



A Partnership of Top-Ranked Universities with a Space for You.

**Southwest Virginia Higher Education Center
Board of Trustees
Minutes
December 8, 2016**

Call to Order

Chairman Bill Carrico welcomed everyone and called the meeting to order. Roll call was held. A quorum was present.

Board Members/Designees Present:

Senator Bill Carrico, Chairman
Shannon Blevins (UVA-Wise)
Cheryl Carrico
Senator Ben Chafin
Steve Cochran
Gene Couch (VHCC) (telephonically)
Marcia Gilliam (Virginia Community College System)
Brian Hemphill (Radford University) (telephonically)
Saul Hernandez
Steve Laymon (UVa) (telephonically)
David Olive (Ex-Officio)
Delegate Israel O'Quinn
Jake Schrum (Emory & Henry)
Susan Short (Virginia Tech)
Terri Wheaton (ODU)

Board Members/Designees Absent:

Peter Blake (SCHEV)
Danny Dixon
Aviva Shapiro Frye
Delegate Joe Johnson (Emeritus)
Delegate Terry Kilgore
Christine Kinser
Delegate Will Morefield
Lindy White
Delegate Joseph Yost

Others Present:

Joyce Brooks
Duffy Carmack
Courtney Conner
Angela Cvetkovski
Rana Duncan-Daston
Connie Estep
Elizabeth Griffin (telephonically)
Ashley Hartless
Debbie Hensley
Hannah Hietala
Kathy Hietala
Brenda Justus
David Matlock
Penny McCallum
Joe Mitchell
Mona Salyer
Michael Smith
Eddie Sproles
Adam Tolbert
Sonia Vanhook
Janet Williams
Alicia Young

Approval of Minutes

The Chairman called for approval of the Minutes for the June 9, 2016, meeting. **They were unanimously approved upon motion by Jake Schrum, seconded by Marcia Gilliam.**

Executive Director's Report

David Matlock reported on the following important matters:

• Transition Plan, 1 year later

Key components of the plan are *People, Place, and Programs*. Accomplishments include individual interviews with all direct reports; establishment of weekly meetings with leadership team, monthly meetings with college and university partners; installation of new roof; replacement of failing cooling tower; comprehensive review of emergency procedures; implementation of wellness activities, monthly Center

Celebration hour and Fun Friday hour; trips to respective campuses to meet with leadership of HEC academic partners as well as region's community colleges; meetings with all Region 7 K-12 superintendents as well as many principals for the purpose of research to identify the region's education and training needs and skills gaps, enabling the Center and its academic partners to create and deliver stackable credentials; engaging in outreach activities, including membership in many of the area's chambers of commerce, and service on the Executive Board of the Washington County Chamber; service on the Industrial Development Authority for Washington County, which affords the opportunity to hear from economic development boards as well as educators concerning job creation, skills gaps and educational needs, thereby enabling the Center to fulfill its role in economic development.

Additional achievements during the first year include the creation of a business and industry advisory board, with Mark Nelson, CFO of First Bank & Trust, providing leadership; a healthcare council advisory board headed up by Stan Hickson, the new CEO at Johnston Memorial Hospital; plans to create a regional think tank as a result of input from Rana Duncan-Daston (ETSU Site Director), with leadership provided by Chuck Slem, Commonwealth's Attorney for Wise County; and a personal advisory committee, led by Dr. Ron Proffitt, retired president from the Virginia Community College System.

Other activities include many meetings with the press and most of the editors of newspapers in the region; plans to create an alumni association to tell the stories of graduates of Center programs; three new outreach initiatives: Teachers' Night Out in September (with 360 educators in attendance), Higher Education Center Open House in partnership with all facility residents, and the Over 50 Expo, for senior citizens.

Matlock admitted that perhaps he had been a little too ambitious with the transition plan, and had completed about 80% during his first year. He promised the board documented outcomes and a full report that will allow the trustees to observe initiatives that were unsuccessful, those that were successful, and those needing improvement.

Although his goal of increasing onsite offerings by 40% in one year might sound aggressive, Matlock felt certain that (with programs plus professional development activities) this goal was met. Thanks to team

efforts by many players, six new programs are on the books since he began his tenure. King University now has its Bachelor of Science in Social Work and Family Nurse Practitioner programs in the building. ETSU is a new academic partner at the Center, with its Bachelor of Science in Social Work program, and recently received SCHEV approval to offer the Master of Social Work, as well. Plans are in development with Bluefield College for a chemistry certificate program that will enable educators in the region to teach dual enrollment. The Mt. Rogers Adult Education program is another new presence at the Center, having served 420 students through the facility in the past 12 months. Activity is up in the Testing Center. The Tobacco Scholarship program has administered \$7 million to 3,000+ recipients.

Enrollment has increased by about 22%; Conference Services revenues have increased by 34%; Non-General Fund Revenue is expected to be up 12-15% by year end.

Major accomplishments achieved in the area of safety include the hiring of police officers, participation in an active shooter drill, installation of additional cameras, and improved door locking procedures.

Goals remaining to be met include a comprehensive SWOT analysis and marketing plan.

Matters of concern going forward:

- The building is now 18 years old, as well as the heat pumps, which need to be systematically replaced.
 - Windows in the building have been installed at different times—some at the original construction 18 years ago, and others as recently as 2014. Problems have been discovered with some of the windows that could potentially result in an expensive correction.
 - The Tobacco Scholarship program is undergoing significant changes.
 - A long-term tenant for the R&D building has not yet been secured.
 - Another potential budget cut is looming, which could affect the Center's General Fund appropriation.
- **Strategic Planning Process**
Mr. Matlock reported that the strategic planning process would be initiated after the Christmas break. Based on his preliminary work, he said

it will be centered on keeping the promise made to taxpayers 18 years ago. He notified board members that they could expect to receive an electronic survey as environmental scanning is conducted, for which their valuable input is important.

- **Expansion Project**

The Center's plan for expansion has been approved, and it is hoped that the entire project will receive approval so that it can be put out for bids in April, and dirt turned in June. Plans were viewed by the board members. A question was raised as to the purpose of the expansion. Mr. Matlock explained that the proposed 14' addition to the back of the existing building is critically needed primarily for storage of materials for expanded conference and event services.

- **Financial Report and Budget Decrease**

Mr. Matlock directed the board's attention to the financial report, which reflects actual total revenue of \$3,288,000 as of December 2015. Total Non-General Fund Revenues are projected at a little over \$800,000, which will be substantially different from last year. He reported that everything seems to be running in order in HR and Personnel, Maintenance Reserve, IT, Insurance and other expenses, and offered to answer any questions or defer them to Duffy Carmack, the Center's CFO, or Debbie Hensley, Business Manager.

Matlock updated the board on the outcome of the recent onsite audit of the Center, conducted in the fall by the Virginia Auditor of Public Accounts. The scope of the audit was for the period from July 1, 2012 through June 30, 2015. The report issued June 24, 2016, resulted in three minor findings that needed to be addressed by the Center:

1. Performance of a fixed asset inventory;
2. Following established departing employee procedure guidelines;
and
3. Completing the disaster recovery plan for agencies.

Since the audit, Mr. Matlock reported, the related issues for departing employees have been fully resolved. Higher Ed Center staff is in the process of performing the fixed asset inventory and completing a disaster recovery plan. Quarterly progress reports have been provided to the Auditor of Public Accounts. Following the audit, Matlock said he appointed Adam Tolbert as the liaison between the Higher Education

Center and the Department of Public Accounts, to ensure that all the audit points are properly addressed and fully resolved. Board members were informed that they could present questions or request additional information about the audit from him, Adam, or via email to Kathy Hietala. He noted that the head auditor had conducted an audit review with Board Chair Senator Carrico.

Cheryl Carrico inquired as to anything that might be planned or expected that would trigger the \$500,000 allotted to Capital Projects. Matlock responded that it could potentially be the situation with old and failing heat pumps. The Center is currently working with a consultant on a plan of systematic replacement over a 4-5 year timespan, since it does not have the estimated \$900,000 it would cost to replace all 87 heat pumps at the same time. He said that the Center also hopes to work with its legislative board members to determine if emergency funding is available to assist with replacement. Although not as critical as the need to replace heat pumps, furniture in the Center—especially the public areas—needs to be replaced. While the current furniture looks good and has been taken good care of, nonetheless, it is 17 years old. With the Center's secondary mission as a conference services facility, it is important to have a building that the community can be proud of. In light of potential General Fund appropriation decreases, Mr. Matlock said that the purchase of new furniture had been put on hold.

- **Personnel**

Mr. Matlock announced some personnel changes in Higher Ed Center staff, as well as for other occupants of the building:

- Retirement of Eddie Sproles, Facility Manager;
- Hiring of a part-time interim manager, Joe Mitchell, to help fill Eddie's position until it is properly advertised and ultimately filled;
- Hiring of Nicolas Osborne, a VHCC student, as an intern in the Center's IT department;
- Hiring of two part-time police officers;
- Appointment of Dr. Mike Robinson as Executive Director of the Governor's School;
- Hiring of Dr. Rana Duncan-Daston to head up ETSU's program at the Center.

In closing, Mr. Matlock assured the Board of his commitment and promise to do all that he is capable of doing to make sure that the Higher Education Center is meeting the needs of the citizens of southwest Virginia, and providing the services that were promised 18 years ago.

Foundation & R&D Projects Reports

Mr. Carmack reviewed the following grants, which are through the Tobacco Commission's generosity, and R&D projects. He noted that the Center benefits greatly from the Tobacco program, both in the R&D sector and the scholarship program.

- A grant to bring additional credit hour training to chemistry teachers in the region so that they can teach dual-enrollment chemistry. The Center is working with Bluefield College on this endeavor. To date, out of \$170,000, \$5,000 has been spent.
- An excavation drainage program located outside of Charlottesville in Arvon, Virginia, is one of the R&D projects. A relatively new grant, it is \$1.5 million, of which \$120,000 has been spent to date. Mr. Carmack predicted it to be a very successful program, comparing it to Optafuel, the "star" R&D project.
- LiteSheet, the LED R&D project in Bedford, is finishing up its Phase I grant. They have been awarded a Phase II grant, but that is not through the Foundation. Mr. Carmack said that, since the company is located in Bedford, it is going through the Danville-area economic development group for that project. The Phase I grant that is winding up has a balance of approximately \$200,000 remaining on a \$2 million grant.
- Optafuel, a biochemical R&D project, is finishing up its 3-phase project. Mr. Carmack described Optafuel as a star employer in the region that has lived up to its commitment to the grants. He noted that the company currently employs about 32 people, many of whom are graduates of UVa-Wise with advanced degrees in chemistry, biology or engineering.
- A project with Simmons Corporation, which Carmack says most people know as Simmons-Rand with the coal business, was put on hold last June because of economic conditions and changes in the coal industry. The project grant was for the development of an underground mining system. Speaking frankly, Carmack said the business stopped, so the grant had stopped. The Foundation is working with Simmons to close

the grant out and to pay the administrative fees that are due to the Foundation for the funds that the company received under the grant.

- Wiretough, a very successful R&D project located in Washington County, developed a process of wrapping natural gas cylinders with copper wire reinforcement that so that they can be used to store hydrogen as well as compressed natural gas. Wiretough had two grants; Phase I is over, and Phase II has a remaining balance of \$1.5 million.
- The Virginia Tobacco Scholarship Program, which serves both Southwest and Southside Virginia, is administered from the Southwest Virginia Higher Education Center. Carmack said there are four employees, either full or part-time, involved in the application process, the award process, or the payment process of tobacco scholarships for students in the region. He noted the balances for school year 2016-17 for the Scholarship Program; \$2,361,000 was awarded for SW recipients, and \$5,256,000 for SS scholarships. Mr. Carmack said that his staff would be making awards in February for the upcoming 2017 fall semester, so those balances would decline greatly after April and May of 2017. The administration fee the Foundation currently receives for administering scholarships for the Tobacco Commission is \$349,600.
- Mr. Carmack updated the board on VCU's Clinical Lab Sciences bachelor's program at the Center, directed by Dr. Josh Williams. The program was initially funded by a grant from the Tobacco Commission, and a second grant was successfully secured for the continuation of Dr. Williams' salary for one additional year. The program got a late start, impacting recruiting efforts, and graduating students required some additional support from the Commission, which has been awarded; \$61,000 is the balance remaining on the first grant.
- The newest grant is to Micronics, located in Wise County. Mr. Carmack said this grant is in partnership with UVa-Wise. It is a newly awarded grant with some of the details in the process of being worked out with the Tobacco Commission.
- Mr. Carmack reported that the Tobacco Scholarship Program is reverting back to a loan program, and that he and his staff are ramping up in-house in order to take that project on. He explained that the change means that students going to school that live within the tobacco region, Southwest or Southside, will now receive money, but if they do not come back to the region to work, it will not be forgiven;

they will have to make payments to the Program. He said that many years ago, that was the way the program was established, and there is a very large loan portfolio that he and his staff are already collecting payments from students on, so the current reversion will be adding to the work already being done, including the collection process with those students who are not paying.

Proposed Bylaws Amendment

The Chairman introduced the next agenda item, a proposed amendment to the Center's bylaws, which had been provided to the board members by email in advance of the meeting. Senator Carrico explained that the proposed slight changes relate to makeup of the Executive Committee. The requested amendment seeks to increase the number of members of the Executive Committee to five, including two at-large board members appointed by the Chairperson, which would cover the college president or his/her designee. Senator Carrico noted that the proposed amendment has been reviewed by counsel and found to be appropriate and in order for action by the Board. He called for discussion or a motion to accept the changes.

Discussion was held.

At the conclusion of discussion, Elizabeth Griffin, counsel for the Higher Education Center, read the proposed change to the bylaws as arrived at by the trustees. **Jake Schrum moved that counsel's recommendation be accepted; Steve Cochran seconded, and the revision to the proposed changes to the Center's bylaws was unanimously approved.**

The Chairman then requested a motion on the proposed changes to the bylaws, as amended. **Upon motion by Jake Schrum, seconded by Steve Cochran, and unanimously approved, Article VIII, Section A, of the bylaws was amended as follows:**

"2. Shall be composed of the officers of the Board of Trustees (Chairperson, Vice-Chairperson, and Secretary) and the President or Chancellor (or his or her designee) of two partner institutions, to be appointed by the Chairperson;"

King University Family Nurse Practitioner Program

David Matlock introduced Mona Salyer, Associate Vice President of King University, to present a report on King's Family Nurse Practitioner program at the Center.

Ms. Salyer said King offers three face-to-face programs market-driven for SW VA at the Higher Education Center —the RN to BSN, for associate degree RNs who want to go back for their bachelor's degrees, Social Work, and Family Nurse Practitioner. Her report focused on the Family Nurse Practitioner program. She expressed appreciation to David Matlock and the staff of the Higher Education Center for their wonderful work with the students, scheduling, and in taking care of all the things required to make the program happen.

The program was launched at the Center for the first time in 2015 with 18 students. A new cohort will begin in 2016, making it King's fourth program at the Center, with 6 more students. Ms. Salyer offered some interesting statistics provided by King's Dean of the School of Nursing: 1) According to the National Bureau of Labor Statistics, job openings for nurse practitioners is estimated to increase by 35.2% from 2014 to 2024; 2) Nurse practitioner is ranked 17th as having the most new job openings between now & 2024; 3) Nurse practitioners in the workforce create an economic advantage—median salary nationally is \$98,190 annually. Looking at SW VA, the news is rather startling. There is a predicted shortage of 20,400 primary care physicians by 2020. Attention will continue to focus on outcomes and quality and safety, and will provide a larger and larger piece of healthcare reimbursement. Chronic diseases are on the rise, and the population is continuing to age; by 2020, 16.1% of Americans will be greater than 65, and by 2040, that percentage rises to more than 20%. All the statistics bear out the need for nurse practitioners. Ms. Salyer reported that there are only 10 family nurse practitioner programs in the state of Virginia. The next closest program available for residents of SW VA is located in Radford, about two hours away from Abingdon. She noted that, although the need is certainly great in the region, nurse practitioners educated at King can become licensed and practice in any US state or territory, so what the students are gaining here they can take anywhere.

Ms. Salyer then introduced one of the students in the program, Vickie Stevens, who completed her associate degree in nursing at SW VA Community College in Tazewell County, and came to King for her RN to BSN.

She later returned to King for her Master of Science in Nursing Administration, and has now returned once again for her Family Nurse Practitioner. Ms. Salyer said that Ms. Stevens lives in Pounding Mill in Tazewell County, works in Wythe County where she is the Director of Operations for New Century Hospice, and goes to school in Washington County.

Vickie Stevens told the Board that her dream from childhood had been to become a nurse. Part of that dream was realized when she obtained her associate's degree through SWCC. At that point in time, Stevens knew she wanted to continue her education, but became a mother, necessarily putting her dreams of furthering her education on hold indefinitely. At a particularly low point in her life, Stevens said she received a brochure in the mail from King that reignited her dreams, and she began to continue on her educational journey once again. She explained that she had always wanted to be a Family Nurse Practitioner, so being able to stay in SW VA and come to the Center for her education has allowed her to achieve her dream. She will graduate in August 2017. Ms. Stevens said her roots are in SW VA, her family is here, her son is in college here, and she intends to stay in the region to live and work. In closing, she expressed the privilege she feels to be a part of King and what it is doing, and to see the program at the Center, to watch it continue to grow, and to understand what it will do for nurses in this area and for the residents, because the demand is only increasing in the community. She thanked the Board for the opportunity to tell them about her education journey.

Public Comments

- Penny McCallum encouraged the Board members to read the college reports, noting that the partner institutions are doing great things at the Higher Education Center and would like to share it with the Board.
- Saul Hernandez asked about an upcoming hacking event at the Center that David Matlock had told him a little bit about. As an IT professional, Hernandez noted that such an event is fairly new in the region. Mr. Matlock deferred to Courtney Conner, Site Director for UVa-Wise at the Center, whose staff facilitated the event. Ms. Conner described the local Hack Day event that had been held at the Center the previous Saturday, explaining that this form of hacking is not hacking into a system or doing something illegal; it is creating apps for making things more efficient. She reported that the event

included 10 participants, 7 volunteers and 7 mentors. UVa-Wise is thankful to the mentors, who came from local companies, such as Saratoga, BVU, and a personal consulting company, and worked with the students from 9 o'clock that morning until 9 o'clock that night. She said that three of the students, who were from ETSU and will be graduating in December, came up with a new app during the event. Ms. Conner announced that UVa-Wise would be hosting a 24-hour hackathon for college students in March that will also be held at the Higher Ed Center. Sponsorship opportunities are currently available, providing opportunities for sponsors to work directly with participants, potentially hire students upon graduation or possibly as interns on the day of the hackathon. Mr. Hernandez noted that the event is certainly unique for this region, as such events typically are held in large cities, or places like Research Triangle Park or Silicon Valley. He said it is exciting to know that kind of activity is taking place in SW VA, and commended UVa-Wise for bringing it to the region.

- David Matlock recognized Dr. Michael Smith, Chair of the Department of Social Work at ETSU, who Matlock said is spearheading the process by which ETSU becomes a full paying partner at the Center. Dr. Smith expressed ETSU's appreciation for the opportunity to bring its programming to the Center and to help serve people living in the shared region who have so much need, and looks forward to engaging further with the Board moving forward.
- Susan Short noted that many of those in attendance at the meeting had also been together the previous afternoon in Roanoke to celebrate the 17-year career of the founding Executive Director of the Roanoke Higher Education Center, Tom McKeon, who is retiring. Dr. Short reflected that McKeon has served not only the Roanoke region, but the state in incredible ways, and has been a good partner. She reported that Kay Dunkley, who currently serves as the Director of the VT Roanoke Center and is a proud native of Wytheville, VA, has been named as the next Executive Director and will begin her term in January, 2017.
- Jake Schrum announced that his Senior Adviser, Joey King, had just been named President of Lyon College, a Presbyterian school in Batesville, Arkansas. President Schrum also expressed appreciation to the legislators, acknowledging the difficult task they have, and extending good wishes to them.

- Senator Carrico said that what had been expected to be a \$1.5 billion shortfall now looks to be closer to \$1 billion, so there is reason to be optimistic even as they are challenged to meet the budget shortfalls while keeping cuts minimal and ensuring that core services remain fully funded.

Closing Remarks

In closing, the Chairman reminded everyone to note the date for the next meeting of the Board, **June 8, 2017**.

Wishing a happy birthday to Connie Estep, Site Director for Old Dominion University at the Center, and a very happy and blessed Christmas to everyone, Chairman Carrico called for a motion to adjourn the meeting. **Upon motion by Saul Hernandez, seconded by Marcia Gilliam, the meeting was adjourned.**