



**Southwest Virginia Higher Education Center
Board of Trustees
Minutes
December 14, 2017**

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
Cheryl Carrico
Andy Casiello (ODU) (telephonically)
Senator Ben Chafin
Steve Cochran
Maria Colobro
Gene Couch (VHCC)
Cecil Drain (VCU)
Joshua Ely
Aviva Shapiro Frye
Brian Hemphill (Radford University)
Donna Henry (UVa-Wise)
Delegate Joe Johnson (Emeritus)
Delegate Terry Kilgore
Steve Laymon (UVa) (telephonically)
Delegate Will Morefield
David Olive (Bluefield) (Ex-Officio)
Delegate Israel O'Quinn
Ron Proffitt (Virginia Community College System)
Susan Short (Virginia Tech)

Board Members/Designees Absent:

Danny Dixon
Monica Osei (SCHEV)

Others Present:

Joyce Brooks

Duffy Carmack
Courtney Conner
Angela Cvetkovski
Connie Estep
Terry Frye
Beverly George-Gay
Marcia Gilliam
Elizabeth Griffin (telephonically)
Ashley Hartless
Debbie Hensley
Hannah Hietala
Kathy Hietala
Brenda Justus
David Matlock
Penny McCallum
ABee Moseley
Steve Patterson
Keith Perrigan
Mike Robinson
Michael Smith
Deborah Sproles
Adam Tolbert
Janet Williams
Alicia Young

Approval of Minutes

The Chairman called for approval of the Minutes for the June 8, 2017, meeting. **They were unanimously approved upon motion by Delegate Kilgore, seconded by Donna Henry.**

Recognition of Outgoing Board Members

The following board members whose terms had ended were recognized and extended appreciation by the board for their service:

- Marcia Gilliam
- Saul Hernandez
- Lindy White
- Delegate Joseph Yost

Introduction of New Board Members

The following new board members were introduced and welcomed to the board:

- Ron Proffitt
- Maria Colobro
- Joshua Ely

Election of Vice Chair

The Chairman noted that the expiration of Vice Chair Saul Hernandez's term of service resulted in the need to elect a new Vice Chair. He called for nominations, and **upon motion by Gene Couch, seconded by Delegate Will Morefield and unanimously approved by the board, Delegate Israel O'Quinn was confirmed as Vice Chair.**

Executive Director's Report

Executive Director David Matlock's report included the following notable matters:

- **Financial Report**

Noting that he was celebrating his two-year anniversary as the Center's Director, Matlock presented a comparison of the Center's current revenues to those of FY2014. Total Revenue for FY2017 was \$3.8 million, an increase of nearly \$700,000 over FY2014. With Total Expenses increasing approximately \$160,000 for the same period, the Center realized a net gain of nearly \$510,000. He attributed the increase to the hard work of the Center's staff and academic partners.

In reviewing averages for the four-year period, Matlock pointed out that the Center has experienced very little change in expenses for Personnel Services, but has seen some increase in Other Than Personnel Services, mainly due to the ongoing replacement process of 87 heat pumps reaching the end of service life.

Key performance indicators highlighted for the same period included:

- Full Partnership Fees, at \$282,577 last year, are slightly down over 2014, but Associate Partnership Fees reached a record high of \$170,000, up from \$66,000 in 2014.
- Conference Services also experienced a record high, with gross receipts of \$267,196, the highest in the history of the Center.

- Total Non-General Fund Revenue for the period (which includes income from HEC Special Events, Cooking Along the Crooked Road, the College for Older Adults and the Testing Center) was up \$210,000 from 2014.

Matlock explained that a lack of growth in revenue for the College for Older Adults was the result of a decision to scale back somewhat on marketing the program due to lack of space.

In 2017, the Center served 218 organizations, welcoming 64,000 attendees for 837 special events. Matlock cited the performance of the Center's staff as the key factor contributing to the marked increase in revenues. He shared a letter from the Appalachian Long Distance Hiker's Association, which had recently held its first event at the Center—its 36th Annual Gathering—praising the event staff who had "truly distinguished themselves as professionals and were instrumental in the success" of their event.

- **Updates**

Matlock provided updates in the following areas:

Marketing

The Center has continued to increase its marketing campaign through social media, the *Bristol Herald Courier* newspaper, radio ads, and billboards in the community. Those efforts are paying off, with two events scheduled during the Christmas break as a direct result of Google AdWords.

Tobacco Scholarship Loan Program

The loan program served approximately 3,018 students with \$7.6 million in disbursements in 2016-17. However, the number of applicants and amount of disbursements are on a downward trend due to the transition to a loan program. Final numbers for the year are not yet available, but that information will be shared at the June meeting.

Personnel

- The Center's HR services are currently contracted through UVA. Those services will be transferred to DHRM beginning July 1, 2018.
- Open positions currently being advertised:
 - Conference Services – 2 positions
 - Information Desk – 2 positions

- Facility staff (night crew) – 1 position
- Facility staff (building and grounds) – 1 position; expected to be filled within a week's time
- Eli Hietala, a part-time Conference Services employee, has been hired fulltime.
- Debbie Heath, a long-time Conference Services employee, recently retired.
- Taylor Dierks, a part-time Conference Services employee, was accepted into a doctoral program in Physical Therapy at Emory & Henry College, and left to focus on school.

New Initiatives

- Mount Rogers Regional Adult Education served 930 students last year, yielding 189 GEDs.
- Goodwill Industries has the state contract, serving 7 counties. They assist individuals 55 and older whose unemployment benefits have ended by providing training and workforce placement assistance.
- King University's Family Nurse Practitioner program is in its third cohort. Its first group of 18 students was graduated over the summer. The Center invested \$50,000 to transform a classroom into the FNP program lab.
- ETSU and the Higher Ed Center will be partnering to generate the MSW program from the Center to Family Preservation employees in Lee, Scott and Giles counties, as well as Galax.
- Bluefield College is set to offer a Chemistry graduate certificate, which will allow high school chemistry teachers to get the 18 credit hours needed for SACS approval. The Center invested over \$20,000 to purchase a microscope for that program.
- Radford University is currently advertising for a site director, with plans to offer its MBA program at the Center.
- ODU is making preparations to launch the Cisco Networking & Cybersecurity Academy.
- Virginia Tech and the Center are working together to offer teachers the opportunity to earn a post-graduate certificate in STEM education.
- VCU Addictions Counseling continuing education faculty will offer a series of workshops for professionals working to address the opioid crisis.

- Working with UVa-Wise, the Center hopes to bring a bachelor's of science program in Administration of Justice to Abingdon by late fall 2018.
- VHCC will be starting a new Culinary Arts program at the Center in January.
- Also in the works are plans to bring ETSU's Appalachian Studies program in traditional bluegrass music to the building.

Facility Improvements

- Ongoing replacement of heat pumps (cost for Grand Hall alone was over \$100,000);
- Currently replacing all Grand Hall projectors, at a cost of approximately \$37,000 each, and other audio visual equipment.

STEM Outreach

- A team from the Center attended a STEM Think Tank in Nashville, TN, gaining valuable exposure to many STEM opportunities.
- The Center has been providing STEM outreach to many elementary schools in the region, sending instructors to the schools to teach as well as bringing students to the Center for instruction in STEM activities.
- A K-5 STEAM Academy was instituted at the Center, serving pre-readers through fifth graders. Students learned to code a mouse, a drone, and a robot. Classes were held on Monday nights from 6-7:30 p.m. Three cohorts comprised of 20 students each in grades K-1, 2-3, and 4-5 participated.

Mr. Matlock then asked Keith Perrigan, City of Bristol Superintendent of Schools, to speak to the board from his perspective about the Center's effectiveness in meeting its mission.

Dr. Perrigan said that, from a personal standpoint, he believes he is a poster child for the great things that can happen at the Higher Ed Center. Perrigan received both his master's and doctoral degrees at the Center, allowing him to live at home, continue to teach Sunday School in his community, coach his daughter's softball team and his son's football team, while also continuing in his career as a high school principal. Without the Higher Ed Center, he said, none of it would have been possible. Perrigan expressed his gratitude to Delegate Johnson for his vision and leadership in making that happen, and asked that the board continue to make it happen for others in the region.

Dr. Perrigan acknowledged the outreach activities already reported by Mr. Matlock that have benefited not only Bristol, but many Region 7 schools. He went on to say that the Center had made it possible and affordable for his teachers to receive training and professional development. He related that over 220 teachers had recently attended training led by Center instructors on Election Day, and that the teachers were so pleased with the training that they requested to do it again next year.

The Center also provided services for the after school academy Virginia Middle School has through a 21st Century grant. A number of Bristol students participated in the K-5 STEAM Academy previously described by Mr. Matlock, as well.

Additionally, Region 7 superintendents are able to hold trainings and have legislative meetings at the Center.

In closing, Dr. Perrigan conveyed his appreciation, describing the Center as a great asset that is available to residents of the region.

Informing the board that the Center is on track to meet budget projections and have a good year, Director Matlock closed his report and invited questions.

Aviva Frye inquired when an audit had last been done at the Center; Mr. Matlock replied that it had been in the summer of 2016. Ms. Frye asked how often audits are conducted. Mr. Matlock deferred to the Center's Chief Financial Officer, Duffy Carmack, who replied that audits are conducted every three years.

Foundation & R&D Projects Reports

Duffy Carmack provided an update and review of R&D activities and Foundation grants over the last six months:

- Carmack said the best news he had to report was the lease of the Energy Center at Exit 7 to Dr. Timothy McGarry, who has opened McGarry Orthopedics in the building after completion of minor interior renovations.

- Excavation Drainage Prevention Devices is preparing to go into the second phase of funding from the Tobacco Commission, with sales of its product (a unique excavation alert tape) already underway.
- LiteSheet Energy's grant will soon come to a close; invoices are being received for the \$63,000 balance that will zero it out. LiteSheet has applied for a second Tobacco Commission grant, but has chosen an administrator in closer proximity to its location in Bedford rather than the Higher Ed Center.
- Simmons Corporation, whose grant had been on hold due to the decline of the coal industry, now has some potential sales of its product (underground low coal haulers). Simmons' request for an extension is being dealt with administratively by the Tobacco Commission.
- Wiretough Phase II grant is going well. This R&D project, located in Washington County, VA, manufactures hydraulic and nitrogen cylinders to hold compressed gas.
- VCU's Clinical Lab Sciences program is just beginning Phase II, and Dr. Josh Williams, director of the program at the Center, has a full class this year. Expectations are that this will be a long-term, self-sustaining program for the Center.
- Micronics, located in Wise County, VA, was awarded a \$1 million grant from the Tobacco Commission, but has been unable to raise its match, so the grant will be put on hold. A determination will be made by the Commission on the fate of the grant.
- This year, the Foundation applied for a federal grant through the USDA to conduct a solar feasibility study in three counties within the region exploring the possibility of using a renewable energy source; e.g. wind, solar power. Results of the study will be published by the USDA, with subsequent grants available to support projects with the most promise to be successful. The Foundation is working with a consultant in the Midwest on the \$25,000 grant, with the completion date of the project summer 2018.
- Cisco Networking & Cyber Security Academy with ODU is expected to be a strong program for the Center.
- Mr. Carmack reviewed the Tobacco Scholarship Program, which is administered by the Foundation. He reported that about 40-50% of graduates are applying for the \$1,000 payment for which they may be eligible from the \$3 million back-end work incentive payment fund.

With approximately \$66,000 of invoices remaining to be received and paid, it is anticipated that the 2016-17 Scholarship Fund will be closed out by January 2018.

For 2017-18, the Higher Education Center received a \$349,000 award for administering the program; an award of \$1.8 million to be administered to eligible Southwest Virginia students, and \$4.2 million to be administered to eligible Southside students. The current report reflects expenditures that were made in the fall, with expenditures for spring yet to be made. Mr. Carmack said that since the program has reverted to a loan program with an interest rate of 6%, students are turning it down because a) they can find a cheaper financial rate, and b) they do not like the idea of having to pay it back. Since it was the intent of the Commission to slow down the burn rate of the Fund and be sure the money was being utilized properly, the results of changes to the Program appear to be meeting the Commission's objectives.

Mr. Carmack said that just over \$1 million dollars for fall was left unspent that will be returned to the Tobacco Commission and reallocated back out again, the first time in many years this has occurred.

At the close of his report, Mr. Carmack invited questions. Delegate O'Quinn asked how many different cycles and grants Wiretough has been through. Mr. Carmack, along with Alicia Young, responded that there have been two, with the first grant originating in 2011. Carmack explained that the grant funds are being expended slowly but appropriately, and that the company is currently manufacturing and marketing its product, cylinders for compressed natural gas and compressed hydrogen.

Aviva Frye asked Mr. Carmack whether, if the results of the solar feasibility study indicate that the three counties are good locations for the projects, subsequent project grants will be awarded to Virginia companies. Mr. Carmack said that he did not know, but assumed so because the feasibility monies were only available to Virginia localities. Senator Carrico requested clarification as to which three counties the study covers. Mr. Carmack, with the assistance of Alicia Young, said it is being conducted in Smyth and Washington counties and the City of Bristol.

Annual FOIA Training & Conflict of Interest Review

Adam Tolbert, Higher Ed Center staff member and FOIA Officer, provided required FOIA training for board members, including a short video produced by the State Council of Higher Education for Virginia in consultation with the Attorney General's Office. The board was referred to the Required Notice of Laws and other pertinent FOIA information contained in their board folders.

Mr. Tolbert also reminded the trustees of the requirement to file a statement of economic interest and financial disclosure statement. For the calendar year 2017 cycle, those cannot be filed any earlier than January 1 nor later than February 1, 2018.

Committee Appointments

The Chairman made the following committee appointments:

- **Nominating**
 - Ron Proffitt
 - Jake Schrum
 - Will Morefield
- **Bylaws**
 - David Matlock
 - Gene Couch
 - Israel O'Quinn
 - Adam Tolbert
 - Kathy Hietala

Public Comments

Chairman Carrico asked if there were any public comments. Board member Steve Cochran brought up a letter received that week by all board members requesting that they consider taking some action in relation to the employees at the Center. He inquired as to how the board should address the matter. The Chairman responded that he, like all the board members, had received the letter and he had discussed it with Elizabeth Griffin, the Center's representative in the Attorney General's Office, as well as the individual who wrote the letter. He said that the letter concerns personnel issues and no investigation has been made into its contents; as such, is not appropriate for the board to discuss at the current time. Mr. Cochran asked if it would be appropriate to go into closed session, and the Chairman said that it would not be appropriate to do so, as the merits of the issue have not been properly vetted.

Closing Remarks

Chairman Carrico reminded everyone to note the date for the next meeting of the Board, **June 14, 2018**, and declared the meeting adjourned.