

June 11, 2004

MEMORANDUM

TO: The Committee on The University of Virginia's
College at Wise:

William G. Crutchfield, Jr., Chair
Thomas F. Farrell, II
G. Slaughter Fitz-Hugh, Jr.
Don R. Pippin
Gordon F. Rainey, Jr., Ex Officio

and

The Remaining Members of the Board:

Susan Y. Dorsey	Thomas A. Saunders, III
W. Heywood Fralin	Warren M. Thompson
Glynn D. Key	E. Darracott Vaughan, Jr., M.D.
Mark J. Kington	Georgia M. Willis
Lewis F. Payne	John O. Wynne
Terence P. Ross	Jamie W. Head

FROM: Alexander G. Gilliam, Jr.

RE: Minutes of the meeting of the Committee on The
University of Virginia's College at Wise on
June 11, 2004

The Committee of the Board of Visitors on The University of Virginia's College at Wise met, in Open Session, at 10:00 a.m., Friday, June 11, 2004, in the East Oval Room of the Rotunda; William G. Crutchfield, Jr., Chair, presided. G. Slaughter Fitz-Hugh, Jr., Don R. Pippin, and Gordon F. Rainey, Jr., Rector, were present.

Also present were Ms. Susan Y. Dorsey, Ms. Glynn D. Key, Lewis F. Payne, Warren M. Thompson, E. Darracott Vaughan, Jr., M.D., Ms. Georgia M. Willis, John O. Wynne, and James W. Head.

Present as well were John T. Casteen, III, Leonard W. Sandridge, Alexander G. Gilliam, Jr., Paul J. Forch, Ernest H. Ern, Gene D. Block, Arthur Garson, Jr., M.D., William W. Harmon,

R. Edward Howell, Robert E. Reynolds, M.D., Ms. Yoke San L. Reynolds, Ms. Colette Sheehy, and Ms. Jeanne Flippo Bailes.

BECAUSE OF A FAILURE IN THE RECORDING EQUIPMENT, THESE MINUTES ARE IN PART A RECONSTRUCTION

After calling the meeting to order, the Chair presented the Agenda. The first item, an Action item, was the approval of the slate of candidates for appointment to The University of Virginia's College at Wise Board. All were reappointments and all have been nominated for terms ending June 30, 2008.

The nominees were Ms. Marcia Adams-Gilliam, a native of Norton, an alumna of the College at Wise and now a resident of Abingdon and a principal in CSE Financial Services; Mr. Don Green, a retired banker and an alumnus of the College at Wise; Mr. H. Ronnie Montgomery, a native of Lee County and a lawyer with offices in Jonesville and Norton; the Hon. Ford C. Quillen, a retired circuit court judge and a former Member of the House of Delegates from Southwest Virginia; and Mr. Henry Winkler, President *emeritus* of the University of Cincinnati.

On motion, the Committee approved the following resolution and recommended it to the full Board for approval:

APPROVAL OF REAPPOINTMENTS TO THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE BOARD

RESOLVED that Ms. Marcia Gilliam, Messrs. Don Green, H. Ronnie Montgomery, Ford C. Quillen, and Henry Winkler are reappointed to the Board of The University of Virginia's College at Wise, for a term ending June 30, 2008, in accordance with the terms of its bylaws.

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The Chair then introduced Mr. Ernest Ern, the Interim Chancellor at Wise; Mr. Ern is a retired Senior Vice President and retired Vice President for Student Affairs of the University. Mr. Ern addressed the Committee briefly and said that he and Mrs. Ern plan to move to Wise next week.

The Chair reminded the Committee that the College at Wise is in the process of reaccreditation by the Southern Association of Colleges and Schools, and he gave a brief report on the progress of that process.

Commenting that he had asked Mr. Kaplan, the retiring Chancellor, for a list of College initiatives he felt should be pursued, the Chair presented the list and asked for discussion. (The list, and the Chair's comments on it, are appended to these Minutes as an Attachment.)

There were four general goals: concentrate on improving student retention; address the acute problem of student housing; offer a "Semester in Charlottesville" program; and develop a more credible process for granting faculty tenure and promotion. The Chair noted that at the May 21st meeting of The University of Virginia's College at Wise Board, the Board called the housing problem its first priority; Mr. Gott, the Chair of the Board, asked Mr. Crutchfield to chair a committee to look into this and asked Mr. Pippin and Mr. Jack Kennedy to serve as well.

To define the housing problem more precisely, the Chair said the quality of Wise's on-campus housing is fine, but the quality of off-campus housing is a "disgrace." The Rector and Visitors own land south of the football stadium at the College and approval has been given to transfer up to 20 acres of this to the University of Virginia Foundation who have the ability to develop not only housing but a small strip retail center - the Chair noted that the town of Wise does not provide the most basic commercial infrastructure of a college town. The University of Virginia Foundation is an experienced developer and has access to attractive financing. And of course the Board of Visitors and the College at Wise would have some control over what they do.

The Chair cited several other possibilities for the development of off-campus housing, including the conversion of a hospital, building dormitories at the Airport industrial park, land about a mile from the campus on which the owner wants to develop student apartments, and the use of "manufactured housing" belonging to the Wise County Redevelopment and Housing Authority. None of these, he concluded, would be a satisfactory solution.

As for Mr. Kaplan's other points, retention rates and admissions standards should be improved. A semester in Charlottesville could be as enriching an experience for Wise students as a semester abroad is for University of Virginia students. Little emphasis at present is placed on faculty research at Wise, with a result that tenure and promotion often are granted without regard to a faculty member's original contributions to knowledge.

Mr. Pippin commented on several of the points raised by the Chair. He said he thought the relatively low SAT scores earned by many Wise students were not an important measure of the

quality of the school. A coffee shop has just been opened on the main street of Wise, across from the Court House, and the owners of the hospital building recently got approval from the local authorities to rezone the property for residential use.

Mr. Pippin said the greatest housing need at the College is for on-campus housing, not off-campus. He asked that another dormitory be built, as soon as possible, next to the one on which construction will begin shortly and which is to be open by the fall of 2005. The construction of this dormitory, he said, would relieve the pressures for decent off-campus housing.

On request, Mr. Sandridge commented on the concept and feasibility of public/private participation in the construction of dormitories.

On motion, the meeting was adjourned at 10:30 a.m.

AGG:jb

These minutes have been posted to the University of Virginia's Board of Visitors website.

<http://www.virginia.edu/bov/uvawiseminutes.html>

BOV College at Wise Committee Comments

June 11, 2004

I asked Steve Kaplan to develop a list of his key visionary initiatives that he felt should be pursued after his departure. This list should become a management tool that Ernie, John, our committee and the engaged members of the local board could use to help move the school forward.

Here are Steve's goals:

1. Concentrate on improving student retention. This is a dramatic reversal of the previous vision of growing the school without a serious regard to retention rates. Improving retention may be the most immediate way to reduce our admissions costs and improve student quality. For years, the SAT's of our entering students have hovered around 1,000. By comparison, the 2003 entering class at UVa had a median SAT I score of 1,324. This is a very complex and emotional issue.
2. Address the acute problem of housing. The quality of our on-campus housing is fine. However, the quality of off-campus housing is a disgrace. Better off-campus housing will have a positive impact on the quality of student life and, therefore, improve our retention. In a Weldon Cooper Center study, 95.7% of the students surveyed indicated that there was an acute need for more student housing.
3. Offer a semester in Charlottesville program. Steve believes that it would enrich the College at Wise students' experience if they could spend a semester in our large university environment. For students

4. from Southwest Virginia spending a semester in Charlottesville would probably be as enriching an experience as our UVa students spending a semester in Europe or Asia. Naturally, there are complex funding and housing issues associated with this interesting idea.
5. Develop a more credible process for granting faculty tenure and promotion. Since the college places little emphasis on faculty research, tenure and promotion are often granted without regard to a faculty member's original contribution to knowledge.

At the May 21st College Board meeting, we defined the housing problem as our #1 priority. The board chair, Jim Gott, asked me to head a committee to look into this. Don Pippin and Jack Kennedy, a local board member, were also asked to serve.

I want to open the floor to a discussion of this issue today. But, first, here's some background:

- The Rector and Visitors own some land south of the football stadium.
 - Being contiguous to the campus, student housing on this site would foster our desire to enhance student life. Since only 38% of our students live on campus, the College at Wise is not a true residential college and our students do not have a true residential college experience.
 - Also, a small strip retail center could be developed on the site. That same Weldon Cooper Center study supports our instinct that Wise is

not a college town and does not provide some of the most basic commercial infrastructure for our students (e.g. coffee shops, student-oriented restaurants, casual clothing shops, etc.). They estimate that a small strip center at this location would conservatively generate \$1.1 million in annual sales.

- We have legislation that approves the transfer of up to 20 acres of this land to the University of Virginia Foundation.
- The Foundation has expressed interest in working with us on this project. Since it can borrow at tax-exempt rates, our financing costs would be lower than any commercial developer could obtain.
- We could enter into a partnership with an experienced developer. As partners, we can bring to the table our below-market financing, the land, and a demand for additional quality student housing. The developer would bring their expertise in developing, financing, designing, constructing and managing the property.
- There are a number of experienced developers who specialize in turn-key projects like this. They can perform the design, construction and property management functions. VCU, Christopher Newport, ODU, UTK, and many other colleges and universities have solved their housing problems using these experienced firms.
- Because of our interest in this project, several local parties (private and public) are now expressing interest in developing housing.

- Some in the community are concerned that an apartment glut could develop if all are built. For several reasons, I do not think this concern should dissuade our efforts.
 - Here are the current schemes:
 - One is converting a hospital into 70 apartments.
 - Another is dormitories in the Airport industrial park.
 - A local politician has land one mile from the campus that he wants to develop into apartments.
 - The Wise County Redevelopment and Housing Authority is suggesting that we use their pre-manufactured "less than desirable" housing in some capacity.
 - With the possible exception of the hospital conversion, I don't think any of these schemes are viable for these reasons:
 - None of these parties have any experience developing and managing student apartments. There is a real science to this. They will not know what amenities students want and what the statistically correct design of these apartments are. They don't have the system in place for property management. That puts them at a marketing and management competitive disadvantage.

- If they can obtain financing (that's a big question), it will not be as cheap as ours if we are able to use tax-exempt financing. That puts them at a financial competitive disadvantage.
 - Their sites are not near the campus making their product less appealing to our students. That puts them at another marketing competitive disadvantage.
 - Most of their business models depend on some partnership with us. Even if a partnership with us was financially possible (which it probably is not), it could be politically dangerous. Without us as partners in some capacity, I doubt if any of these schemes (with the possible exception of the hospital conversion) will get off the ground.
- Obviously, we have no control over what local developers do. We will need to issue a request for proposal and any developer could submit a response. However, we have control over what our developer partners do. Fundamentally, we will want to develop qualifications that focus on the developer prospects who have experience with this type of project, have the financial and internal resources to provide us with a "turn-key" solution, and have the reputation for

providing quality construction and property
management support.

Open discussion