

Southwest Virginia Higher Education Center
Board of Trustees
Minutes
June 3, 2010

Board Members/Designees Present: Senator William Wampler, Delegate Joe Johnson, Delegate Dave Nutter, Ralph Byers (VT), Billy Cannaday (UVA), Dave Chase (ODU), Kevin Crutchfield, Susie Ellis, Sim Ewing (UVA Wise), Sean McMurray, Terry Mullins, Chris Qualls (Emory & Henry), David Wilkin (VHCC).

Board Members/Designees Absent: Senator Phillip Puckett, Delegate Bill Carrico, Delegate Terry Kilgore, Marcia Gilliam (Virginia Community College System), Penelope Kyle (Radford), Dan LaVista (SCHEV), Rex McCarty, Robert Rainwater (VI), Chris Robinson.

Others Present: Jake Belue, Joyce Brooks, Gerald Blankenship, Courtney Conner, John Dooley, Joe Ellis, Connie Estep, Christine Fields, Adela Harbuck, Debra Heath, Kathy Hietala, Jacob King, Penny McCallum, Ron Proffitt, Mary Quillen, Ann Risdon, Ed Rogers, Kim Stewart, Sonia Vanhook, Jeff Webb, Janet Williams, Brenda Wilson, Alicia Young.

Call to Order

Delegate Johnson welcomed everyone and called the meeting to order. A quorum was present.

David Wilkin introduced Dr. Ron Proffitt, who will succeed Dr. Wilkin as President of Virginia Highlands Community College effective July 1, 2010.

Public Comments

There were no public comments.

Approval of Minutes

Delegate Johnson called for approval of the Minutes for the December 10, 2009 meeting; they were unanimously approved on motion by Kevin Crutchfield, seconded by Delegate Nutter.

Financial Report

Christine Fields, Budget Director, gave the Financial Report. She reminded the Board that the Center had received a \$211,000 budget reduction in FY10, but were able to prepay \$150,000 in FY09 to offset the FY10 budget cut.

Revenue Budget:

- Total FY10 General Fund Revenue is \$1.9 million.
- Proposed FY11 General Fund appropriation is the same, with the same \$211,000 reduction; however, the Center does not have the resources to prepay a portion of the cut for FY11; therefore, it will be operating with \$150,000 less in General Fund revenue, or \$1.8 million for FY11.
- Non-General Fund Revenue – The Center proposes to increase revenue generated from Conference Services, Special Events and the College for Older Adults by 5% in FY11 to try to help offset some of the losses it will suffer in the General Fund. Additionally, institutional fees will be increased by 2.5%.
- Proposed Non-General Fund Revenue is \$618,000.
- The Center received a Higher Education Equipment Trust Fund appropriation and Maintenance Reserve in FY10. There will be a 30% reduction in Maintenance Reserve Funds in FY11.
- Total projected revenue for FY10 is \$2.8 million; the proposed for FY11 is \$2.5 million.
- Decrease of 5% in revenue for FY11.

Discussion followed. Dr. Cannaday inquired about the proposed increase in institutional fees, and Ms. Fields explained that the MOUs with the institutions allows an increase and sets forth the method by which increases are to be calculated. She said that the Center had elected not to increase institutional fees in FY10 because its college and university partners had suffered enormous cuts as the Center had. As a result of additional budget cuts for FY11, the Center was forced to increase institutional fees because it needed the additional revenue. Ms. Fields said she anticipated that the Center would exercise that option again in FY12 unless something happens such as additional General Fund revenue.

Operating Budget – Personal Services

- FY10 projected year end is \$1.589 million.
- For FY11, there are a couple of small changes. The majority of expenses for the R&D Director (about 80% of salary and benefits) will be moved to the Tobacco Commission grant the Center received for operating funds.
- The Center will have an approximate 5% decrease in Personal Services in FY11 over FY10.
- Ms. Fields noted that within the Center's existing operating budget, there are 22.5 full-time and 12.5 wage employees who are paid from its Operating Fund. There are additional staff members who are paid from grants, as shown elsewhere in the budget.
- Contractual Services – A 5% increase was included for Utilities for FY11 over FY10. Proposed budget for FY11 is \$548,000—about \$7,000 more than for FY10.
- Supplies and Equipment – FY10 projected year end is \$476,000; the proposed for FY11 is \$398,000. Ms. Fields explained that the difference (\$135,000) is attributed to some one-time expenditures in the Electronic/Computer & Equipment and Supplies; she said it would return to \$75,000 in FY11. In FY10, Center IT staff were able to install and wire the new addition. By doing so, the Center was able to bill the construction project for \$14,000. Proposed budget for FY11 is \$398,000.
- Program Support Funds – The R&D Support Funds will reduce to \$5,000 now that the Center has the R&D operating grant from the Tobacco Commission. Total Program Support proposed for FY11 is \$47,000. Ms. Fields said that, in past years, the Center has always tried to have at least a 5% contingency but, unfortunately, for FY11 it does not have the funds to do so; instead, there is a 1.5% contingency fund.
- Total proposed budget for FY11 is \$2.5 million—5.4% less than operating expenditures in the FY10 budget.

Discussion followed. Delegate Johnson asked for clarification regarding the drop in R&D Center Support Funds, and Ms. Fields provided the explanation that those expenses had been moved to the \$750,000 Tobacco Commission grant the Center received to support the operations of the R&D Center.

Delegate Johnson also inquired about the projected availability of the R&D facility for use by potential organizations. Ed Rogers, R&D Center Executive Director, said that, although it has been difficult to advertise the availability of the building since construction has not yet begun, several potential tenants are semi-lined up to move in when the facility is available. There is a possibility that some organizations could move into the Higher Education Center temporarily until the new building is ready for occupancy.

Ralph Byers reminded the Board that both the Equipment Trust and Maintenance Reserve Funds are funded by debt at the State level. He said that the Secretary of Finance plans to examine the State's debt capacity, and that these will only be funded if there is enough debt capacity to do so. He cautioned that it would be unwise to go ahead and spend the money yet.

Dr. Wilkin congratulated the Center for presenting a balanced budget, and moved approval; second by Billy Cannaday, and the budget was unanimously approved.

Grant Funds

Ms. Fields referred the Board to a summary report of grant funds awarded to the Center.

- Total Grant Funds received: \$21.5 million, with the majority coming from the Virginia Tobacco Commission. Ms. Fields expressed appreciation to those Commission members for supporting the Center and its activities.
- Grant Funds remaining, to be carried forward into the next fiscal year: \$14 million.
- The Center also just received notification of another grant award from the U.S. Department of Education for its Global Southwest Virginia International Program in the amount of \$190,000, with matching funds of \$174,000 from the Tobacco Commission. The grant will begin in July, 2010.

Delegate Johnson commented on the scholarships funded by the Tobacco Commission. He noted that it had been his recent honor and pleasure to attend the recent Graduate Recognition Ceremony held for Center graduates, and hear a number of graduates speak about the educational opportunities they had been afforded by the scholarship program. He

marveled at the ability someone living in the area now has to achieve an education—from Kindergarten all the way to a doctoral degree—because of the existence of the Higher Education Center and the availability of financial support for qualified applicants from the Tobacco Scholarship Program. He echoed his appreciation.

Ms. Fields introduced Jake Belue, from the Attorney General's office, who has been assigned to the Higher Education Center and will attend future board meetings.

Election of Officers

In Senator Puckett's absence, Dr. Wilkin presented the Nominating Committee's proposed slate of officers: Secretary/Treasurer – Delegate Joe Johnson; Vice Chairman – Dr. Ron Proffitt; Chairman – Kevin Crutchfield. Susie Ellis moved that the slate of officers be confirmed; second by Sean McMurray. The motion was passed by acclamation.

Recognition of Board Members' Service

In Dr. Fowlkes' absence, Christine Fields recognized Board members whose terms have ended.

- Dr. Lorraine Turner, who recently passed away, was honored by the Higher Education Center Foundation with a \$400 scholarship check for the Lorraine Turner Scholarship Foundation to Russell County Schools.
- Dr. David Wilkin, retiring President of Virginia Highlands Community College, was honored with a check to his Scholarship Foundation at VHCC, and a certificate for free lifetime admission to any special event at the Higher Ed Center.
- Dr. Dan LaVista, who is leaving as SCHEV's Executive Director, will also receive a gift of appreciation for his service on the Board, as will Chris Robinson, whose term on the Board has ended.

Delegate Johnson expressed the Board's appreciation to Dr. Wilkin for his valuable service to the Center.

Executive Director's Report

Dr. Rachel Fowlkes was absent from the meeting due to a sudden family death. In her absence, her report was presented by other Center staff.

Christine Fields highlighted the following items:

- The Virginia Tobacco Commission received the Southern Growth Policies Board's award for Boosting Educational Opportunities, Scholarships and Loan Programs for its four-year scholarship program administered by the Higher Education Center.
- An update on the Internship and International programs contained in the board folders.
- A calendar of events coming up at the Center during the remainder of 2010.

Ms. Fields informed the Board that, since the last board meeting, the Center's new addition had been certified as a LEED Gold facility.

Ed Rogers updated the Board on the R&D Center, presenting current interior and exterior designs, and informing the Board that the R&D Center hopes to achieve LEED Platinum certification. He said that the Center sees as its vision helping to turn energy ideas into wealth and prosperity in southwest Virginia. It receives a variety of prospective ideas from a full network of sources, as well as undertaking its own investigation of potential good energy ideas and reaching out to those vendors to discuss the possibility of partnerships in SW VA. He highlighted a few of those opportunities:

- A Virginia Tech initiative that would convert wood into liquid fuel and biochemicals utilizing a very low-cost and efficient process. The R&D Center is working to bring that technology to SW VA for power plants and coalfield facilities. He said that more and more coalfield facilities want a bioplant that has gone through this phase.
- A new type of compressed natural gas fuel tank for compressed natural gas vehicles. A group of researchers in Ohio are doing work in this area that would be the only manufacturer of this type of compressed natural gas tanks in the United States, and the R&D Center has developed a proposal for them to move their operation to SW VA, get it tested, get it through the Department of Transportation process, and get a manufacturing operation in SW VA. Success with this proposal would benefit the region's natural gas industry.

- A local, homegrown company in Bland County, VA, is working on an opportunity for underground mines, and the Center has assisted them with putting together a proposal for funding.
- Another project the Center is working on is the viability of using CO₂ from a coal-fired power plant to grow algae, which would then be used in wastewater treatment plants to economically clean up the nutrients before they go into the stream.

Mr. Rogers said that, since these technologies typically need money, the R&D Center is looking for a variety of grant sources, including the Tobacco Commission's R&D program, with \$100 million available for energy research and development projects in the tobacco region, and other sources of investment capital from potential business partners for companies working on energy ideas in the region. The Center is also exploring the idea of creating a small regional venture capital fund heavily focused in SW VA for interested investors.

Kevin Crutchfield asked about the size of the R&D facility, and Mr. Rogers said that the current design is for about 14,000sf.

Joyce Brooks presented Conference Services and Special Events information. Highlights included:

- One of the Governor's Inaugural Balls was held at the Center this year.
- In spite of the economy and budget cuts, the Center's Conference Services Department has done very well this year, with a total projected revenue of \$205,585.
- Number of meetings increased by 51 from last year.
- Total projected participants remains about the same as previous year. Although difficult to state accurately, around 69,000 participants have utilized the facility.
- With the exception of Corporate and Local/Federal Government sectors, the Center saw an increase in entities holding events in the building.
- The College for Older Adults and Weekend Adult Lifetime Learning programs continue to do well. COA numbers were down slightly for the winter term, a decrease that was attributed to the unusually bad weather.
- Events developed by the Center to supplement revenue and fill the void created by budget cuts include the Hunting & Fishing Expo, scheduled for September, which brought in \$10,779 in 2009. Two Garage Sales, one held in July during the Highlands Festival and one in January, have brought in \$12,238. New endeavors include the cooking classes and

technology classes. Technology classes will be taught by Center staff with expertise in the areas, and are geared toward area small businesses. Cooking classes, both hands-on and demonstration, are held every Monday night, are taught by local chefs and expert cooks in the region, and are receiving much positive feedback. The Center also plans an antiques auction during the Highlands Festival, and will be hosting A Taste of Home Cooking Show in November for the first time.

Discussion followed. Senator Wampler noted that, while at Crossroads Institute in Galax recently, he had been introduced to an incubator tenant with product it is developing that might be appropriate for the Hunting Expo, and suggested that the Center might wish to contact them. Ms. Brooks thanked him for the information.

Delegate Nutter had a question about the projected budget increase of \$30,000 for FY11 and where that additional income might come from. Ms. Fields explained that one of the Center's performance measures is to increase the number of events and revenue, and its target is an increase of 5% each year, or an additional \$30,000 for FY11. The non-credit programs and new cooking and technology classes are some of the ways the Center hopes to fulfill that goal. Delegate Nutter noted that the cooking program has only been operating for a month and has generated \$1,300.

Ms. Brooks informed the Board members that a coupon to attend one of the cooking classes free of admission was contained in their board folders.

Christine Fields brought to the Board's attention a graph of Center enrollment included in the Executive Director's section of board folders. She said that Dr. Fowlkes noted that, although there were fewer course offerings, there was an increased demand for courses offered, as evidenced by the number of graduates. A recognition ceremony was recently held for the past year's graduates, during which several Center graduates spoke. One of those graduates had been invited to give her presentation to the Board, and Ms. Fields turned the program over to Connie Estep, Old Dominion University's site director at the Center, to introduce the speaker. Ms. Estep introduced Adela Harbuck, who recently received her bachelor's degree through ODU's Human Services program at the Higher Education Center. Ms. Harbuck—daughter of migrant workers and the first college graduate in her family—spoke passionately about her journey in education, the achievement of her degree, and her gratitude for Virginia Highlands

Community College and the SW VA Higher Education Center. Delegate Nutter said that Ms. Harbuck's presentation was a reminder of how transformative what the Center does on a daily basis is, although Board members rarely see it as readily as during her presentation. He expressed gratitude to the Center, institutions, and Community College. Penny McCallum, former ODU site director at the Center, later noted that Ms. Harbuck had failed to mention that she has been accepted into a Master's program.

MSHA/TEDS Project

Board member Sean McMurray, who is the CEO of Johnston Memorial Hospital, and guest Joe Ellis, Founder and CEO of TEDS, gave a presentation illustrating how Mountain States Health Alliance, parent company of Johnston Memorial Hospital, has utilized TEDS People Resource Planning (PRP)[™] to deploy enterprise talent management and harness the power of MSHA's talent for optimal impact and results.

Board members expressed their appreciation to Dr. David Wilkin and wished him well in his retirement.

Board members also expressed appreciation of the Higher Education Center. Kevin Crutchfield made a special note of thanks to Dr. Fowlkes and her staff, saying that it never ceased to amaze him what they could do. He said that the partnership between Alpha and the Center had been wonderful.

Christine Fields announced the reception to follow, and the meeting was adjourned.