

Southwest Virginia Higher Education Center
Board of Trustees
Minutes
June 20, 2007

Board Members/Designees Present: Senator Phillip Puckett, Senator William Wampler, Delegate Joe Johnson, Ralph Byers (VT), Mark Graham (Virginia Community College System), Mark Halsey (ODU), David Prior (UVA-W), Anne Shumaker (VI), Rosalind Reichard (Emory & Henry), Chris Robinson, Rebecca Scott, Lynda Phillips-Madson (UVA), Penelope Kyle (Radford), David Wilkin (VHCC).

Board Members/Designees Absent: Delegate Bill Carrico, Delegate Terry Kilgore, Dan LaVista (SCHEV), Delegate Dave Nutter, Jackson Barker, Susie Ellis, Deborah Icenhour, Sean McMurray, Lorraine Turner.

Others Present: Rachel Fowlkes, Joyce Brooks, Gerald Blankenship, Courtney Conner, Connie Estep, Sim Ewing, Christine Fields, Kathy Hietala, Debbie Hensley, Jacob King, Penny McCallum, Mary Quillen, Donna Spradlin, Ellen Taylor, Sonia Vanhook, Jeff Webb, Janet Williams, Brenda Wilson, Alicia Young; Gregory Jordan, Matt Peltier, Monica Halsey, Rex McCarty, Terry Mullins, Steve Nelson, Tom Keogh, Kirk Train.

Public Comments

There were no public comments.

Approval of Minutes

Minutes for the December 18, 2006 meeting were approved as written.

Executive Director's Report

Prior to delivering her report, Dr. Rachel Fowlkes recognized the following board members whose terms expire at the end of June and thanked them for their service: Jackson Barker, Deborah Icenhour and Rebecca Scott. She announced the appointment of the following three citizen members and welcomed them to the board: Kevin Crutchfield, Rex McCarty, and Terry Mullins.

Dr. Fowlkes reported that 93 students received degrees in 2007.

Dr. Fowlkes introduced Greg Jordan, President of King College, and Matt Peltier, Vice President for Academic Affairs. Dr. Jordan said that King planned to offer a Bachelor's of Science degree in chemistry at the Higher Education Center beginning in the Fall of 2007. The program is designed for working professional who are interested in careers in chemical engineering, pharmacy, and other scientific vocations. Dr. Fowlkes mentioned the need for financial aid through the Virginia Tuition Assistance Grant program (VTAG) for Virginia residents who are enrolled in the King College program at the HEC. Currently, these students are ineligible because VTAG assistance is only available to Virginia institutions. King College is an out-of-state institution.

Dr. Fowlkes presented preliminary information about a proposed research and development center in SW Virginia. She stated that the R&D Center's primary focus will be energy (coal and natural gas), although other sectors such as wood products and composites are possibilities. Dr. Fowlkes said that the SWVHEC will apply for a planning grant through the Virginia Tobacco Commission to conduct a feasibility study for the R&D Center. The SWVHEC will ask the Board for approval to hire a Director of Research and Development to lead the R&D initiative.

Dr. Fowlkes enumerated many of the technology improvements at the Center, and commended Jeff Webb, the Center's Chief Information Officer, for his leadership. Among the noted improvements were the following installations: VISTA operating systems on all of the Center's computers; hardware upgrades in the computer labs; multimedia systems in most classrooms; voice over IP telephone system to replace the Center's original analog phone system; and new video surveillance equipment. Staff training has been scheduled throughout the summer and fall months.

Dr. Fowlkes reviewed Executive Order 48 which is a state mandate to reduce energy consumption by the year 2010. In order to achieve this goal and become more energy efficient, the Higher Education Center is working with the Virginia Department of Mines, Minerals & Energy to contract with a state approved Energy Service Company (ESCO). The ESCO that is selected will evaluate current energy consumption at the Higher Education Center and identify strategies to reduce consumption and cost. The accrued savings will

be used to pay for heating and cooling upgrades, energy efficient lighting, and other equipment modifications. The Higher Education Center estimates that these improvements will reduce energy costs from \$1.48 per square foot to \$1.00 per square foot, resulting in an savings of approximately \$46,500.

Dr. Fowlkes introduced Ralph Byers, VP of Government Relations at Virginia Tech, to present the SWVHEC's Long Range Planning Committee report. Dr. Byers described the Center's critical need for additional classroom and office space. He articulated the Committee's strong support for the proposed research and development initiative saying that it would fuel economic growth in the region.

Capital Project

Steve Nelson, Senior Project Manager with the University of Virginia, introduced Kirk Train and Tom Keogh of Train & Partners Architects, to present the capital project report.

Kirk Train said that, based on the basic priorities that had been identified—additional large classrooms, storage space and offices—they looked at where expansions might logically occur, as well as where a research center could be added to the building. Drawings were presented to illustrate various options in a multi-phase project. Mr. Keogh explained that phase one would begin immediately with design of a 3200 sf classroom addition. He estimated that construction would start in summer of 2008 with occupancy expected in the summer of 2009.

Legislative members of the SWVHEC Board expressed concerns about the timeline citing the growing cost of construction. A lengthy design and construction process would result in further reductions in the scope of the project. They urged the planners to proceed as swiftly as possible.

Financial Report

Christine Fields, Budget Director, noted the following:

- 1) Total Revenue for FY07 was \$2.65 million. The Center experiences a 3.25% reduction in Non-General Fund revenue due to a decrease in Conference Services income;

- 2) Personal Services expenditures were projected at \$1.23 million for year-end due to a 2% savings from the loss of several employees who were not replaced as quickly as anticipated; and
- 3) \$323,000 in accumulated savings was reallocated to Capital Projects and Building Improvements.

Highlights of the proposed operating budget for FY08 included:

- 1) 3.4% increase in resident institution fees, and an annual payment by World Classics Catering. Together this will produce an additional 6% in non-general fund revenue;
- 2) Total revenues for the year are projected at \$2.68 million;
- 3) 23.5% increase in Personal Services as a result of several new positions, some of which have already been filled (full-time receptionist in administrative office, fiscal technician for business office), and some yet to be filled (database manager, part-time marketing person). Total Personal Services proposed for FY08 is \$1.5 million.
- 4) 50% increase in insurance premiums;
- 5) \$60,000 for a new part-time marketing position;
- 6) \$150,000 for new program initiatives including King College's chemistry degree program, the physical therapy, and information technology;
- 7) 5% (\$100,792) of the General Fund appropriation will be held in contingency in anticipation of a statewide budget reduction.
- 8) Total Expenses for Other Than Personal Services is \$1.16 million, with a Total Operating Budget of \$2.68 million.

After brief discussion period for clarification of several proposed budget items, it was moved, seconded and unanimously approved that the proposed FY08 budget be adopted.

Since the Center receives funds from several grants, Ms. Fields presented a Grant Budget Summary Sheet which included \$3.8 million for the Virginia Tobacco Scholarship fund; \$459,000 to support new programs in chemistry, physical therapy, and technology; and \$89,000 from the U. S. Department of Education for Business and International Education programs.

Other Business

Having no further business, the meeting was adjourned.