

VIRGINIA MILITARY INSTITUTE
Lexington, Virginia
Minutes
BOARD OF VISITORS MEETING
2-3 December 2011

A meeting of the VMI Board of Visitors was held in Lexington, Virginia in the Turman Room of Preston Library at VMI beginning at 0800 hours, Friday 2 December and continuing at 0800 hours, Saturday 3 December pursuant to notice.

Present: Paul D. Fraim '71, President
John C. Allen '62
Elizabeth D. Camp
P. Wesley Foster, Jr. '56
Paul E. Galanti
Major General Patricia P. Hickerson
Kimber L. Latsha '77
Major General Daniel E. Long
G. Marshall Mundy '56
W. Gregory Robertson '65
James E. Rogers '67
George P. Ramsey III '72
Ernesto V. Sampson, Jr. '98
Joseph I. Munno, Jr. '12 (present on Saturday)

Absent: Bruce C. Gottwald, Jr. '81
General Ronald H. Griffith
General John P. Jumper '66
Anthony Q. McIntosh '89

Friday 2 December – 0800 hours

1. Mr. Fraim presided and called the meeting to order. Colonel Michael M. Strickler '71, Secretary to the Board of Visitors, recorded the minutes.

2. VMI Superintendent General J. H. Binford Peay III '62 highlighted some of the 32 principal events which have occurred at VMI since the August Board of Visitors meeting and 53 future principal events leading to commencement on 16 May 2012. Both lists of events are filed with the minutes of this meeting as **Appendix I**.

3. Brigadier General Robert L. Green '67, Deputy Superintendent for Finance, Administration, & Support provided a briefing on financials.

- a. Total cadet enrollment for the first day of classes was 1,638 cadets (58.8% Virginians). Due to the increased enrollment, projected Education and General (E&G) revenues are up approximately \$600,000 to \$30.6 million.
 - b. No salary increases are currently budgeted by the state. However, modest bonuses are being considered for later in the year. The Superintendent is also considering VMI funding a two percent salary increase for employees in FY2013 at a cost of \$700,000. There have been no salary increases since December 2007. Changes to employer contributions to the Virginia Retirement System (VRS) for FY 2013 could have a possible \$700,000 impact on the budget.
 - c. The amount of state mandated funding cuts for higher education is to be determined.
 - d. The proposed budget amendment reflects a net increase of \$2.7 million with revenues from carryover of unexpended cash, greater than budgeted enrollment, and greater use of auxiliary funds (approximately \$1.1 million) for small capital projects and equipment purchases. The amendment also calls for almost \$1 million dollars for Intercollegiate Athletics, with funding from the Auxiliary Fund Balance (AFB). The projected AFB for FY 2012 is \$6.4 million.
 - e. State institutions have proposed to the Governor that two percent of their FY 2013 State General Funds revenues be reallocated to initiatives supporting the goals of the 2011 Higher Education Opportunity Act...about \$150,000 for VMI.
 - f. Admission numbers are again strong for the Class of 2016, ahead of last year's record pace which was 25.3% higher than the previous year.
 - g. The State Council of Higher Education in Virginia (SCHEV) is recommending the Indoor Corps Physical Training Facilities (VMI's #1 priority) to the State's Capital Projects Advisory Committee.
 - h. The unrestricted local funds account is projecting a balance of \$768,000 for FY 2012.
 - i. VMI is in full compliance with its debt management policies.
 - j. Construction renovations for Maury-Brooke Hall (New Science building) and the VMI Health Center (Post Hospital) – \$24 million in state funded projects – will begin in the spring of 2012. Construction for the South Institute Hill parking area is underway.
 - k. Colonel Robert W. Gilbert, Comptroller, has announced his retirement in March following 28 years of dedicated service.
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4. Brigadier General R. Wane Schneider, Deputy Superintendent for Academics and Dean of the Faculty, presented an overview of the Southern Association of Colleges and Schools' (SACS) Fifth-Year Report.

- a. SACS accreditation is reaffirmed every 10 years with a mid-point report due at the fifth year. VMI's accreditation was reaffirmed in 2007. As part of the 10-year cycle, a Quality Enhancement Plan (QEP) is required. VMI's QEP was the development and implementation of the Core Curriculum.
 - b. The Fifth-Year Report is termed the Abbreviated Compliance Certification (ACC) and is due in 2012. There are two pieces to the Fifth-Year Report: 1) VMI must present evidence demonstrating compliance with 14 of 90 SACS requirements and standards; 2) An impact report in which the institution describes the status of the QEP and its impact on student learning.
 - c. The SACS requirements and standards are categorized in four areas:
 1. The principle of integrity, that the institution operated with integrity in all matters
 2. Core Requirements (16 overall, two for the Fifth-Year Report): basic broad-based, foundational requirements that establish a threshold of development reflecting SACs basic expectations
 3. Comprehensive Standards (66 overall, five for the Fifth-Year Report): define requirements in the following areas: Institutional mission, governance, & effectiveness, programs, resources, and institutional responsibility for SACS policies
 4. Federal Requirements (7 requirements overall and for the Fifth-Year Report): Document compliance with the US Department of Education policies.
 - d. BG Schneider briefly reviewed the 14 compliance issues, noting that the most challenging is CS 3.3.1. – *The institution identifies expected outcomes, assesses the extent to which it achieves these outcomes, and provides evidence of improvement based on analysis of the results in educational programs.* However, he is confident that VMI has excellent data and assessment showing that these outcomes are achieved.
 - e. SACS officially notified VMI of the Fifth-Year Report requirements on 31 October 2011. The ACC and QEP impact reports are due on 15 September 2012 and SACS completes its review in December 2012.
 - f. BG Schneider has overall coordination and review responsibility. Individual subject matter leaders will address requirements and standards. Work is underway with submittals completed by early spring. The final report will be ready for review by 15 July 2012. All section and full reports will be reviewed by the Dean, Director of Institute Assessment and Evaluation, Academic Planning & Review Committee and the full Academic Board (academic issues), Institute Assessment Committee, Institute Planning Committee, and the Superintendent.
 - g. Mr. Robertson asked if individual academic departments were part of the SACS accreditation. All departments are included in the process plus several departments have their own periodic national accreditation – Engineering, Chemistry, Computer Science, and Economics/Business. All other departments have an annual internal review.
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5. Lieutenant Colonel Kimberly C. Parker, Director of Government Relations, gave a legislative update.

a. The Higher Education Opportunity Act (HEOA) passed in the 2011 General Assembly session embodies the Governor's higher education objectives which include an additional 100,000 in-state degrees over the next 15 years with an emphasis on science, technology, engineering, and math (STEM).

1. The Higher Education Advisory Committee (HEAC), chaired by the Secretary of Education, was established to provide ongoing policy direction. There are 19 committee members composed of eight college presidents, business leaders, legislators, committee staffers, and administration staff. The committee makes recommendations to SCHEV which in turn makes recommendations to the Governor and money committees. Among its immediate duties were development of a methodology for per student enrollment growth funding, crafting definitions for low and middle-income for financial aid, and development of performance-based funding criteria.
2. The focus is on incremental annual growth, particularly in the areas of STEM and in-state enrollment and does not expressly recognize maintenance of effort. VMI has been trying to influence the HEAC to recognize VMI's uniqueness and its earlier commitment to increasing in-state numbers in the Corps (currently 59%), almost 50% STEM majors, and increased commissioning and its goal to maintain these achievements.
3. On 17 August VMI had a review meeting with the State on its Six-Year Plan. The predominant issue was tuition revenue used for out-of-state financial aid and its importance to VMI. General Peay & BG Green have had office calls with key staffers to clarify this issue. VMI presented a revised plan on 9 October addressing tuition revenue used for out-of-state financial aid and provided a cost breakdown on STEM initiatives. VMI also drafted a "position paper" for the Committee staffers most concerned about the financial aid issue.
4. On 11 August VMI presented proposed adjustments to the Base Adequacy Funding model which does not fit VMI due to its size and unique mission. VMI's adjustments were based on 12/1 student/teacher ratio. VMI was one of seven institutions which sent adjustments. SCHEV decided not to address any institution-specific adjustments. In the interim the Secretary of Education encouraged VMI to present a biennial budget request addressing the adjustments, and the Interim Director of SCHEV encouraged VMI to tie funding for 11 faculty positions to the request. This has been done with the 11 new faculty positions included. To a question from Mr. Rogers about a positive reception for this request, General Peay responded that there doesn't appear to be any money available.
5. Higher education is exempt from the Governor's state budget reduction plan. However, the Governor asked that institutions present some targeted savings through reallocation of funds. The chief financial officers of the state colleges proposed a plan (see 3 e. of these minutes) with an overarching objective that the reallocations remain with the institutions. The plan has been briefed to the HEAC and the Governor.

b. VMI's #1 priority for the General Assembly session is for funding of Phases I & II of the Corps Indoor Physical Training Facilities (new construction adjacent to Cameron Hall and extensive renovations to Cormack Field House and Cocke Hall). The Governor's Capital Advisory Committee has been briefed and SCHEV has recommended the project as a #1 capital, priority project.

- c. The Governor has been offered two spring dates (23 March & 24 April) to visit VMI and attend a Review parade.
 - d. United State Senator Jim Webb has been asked to speak at VMI's commencement on 16 May 2012.
 - e. State Senators Tommy Norment '68 and Ralph Northam '81, and Delegate Scott Lingamfelter '73 were re-elected to the General Assembly. Delegate Bill Janis '84 did not seek re-election. There is a 20-20 Democrat/Republican split in the Senate with shared leadership. The Republicans have a large majority in the House. There are five open seats on the Senate Finance Committee and three on House Appropriations.
 - f. The outlook for the 2012 General Assembly shows very little operational funding, a bond program advocated by the Council of Presidents (higher education institutions), possible policies on tuition revenue used for financial aid, possible policies on tuition increases, and potential employer benefit contribution changes. The Governor presents his biennial budget, 19 December; VMI hosts a public hearing on the budget, 6 January; the session opens, 11 January; cadet legislative visits and the VMI legislative reception, 21 February, the session ends, 10 March; and the Veto session is 18 April.
 - g. Mr. Robertson asked if the State of Virginia's bond debt rating has changed. Virginia still has an AAA bond rating. Mr. Rogers, noting that the college Presidents were advocating a capital projects bond package, asked if this was a possibility. General Peay responded that it was unlikely.
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6. Mr. Donald T. White '65, Director of Intercollegiate Athletics, provided an update on new NCAA rules and the possible impacts on VMI.

- a. The NCAA adopted a revised model for the Academic Progress Rate (APR), which is based on retention and eligibility of scholarship athletes. Currently, each sport is rated with the cutoff at 925 (92.5%) over four years of cumulative data. Sanctions can occur in a particular sport if that sport falls below 925. Also, currently, if a sport falls below 900, that sport is ineligible to compete for an NCAA championship. The bar has now been raised to 930, phased in over four years. In 2015-16 both sanctions and NCAA championship eligibility will be based on 930.
- b. A proposal was adopted to allow schools to provide \$2,000 of miscellaneous expense money to full scholarship athletes (either full athletic or partial athletic plus financial aid which equates to a full scholarship). The NCAA recommended that Conferences make a decision for their members, but this was not mandatory. The Big South Conference will allow individual schools to decide for themselves. VMI and most schools in the Big South are opposed to providing this money. The cost to VMI would be \$174,000. Schools will also be allowed to give multi-year grants to scholarship athletes. VMI has not made a decision on this option. NOTE: Presidents of the Big South colleges met on 15 December, and all schools voted to override both the miscellaneous expense legislation and the multi-year grant legislation.

c. In the area of resource allocation, the NCAA is also considering eliminating non-traditional competition and foreign travel, reducing out-of-season practice, reducing non-coaching positions, and reducing scholarship maximums.

d. Mr. White presented a comparison of Football Championship Subdivision (I-AA) Conferences as ranked by the Sagarin ratings, which are based on won-lost records, strength of schedule, and opponents won-lost and strength of schedule. Of 11 conferences the Missouri Valley is ranked first, the Southern Conferences second, the Colonial – which includes Richmond, William & Mary, James Madison, and Old Dominion – third, and the Big South is ninth.

7. General Peay provided the Board a handout with some assumptions and current thinking regarding funding for intercollegiate athletics looking ahead to 2014.

a. The administration is assuming level funding of private donations through 2014.

b. Approximately \$2.3 million of Auxiliary Program funds will be used to bridge the athletic program over the next four years.

c. There may be a 5% increase per year in cadet athletic fees.

d. Beginning in FY 2014, there is consideration of scheduling a second “money game” in football and more guarantees in basketball with the possibility of \$360,000 in additional revenue.

e. To ensure sustainability of the program, further balancing in scholarships (in-state/out-of-state) and staffing may be necessary by 2014.

f. Any one-time increases in private support, that are not deemed sustainable, will be used to help the athletic program to begin developing contingencies and to build a fund balance for future operations.

8. Mr. Robertson expressed a concern over the price of textbooks and asked if there are any efforts to alleviate some of this burden. BG Schneider noted that through an innovative grant from the Jackson Hope Fund, the VMI Math Department has been provided funding to prepare a web-based textbook in collaboration with other state colleges. Modern Languages is also developing faculty based guides. There is also a buy-back policy for textbooks, online purchase of new and used textbooks, and cadets hand down textbooks from one year to the next. Mr. Rogers said that he had recently attended a conference at which the CEO of E.J. Wiley & Sons, a leader in the production of textbooks, reported that the conventional textbook is becoming obsolete and his company was focusing on on-line preparation to allow professor to create their own courses.

9. The meeting was adjourned at 0940 hours to reconvene Saturday, 3 December at 0800 hours.

Saturday, 3 December 2011 – 0800 hours

10. Mr. Fraim called the meeting to order. MG Long was absent in addition to those absent on Friday.

11. A motion was made by MG Hickerson, seconded by Mr. Foster, to approve the minutes of the 26-27 August 2011 meeting of the Board of Visitors. The motion passed.

12. A motion was made by Mr. Ramsey, seconded by Mrs. Camp, to approve the Board of Visitors resolution recognizing Mr. Michael W. Maxwell '87 for his service as a member of the Board from 2007 to 2011. The motion passed. The resolution is filed with the minutes of this meeting as **Appendix II**.

13. First Class President Joseph I. Munno, Regimental Commander Matthew R. Brock, and Honor Court President C. Quinn Adams made brief statements to the Board about their particular areas.

a. Cadet Brock said that the S-3 staff did an excellent job in coordinating the Rat trip to the football game with Liberty University on 5 November. Another highlight from the fall was the Pipe Band leading the Rats and the Lacrosse team in a march to Washington & Lee's Wilson Field for the annual Lee-Jackson Lacrosse Classic. The Ratline has been tough and professional with an emphasis on civility. The Rats will integrate with the Old Corps on 5 December. The move to one SRC formation at 1900 has been a positive change and has created less separation between intercollegiate athletes and non-athletes. The opening of North Post (Saunders Fields and the Military & Leadership Field Training Grounds) has been integrated into all training activities, club sports, Rat training, and other physical activities. The S-2 staff has stressed, through various initiatives, the importance of designated study time, study habits, and time management particularly to the Rats.

b. Cadet Munno said that he and his fellow class officers are striving to be good role models for the Rats and the overall Corps. The class allowed the Rats to attend Ring Figure so they could see one of the key events awaiting them later in their cadetship. The second class conducted an excellent Ring Figure. The Rat unrest at the close of Parents Weekend was an unfortunate situation. A tradition of the Rats trying to have some type of bonding experience resulted in some property damage and injuries to several cadets. Though the Cadre and First Class restored order in a timely manner, this "tradition" must be changed in the future. The Class of 2012 has begun its fund raising efforts to present the Institute a check at graduation. This effort is being coordinated by Cadet Bruce Howard, Regimental S-5 lieutenant.

c. Cadet Adams reported that the Honor Court has focused on being more transparent with the Corps, to achieve a total “buy-in.” They have brought all members of the First Class to tour the Honor Court area in the Shell Hall, received input from members of the class on various aspects of the honor system, and had frank discussions. He is continuing with the practice of weekly e-mails to the Corps stressing the intrinsic value of the honor system as well as nuts and bolts issues. The Court has also been transparent with the Rats, providing them business cards with Honor Court members’ names and room numbers for approachability and members have been sitting with the Rats at SRC and having discussions. There have been numerous education sessions with the Rats; two quizzes have been given to date and two more are scheduled prior to Breakout. Additional education sessions will continue after Breakout. The Honor Court is working extremely hard on the 5-6 March 2012 Conference at the Center for Leadership and Ethics: *Cheating, Lying, and Honor in America’s High Schools, Colleges, and Universities*. There will be much Corps participation, with no classes on 6 March so the entire day can be devoted to the Conference. Several members of the Honor Court have visited other colleges, to include senior military colleges, and the Service Academies in preparation for this event. The Court is reaching out to all intercollegiate athletic team and coaches with education and discussion. An honor survey is being drafted with hopes of an end-of- the academic year distribution. To a question from Mr. Robertson about permits and status issues, Cadet Adams reported much progress in this area working in conjunction with the Commandant’s Office to alleviate misunderstanding and changing the language in some permits.

14. Mr. Mundy noted that Cadets Brock and Munno were co-recipients of the Keydet Club’s prestigious Three Legged-Stool Award.

15. The Board received remarks from representatives of the Alumni Agencies: Colonel Randolph M. Blanks ’67, President of the VMI Alumni Association; Mr. Walton M. Jeffress, Jr. ’68, President of the VMI Foundation; and Mr. Gregory M. Cavallaro ’84, CEO of the VMI Keydet Club.

a. Colonel Blanks reported that there are 32 alumni at VMI today for the Alumni Networking Conference to assist current cadets. Over 130 cadets are participating. In November alone there were 29 Alumni Association (AA) related events that took place. The Chicago and Memphis Chapters have been revitalized. The AA has held four teleconferences with Chapter Presidents throughout the U.S. to make them aware of alumni and Institute news and how the Association can support them. There have been 28 new cadet recruiting events this fall, attended by over 500 prospective cadets, with another 10 scheduled before the end of the recruiting season. Following the Foundation’s Board of Trustees meeting in November, the Alumni Agency CEOs and Presidents met with Graham-Pelton Consulting, Inc and received an update from Elizabeth Ziegler as well as Brian Crockett, CEO of the Foundation, on the upcoming fund raising campaign.

b. Mr. Jeffress reported that the Foundation Trustees met on 10-11 November in conjunction with Founder’s Day. There were 520 members and guests for the Institute Society Dinner on 11 November as both General Peay and Lieutenant General Carl Strock ’70 addressed the audience.

The Trustees also attended the dedication of Crozet Point at 11:00 a.m. on Founder's Day. Investment results through 31 October showed \$295 million dollars under management in the Foundation's portfolio. For the first five months of FY 2012, the unrestricted Foundation Fund has received \$640,000 from 1,676 donors, an increase in participation of 12.5%. Giving to all funds for this five month period totals \$3.6 million, a 12.5% increase over last year with a 27% increase in donors. The silent phase of the fundraising campaign has begun with ongoing campaign readiness activities to include briefings, led by General Peay, representatives from Graham-Pelton, and Mr. Crockett to key prospects on the results of the campaign planning study. There have been 18 briefings to date with two more scheduled this coming week. One of the early campaign goals is to secure commitments from each member of the Board of Trustees.

c. Mr. Cavallaro reported that Keydet Club donations are \$228,000 ahead of last year with a significant increase in donors. The staff is reaching out to past donors to get them back on board as well as members of the local community for non-traditional support. The sport specific "clubs" are helping with athletic operations to include the Gridiron Club, the Roundball Club, the Diamond Club (baseball), and the Red Wave (swimming). For a \$50 contribution, members receive insider information and a behind the scenes look at these sports and their cadet athletes. Robert Crumpler '07, Keydet Club Assistant Vice-President is coordinating this effort. There are two main athletic operating funds (AOF), unrestricted and team specific. Some of the money for team specific funds is used to support the unrestricted AOF.

16. Mrs. Camp, Chair of Academic Affairs, reported on the meeting of her committee.

a. A motion was made by Mrs. Camp, seconded by Mr. Rogers, that the Academic Affairs Committee has considered the Changes in Faculty and Staff, dated 18 November 2011 and recommends that the Board of Visitors approve these changes. The motion passed.

b. Mrs. Camp made the following motion, seconded by Mr. Ramsey: The Academic Affairs Committee has considered the Graduation List, dated 9 November 2011, for 31 December 2011 and 31 January 2012 graduates. The Committee recommends the Board of Visitors approve this preliminary list of graduates (Attachment 1). The Board of Visitors grant to the Deputy Superintendent for Academics and Dean of the Faculty the authority to delete names of cadets who do not meet the requirements for graduation from VMI and to add the names of graduates who may fulfill the requirements for graduation. The Committee further recommends that the final list of 15 September 2011 graduates (Memorandum #13, dated 15 September 2011) found at Attachment 2 be filed with the minutes of this meeting. The motion passed. Attachments 1 and 2 are filed with the minutes of this meeting as **Appendix III**.

c. Mrs. Camp made the following motion, seconded by Mr. Mundy: The Academic Affairs Committee has considered the "Faculty Handbook, December 2011" and recommends that the Board of Visitors approve the "Faculty Handbook, December 2011" and that the changes to the Handbook be filed with the minutes of this meeting. The motion passed. The changes to the "Faculty Handbook, December 2011" are filed with the minutes of this meeting as **Appendix IV**.

d. A motion was made by Mrs. Camp, seconded by Mr. Galanti, that the Academic Affairs Committee has considered the Recommended Entrance Rates for Faculty Salaries for the 2012-2013 academic year, dated 18 November 2011 and recommends that the Board of Visitors approve these Entrance Rates. The motion passed. The Recommended Entrance Rates for Faculty Salaries for the 2012-2013 academic year are filed with the minutes of this meeting as **Appendix V**.

e. The final decision has been made on whether cadets within 10-hours of graduating will be able to walk across the stage at graduation. Only cadets who are within 6 hours of completing their course requirement and have extenuating circumstances will be able to walk.

f. The Board briefly discussed the relatively low entrance rate salaries for faculty and expressed concern that neither the faculty nor staff has had a pay increase since December 2007.

g. Colonel Sam Ratcliffe '74, Director of Career Services, reported that 95% of the Class of 2011 responded to the employment survey. By 31 October 2011 only 2% of the Class were still looking for employment. Fifty-four percent of the class had commissioned in the Armed Forces. The majority of the members of the Class, who are in graduate school, are seeking advanced degrees in engineering and the sciences.

h. The new Jackson Hope Fund grant proposals provide up to \$100,000 for research and teaching initiatives. Of the six proposals presented this year, funding was given to math professors to create on-line courses (see item 8 of these minutes) and to a group of professors, led by Major Tim O. Moore II '97, Assistant Professor of Civil & Environmental Engineering, working with the Biology department and English & Fine Arts Department, for educating cadets on how to develop alternative and sustainable energy through clean energy and clean air research. The latter group has also received a \$40,000 grant from Dominion Resources.

i. Highlighting the The Distinguished Speaker Series for the spring semester will be Jacqueline Novogratz, Director of the Acumen Fund and author of The Blue Sweater, who will speak to the Corps on 23 January, and internationally known author Pat Conroy, who will speak on 27 February.

17. Mr. Ramsey, Chair of Audit, Finance, and Planning reported on the meeting of his committee.

a. A motion was made by Mr. Ramsey, seconded by Mrs. Camp, that the Board of Visitors approve VMI's unaudited financial statements for the fiscal year ended 30 June 2011. The motion passed. The FY 2011 unaudited financial statements are on file in the Office of the Comptroller.

d. A motion was made by Mr. Ramsey, seconded by MG Hickerson, that the Board of Visitors amend VMI's 2011-2012 Operating Budget by the amount of \$2,667,000 as outlined in Attachment A. The motion passed. The memorandum with this motion and Attachment A are filed with the minutes of this meeting as **Appendix VI**.

- e. A motion was made by Mr. Ramsey, seconded by Mr. Foster, that the Board of Visitors approve the updated Post Facilities Master Plan dated December 2011. The motion passed. The 2011 Post Facilities Master Plan is on file in the Office of the Deputy Superintendent for Finance, Administration, and Support.
- f. A motion was made by Mr. Ramsey, seconded by Mr. Sampson, that the Board of Visitors approve and adopt the Strategic Plan Update 2011. The motion passed. The 2011 Strategic Plan is on file in the Office of the Deputy Superintendent for Finance, Administration, and Support.
- h. A motion was made by Mr. Ramsey, seconded by Mr. Latsha, that the Board of Visitors approve the amendment to Part I of VMI Regulations, Chapter 8, related to proposed weapons regulations, as outlined in Attachment A. The motion passed. The memorandum with this motion and Attachment A are filed with the minutes of this meeting as **Appendix VII**.
- i. A motion was made by Mr. Ramsey, seconded by Mr. Allen, that the Board of Visitors approve the 2011-2012 SWaM Plan (small, women-owned and minority-owned) businesses as outlined in Attachment A. The memorandum with this motion and Attachment A are filed with the minutes of this meeting as **Appendix VIII**.
- j. The Information Technology report noted the new content filtering plan has currently resulted in a 15% drop in Internet usage.
- k. The Board has directed the administration to certify annually that its debt management policy is compliant and that has taken place. The covenants say that the unrestricted net assets should be at least 25% of direct debt (VMI is currently at 106%), and the maximum annual debt service should not exceed 10% of operating expenses (VMI is currently at 2%).
- l. The compliance report noted that there were 62 exceptions to purchasing policies and payments where pre-approval was not obtained. BG Green said that all exceptions would have been approved if presented in advance. Twenty-eight of the 62 came from the Athletic Department, and Mr. White was in attendance at the committee meeting.
- m. The financial report on the Center for Leadership & Ethics (CLE) projects a \$29,000 surplus for FY 2012 and a \$31,000 surplus for FY 2012. The CLE is on the AFP watch list as it is dependent on endowment and annual support from contributions.
- n. Museum Programs (VMI Museum, Civil War Museum of Virginia/New Market Battlefield State Historical Park, and Stonewall Jackson House) project a \$24,000 surplus for FY 2012 and a \$26,000 deficit for FY 2013.
- o. VMI's Intercollegiate Athletics budget is \$10 million. To balance the budget for FY 2012, \$1 million will be taken from the Auxiliary Fund Balance (AFB) and \$700,000 from the AFB will be needed in FY 2013. To balance future budgets numerous solutions are being considered to include reductions in staff, scholarships, and operating expenses plus additional money games. Please see Item #7 of these minutes. General Peay pointed out that VMI athletic fees per cadet are \$1,430 generating \$2.3 million, while, for example, Old Dominion's student athletic fee is

\$1,185 generating \$29 million; both schools have 18 intercollegiate sports. There is concern by the Board which generated considerable discussion on this issue. General Peay noted that he, Mr. White, and BG Green, in conjunction with the Keydet Club, are working constantly on athletic finances. He also said that he is putting together a small committee of alumni and staff to meet in the December/January time frame to discuss various aspects of the athletic program.

p. A review of the FY 2012 budget shows that its projections are on course.

q. The VMI Six-year Plan has been submitted to SCHEV using a 12-1 cadet/faculty ratio. Please see Item 5 a. (3-4) of these minutes.

r. Changes in both the Faculty Handbook and the Administrative & Professional Faculty handbooks were reported out with changes generated from ongoing negotiations with the Office of Civil Rights on discrimination issues.

18. Mr. Fraim commented on the importance of the addition of the Center for Leadership and Ethics to the cadets, faculty, staff, alumni, and the external image of VMI with the exceptional conferences it is hosting. Mr. Rogers asked if E & G money could be used to support the CLE. General said that it could, but the original intent was to make the operation a business model. Mr. Rogers said that he mentioned this only because the CLE has become so engrained in the core of the Institute. General Peay mentioned two major studies currently in progress being coordinated by Captain Susan J. Rabern, CLE Director, and her staff: 1) Cadets, under Captain Rabern, are looking at all leadership opportunities across Post including academics with a goal of providing all cadets some type of leadership opportunity. 2) Initiate a professional development program for the staff and faculty across VMI.

19. Though the Appeals Committee did not meet, Mr. Rogers reported that there are no Honor Court appeals pending. There has been one Honor Court dismissal during fall semester and four cadets have had pre-trial hearings with the full hearings to take place in January. These trials will be the first with no "outside" defense counsel in the courtroom.

20. Mr. Heywood Fralin, Chairman of the Board of Directors for Virginia Business Higher Education Council (VBHEC) addressed the Board.

a. At the invitation of the Presidents of Virginia state-supported colleges, the VBHEC was founded in 1994 by Virginia business leaders on the principle that the prosperity of Virginia and the well-being of its citizens is fundamentally tied to access to a strong system of public colleges and universities. There were 75 business leaders at the first meeting.

b. Following a 22% reduction in state appropriations for higher education during the 1992-94 recession, the VBHEC was successful in opposing further cuts in 1995. The Council's work helped restore \$220 million in operations and \$163 million for capital improvements in 1996 while holding tuition level for the next two years.

c. Additional action in the late 90s helped add \$167 million for operations, \$10 million for financial aid and \$336 million for capital improvements. However, after ten years, constant-dollar support per Virginia student at state-supported colleges for 1999-2000 was at the 1990 level.

d. With a second economic downturn, the VBHEC and the state-supported colleges began focusing more on capital funding than general operations. In 2002 the Council helped organize and finance a campaign that resulted in 72% voter approval, and the Governor approved and the legislature passed a \$1.2 billion debt financed capital improvement program.

e. The 2002-2004 biennium saw \$532 million cuts in operating funds for higher education. VBHEC supported tax reform legislation in 2005 which resulted in \$250 million being restored. Also that year the Council supported a major higher education restructuring effort that committed the state-supported colleges to specific goals, reduction in a broad range of redundant state regulatory oversight which helped the colleges realize significant savings and management efficiencies.

f. The Council advocated budget action that restored \$400 million to operations for the 2006-08 biennium and took the lead in obtaining approval for a \$1.9 billion dollar debt-financed capital program in 2008. That same year the VBHEC sponsored a higher education summit attended by 1,000 business and higher education leaders and elected officials.

g. In 2009 VBHEC held a second Higher Education Summit and launched the *Grow by Degrees* campaign, taking its platform to the gubernatorial candidates. Over the next two years, Governor McDonnell established a blue ribbon commission on higher education to review goals and policy recommended by *Grow by Degrees*. Based on the commission's recommendations, Governor McDonnell introduced legislation which resulted in the Virginia Higher Education Opportunity Act of 2011 and \$100 million in state general funds support.

h. The VBHEC conducted a poll of a broad-based contingent of Virginians which showed that 72% believe that they and their children need a two or four year college education to be successful.

i. The Council asked the Cooper Center at the University of Virginia to conduct an impact study of higher education on economic development in Virginia. The report had two key conclusions: 1) Every dollar spent on higher education creates over \$13 in economic development 2) Every dollar spent on higher education returns \$1.39 in taxes refunded to the state.

j. The *Grow by Degrees* effort has relied on contributions from a minimal number of individuals (in the \$50,000 range) with half of the total of \$3.5 million raised funded by these individuals in the business community and the other half by the state-supported colleges and universities. More individuals are needed to contribute on an annual basis and more individuals such as Board members and other younger leaders need to become involved over the next decade. Mr. Fralin and other members of the VBHEC are making presentations to all Boards of

Visitors across the state and will be sending letters to individual BOV members asking for support.

h. There was considerable discussion during a question and answer period, ranging from the state bond rating, to reporting requirements for the colleges to the State and SCHEV, to capital funding in the 2012 General Assembly session, and the base adequacy funding model. Mr. Gilmer Minor III '63, former President of the VMI BOV and current SCHEV board member, was in attendance and spoke of the outstanding efforts of VBHEC on behalf of higher education in Virginia and urged Board members to contribute and become involved.

21. Mr. Mundy, Chair of Athletics, reported on the meeting of his committee.

a. The new NCAA initiatives were reviewed. Please note Item #6 (a.b.c.) of these minutes.

b. A comparison of VMI's football record over the past nine years in the Big South Conference (BSC) with its record the previous nine years in the Southern Conference (SoCon) shows that VMI won 15% of its SoCon games and 29% of non-conference games compared to 25% of its BSC games and 21% of non-conference games.

c. Over the past 14 years VMI's retention of football players has been very good in seven of those years, good in three, average in two, and poor in two. Also over that time period, VMI has averaged 59 full scholarship equivalencies with 63 being the maximum for the Football Championship Series (Division I-AA).

d. In the last four years VMI has recruited more out-of-state football players with the current roster make-up being 58% on out-of-state athletic aid.

e. The committee discussed the ninth semester/fifth-year program which is very important to football. Approximately 80% of the scholarship players eligible to return for the ninth semester plan to return.

f. Mr. White also reviewed the Sagarin ratings for conferences. Please see Item #6 d. of these minutes.

g. The football schedule for 2012 has VMI opening with Chowan University and Delaware State University, and in 2013 VMI has a possible opener with the Coast Guard Academy followed by Bucknell University.

h. VMI's athletic fees are the highest among state schools, generating \$2.3 million for athletics which is the lowest in the state. Longwood is the next lowest with \$8.5 million generated.

i. The athletic financial plan which was reviewed in the Audit, Finance, and Planning Committee was a major topic of discussion. Please see Item #17 o. of these minutes.

22. In the absences of General Griffith, MG Hickerson reported on the meeting of the Cadet/Military Affairs Committee.

a. The committee received a briefing from Colonel L.E. Hurlbut, Deputy Commandant for Cadet Life. With a budget of \$400,000, her office supports 22 club sports, 36 addition clubs & organizations, and funds 30 cadets for EMT training. Approximately 600 cadets participate in club sports. Cadet Life was closely involved with all aspect of a very successful Ring Figure for the Class of 2013.

b. The Commandant's Office now administers the VMI Fitness Test (VFT), and there has been considerable improvement in the score of the Rat Class this year.

c. The heads of the ROTC Departments reported to the committee. For the Class of 2011, 174 cadets commissioned. This year approximately 150 are expected to commission. With potential military cutbacks, there is future concern that the Air Force and Navy/Marine ROTC units will not be able to expand and provide scholarships. Competition is extremely competitive in those units. The Army has the most flexibility with an emphasis on two and three year scholarships. Army ROTC is scheduled to send 108 cadets to Leadership Development and Assessment Training (LDAC) in the summer of 2012, the highest number VMI has ever sent.

23. Mr. Robertson, Chair of External Relations, reported on the meeting of his committee.

a. The Communications & Marketing Office has secured kiosks in 27 shopping malls throughout the state for the Holiday season to advertise VMI admissions. C&M has also helped produce two videos, one for alumni support and another on alcohol use shown to the second class prior to Ring Figure. A third video in progress promotes the upcoming Honor Conference in March 2012. The office also continues its efforts on web development.

b. Theodore F. "Tray" Adams '83, legislative consultant with McGuireWoods, reported on the recent election results, changes in the legislature, and new people in key General Assembly positions. Please see Item #5 e. of these minutes.

c. The VMI Museum is preparing a new VMI heritage exhibit tracking VMI history through a cadet perspective. Attendance at the Civil War Museum of Virginia/New Market Battlefield State Historical Park is up seven percent with paid attendance down one percent. The Stonewall Jackson House is sponsoring a program to express its thanks for volunteer participation.

d. The VMI Regimental Band and Pipes & Drums were in Hawaii over the Thanksgiving break and performed at the following venues: Change of Command at Schofield AFB; USS Arizona concert; Hale Koa concert; and Waikiki parade. At the Waikiki parade our unit was selected #1 of twenty-one marching units.

e. Colonel Timothy P. Golden '71, Director of Financial Aid, gave the committee a demonstration of the Net Price Calculator, a Federal Government requirement for colleges to

display on the admissions page of their Internet websites. This program allows parents and cadets to access information which will provide them an accurate estimate of the cost of attending VMI and scholarship and financial aid opportunities. This was implemented in October. The annual cost to VMI is \$5,000.

25. In General Jumper's absence, Mr. Robertson reported on the meeting of the Nominating and Governance committee.

a. Based on the Board's consideration of a possible change in the number of yearly meetings and times of those meetings, General Jumper supplied the committee with a matrix of the board meeting schedules, presenting four possible options. After review and discussion, the committee was unanimous in support of bringing the following motion to the Board: That the Board of Visitors annual meeting schedule be adjusted to three meetings to occur in September (Monday-Wednesday), January (Thursday-Saturday), and May (Thursday-Saturday) on the VMI Post, the exact times to be determined in conjunction with the Institute's calendar. The motion was made by Mr. Robertson, seconded by Mr. Foster. The motion passed.

b. Based on the new meeting schedule, A motion was made by Mr. Robertson, seconded by Mr. Rogers, that Article I, Section 4 (1) of the Board of Visitors Bylaws be amended to read: There shall be three regular meetings of the Board each year. Specific dates for regular meetings shall be set by the Secretary of the Board upon consultation with, and the concurrence of, the President of the Board and the Superintendent. The Board's last regular meeting of the academic year is designated as its Annual Meeting. The motion passed.

c. Mrs. Camp and General Jumper in conjunction with Mr. Fraim have been working the issue regarding the Board's on-going concern over the small percentage of VMI alumni on the faculty. Mr. Fraim has sent a letter to Colonel Blanks proposing a two-part program intended to identify graduates qualified to compete for available faculty positions, and to provide current cadets and more recent graduates, indentified and mentored with help of the faculty, appropriate incentives to pursue a career in academia. The goal will be to produce candidates eligible to return to VMI.

d. The committee discussed with Colonel Blanks, who attended the meeting, potential nominees for the four Board of Visitors appointments/reappointments for 2012. Colonel Blanks will bring these nominees before the Alumni Association Board at its January meeting in preparation for the Association's annual letter, in the March time frame, to the Governor (as required by state code) proposing a suggested slate of BOV appointees.

26. Mr. Fraim reported two actions approved by the Executive Committee in the time frame between the August and December Board meeting: a.) The final version of VMI's Six-Year Plan, which was presented to the state in October b.) The approval of the unanimous nomination by the New Market Medal Award Committee of Mr. Frank G. Louthan Jr. '41 to receive the New Market Medal on 15 May 2012 at VMI. Mr. Louthan will be the thirteenth recipient of the Award.

27. **Entered into Closed Session:** A motion was made by Mr. Ramsey, seconded by Mr. Galanti, to enter into a Closed Meeting. The motion passed and the Board entered into Closed Session at 1145 hours to discuss:

1. Consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel (pursuant to 2.2-3711 (A) 7) relating to OCR and EEOC complaints.
 2. Disciplinary and other matters involving specific cadets, and individuals (pursuant to 2.2-3711 (A) 2 relating to indiscipline and honor court cases.
 3. Personnel matters related to specific individual employees or candidates for employment (pursuant to 2.2-3711 (A) 1), relating to discipline, resignation, and performance.
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28. **Return to Open Meeting:** At 1245 hours, a motion was made by Mr. Foster, seconded by Mr. Latsha, certifying the Closed Meeting. The motion passed.

29. There being no further business to come before the Board, the meeting was adjourned at 1247 hours.

Michael M. Strickler '71
Secretary