of any right or remedy it may have under this Agreement for any breach of any term or condition by FSU shall not constitute a continuing waiver of PCTC's rights and remedies resulting from any breach by FSU of the same or any different term or provision. Failure of PCTC to exercise any right or remedy shall not constitute a waiver of PCTC's rights or FSU's obligations.

5. **Severability**
If any provision of this Agreement is found by a court of competent jurisdiction to be invalid or void, such provision, to the extent possible, shall be severed from this Agreement, and all other provisions shall remain in effect.

6. **Force Majeure**
Neither party to this Agreement shall be deemed in default or otherwise liable hereunder due to its inability to perform by reason of any fire, earthquake, flood, epidemic, accident, explosion, casualty, strike, lockout, labor controversy, riot, civil disturbance, act of public enemy, embargo, war, act of God, or any municipal, county, state, national or international ordinance or law or any executive, administrative, judicial or similar order (which order is not the result of any act or omission to act which would constitute a default under this Agreement), or any failure or delay of any transportation, power, or other essential thing required, or similar causes beyond the party's control. Any delay in performance shall be no greater than the event of force majeure causing the delay. If an event of force majeure continues uninterrupted for a period exceeding six (6) calendar months, either party may elect to terminate this Agreement upon notice to the other, but such right of termination, if not exercised, shall expire immediately upon the discontinuance of the event of force majeure.

7. **Agreement**
The parties acknowledge and agree that any and all disputes relating to the services contemplated herein shall be resolved as set forth in WV Code §18B-2A-7a(f) and in WV

Code §18B-3C-12(d). With respect to all other terms that may be contained herein, this Agreement shall be governed by the laws of the State of West Virginia.

This AGREEMENT shall commence and take effect upon its authorized approval and execution of each institution's Governing Board and shall continue in effect until such time as it is superseded by a subsequent agreement.

A review of any element of this AGREEMENT upon the request of either Governing Board shall be honored by the other Governing Board.

This AGREEMENT may be amended as may be agreed to by both Governing Boards in such form as to constitute a numbered amendment to this document.

This AGREEMENT may not be modified or terminated orally, and no modifications or any claimed waiver of any of the provisions hereof shall be binding unless in writing as provided above.

This AGREEMENT shall be governed by and construed in accordance with the laws of the State of West Virginia

IN WITNESS HEREOF, the parties hereto execute this AGREEMENT.

ON BEHALF OF
PIERPONT COMMUNITY AND TECHNICAL COLLEGE
BOARD OF GOVERNORS

By: ______________________ Date: ______________________

Mr. James E. Griffin
Title: Chairman, Pierpont Community and Technical College Board of Governors

ON BEHALF OF
FAIRMONT STATE UNIVERSITY
BOARD OF GOVERNORS

By: ______________________ Date: ______________________

Mr. Rocco Muriale
Title: Chairman, Fairmont State University Board of Governors

Appendix A

The Bond Documents set forth bond covenants and requirements of pledged revenues that bind both FSU and PCTC. Although reference should be made to the Bond Documents for a complete understanding of the covenants and requirements, certain relevant provisions are as follows:

Series 2002A and 2003A (Dormitory and Parking Facilities) Bonds:

Rate Covenant States "The Issuer has fixed and will maintain and establish just and equitable rules, regulations, rents, charges and fees for the use and occupancy of the Facilities. The Issuer further covenants that the schedule of rents, charges and fees shall at all times be adequate to produce Pledged Revenues from the Facilities sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created under [the] Indenture, and that such schedule or schedules 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 moneys legally available to be used for such purposes, each Fiscal Year equal to at least 110% of Maximum Annual Debt Service."

The following definitions apply with respect to the Series 2002A Bonds and the Series 2003A Bonds, including the rate covenant described above (the new student center is excluded from the definition of "Facilities," and revenues derived from it are not included as "Pledged Revenues"):

> "Facilities" means collectively, all dormitories, student housing facilities, food service facilities [located in the dormitories and student housing facilities] and motor vehicle parking facilities now or hereafter situate on the Fairmont, West Virginia, campus of the College and owned by or leased to the Issuer.
>
> "Net Revenues" means Pledged Revenues less Operating Expenses.

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of maintaining, repairing, operating and insuring the Facilities (excluding depreciation or other non-cash charges) and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, utilities, employee benefits, the cost of food, materials and supplies used for current operations, and such other reasonable operating costs and expenses as should normally and regularly be included under GAAP, excluding, however, administrative overhead expenses of the College chargeable or allocated to the Facilities, capital improvements charges properly allocated to a capital account in accordance with GAAP, and labor or employee expenses or benefits identified by the College as paid from funds other than the Pledged Revenues.

"Pledged Revenues" means all rents, fees, charges or other income received by or accrued to the Issuer from the operation and use of the Facilities, including but not limited to, operating revenues, interest earnings on funds and accounts (including funds and accounts held by the Trustee), [funds representing capitalized interest,] charges for room and board, charges for food service [furnished in the Facilities], fees for providing space for meetings, conferences and conventions [in the Facilities], revenues from the operation of vending machines, snack bars and catering services [in the Facilities], fees, charges and penalties for parking and parking permits and any and all other revenues derived from the Facilities as calculated in accordance with GAAP.

FSC and PCTC are bound by the following covenants in addition to the rate covenant and others set forth in the 2002A Indenture and the 2003A Indenture:

The Issuer shall not own or operate any dormitories, student housing facilities, food service facilities or motor vehicle parking facilities at or near its Fairmont, West Virginia, campus, the income from the operation of which does not constitute a part of the Pledged Revenues if the effect of such ownership or operation would cause the Issuer to be in violation of its [rate] covenant. . . .

The Issuer shall require freshmen and sophomore students who live outside a 50-mile radius of the College's main campus to live in the College's residence halls and apartment complex; provided, that the College may except any student on whom this requirement places undue hardship or if the College's residence halls and apartment complex are filled to capacity.

The Issuer will cause the financial statements with respect to the Facilities to be audited by a Certified Public Accountant, whose audited report shall be submitted to the Trustee, the Original Purchasers and the Bond Insurer within 180 days after the end of each Fiscal Year during which Bonds are Outstanding, accompanied by an Issuer's Certificate to the effect that as of the end of such period, the Issuer was not in Default under the terms [of the 2002A or 2003A Indenture] and specifically demonstrating compliance with the requirements of [the rate covenant].

<u>Series 2002B (Infrastructure) Bonds</u>:

Rate Covenant requires "The Issuer fix and establish just and equitable fees which shall at all times be adequate to produce Pledged Revenues sufficient to make the prescribed payments into the funds and accounts created under [the] Indenture. The amount of Fees shall be revised from time to time to provide Pledged Revenues each Fiscal Year equal to at least 100% of Maximum Annual Debt Service".

The following definitions apply with respect to the Series 2002B Bonds, including the rate covenant described above:

> "<u>Fees</u>" means the fees assessed by the Issuer on the College=s students for the purpose of financing the cost of the Project, as authorized by the Act.
>
> "<u>Pledged Revenues</u>" means the Fees received by the Issuer, calculated in accordance with GAAP, any interest earning thereon and on the funds and accounts, and funds representing capitalized interest, held by the Trustee.
>
> "<u>Project</u>" means acquisition and construction of improvements to the campus infrastructure and utilities, including the entranceways to the College and the roads surrounding the College, and electrical, water and sewerage systems, including the acquisition of certain real estate

constituting a portion of the site therefor, together with all necessary appurtenances, on, adjacent to or contiguous with the Fairmont, West Virginia, campus of the College.

FSC and PCTC are bound by the following representations and covenants in addition to the rate covenant and others set forth in the 2002B Indenture:

The Issuer represents that no prior liens currently exist on the Revenues.

The College shall require all students of the College to pay the Fees, subject to pro rata reduction for part-time students and for waivers required by the West Virginia Code.

The Issuer will cause the financial statements with respect to the Fees to be audited by a Certified Public Accountant, whose audited report shall be submitted to the Trustee, the Original Purchasers and the Bond Insurer within 180 days after the end of each Fiscal Year during which Bonds are Outstanding, accompanied by an Issuer's Certificate to the effect that as of the end of such period, the Issuer was not in Default under the terms [of the 2002B Indenture] and specifically demonstrating compliance with the requirements of [the rate covenant].

Series 2003B (Student Activity Center) Bonds:

Rate Covenant States "The Issuer shall maintain the Fees and Operating Fees and operate the Facilities such that Net Revenues Available for Debt Service are at all times equal to at least 100% of Maximum Annual Debt Service.

The following definitions apply with respect to the Series 2003B Bonds, including the rate covenant described above:

"Fees" means the student union fees imposed by the Issuer on the College's students pursuant to the Act and dedicated to debt service on the Bonds pursuant to Subsection 4.05(a) [of the 2003B Indenture].

"Gross Revenues" means the Fees, the Operating Fees, the Operating Revenues and any other funds of the College used to pay the costs of operating the Facilities, determined in accordance with GAAP

"Net Revenues Available for Debt Service" means Gross Revenues less the expenses of operating the Facilities, except for depreciation and current Debt Service Charges, determined in accordance with GAAP.

"Operating Fees" means fees imposed by the Issuer on the College's students pursuant to the Act for the purpose of operating the Facilities, as further described in Subsection 4.05(b) [of the 2003B Indenture].

"Operating Revenues" means all revenues and income derived from the operation of the Facilities, including specifically revenues obtained from the operation of the College bookstore and the dining facilities, but excluding the Fees and the Operating Fees.

"Pledged Revenues" means the Fees, the Operating Fees and the Operating Revenues received by the Issuer, calculated in accordance with GAAP, any interest earnings thereon and on the funds and accounts held by the Trustee, and funds representing capitalized interest.

"Project" means the design, acquisition, construction and equipping of a new student activities center, together with all necessary appurtenances, on the Fairmont, West Virginia, campus of the College (including demolition of the existing dining facility).

Following is a description of the Pledged Revenues from the official statement distributed in connection with the Series 2003B Bonds:

Revenues to pay debt on the student activities center bond issue will come from the center operational revenues, a new student fee of $110.00 per student per semester, and contract revenues from bookstore and dining facilities. The principal source of revenue for the Student Activities Center is derived from three types of student fees. First, the model assumes that all full-time FSC (Fairmont State University and Community & Technical College) students will pay a new student activities center operating fee of $50.00/semester. Second, an existing student union fee of $40.00/semester will continue to be assessed. Lastly, a new debt service fee of $110.00/semester will be implemented and dedicated exclusively to the annual payment of debt service. All part-time students will pay pro-rated new operations fee, existing operating fee, and debt service fee.

These fees are assessed to all students who take classes on the Fairmont and Pierpont Main Campus. All revenues of this facility have been committed to either debt service or operations. Other than aforementioned student fees, all food service, bookstore, recreation membership, and miscellaneous revenues have been exclusively dedicated toward the settling of debt service. Revenue generating student activity spaces, such as ATM's and conferencing income, and miscellaneous retail are expected to cover the facility's operating expenses.

FSC and PCTC are bound by the following representations and covenants in addition to the rate covenant and others set forth in the 2003B Indenture:

The Issuer represents that no prior liens currently exist on the Pledged Revenues.

The Issuer shall not own or operate any student union or similar facility, the net income from the operation of which does not constitute a part of the Trust Estate if the effect of such ownership or operation would cause the Issuer to be in violation of its [rate] covenant.

The Issuer will cause the financial statements with respect to the Gross Revenues, which may be included with other financial statements so long as they are separately stated, to be audited by a Certified Public Accountant, whose audited report shall be submitted to the Trustee, the Original Purchasers and the Bond Insurer (if any of the Bonds is insured) within 180 days after the end of each Fiscal Year during which Bonds are Outstanding, accompanied by an Issuer's Certificate to the effect that, as of the end of such period, the Issuer was not in Default under the terms [of the 2003B Indenture] and specifically demonstrating compliance with the requirements of [the rate covenant].

In addition to the above, both FSU and PCTC are bound by the 2006 Resolution and by requirements of bonds issued by the West Virginia Higher Education Policy Commission ("HEPC"). Certain requirements of the HEPC Bonds are as follows:

2003 Series A HEPC Revenue Refunding Bonds and 2006 Series Facility Improvement Revenue Bonds:

Rate Covenant States "The Commission has covenanted to fix and collect registration and tuition fees at Colleges at the rates now or hereafter provided in or authorized by the Act to the full extent necessary so as to provide registration and tuition fees constituting Revenues in each Fiscal Year in which Bonds are Outstanding in an amount not less than 100% of the Debt Service payable on all Bonds Outstanding during the then current Budget Period".

"University" means Fairmont State University, a West Virginia state institution for higher education and, prior to July 1, 2006, to the extent, if any, this Board can act on behalf thereof, Fairmont State community & technical college, also a West Virginia state institution for higher education, which on July 1, 2006, shall become a division of Fairmont State University named Pierpont community & technical college, and any successor or successors thereto.

"University Fees" means the amounts remaining from the System Fees after the University has (a) fulfilled its obligations with respect to the HEPC Bonds during each six-month period (beginning September 1 and February 1, respectively), which funds are then released to the University and (b) allocated $1,200,000 of the System Fees to the repair and replacement of the facilities financed with the System Bonds.

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E&G Joint Owner/Joint Use
University Portion

Fiscal Year Ending June 30th	Auxiliary Bond Debt (2002A, 2003A, 2003B) 100% Principal Payments Due June 1	Interest Due June 1 and Dec. 1	Total Principal and Interest	Balance	Total E&G Debt (2002B, 2006, HEPC System Debt) 65.82% Total Principal Due	Total Interest Due	Total Due	Balance	Total All Debt Total Principal Due	Total Interest Due	Total Due	Balance
2003	0.00	1,136,150.20	1,136,150.20	18,170,000.00	65,820.00	228,005.28	293,825.28	6,062,022.00	65,820.00	1,364,155.48	1,429,975.48	24,232,022.00
2004	340,000.00	2,543,207.52	2,883,207.52	17,830,000.00	118,476.00	272,289.94	390,765.94	5,943,546.00	458,476.00	2,815,497.46	3,273,973.46	23,773,546.00
2005	345,000.00	2,536,407.52	2,881,407.52	17,485,000.00	121,767.00	269,920.42	391,687.42	5,821,779.00	466,767.00	2,806,327.94	3,273,094.94	23,306,779.00
2006	1,125,000.00	2,528,990.02	3,653,990.02	52,605,000.00	121,767.00	267,302.43	389,069.43	16,109,867.56	1,246,767.00	2,796,292.45	4,043,059.45	68,714,867.56
2007	1,145,000.00	2,504,690.02	3,649,690.02	51,460,000.00	751,633.42	714,675.13	1,466,308.55	15,358,234.15	1,896,633.42	3,219,365.15	5,115,998.57	66,818,234.15
2008	1,175,000.00	2,476,920.02	3,651,920.02	50,285,000.00	780,486.14	672,897.99	1,453,384.14	14,577,748.00	1,955,486.14	3,149,818.01	5,105,304.16	64,862,748.00
2009	1,210,000.00	2,444,201.26	3,654,201.26	49,075,000.00	808,930.04	642,904.85	1,451,834.89	13,768,817.97	2,018,930.04	3,087,106.11	5,106,036.15	62,843,817.97
2010	1,245,000.00	2,406,731.26	3,651,731.26	47,830,000.00	837,561.61	607,208.82	1,444,770.43	12,931,256.35	2,082,561.61	3,013,940.08	5,096,501.69	60,761,256.35
2011	1,285,000.00	2,364,846.26	3,649,846.26	46,545,000.00	870,453.74	569,957.43	1,440,411.17	12,060,802.61	2,155,453.74	2,934,803.69	5,090,257.43	58,605,802.61
2012	1,330,000.00	2,318,482.50	3,648,482.50	45,215,000.00	664,854.90	536,215.83	1,201,070.74	11,395,947.71	1,994,854.90	2,854,698.33	4,849,553.24	56,610,947.71
2013	1,380,000.00	2,268,607.50	3,648,607.50	43,835,000.00	496,482.93	509,487.78	1,005,970.71	10,899,464.78	1,876,482.93	2,778,095.28	4,654,578.21	54,734,464.78
2014	1,440,000.00	2,214,898.76	3,654,898.76	42,395,000.00	512,842.29	489,296.21	1,002,138.50	10,386,622.49	1,952,842.29	2,704,194.97	4,657,037.26	52,781,622.49
2015	1,495,000.00	2,157,298.76	3,652,298.76	40,900,000.00	534,481.21	468,233.87	1,002,715.08	9,852,141.27	2,029,481.21	2,625,532.63	4,655,013.84	50,752,141.27
2016	1,550,000.00	2,095,518.76	3,645,518.76	39,350,000.00	556,556.60	445,954.44	1,002,511.04	9,295,584.67	2,106,556.60	2,541,473.20	4,648,029.80	48,645,584.67
2017	1,630,000.00	2,013,568.76	3,643,568.76	37,720,000.00	583,948.40	421,727.93	1,005,676.33	8,711,636.27	2,213,948.40	2,435,296.69	4,649,245.09	46,431,636.27
2018	1,720,000.00	1,927,412.50	3,647,412.50	36,000,000.00	610,245.88	396,301.25	1,006,547.12	8,101,390.39	2,330,245.88	2,323,713.75	4,653,959.62	44,101,390.39
2019	1,815,000.00	1,836,568.76	3,651,568.76	34,185,000.00	633,747.24	369,717.53	1,003,464.77	7,467,643.15	2,448,747.24	2,206,286.29	4,655,033.53	41,652,643.15
2020	1,910,000.00	1,740,743.76	3,650,743.76	32,275,000.00	661,055.41	342,114.49	1,003,169.90	6,806,587.74	2,571,055.41	2,082,858.25	4,653,913.66	39,081,587.74
2021	2,010,000.00	1,639,943.76	3,649,943.76	30,265,000.00	688,901.15	313,311.07	1,002,212.22	6,117,686.59	2,698,901.15	1,953,254.83	4,652,155.98	36,382,686.59
2022	2,115,000.00	1,533,981.26	3,648,981.26	28,150,000.00	720,445.47	283,104.21	1,003,549.68	5,397,241.11	2,835,445.47	1,817,085.47	4,652,530.94	33,547,241.11
2023	2,225,000.00	1,422,612.52	3,647,612.52	25,925,000.00	755,864.74	251,326.11	1,007,190.84	4,641,376.38	2,980,864.74	1,673,938.63	4,654,803.36	30,566,376.38
2024	2,345,000.00	1,308,662.52	3,653,662.52	23,580,000.00	785,463.33	217,493.32	1,002,956.64	3,855,913.05	3,130,463.33	1,526,155.84	4,656,619.16	27,435,913.05
2025	2,465,000.00	1,188,543.76	3,653,543.76	21,115,000.00	822,125.53	182,333.13	1,004,458.66	3,033,787.52	3,287,125.53	1,370,876.89	4,658,002.42	24,148,787.52
2026	2,585,000.00	1,062,275.02	3,647,275.02	18,530,000.00	859,448.84	144,225.24	1,003,674.08	2,174,338.69	3,444,448.84	1,206,500.26	4,650,949.10	20,704,338.69
2027	2,720,000.00	929,856.26	3,649,856.26	15,810,000.00	482,764.69	108,716.87	591,481.56	1,691,574.00	3,202,764.69	1,038,573.13	4,241,337.82	17,501,574.00
2028	2,860,000.00	790,500.00	3,650,500.00	12,950,000.00	306,063.00	84,578.70	390,641.70	1,385,511.00	3,166,063.00	875,078.70	4,041,141.70	14,335,511.00
2029	3,000,000.00	647,500.00	3,647,500.00	9,950,000.00	322,518.00	69,275.55	391,793.55	1,062,993.00	3,322,518.00	716,775.55	4,039,293.55	11,012,993.00
2030	3,160,000.00	497,500.00	3,657,500.00	6,790,000.00	335,682.00	53,149.65	388,831.65	727,311.00	3,495,682.00	550,649.65	4,046,331.65	7,517,311.00
2031	3,310,000.00	339,500.00	3,649,500.00	3,480,000.00	355,428.00	36,365.55	391,793.55	371,883.00	3,665,428.00	375,865.55	4,041,293.55	3,851,883.00
2032	3,480,000.00	174,000.00	3,654,000.00	0.00	371,883.00	18,594.15	390,477.15	0.00	3,851,883.00	192,594.15	4,044,477.15	0.00
Total Original Debt	54,415,000.00	51,050,119.24	105,465,119.24		16,537,697.56	9,986,685.17	26,524,382.74		70,952,697.56	61,036,804.41	131,989,501.98	
Cumulative Amounts Paid	5,340,000.00	16,170,566.56	21,510,566.56		2,768,879.60	3,067,996.06	5,836,875.66		8,108,879.60	19,238,562.62	27,347,442.22	
Total Outstanding	49,075,000.00	34,879,552.68	83,954,552.68		13,768,817.97	6,918,689.11	20,687,507.08		62,843,817.97	41,798,241.79	104,642,059.76	

E&G Joint Ownership/Joint Use
Pierpont Portion

Total E&G Debt (2002B, 2006, HEPC System Debt) 34.18%

Fiscal Year Ending June 30th	Total Principal Due	Total Interest Due	Total Due	Balance
2003	34,180.00	118,402.02	152,582.02	6,062,022.00
2004	61,524.00	141,398.82	202,922.82	5,943,546.00
2005	63,233.00	140,168.34	203,401.34	5,821,779.00
2006	63,233.00	138,808.83	202,041.83	16,109,867.56
2007	390,319.51	371,127.26	761,446.77	15,358,234.15
2008	405,302.59	349,432.60	754,735.18	14,577,748.00
2009	420,073.36	333,857.31	753,930.67	13,768,817.97
2010	434,941.60	315,320.53	750,262.13	12,931,256.35
2011	452,022.32	295,976.07	747,998.39	12,060,802.61
2012	345,255.86	278,454.23	623,710.08	11,395,947.71
2013	257,821.13	264,574.48	522,395.61	10,899,464.78
2014	266,316.46	254,089.10	520,405.56	10,386,622.49
2015	277,553.45	243,151.53	520,704.98	9,852,141.27
2016	289,017.09	231,581.93	520,599.02	9,295,584.67
2017	303,241.51	219,001.22	522,242.73	8,711,636.27
2018	316,897.66	205,797.27	522,694.94	8,101,390.39
2019	329,101.81	191,992.48	521,094.29	7,467,643.15
2020	343,282.80	177,658.36	520,941.16	6,806,587.74
2021	357,742.96	162,700.88	520,443.84	6,117,686.59
2022	374,123.77	147,014.61	521,138.38	5,397,241.11
2023	392,516.81	130,512.40	523,029.22	4,641,376.38
2024	407,887.21	112,943.20	520,830.42	3,855,913.05
2025	426,925.71	94,684.69	521,610.40	3,033,787.52
2026	446,307.52	74,895.46	521,202.98	2,174,338.69
2027	250,697.31	56,456.13	307,153.44	1,691,574.00
2028	158,937.00	43,921.30	202,858.30	1,385,511.00
2029	167,482.00	35,974.45	203,456.45	1,062,993.00
2030	174,318.00	27,600.35	201,918.35	727,311.00
2031	184,572.00	18,884.45	203,456.45	371,883.00
2032	193,117.00	9,655.85	202,772.85	0.00
Total Original Debt	8,587,944.44	5,186,036.15	13,773,980.58	
Cumulative Amounts Paid	1,437,865.46	1,593,195.16	3,031,060.62	
Total Outstanding	7,150,078.97	3,592,840.99	10,742,919.96	

10 Year Credit Hour Summary by Component

		4 Year		2 Year	
	Total Hours	Hours	Percent	Hours	Percent
FY10	89,201	59,904	67.16%	29,297	32.84%
FY09	85,826	58,703	68.40%	27,123	31.60%
FY08	86,863	57,813	66.56%	29,050	33.44%
FY07	89,880	60,362	67.16%	29,518	32.84%
FY06	93,946	63,066	67.13%	30,880	32.87%
FY05	90,924	56,560	62.21%	34,364	37.79%
FY04	86,738	53,239	61.38%	33,499	38.62%
FY03	82,489	55,249	66.98%	27,240	33.02%
FY02	80,197	51,870	64.68%	28,327	35.32%
FY01	78,506	52,326	66.65%	26,180	33.35%
Total	864,570	569,092	65.82%	295,478	34.18%

Draft

Exhibit B-1

Schedule of Net Assets Information Report

As of June 30, 2009

Prior to the Separation
of Assets Agreement (Actual)

FAIRMONT STATE UNIVERSITY
SCHEDULE OF NET ASSETS INFORMATION
AS OF JUNE 30, 2009
ALL FUNDS

DRAFT EXHIBIT B-1

	Fairmont State Board of Governors Support	Fairmont State University	Pierpont Community and Technical College	Component Eliminations	Total Institution
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 11,053,609	$ 10,438,086	$ 6,027,688	$ -	$ 27,519,383
Accounts receivable — net	223,525	2,440,327	595,165		3,259,017
Chargebacks due from PC&TC		58,887		(58,887)	
Chargebacks due from Fairmont State University			1,885	(1,885)	
Due from other funds	28,559	10,881	2,639	(42,079)	
Loans to students — current portion	191,590				191,590
Inventories		143,107	58,219		201,326
Total current assets	11,497,283	13,091,288	6,685,596	(102,851)	31,171,316
NONCURRENT ASSETS:					
Cash and cash equivalents	2,463,884				2,463,884
Loans to students — net	1,221,958				1,221,958
Deferred charges — bond issuance costs	1,032,905				1,032,905
Capital assets — net	129,395,213				129,395,213
Total noncurrent assets	134,113,960	-	-	-	134,113,960
TOTAL	$ 145,611,243	$ 13,091,288	$ 6,685,596	$ (102,851)	$ 165,285,276
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable	$ 705,059	$ 1,351,415	$ 100,141	$ -	$ 2,156,615
Due to the Commission	552,663				552,663
Chargebacks due to Fairmont State University			58,887	(58,887)	
Chargebacks due to PC&TC		1,885		(1,885)	
Due to other funds	7	37,458	4,614	(42,079)	
Accured liabilities - payroll	64,455	1,888,940	578,054		2,531,449
Accrued interest payable	285,059				285,059
Retainages Payable	86,176				86,176
Deferred revenue	373,343	611,146			984,489
Compensated absences — current portion	106,056	724,488	313,757		1,144,301
Capital lease payable — current portion	81,058				81,058
Debt obligation payable to the Commission — current portion	559,893				559,893
Bonds payable — current portion	1,770,503				1,770,503
Total current liabilities	4,584,272	4,615,332	1,055,453	(102,851)	10,152,206
Noncurrent liabilities:					
Other post employment benefits liability	85,910	667,045	273,110		1,026,065
Compensated absences	61,000	377,990	164,355		603,345
Advances from federal sponsors	1,151,584				1,151,584
Capital lease payable	453,980				453,980
Debt obligation to the Commission	4,196,936				4,196,936
Bonds payable	63,318,338				63,318,338
Total noncurrent liabilities	69,267,748	1,045,035	437,465	-	70,750,248
Total liabilities	73,852,020	5,660,367	1,492,918	(102,851)	80,902,454
NET ASSETS:					
Invested in capital assets — net of related debt	58,600,852				58,600,852
Restricted for — expendable:					
Loans	438,368				438,368
Scholarships	764,129				764,129
Sponsored projects		88,689	1,719,153		1,807,842
Capital projects	7,093,980				7,093,980
Debt service	2,145,373				2,145,373
Total restricted	10,441,850	88,689	1,719,153		12,249,692
Unrestricted E&G Plant and President's Control	187,229	6,798,282	2,983,205		9,968,716
Unrestricted Auxiliary and Fund Manager Funds	2,529,292	543,950	490,320		3,563,562
Total unrestricted	2,716,521	7,342,232	3,473,525		13,532,278
Total net assets	71,759,223	7,430,921	5,192,678		84,382,822
TOTAL	$ 145,611,243	$ 13,091,288	$ 6,685,596	$ (102,851)	$ 165,285,276

Draft
Exhibit B-2
Schedule of Net Assets Information Report
As of July 1, 2009
After Adjustments to Assets Defined in the Separation of Assets Agreement

Adjustments made per draft agreement:

- Moves Auxiliary Enterprise assets and liabilities to a separate component owned by Fairmont State University.

- Moves the Perkins Loan Fund assets and liabilities to the Fairmont State University column. (Note: The Department of Education required the Perkins Loan Fund stay with the University.)

- Moves the land assets, net of related debt, to the Fairmont State University column.

- Moves the University President's Home, net of related debt, to the Fairmont State University column.

- Moves the equipment assets assigned to Fairmont State University to the Fairmont State University component column and equipment assets assigned to Pierpont Community and Technical College to the Pierpont Community and Technical College component column.

(See attached draft Exhibit B-2 Adjustments Report)

FAIRMONT STATE UNIVERSITY
SCHEDULE OF NET ASSETS INFORMATION
AS OF JULY 1, 2009
ALL FUNDS WITH ADJUSTMENTS

DRAFT EXHIBIT B-2

	Fairmont State Board of Governors Support	Fairmont State University Auxiliary Support	Fairmont State University	Pierpont Community and Technical College	Total Institution
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 5,704,485	$ 5,172,720	$ 10,614,490	$ 6,027,688	$ 27,519,383
Accounts receivable — net	68,407	155,118	2,440,327	595,165	3,259,017
Chargebacks due from PC&TC			58,887		58,887
Chargebacks due from Fairmont State University				1,885	1,885
Due from other funds	2,340	26,219	10,881	2,639	42,079
Loans to students — current portion			191,590		191,590
Inventories			143,107	58,219	201,326
Total current assets	5,775,232	5,354,057	13,459,282	6,685,596	31,274,167
NONCURRENT ASSETS:					
Cash and cash equivalents		2,463,884			2,463,884
Loans to students — net			1,221,958		1,221,958
Deferred charges — bond issuance costs	167,305	845,676	19,924		1,032,905
Capital assets — net	65,506,282	58,020,718	5,340,042	528,171	129,395,213
Total noncurrent assets	65,673,587	61,330,278	6,581,924	528,171	134,113,960
TOTAL	$ 71,448,819	$ 66,684,335	$ 20,041,206	$ 7,213,767	$ 165,388,127
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable	$ 500,697	$ 204,362	$ 1,351,415	$ 100,141	$ 2,156,615
Due to the Commission	552,663				552,663
Chargebacks due to Fairmont State University				58,887	58,887
Chargebacks due to PC&TC			1,885		1,885
Due to other funds		7	37,458	4,614	42,079
Accured liabilities - payroll		64,455	1,888,940	578,054	2,531,449
Accrued interest payable	84,498	200,561			285,059
Retainages Payable	86,176				86,176
Deferred revenue		373,343	611,146		984,489
Compensated absences — current portion		106,056	724,488	313,757	1,144,301
Capital lease payable — current portion	40,529	40,529			81,058
Debt obligation payable to the Commission — current portion	559,893				559,893
Bonds payable — current portion	498,030	1,245,000	27,473		1,770,503
Total current liabilities	2,322,486	2,234,313	4,642,805	1,055,453	10,255,057
Noncurrent liabilities:					
Other post employment benefits liability		85,910	667,045	273,110	1,026,065
Compensated absences		61,000	377,990	164,355	603,345
Advances from federal sponsors			1,151,584		1,151,584
Capital lease payable	226,990	226,990			453,980
Debt obligation to the Commission	4,196,936				4,196,936
Bonds payable	14,138,195	47,830,000	1,028,258		62,996,453
Bond premium or discount	(70,908)	403,466	(10,673)		321,885
Total noncurrent liabilities	18,491,213	48,607,366	3,214,204	437,465	70,750,248
Total liabilities	20,813,699	50,841,679	7,857,009	1,492,918	81,005,305
NET ASSETS:					
Invested in capital assets — net of related debt	45,491,136	8,266,637	4,314,908	528,171	58,600,852
Restricted for — expendable:					
Loans			438,368		438,368
Scholarships	764,129				764,129
Sponsored projects			88,689	1,719,153	1,807,842
Capital projects	4,194,270	2,899,710			7,093,980
Debt service	(1,644)	2,147,017			2,145,373
Total restricted	4,956,755	5,046,727	527,057	1,719,153	12,249,692
Unrestricted E&G Plant and President's Control	187,229		6,798,282	2,983,205	9,968,716
Unrestricted Auxiliary and Fund Manager Funds		2,529,292	543,950	490,320	3,563,562
Total unrestricted	187,229	2,529,292	7,342,232	3,473,525	13,532,278
Total net assets	50,635,120	15,842,656	12,184,197	5,720,849	84,382,822
TOTAL	$ 71,448,819	$ 66,684,335	$ 20,041,206	$ 7,213,767	$ 165,388,127

Adjusments

DRAFT EXHIBIT B-2 ADJUSTMENTS

	Board of Governors	Auxiliary	University	PC&TC
Capital Assest - Net				
Original FS Number	71,374,495	58,020,718		
Equipment (University)	(431,476)		431,476	
Buildings (Shaw House)	(585,476)		585,476	
Equipment (Pierpont)	(528,171)			528,171
Land (Non-Bond)	(3,181,996)		3,181,996	
Land (Infrastructure Bond)	(1,141,094)		1,141,094	
New FS Number	65,506,282	58,020,718	5,340,042	528,171
Invested in Capital Assests				
Original FS Numbers	50,334,215	8,266,637		
Equipment (University)	(431,476)		431,476	
Buildings (Shaw House)	(585,476)		585,476	
Equipment (Pierpont)	(528,171)			528,171
Land (Non-Bond)	(3,181,996)		3,181,996	
Land (Infrastructure Bond)	(115,960)		115,960	
New FS Numbers	45,491,136	8,266,637	4,314,908	528,171
Deferred Charges - Bond Issue Costs				
Original FS Numbers	187,229	845,676		
Infrastructure Bond (Land)	(19,924)		19,924	
New FS Numbers	167,305	845,676	19,924	
Bonds Payable - Current				
Original FS Numbers	525,503		-	
Infrastructure Bond	(27,473)		27,473	
New FS Numbers	498,030		27,473	
Bonds Payable - Non-current				
Original FS Numbers	15,166,453			
Infrastructure Bond	(1,028,258)		1,028,258	
New FS Numbers	14,138,195		1,028,258	
Discount on Bonds Payable				
Original FS Numbers	(81,581)	403,466		
Infrastructure Bond	10,673		(10,673)	
New FS Numbers	(70,908)	403,466	(10,673)	
Loans to Students (Perkins)				
Original FS Number	1,413,548			
Current Portion	(191,590)		191,590	
Non-Current Portion	(1,221,958)		1,221,958	
New FS Numbers			1,413,548	
Cash (In Perkins Funds)				
Original FS Numbers	5,880,889		10,438,086	
Cash (In Fund 910500)	(6,782)		6,782	
Cash (In Fund 920000)	(169,622)		169,622	
New FS Numbers	5,704,485		10,614,490	
Advances From Federal Sponsors				
Original FS Numbers	1,151,584			
Liability (In Fund 920000)	(1,151,584)		1,151,584	
New FS Numbers			1,151,584	
Restricted for - Expendable				
Original FS Numbers	438,368			
Loans	(438,368)		438,368	
New FS Numbers			438,368	

Draft

Exhibit B-3

Reflects the Allocation of the
Fairmont State Board of Governors Support
column based on the co-ownership of
Education & General (E&G) Capital Assets

Agreed to in the draft Separation of Assets
Agreement and effective July 1, 2009

Notes: The allocation will be done annually at the end of every year according to the latest 10 year average of full-time equivalent (FTE) enrollments.

The Board of Governors Support E&G Capital Assets, related liabilities and E&G Capital Assets reserves will be shared resources that will be allocated at the end of each year for reporting purposes.

FAIRMONT STATE UNIVERSITY
SCHEDULE OF NET ASSETS INFORMATION
AS OF JULY 1, 2009
BOG SUPPORT

DRAFT EXHIBIT B-3

	Fairmont State Board of Governors Support	Fairmont State University 65.82%	Pierpont Community and Technical College 34.18%
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 5,704,485	$ 3,754,692	$ 1,949,793
Accounts receivable — net	68,407	45,025	23,382
Chargebacks due from PC&TC			
Chargebacks due from Fairmont State University			
Due from other funds	2,340	1,540	800
Loans to students — current portion			
Inventories			
Total current assets	5,775,232	3,801,258	1,973,974
NONCURRENT ASSETS:			
Cash and cash equivalents			
Loans to students — net			
Deferred charges — bond issuance costs	167,305	110,120	57,185
Capital assets — net	65,506,282	43,116,235	22,390,047
Total noncurrent assets	65,673,587	43,226,355	22,447,232
TOTAL	$ 71,448,819	$ 47,027,613	$ 24,421,206
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	$ 500,697	$ 329,559	$ 171,138
Due to the Commission	552,663	363,763	188,900
Chargebacks due to Fairmont State University			
Chargebacks due to PC&TC			
Due to other funds			
Accured liabilities - payroll			
Accrued interest payable	84,498	55,617	28,881
Retainages Payable	86,176	56,721	29,455
Deferred revenue			
Compensated absences — current portion			
Capital lease payable — current portion	40,529	26,676	13,853
Debt obligation payable to the Commission — current portion	559,893	368,522	191,371
Bonds payable — current portion	498,030	327,803	170,227
Total current liabilities	2,322,486	1,528,660	793,826
Noncurrent liabilities:			
Other post employment benefits liability			
Compensated absences			
Advances from federal sponsors			
Capital lease payable	226,990	149,405	77,585
Debt obligation to the Commission	4,196,936	2,762,423	1,434,513
Bonds payable	14,138,195	9,305,760	4,832,435
Bond premium or discount	(70,908)	(46,672)	(24,236)
Total noncurrent liabilities	18,491,213	12,170,916	6,320,297
Total liabilities	20,813,699	13,699,577	7,114,122
NET ASSETS:			
Invested in capital assets — net of related debt	45,491,136	29,942,266	15,548,870
Restricted for — expendable:			
Loans			
Scholarships	764,129	502,950	261,179
Sponsored projects			
Capital projects	4,194,270	2,760,669	1,433,601
Debt service	(1,644)	(1,082)	(562)
Total restricted	4,956,755	3,262,536	1,694,219
Unrestricted E&G Plant and President's Control	187,229	123,234	63,995
Unrestricted Auxiliary and Fund Manager Funds			
Total unrestricted	187,229	123,234	63,995
Total net assets	50,635,120	33,328,036	17,307,084
TOTAL	$ 71,448,819	$ 47,027,613	$ 24,421,206

Draft

Exhibit B-4

Shows the Fairmont State University
Schedule of Net Assets information
as of July 1, 2009 after the
Separation of Assets Agreement is complete.

FAIRMONT STATE UNIVERSITY
SCHEDULE OF NET ASSETS INFORMATION
AS OF JULY 1, 2009

DRAFT EXHIBIT B-4

	Fairmont State University 65.82%	Fairmont State University Auxiliary Support	Fairmont State University	Total Institution
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 3,754,692	$ 5,172,720	$ 10,438,086	$ 19,365,498
Accounts receivable — net	45,025	155,118	2,440,327	2,640,470
Chargebacks due from PC&TC			58,887	58,887
Chargebacks due from Fairmont State University				
Due from other funds	1,540	26,219	10,881	38,640
Loans to students — current portion				
Inventories			143,107	143,107
Total current assets	3,801,258	5,354,057	13,091,288	22,246,603
NONCURRENT ASSETS:				
Cash and cash equivalents		2,463,884		2,463,884
Loans to students — net				
Deferred charges — bond issuance costs	110,120	845,676		955,796
Capital assets — net	43,116,235	55,297,359	8,063,401	106,476,995
Total noncurrent assets	43,226,355	58,606,919	8,063,401	109,896,675
TOTAL	$ 47,027,613	$ 63,960,976	$ 21,154,689	$ 132,143,278
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	$ 329,559	$ 204,362	$ 1,351,415	$ 1,885,336
Due to the Commission	363,763			363,763
Chargebacks due to Fairmont State University				
Chargebacks due to PC&TC			1,885	1,885
Due to other funds		7	37,458	37,465
Accured liabilities - payroll		64,455	1,888,940	1,953,395
Accrued interest payable	55,617	200,561		256,178
Retainages Payable	56,721			56,721
Deferred revenue		373,343	611,146	984,489
Compensated absences — current portion		106,056	724,488	830,544
Capital lease payable — current portion	26,676	40,529		67,205
Debt obligation payable to the Commission — current portion	368,522			368,522
Bonds payable — current portion	327,803	1,245,000		1,572,803
Total current liabilities	1,528,660	2,234,313	4,615,332	8,378,305
Noncurrent liabilities:				
Other post employment benefits liability		85,910	667,045	752,955
Compensated absences		61,000	377,990	438,990
Advances from federal sponsors				
Capital lease payable	149,405	226,990		376,395
Debt obligation to the Commission	2,762,423			2,762,423
Bonds payable	9,305,760	47,830,000		57,135,760
Bond premium or discount	(46,672)	403,466		356,794
Total noncurrent liabilities	12,170,916	48,607,366	1,045,035	61,823,317
Total liabilities	13,699,577	50,841,679	5,660,367	70,201,623
NET ASSETS:				
Invested in capital assets — net of related debt	29,942,266	5,543,278	8,063,401	43,548,945
Restricted for — expendable:				
Loans				
Scholarships	502,950			502,950
Sponsored projects			88,689	88,689
Capital projects	2,760,669	2,899,710		5,660,379
Debt service	(1,082)	2,147,017		2,145,935
Total restricted	3,262,536	5,046,727	88,689	8,397,952
Unrestricted E&G Plant and President's Control	123,234		6,798,282	6,921,516
Unrestricted Auxiliary and Fund Manager Funds		2,529,292	543,950	3,073,242
Total unrestricted	123,234	2,529,292	7,342,232	9,994,758
Total net assets	33,328,036	13,119,297	15,494,322	61,941,655
TOTAL	$ 47,027,613	$ 63,960,976	$ 21,154,689	$ 132,143,278

Draft

Exhibit B-5

Shows the Pierpont Community and Technical College Schedule of Net Assets information as of July 1, 2009 after the Separation of Assets Agreement is complete.

PIERPONT COMMUNITY AND TECHNICAL COLLEGE
SCHEDULE OF NET ASSETS INFORMATION
AS OF JULY 1, 2009

DRAFT EXHIBIT B-5

	Pierpont Community and Technical College 34.18%	Pierpont Community and Technical College	Total Institution
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 1,949,793	$ 6,027,688	$ 7,977,481
Accounts receivable — net	23,382	595,165	618,547
Chargebacks due from PC&TC			
Chargebacks due from Fairmont State University		1,885	1,885
Due from other funds	800	2,639	3,439
Loans to students — current portion			
Inventories		58,219	58,219
Total current assets	1,973,974	6,685,596	8,659,571
NONCURRENT ASSETS:			
Cash and cash equivalents			
Loans to students — net			
Deferred charges — bond issuance costs	57,185		57,185
Capital assets — net	22,390,047	528,171	22,918,218
Total noncurrent assets	22,447,232	528,171	22,975,403
TOTAL	$ 24,421,206	$ 7,213,767	$ 31,634,974
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	$ 171,138	$ 100,141	$ 271,279
Due to the Commission	188,900		188,900
Chargebacks due to Fairmont State University		58,887	58,887
Chargebacks due to PC&TC			
Due to other funds		4,614	4,614
Accured liabilities - payroll		578,054	578,054
Accrued interest payable	28,881		28,881
Retainages Payable	29,455		29,455
Deferred revenue			
Compensated absences — current portion		313,757	313,757
Capital lease payable — current portion	13,853		13,853
Debt obligation payable to the Commission — current portion	191,371		191,371
Bonds payable — current portion	170,227		170,227
Total current liabilities	793,826	1,055,453	1,849,279
Noncurrent liabilities:			
Other post employment benefits liability		273,110	273,110
Compensated absences		164,355	164,355
Advances from federal sponsors			
Capital lease payable	77,585		77,585
Debt obligation to the Commission	1,434,513		1,434,513
Bonds payable	4,832,435		4,832,435
Bond premium or discount	(24,236)		(24,236)
Total noncurrent liabilities	6,320,297	437,465	6,757,762
Total liabilities	7,114,122	1,492,918	8,607,040
NET ASSETS:			
Invested in capital assets — net of related debt	15,548,870	528,171	16,077,041
Restricted for — expendable:			
Loans			
Scholarships	261,179		261,179
Sponsored projects		1,719,153	1,719,153
Capital projects	1,433,601		1,433,601
Debt service	(562)		(562)
Total restricted	1,694,219	1,719,153	3,413,372
Unrestricted E&G Plant and President's Control	63,995	2,983,205	3,047,200
Unrestricted Auxiliary and Fund Manager Funds		490,320	490,320
Total unrestricted	63,995	3,473,525	3,537,520
Total net assets	17,307,084	5,720,849	23,027,933
TOTAL	$ 24,421,206	$ 7,213,767	$ 31,634,973

Fairmont State University
Board of Governors
December 17, 2009

ITEM: Textbook Accountability Bookstore Advisory Board Sub-committee Report

INFORMATION ITEM ONLY:

STAFF MEMBER: Rick Porto

BACKGROUND: Attached is a report of the minutes of the Textbook Accountability Sub-committee meeting of Friday, November 13, 2009.

As of November 13, 2009 three meetings have been held to review Federal, State, and HEPC/Council draft rules/guidelines and to discuss potential Board of Governors' policy revisions.

The committee has scheduled to meet one day in December and have a goal of making suggestions to control/reduce costs to our students sometime in January 2010 to the Presidents' offices so bookstore policies can be updated, sent out for 30 day review, and implemented in the spring term so that effects of these policy changes can be realized by the fall 2010 semester.

Please note: The Textbook Accountability Committee is made up of both two and four-year faculty, staff, and students, as well as Barnes and Noble staff.

Textbook Accountability Bookstore Advisory Board Subcommittee Meeting Minutes for
Friday, November 13, 2009, 8:30- 9:30 am, Room 212 ED

Members present: Joe Blankenship, Peggy Frum, Leslie Lovett, Laurie Johnston, Michelle Porter, and Jennifer Weist
Members absent: Chris Lavorata, Rick Porto and student member to be named.

I. Barnes & Noble Representatives will be available to meet in person/conference call with the committee on Friday, December 18 at 11:00am. Details on location will be forthcoming.

II. Michelle provided those in attendance with a handout from B&N entitled *Understanding the Higher Education Opportunity Act*. The article outlined Registration Integration and Disintermediation.

III. Meeting minutes from October 7, 2009 meeting were affirmed as accurate.

IV. Update on School Meetings:
- FSU – presentations on bookstore services and book ordering have been made to Faculty Senate and in a few schools
- Pierpont – presentations have been made in 2 of the 4 academic schools. A meeting with the 3rd is scheduled for December 8 with confirmation of date/time of meeting with 4th pending.

V. Discussion of Potential Policy Revisions:
- Should section 2.2.51 be revised to include access codes along with customized textbooks (worksheets/workbooks)? Faculty should be advised of the cost of bundling items such as access codes into textbook adoptions, particularly if the online resources are not being widely used by faculty teaching the course.
- Deadline for ordering that is outlined in the current policy should become real. Deans should be required to approve and justify extensions granted to faculty to the Provost as described in the current policy. April due date for annual textbook adoptions should be reviewed.
- Bookstore should provide a fact sheet to each faculty member detailing a summary of the requirements of HEOA prior to annual adoption deadline. Faculty should be encouraged to consider books from more than one publisher and should consider cost versus benefits of bundles.
- Book Adoption procedure – paper adoption forms should be phased out and eliminated. All faculty should receive training regarding the online book adoption process and should be encouraged to review textbook selection online each semester to check for accuracy. Faculty should be more involved in this process rather than relying completely on school secretaries. Also, faculty must be reminded that they must complete an adoption for each course even if they choose to adopt NO text.
- Required supplies – the Committee felt that it was appropriate for the bookstore to include a statement requesting that faculty identify required supplies (financial calculators or special notebooks as examples) when completing textbook adoptions. This provides the bookstore with ample notice so that supplies can be ordered and available to students. This increases access to required supplies for students who are campus based without transportation and those students wishing to purchase supplies by charging them to their student account.

- Committee should take care to ensure that all federal requirements are included in the revisions to campus based policies. State level policies have yet to be presented to the C&TC Council and HEPC Boards and have not been put out for 30 day public comment. Timing of this process is not known at this time. Campus based process will be similar and will follow the state level process.
- The Committee should review the textbook pricing recommendations that are currently in the policy. They are unrealistically low given current pricing structures and should be revised.
- Review the current policy concerning buy-back and percentage of new cost paid to students participating in the program. B&N buy-back is determined by current adoptions (books that will be used again in the following semester are bought back at higher prices) versus those that will be bought back for wholesale.
- Also, recommended timeframe for adoptions should be reduced from 3 year cycle to a 2 year cycle.

VI. Next steps: continue to review the campus based policy and compare with state policies as they are being revised. Committee should make general suggestions to Presidents' Offices regarding baseline changes that could be made so that we are in a position to move quickly in the spring.

VII. Upcoming Meeting Dates:
Friday, December 6 at 8:30am – subcommittee work session
Friday, December 18 at 11:00am – meeting with B&N representatives

Fairmont State University Board of Governors' Operating Procedures

ARTICLE 1: THE BOARD

1.1 Name, Authorization and Mission

The official name of the Board shall be the "Fairmont State University Board of Governors." The Board of Governors and their successors in office are created by the legislature of West Virginia through the Code of West Virginia [§18B-2A] as a governing body, known as the Fairmont State University Board of Governors, with the mission of general supervision and control over the academic and business affairs of Fairmont State University.

1.2 Membership, Elections & Appointments

The Board consists of twelve members: one full-time member of the faculty with the rank of instructor or above duly elected by the faculty; one member of the student body in good academic standing, enrolled for college credit work and duly elected by the student body; one member of the institutional classified employees duly elected by the classified employees; and nine lay members appointed by the Governor with the advice and consent of the Senate. Except in the case of a vacancy, all member elections shall be held and all appointments shall be made no later than the thirtieth day of June preceding the commencement of the term.

1.3 Terms of Appointment

The student member serves for a term of one year. The faculty member and the classified staff member serve for terms of two years. Terms begin each year on the first day of July. Faculty and Staff members are eligible to succeed themselves for three additional terms, not to exceed a total of eight consecutive years. The appointed lay citizen members serve terms of four years each and are eligible to succeed themselves for no more than one additional term. The appointed members of the Board serve staggered terms.

1.4 Vacancies

A vacancy in an unexpired term of a member shall be filled for the unexpired term in the same manner as the original appointment or election.

1.5 Continuation

Other than in the case of written resignation submitted to the Board, each member shall remain in office until a successor has been established by the required process.

1.6 Qualifications

Of the nine members appointed by the Governor, no more than five may be of the same political party. At least six of the members shall be residents of the state. No lay person shall be eligible for appointment to membership on the Board who is an officer, employee or member of any other board of governors, a member of an institutional board of advisors of any public institution of higher education, an employee of any institution of higher education, an officer or member of any political party executive committee, the holder of any other public office or public employment under the government of West Virginia or any of its political subdivisions, or a member of the Policy Commission, or a member of the West Virginia Council for Community and Technical College Education.

1.7 Oath of Office

Before exercising any authority or performing any duties as a member of the Board of Governors, each member shall qualify as such by taking and subscribing to the oath of office prescribed by Article IV, § 5 of the Constitution of West Virginia, and the certificate thereof shall be filed with the Secretary of State.

1.8 Removal

A member of the Board of Governors appointed by the Governor may not be removed as a member of the Board by the Governor except for official misconduct, incompetence, neglect of duty or gross immorality and then only in the manner prescribed by law for the removal of the state elective officers by the Governor.

1.9 Compensation

The members of the Board of Governors serve without compensation, but are reimbursed for all reasonable and necessary expenses actually incurred in the performance of their official duties.

1.10 Supervision

The Board of Governors is subject to the supervision of the Higher Education Policy Commission. It is the responsibility of the Board of Governors to exercise its authority and obligations in a manner consistent with and complementary to the powers and duties assigned by law or policy to the Council for Community & Technical College

Education in matters pertaining to associate degrees offered by Fairmont State University.

1.11 Collective Authority and Action

The authority of the Governors is conferred upon them as a Board, and they can bind the Board and the University only by acting together through a majority vote of the Board as described in these operating procedures and applicable law.

Except as noted herein, permitted by act of the Board or otherwise provided by law, no individual member may commit the Board to any policy, declaration, directive or action without prior approval of the Board.

1.12 Code of Conduct

Members of the Board of Governors have an obligation to fulfill their responsibilities in a manner which fosters the public's respect, trust and confidence. Accordingly, Board members shall comply with the West Virginia Ethics Act, applicable law, and the highest standards of integrity. Each member of the Board shall vote in a manner the member reasonably believes to be in the best interests of the University. Each member must further recognize his or her personal fiduciary responsibility for protecting and advancing the integrity, interests and assets of the University. Members of the Board shall refrain from placing themselves in situations in which their duty or loyalty to or stewardship of the University may be compromised.

The Board of Governors oversees and supports the management, academic and administrative operations of the University. Members of the Board recognize the role of the President as the chief executive officer of and primary spokesperson for the University and the role of the Chairman of the Board as the primary spokesperson for the Board. The authority of the Board is based on the authority of the Board as a whole, and not on the authority of individual members. Board members shall participate actively in the duties of the Board, exercise critical and independent judgment, and communicate promptly to the Chairman or the President any significant concern regarding the operations of the Board or University.

1.13 Conflicts of Interest

Members of the Board shall perform their responsibilities in a manner which avoids conflicts of interest, or the appearance of such conflicts or of impropriety. Board members shall not use the authority, title, influence, or prestige of their positions, or any confidential information gained as a result of their membership, to solicit business for themselves or others or otherwise obtain any private financial, social, or political benefit which in any manner would be inconsistent with the interest and mission of the

University. The standards set out in this policy are intended to supplement, not replace, applicable law, and must be applied using the good judgment of every Board member.

While the University benefits from a Board whose members come with broad and varied experience and successful involvement in business, industry, education, the professions and government, such a membership also brings broad exposure to interests and influences which may directly or indirectly affect their obligations to the University. It is further possible that, from time to time, the University's best interests, objectively determined, may be served by entering into an appropriate business transaction with a member of the Board of Governors, or an entity in which the member has an interest. Recognizing that the potential for such conflicts of interest cannot be entirely avoided, it is the purpose of this section to set forth appropriate standards for identifying, managing and, where possible, resolving such conflicts with a member (the interested member) in a manner which protects the University's public mission and integrity.

Accordingly, each Board member shall comply with the West Virginia Ethics Act and shall execute an annual conflict of interest statement and provide a copy thereof to the Secretary of the Board. In addition, each member of the Board has an ongoing obligation to disclose at the earliest practicable time all conflicts and potential conflicts and appearances of impropriety, and any such actual or potential conflicts must be addressed pursuant to applicable law and the procedures set forth herein. An interested member shall fully disclose in writing any such conflict or potential conflict, including all pertinent facts, to the Chairman; or, in the case of the Chairman, to the University's President, promptly after becoming aware of such a conflict or potential conflict. Whenever a Board member is in doubt as to whether a conflict might exist, he or she is encouraged to consult with the Chairman, who may, in his or her discretion, confer in turn with the President. Any information so presented shall, to the extent permitted by law, be held in confidence except when it is determined that a conflict does in fact exist or that it will be in the best interest of the University to disclose the information in executive session to the Board or a committee of the Board. Such disclosure will be made only after informing the Board member concerned.

In the event of a conflict or potential conflict, the interested member shall neither participate in nor be present during any discussion by the Board regarding the matter in conflict; provided, however, that the Board may elect in its discretion to seek information or clarification from the interested member. The interested member shall abstain from all votes on any such matter and the disclosure of such a conflict and the member's recusal shall be recorded in the minutes of the affected meeting.

ARTICLE 2: OFFICERS

2.1 Officers

The Officers of the Fairmont State University Board of Governors shall be: Chair, Vice Chair, and Secretary. An Assistant Secretary may be appointed by the Chair to facilitate board activities. The Assistant Secretary shall not be considered an officer of the Board and need not be a member of the Board.

2.2 Election and Tenure

The Board shall elect the officers of the Board for a one year term at its annual meeting in June. The Chair shall be elected from among the nine lay members of the Board. No member may serve as chair for more than four consecutive years except as specified below under Vacancies (2.5).

2.3 Resignation

Any officer may resign at any time by giving written notice to the Chair and to the President of the University.

2.4 Removal

Any officer may be removed by the Board at any time by majority vote of the members of the Board.

2.5 Vacancies

In the event of a vacancy in the office of Chair, the Vice Chair shall succeed to the office of Chair for the rest of that fiscal year (July 1 – June 30), and shall remain eligible to serve as chair in the following fiscal years (maximum of 28 consecutive months). In the event of a vacancy in the offices of Vice Chair or Secretary, the members shall elect the new officer at the next meeting following the occurrence of the vacancy. No limitation shall apply as to the consecutive years of service as Vice Chair or Secretary.

2.6 Duties of the Officers

2.6.1 Chair:

a. The Chair shall preside, with right to vote, at all meetings of the Board of Governors and the Executive Committee.

b. The Chair shall be an ex officio member, without vote, on all committees unless appointed as a regular voting member of a committee.

c. The Chair may sign, on behalf of the Board or University, any documents or instruments that the Board has authorized to be executed.

d. The Chair shall appoint the members of all committees, subject to approval by the Board.

e. The Chair shall perform all duties incident to the office of the Chair, including setting meeting agendas, and such other duties as may be prescribed by the Board from time to time, and shall be the spokesperson for the Board.

2.6.2 Vice Chair:

a. The Vice Chair shall perform all the duties and exercise the powers of the Chair during the Chair's absence or incapacity.

b. The Vice Chair shall perform such other duties as may be assigned to the Vice Chair by the Chair of the Board.

2.6.3 Secretary:

a. The Secretary shall provide for the keeping of the minutes of all meetings of the Board and shall assure that such minutes are filed with the records of the University, and made available to the members of the Board, officers of the University and the public consistent with the provisions of these bylaws.

b. The Secretary shall provide for the preparation of reports of the Executive Committee and for distribution of the reports to each member of the Board.

c. The Secretary shall give or cause to be given appropriate notices in accordance with these bylaws or as required by law.

d. The Secretary shall distribute the agenda for all Board meetings.

e. The Secretary shall perform all duties incident to the office of the Secretary and such other duties as may be assigned from time to time by the Chair of the Board.

f. The Secretary may delegate to the Assistant Secretary any or all of those duties associated with the taking or distribution of minutes, the providing of notices, or other similar administrative duties.

2.6.4 Assistant Secretary:

a. The Assistant Secretary shall perform such duties as may be assigned by the Secretary or the Chair.

b. If the Assistant Secretary is not a member of the Board, the Assistant Secretary shall not be entitled to vote or otherwise participate in meetings as a member of the Board.

2.7 Offices:

The principal offices of the Board of Governors shall be the Office of the President, Fairmont State University, 1201 Locust Avenue, Fairmont, West Virginia, 26554.

ARTICLE 3: MEETINGS

3.1 Frequency

The Board of Governors shall meet in regular session not less than six times in each fiscal year. The schedule of meetings will be determined by the Chair in consultation with the Board.

3.2 Annual Meeting

The annual meeting shall be held each year in June.

3.3 Notification & Access

The date, time, place and agenda of all regularly scheduled meetings and the date, time, place and purpose of all special meetings shall be announced in advance in the State Register, as prescribed by the Open Governmental Proceedings Act (§6-9A). Meetings of the Board shall be open to the public as provided by law.

3.4 Emergency Meetings

In the event of an emergency, the Chairperson may file an emergency meeting notice at any time prior to the meeting. The emergency meeting notice shall state the date, time, place and purpose of the meeting and the facts and circumstances of the emergency. The meeting shall be limited to the emergency agenda identified in the notice.

3.5 Meeting Location

Meetings will ordinarily be held on the main campus of Fairmont State University in Fairmont, but may be held at such other places as the Board may determine.

3.6 Quorum

A majority of members (7) shall constitute a quorum to do business, but a smaller number may meet and adjourn to some other time or until a quorum is obtained. Telephonic or other electronic means of attending the meeting shall qualify toward the quorum.

3.7 Parliamentary Procedure

The business at each meeting shall be conducted under general parliamentary rules set forth in Robert's Rules of Order as modified or interpreted by the Board.

3.8 Agendas

The agenda for every meeting of the Board shall be prepared by the Chair of the Board with the assistance of the President of the University. Any member of the Board of Governors may present to any meeting of the Board any item for information or discussion whether or not the same is on the agenda of the meeting, but no final action shall be taken on an item that is not consistent with the agenda or purpose of the meeting.

3.9 Minutes

Minutes of each meeting of the Board shall be prepared, approved by the Board, and recorded permanently with the signature of the Secretary.

Subject to the exceptions set forth under the Open Governmental Proceedings Act, minutes of all meetings shall be available to the public within a reasonable period of time after the meeting and shall include, at least, the following information:

1. The date, time, and place of the meeting;
2. The name of each member of the Board, present and absent;
3. All motions, proposals, resolutions, orders and measures proposed, the name of the person proposing the same and their disposition; and
4. The results of all votes and, upon the request of a member, pursuant to the rules of the Board for recording roll call votes, the vote of each member by name.

3.10 Voting

3.10.1 Manner of Voting

Votes on all matters coming before the Board or any of its committees shall be taken by voice vote, but a roll call vote shall be taken upon the request of a member for a roll call vote.

3.10.2 Off-Site Voting

Whenever any member participates in a meeting of the Board by telephone or any other means when not physically present at the meeting location, such member(s) shall be individually polled as to each vote of the Board.

3.10.3 Proxy Voting

No member may vote by proxy.

3.11 Executive Session

By vote of a majority of the members present at any meeting of the Board, and in accordance with the Open Governmental Proceedings Act, portions of a meeting, including committee meetings, may be closed to the public.

No minutes shall be taken of executive sessions of the Board and no decision may be made in the executive session. No person not a member of the Board shall be in attendance at such executive session except at the direction of the members.

3.12 Protocol for Meetings of the Board of Governors

All those in attendance at meetings of the Board of Governors may be asked to identify themselves before addressing the Board or in appropriate circumstances upon entry to the meeting. Only members of the Board of Governors, the President, those recognized by the Chair or by majority vote of the members present may address the Board.

If space is limited in the meeting room, those with business before the Board of Governors and the members of the press shall have priority over those who are visitors.

The Board may remove from the meeting any member of the public who is disrupting the meeting to the extent that orderly conduct of the meeting is compromised.

3.13 Appearances before the Board

Persons who desire to have an item placed on the Board's regular or special meeting agenda may submit a request in writing to the Chair or to the President of the University. After consultation with the President, the Chair may either place the requested item on an upcoming agenda or reject it, notifying the person of the reasons for the decision; the Chair may also refer the item to a committee of the Board. Such a request may include a request to address the Board in relation to the proposed agenda item and shall be made in sufficient time to be considered prior to the issuance of the agenda.

At any meeting where the Board requests that persons who desire to address the Board register to address the body, persons may not be required to register more than fifteen (15) minutes prior to the time the scheduled meeting is to commence.

When deemed proper, a majority of the Board may waive these rules and hear any person on any subject, before either the committee of the whole or any committee of the Board.

ARTICLE 4: COMMITTEES

4.1 Formation and Operating Procedures:

4.1.1

The Board may appoint committees and prescribe their duties and functions. All committees shall keep a record of their proceedings and shall report to the Board as required. The delegation of any authority of the Board to any committee shall not operate to relieve the Board or any member thereof of any responsibility imposed by law.

4.1.2

All resolutions and all committee reports offered which involve matters for record in the minutes shall be made in writing.

4.2 Standing Committees

The Board of Governors may have the following Standing Committees:

The Executive Committee (including Audit)

Admissions/Academic Affairs

Student Life

4.3 Special Committees

Additional Committees, such as a Nominating Committee, may be established from time to time and for such period as required to complete their mission. Members and chairs of such committees shall be appointed by the Board Chair.

4.4 Executive Committee

4.4.1 Membership:

The Executive Committee shall be chaired by the Chair of the Board and shall consist of the Board's Officers.

4.4.2 Duties:

The duties of the Executive Committee shall include acting on behalf of the Board when so directed by the Board.

4.4.3

When Board action is required between scheduled meetings of the Board, and a special meeting of the Board is not practicable, the Chairman, in his/her discretion, may convene the Executive Committee to act on the Board's behalf, subject, as appropriate, to vote by the full board at the next regular meeting of the Board.

4.4.4

All members of the Board shall be notified of any meeting of the Executive Committee and shall be entitled to participate in the discussion, provided however, that a quorum for this purpose shall consist of a majority of the members of the Executive Committee and approval requires a majority vote of the Executive Committee members present.

4.5 Committee Appointments

All committees of the Board shall be appointed by the Chair of the Board, who shall also designate members of each committee to serve as its chair and assistant chair. The chair of each committee may from time to time appoint subcommittees from the committee's membership and designate the chair of each subcommittee.

ARTICLE 5: RELATIONSHIP OF THE BOARD AND THE UNIVERSITY PRESIDENT

5.1

The President shall be the chief executive officer of the University and the official advisor to and executive agent of the Board of Governors and its Executive Committee. The President shall, as educational and administrative head of the University, exercise a general superintendence over all the affairs of the institution, and bring such matters to the attention of the Board as are appropriate to keep the Board fully informed in meeting its policy-making responsibilities. The President shall be the spokesperson for the University.

5.2

The President shall have power to perform all acts and execute all documents to make effective the actions of the Board. The President may delegate to officers of the University administration authority to execute documents on behalf of the University, to make effective actions of the Board, or as necessary for the general operation of the

University in accordance with these guidelines and with the Delegation of Powers enacted by the Board.

5.3

Unless otherwise determined by the Board, the President shall attend all meetings of the Board and its committees, and have the right to speak, offer advice and otherwise participate in such meetings, except that the President shall not vote on any board matter.

ARTICLE 6: AMENDMENTS

These operating procedures may be amended or repealed at any meeting of the Board by an affirmative vote of a majority of the Board, provided that copies of such amendments or notices of repeal are submitted in writing to each member at least ten days in advance of such meeting.

This Board recognizes that certain of these procedures are intended to accurately reflect current applicable State law and that whenever any change in State law occurs, whether by change in statute or judicial interpretation, such change shall take precedence over and be deemed to be an amendment to the conflicting procedure.

(Adopted by BOG on xxxxx date)

Fairmont State University Board of Governors
Meeting of December 17, 2009
Falcon Center Board Room
1:30 p.m.

AGENDA

I.	Call to Order		
	a. Roll Call		
	b. Public Comment		
	c. Approve Agenda		**Action Item**
II.	Approval of Minutes (10/29/09)	*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 *(Jane Ryan)*		
	d. Foundation *(Keith Foster)*		
	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*
	c. Moody's Update of Bond Ratings	*Tab 4*	*FYI*
VII.	Academic Affairs/Admissions (*Janet Crescenzi, Chair)*		
VIII.	Student Life *(Skip Tarasuk, Chair)*		
IX.	Executive Committee *(Rocco Muriale, Chair)*		
	a. Separation Agreement	*Tab 5*	*Action Item*
	b. Textbook Costs	*Tab 6*	*FYI*
X.	By-laws Committee *(Shirley Stanton, Chair)*	*Tab 7*	*FYI*
XI.	Possible Executive Session		
XII.	Adjournment		

Notes