



Minutes
Southwest Virginia Higher Education Center
Board of Trustees Executive Committee Meeting
June 11, 2020

Call to Order

Chairman Israel O'Quinn welcomed everyone and called the meeting to order. Roll call was held. A quorum was present.

Executive Committee Members Present:

Steve Ahn
Brian Hemphill (Radford University)
Donna Henry (UVA Wise)
Delegate Israel O'Quinn, Chairman

Board Members Present Telephonically:

Joseph Crook (SCHEV)
Adam Hutchison
Hannah Ingram
Sandy Ratliff

Others Present:

Kathy Hietala
David Matlock
Adam Tolbert

Approval of Minutes

The chairman requested a motion to approve the minutes of the December 12, 2019, full board meeting. **The minutes were unanimously approved upon motion by Steve Ahn, seconded by Brian Hemphill.**

Amendment of June 13, 2019 Minutes

Explaining that Maria Colobro, a citizen member of the Center's Board of Trustees, had attended the June 13, 2019, meeting via telephone conference but had not been recorded as being present due to an apparent break in audio, the Chairman stated that a motion was needed in order to amend

those meeting minutes to reflect Colobro's attendance telephonically. **Thereupon, Steve Ahn made such motion; it was seconded by Brian Hemphill, and passed with a unanimous vote of the board.**

Executive Director's Report

Executive Director David Matlock reported the following significant information:

Financial Report

Mr. Matlock reported that prior to the current novel coronavirus global pandemic, the Center had been on track to have the greatest revenue year in its history. He said although the pandemic has absolutely impacted its budget negatively, the Center will still finish strong with a balanced budget that is in good shape.

Highlights of the budget included:

- Non-General Fund Revenue had been anticipated to be about \$928,000, but because of COVID-19 that figure is adjusted downward to approximately \$870,000 for year-end.
- Breakdown of Non-General Fund Revenue demonstrated that the majority of targets were hit, with the exception of Room Rentals. Projected to generate \$240,000, the actual revenue total would be approximately \$189,000, as a direct result of event cancellations due to COVID-19. The over \$80,000 lost in event cancellations would have put the Total NGF Revenue for FY2020 at well over \$950,000.
- With the Carryforward of \$1.2 million, Total State Revenue was approximately \$4,233,000.
- In the category of Restricted State Revenue, the entire amount of \$80,111 budgeted for Higher Education Equipment Trust Fund was spent.
- Just over \$750,000 was budgeted for Maintenance Reserve, of which only about \$50,000 had been spent, primarily due to delays on some projects and because of some state funding. Consequently, slightly more than \$1 million is proposed in that line item for FY2021.
- The Center entered into a new agreement with the Tobacco Commission in FY2020 to handle the collections of the Commission's long-time loan program. Together with some Foundation reimbursement, Commission Fees/Miscellaneous revenues totaled \$191,000.

- Total FY2020 Revenues were \$4,555,000 although the board had approved \$5,200,000. The fact that none of the Maintenance Reserve had been spent accounts for the difference, which is more fully explained subsequently herein.
- In the breakdown of personnel services, \$1,880,000 had been budgeted for FY2020, with actual year-end projected at \$1,900,000. That overage is expected to be recovered in the form of certain retirement incentives owed to the Center by the Tobacco Commission, which may not be received by year-end FY2020.
- With the exception of Maintenance Reserve, the Center was on budget for Other Than Personal Services categories. As previously stated, only \$50,000 of the \$764,000 budgeted for Maintenance Reserve had been spent thus far.
- Under Supplies & Equipment, the only area that differed significantly from the figure budgeted for FY2020 was Capital Projects and Building Improvements. With the onset of COVID-19, certain capital projects and building improvements were put on hold because it is the director's strong conviction that people are more important than projects during the ongoing health crisis.
- One project moving forward is the remodel of the former culinary arts kitchen into a STEM gym and several additional office spaces. In all likelihood, that expense probably will not be incurred until FY2021 when it will be part of the \$300,000 proposed for Capital Projects and Building Improvements.
- A Contingency Fund of \$771,000 had been budgeted for FY2020, none of which was spent. Consequently, the Center will begin FY2021 with some good reserves, with \$1,450,000 proposed for Non-General Fund Carryforward Revenue.

Questions were invited, but none were forthcoming at the conclusion of the financial report.

Proposed Budget for FY20-21

Moving on to the proposed FY2021 budget, Mr. Matlock first directed the committee to the Breakdown of Non-General Fund Revenue Projection. He explained that since its inception, the Center has never been fully funded by the state. Annual General Fund Revenues are enough to operate the agency until about March, but in order to continue to operate for the remaining

months of each fiscal year, the Center must generate Non-General Fund Revenue, which normally averages between \$900,000 and a million dollars. Primarily because of COVID-19, this year's projection represents a huge decrease.

Individual line item projections included:

- Conference Services, where revenues have been averaging around \$250,000 a year for Room Rentals and Food & Beverage Services, is projected at \$100,000. Continuing cancellation of routine and major events, galas, and conferences that bring in great revenue for the Center account for the anticipated decrease.
- Projected Resident Fees for academic partners also reflects a decrease. UVA, a founding partner of the Center, will not be renewing its current MOU, which ends on June 30, 2020. Not knowing what COVID-19 is going to bring, a conservative figure of \$300,000 is projected for Resident Fees, although it is hoped that the total will be closer to \$400,000.
- Total Personal Services, which represents expenses for all personnel including Tobacco, is projected at \$1,786,000. With all state agencies under a hiring freeze, virtually no overtime expected, no raises anticipated, and vacant positions not being filled, that projection represents a decrease.
- In Other Than Personal Services, the full one million is budgeted in Maintenance Reserve. Whether or not it is spent, those funds represent a valuable safety net for non-operating budget items.
- Projections for a couple of areas under Supplies & Equipment that historically spend about a quarter of a million dollars annually have been cut. Electronic/Computer & Equipment and Supplies has been cut by \$150,000 to a projected \$100,000. A number of massive improvements have been completed over the past 4-5 years, thereby allowing the reduction.
- Under Capital Projects & Building Improvements, the budgeted \$300,000 should finish the catering kitchen STEM gym remodel.
- New Program Initiatives is projected at \$50,000
- Projected Marketing budget is reduced to \$60,000.
- The Center is anticipated to end the year with a Contingency Fund of about \$1,287,000. A balanced budget is achieved using Non-General Carryforward Revenue of \$162,000, so the year will begin with \$1,450,000

in Non-General Fund Revenue, but if projections are accurate, the Center will end the year with \$1,287,000 in Non-General Funds.

Before inviting questions and the opportunity for the Executive Committee to approve or disapprove the budget, Mr. Matlock stated that a lot of dark clouds are still out there. He reminded the Committee that the Governor's recent press conference indicated that in all likelihood state agencies would be asked to cut budgets by five or ten percent or more by the General Assembly in September or October. In fact, agencies have already been advised to begin planning for such an eventuality. That being said, the Center's current General Fund appropriation of \$2,171,000 would at 10% be reduced by \$217,000. He said the Center could weather another year of COVID-19 and still have a fairly decent contingency fund. Even though there are many variables that cannot be controlled, he reported that the Center is currently very stable. Taking into consideration that Non-General Fund Revenues could continue to decline due to COVID-19, he said he had been very conservative with those projections. Reiterating that the Center would begin the year with a strong reserve, he reported that it would continue to move forward with the projects underway. In closing, he said he feels very confident about the proposed budget.

Chairman O'Quinn stated that with no way of predicting the future with respect to potential budget cuts, it remains incumbent upon the board to pass a budget under the current parameters. Saying that he hoped that everyone had had an opportunity to look at the proposed budget, he invited questions. With none proffered, he said the Chair would entertain a motion and second from any of the Executive Committee members on its adoption. **President Brian Hemphill made the motion for adoption; the motion was seconded by Steve Ahn, and the proposed FY20-21 budget was unanimously adopted.**

Key Performance Indicators

Continuing with his report, Mr. Matlock said that he had included a spreadsheet of some financial key performance indicators in the Executive Director's report section of the board folders for historical perspective. The spreadsheet covers the period 2011-2020 year-end, and includes 4-year averages illustrating that the Center been steadily increasing revenue and maintaining excellent control of expenses. He noted that in FY2019 the

Center had encountered a new \$100,000 expense when it switched to new services from DHRM. Additionally, there have been some pay raises over the last 6-7 years. Even with all that accounted for, he explained that using today's dollars and subtracting out the raises and the new DHRM fee, the Center is basically operating at about the 2012 level under Personal Services. In fact, he pointed out that it almost matches dollar-for-dollar to 2014 before pulling out those other fees. Mr. Matlock said that is a testament to the great team at the Center who have been doing a lot with less.

Questions were invited; none were forthcoming.

Construction/Center Upgrade Updates

Reminding those participating that a groundbreaking for the Center's \$2.9 million expansion had been held at the December meeting of the board, Mr. Matlock reported that the project is coming along nicely, but slowly. The Center was to have taken possession of the new addition by the current date, but due to COVID-19 and other variables that were beyond control, the project is running about 10 weeks behind schedule. It now appears that the project will be completed by the end of August.

As construction progresses, the team at the Center is excited and looking forward to utilizing the new space. Among the enhancements the addition will allow are:

- Expansion and refinement of the Testing Center
- Additional classroom space
- New office areas
- Long-awaited and much needed indoor storage space for Conference Services

Updating the Committee on the \$3.1 million HVAC renovation approved in 2019 by the General Assembly, Mr. Matlock reported that the pre-bid meeting had been held the previous week with the engineers, architects and potential contractors. He said the project would be going to bid in the next few days, and it is hoped that construction/renovation of the entire HVAC system with new controls will start in late fall or early winter. That \$3.1 million project along with the new expansion represents a \$6 million investment in the physical structure within about a 14-month period.

On top of that, he said approximately \$425,000 is set aside to replace all front windows, and the engineering work is currently being completed. A pre-bid meeting is anticipated by the Fourth of July, and that project is also expected to begin in the fall.

The three projects total approximately \$6.5 million, and Mr. Matlock expressed appreciation for the funding necessary for those.

Restructuring of the old culinary arts area into a STEM gym continues to progress.

The patio expansion and enhancements have been put on hold again. Commenting that he would not put the patio ahead of people, he explained that the patio money would be reserved for potential budget cuts.

Questions were invited; none were forthcoming.

Review of Partner/Center Activities

Mr. Matlock directed the Committee to the College Reports section of the meeting folders, highlighting some of the activities of the Center's academic partners:

Radford University

- New cohort in Literacy Education: The M.S. in Literacy Education is a 33-credit hour, advanced degree program offering a path to Reading Specialist endorsement for teachers. Scheduled to begin in Fall 2020, recruitment is currently underway.
- New M.S. in Education, Curriculum and Instruction: An online cohort from southwest Virginia is being recruited for the 30-credit master's program that will start in January 2021.
- Newest school counseling cohort welcomed 20 new students in January 2020.
- Numerous other activities included in its report demonstrate that Radford University has been extremely busy in southwest Virginia, and Mr. Matlock commended RU's team on the ground at the Center for their work. President Hemphill thanked Matlock, acknowledging the hard work and energy being put forth by his team at the Center, and affirming Radford's commitment to grow in the region.

University of Virginia at Wise

Mr. Matlock praised the UVa Wise team at the Center for its engagement with the regional workforce community. Recognizing that they were forced to put many of the planned programs on hold due to COVID-19, he lauded their professional development programs and the workforce training opportunities they provide for the region.

Virginia Commonwealth University

VCU has two programs at the Center—the Clinical Lab Sciences program and the Nurse Anesthesia program. Mr. Matlock reported that the Nurse Anesthesia program is expanding its class size in Abingdon to 10 students in each new 3-year cohort. As a result, in just a few years, the Center will be at full capacity in that program with 30 students. He reported that he and Adam Tolbert had a wonderful conversation with the leadership at VCU earlier that same day, and that VCU is looking for ways to grow in southwest Virginia and exploring potentially becoming a full partner with the Center.

Virginia Tech

Mr. Matlock reported that with respect to K-12 education and STEM, Virginia Tech's team at the Center works passionately to present and support those initiatives.

Referring those participating to the Other Reports section of their folders, Mr. Matlock reviewed several other Center activities, among them:

- The College for Older Adults program continues to progress with good attendance, but the spring semester had to be cancelled due to COVID-19. The fall semester is currently being planned, although the form it will ultimately take is unknown considering the ongoing crisis.
- The Education Department report reflected the impact COVID-19 has had thus far on that department's programs. Normally, about 1,800 students a semester are served through these services. Because of the myriad cancellations, only 594 students were served.
- Saying that the press release had not yet been shared, Mr. Matlock announced that Google awarded CodeVA \$3.9 million. As the Code VA representative for all of Region VII for southwest Virginia, the Center is part of that award and the funds are targeted to grow STEM at the K-6 and middle school levels.
- Mr. Matlock reported that the Center has also partnered with United Way, which was recently awarded a GO Virginia Region I grant, to

increase student engagement in computer science-related content study and career attainment.

- Mr. Matlock noted that legislation had been passed establishing the Rural IT Apprenticeship Program. The program is modeled after the Norfolk Shipbuilding Apprenticeship Program, but its focus is on IT. Signed into law in July 2019, policies and procedures are currently being developed. He reported that a USDA grant for \$25,000 had been awarded for the planning stage, while the Southwest delegation to the General Assembly had secured \$1 million in the budget for the program. The \$1 million secured in the General Assembly is currently unallotted, but Mr. Matlock said when that money is released, the Rural Apprenticeship program will be big for our region. The Southwest Virginia Higher Education Center will serve as the fiscal agent and run that program.

Next, Mr. Matlock directed attention to the Conference Services section of the meeting folders for two reports:

- The first report reflects activity from January 1st to May 31st, including the type of event, client, estimated attendance, total number of bookings, etc. During the period reported, 81 organizations with an estimated attendance of 12,000 took place. He said that normally in a year the Center serves approximately 70,000 people. The current report reveals the drastic decrease caused by COVID-19—about a thousand bookings.
- The second report is a list of events cancelled due to COVID-19. The number of events cancelled total 166, and estimated invoice amounts listed for the cancelled events total \$84,300—money that the Center did not receive due to COVID-19. He noted that there are no provisions for revenue lost in any of the relief money for COVID-19, so the Center will never recoup those funds. Further, he said that the current report ends on May 31st, but that the Center also has cancellations for June, July and August, all of which represents a lot of lost revenue. Notwithstanding the lost revenue, the cancelled events also represent many hours of work by members of the Center's team, including hours spent working with clients to plan those events, from location, set-up, caterer, linens, decorations, technology requests, etc.
- On a more positive note, Mr. Matlock reported that on the day the Governor announced Phase 2, the Center had people waiting to get in,

and received two \$500 deposits for wedding and wedding receptions that very first day. It is his belief that the Center could have the greatest fall ever if the Phase 3 reopening occurs on schedule. The Center is booking as if going into Phase 3 after Labor Day, and he said if that happens, some major national conferences will be taking place.

Maintaining that folks would often hear him say the Center is a great place doing great things because of great people, Mr. Matlock said that all of the good news he had reported was because of those great people. He went on to say that two years previously he had created a Fun Committee made up of several Higher Ed staff members and funded at approximately \$3,000 a year. The Fun Committee was tasked with planning a monthly activity to foster team engagement, not only for Higher Ed Center staff but for all building community members. Some of the activities have included hiking, scavenger hunts, cooking classes, and painting classes, among others. He was excited to report that the Governor and the Department of Human Resource Management heard about the Center's activities and decided to give it an award, recognizing it as one of the top state agencies for Excellence in Employee Engagement.

Mr. Matlock pointed out that one area of the budget he did not cut was Professional Development, nor did he cut incentives for bonuses and raises in FY20-21, asserting that if the Southwest Virginia Higher Education Center is to grow, it must grow people. It is his firm belief that if its people do not grow, the Center will not grow, so those would be the last things he would ever cut.

At the conclusion of the Review of Partner and Center activities, Mr. Matlock invited questions; none were forthcoming.

COVID-19 Transition

Mr. Matlock said that he would be brief because he has a PowerPoint presentation that he will be sending out to the Board of Trustees on COVID-19. To address COVID-19, Mr. Matlock said he formed a transition team that had reviewed all the CDC regulations and the Virginia Department of Health regulations, as well as every agency that engages in any aspect of conference services. The transition team came up with approximately \$50,000 worth of

recommendations. Among the actions the Center will take to enhance health/hygiene and safety measures are:

- Although the facility is already in really good shape, it will soon be a totally touchless building, including toilets, urinals and sinks. Upgrading to those touchless features will cost about \$26,000, to hopefully be taken from Maintenance Reserve funds.
- Water fountains will be replaced with touchless dispensers.
- The possibility of changing a couple of entry point doors to touchless is being investigated.
- Temperature sensors will be placed at major entrances.
- Signage and roping will be implemented in an effort to control and direct visitors to the building.
- Several handheld ultraviolet scanners have been ordered to be used at major touch points where mail is handled and credit card machines are utilized.

Mr. Matlock reported that all Center employees have executed telework agreements. Under COVID-19, for the months of June and possibly July, 95% of Center employees will continue to work from home with a few exceptions. He said that he is coming to the Center every day, and most employees are now coming in at least one day each week. Fortunately, teleworking employees have plenty of work to keep them busy. Those who could not effectively telework were given other options, so no fulltime staff members missed paydays.

He went on to reassure academic partners that the Center has rooms that are large enough to handle their classes in person with social distancing. Some guidance in that regard is expected imminently from the Governor and SCHEV, but Mr. Matlock believes the Center will be ready to accommodate the partners' classroom requests by the end of July.

Israel O'Quinn remarked that by virtue of the size of the building and the multiple options of rooms available for one or two people all the way up to what would have previously been a few thousand but would now probably be a few hundred, the Center would likely be one of the more coveted locations for any sort of gathering that would be considered large under the rules. He agrees that the measures being taken will be good to have in place, and believes anything done above and beyond for the time being will pay

off in the not-too-distant future. He invited questions before moving to the next agenda item.

Steve Ahn inquired as to whether the new HVAC system would help in the future in terms of removal of air or movement of air, in terms of making the Center a more desirable event venue. Mr. Matlock replied that the current system is fairly sophisticated, pumping fresh air into the building all the time. He said the difference right now is that when the fresh air is pumped, it is not dehumidified before it gets into the system. With the new HVAC system, that fresh air will be dehumidified and filtered at a much better level. Mr. Ahn allowed that either way it would be good for fighting the virus. Mr. Matlock further noted that about \$27,000 of the \$3.1 million HVAC expansion will cover what he called a duct air vent scrubbing. The facility is 25 years old, so while the HVAC technology is that old and can be replaced, the duct work will not be replaced, but it will be cleaned. Mr. Ahn went on to ask what the protocol will be if an employee comes down with or tests positive for COVID. Mr. Matlock said that if an employee tested positive, he or she would not miss a payday or have to take personal leave. He then deferred to Adam Tolbert, Director of Human Resources, for a more specific response to the question. Mr. Tolbert if an employee or someone they are closely affiliated with has been diagnosed or is under observation, the Center can grant that employee some special public health emergency leave for a period of time to allow them to self-quarantine until results are known. All employees have been advised not to come to work if they are sick, to report it, and that there are options available for handling such occurrences. He said fortunately the Center has been lucky not to have had any cases thus far.

HR/Administration Report

Adam Tolbert, Department Director, provided an update regarding Board officer elections. In preface, Mr. Tolbert noted that the Center's Executive Committee's consists usually of five members, the Chairman, Vice Chair (which is currently vacant), Secretary Steve Ahn, and President Hemphill and Chancellor Henry. Under the current bylaws, the Executive Committee has authority to act for the Board in all except three matters. The Executive Committee does not have the authority to 1) amend, alter or repeal the bylaws; 2) elect, appoint or remove any officer of the Board; or 3) to change any resolution that the Board has passed that says the Executive Committee cannot change it. Those being the limitations, Mr. Tolbert went on to explain

that ordinarily at the June meeting in even-numbered years, the full board hears the report of the Nominating Committee and elects officers for the next two-year term. A full board meeting is not currently scheduled, and since the Executive Committee cannot elect officers that need to be elected, under the current bylaws the individuals currently in office continue to serve until their successors are elected, those being the Chair, Vice Chair and Secretary. Additionally, the Chairman then makes two at-large appointments to the Executive Committee to serve until the next biennial organizational meeting, which is the June meeting in even-numbered years. He said it would be the prerogative of the board and the Chairman to determine how to elect those officers, whether that be to call a meeting for that purpose or to defer election until the next regularly scheduled board meeting.

Mr. Tolbert offered to respond to questions or concerns.

Chairman O'Quinn averred that the obvious purpose of current Executive Committee meeting was to try to take care of as many agenda items as the Committee could legally do. Obviously, under the bylaws, election of officers is the only current relevant matter of the three that cannot be resolved by the Executive Committee. That being the case, he suggested that the most reasonable course of action would be to hold the regularly scheduled December meeting currently planned for December 10th and take up the matter of officer elections at that time. However, he said that if for any of a multitude of reasons a need arose to call a meeting in the meantime, whether it be due to drastic changes in the budget or some other unexpected matter, it could be attempted acting within the parameters of whichever phase of reopening might be in effect at the time.

He confirmed with Mr. Tolbert that a Nominating Committee had been appointed at the December 2019 full board meeting and went on to ask if the Nominating Committee had met. Mr. Matlock answered that they had not; he said they would normally have met in early April but had not been able to do so due to COVID-19. He speculated that the Nominating Committee should be able to meet in the fall and have some options for the full board at its December 10 meeting. Barring any major object, Chairman O'Quinn agreed that would be the simplest, most streamlined way to undertake the matter. Should issues arise to prevent them from meeting in person, he suggested that a call could be arranged for the Nominating

Committee to meet if the AG's Office approves. Mr. Tolbert reminded the group that the current Nominating Committee is comprised of Brian Hemphill, Ben Chafin and Keith Perrigan.

Other Business

The Chairman asked if there were any other issues that anyone would like to raise. Mr. Matlock noted that the Closed Session agenda item had been included in case it was needed, and he wanted to clarify for those listening on the telephone that the need had not arisen. He said he had no other remarks, except to reiterate that things are good at the Center, everyone is staying busy and accomplishing great things. He feels very good about the fact that the Center is meeting its mission and he can boldly state that to any taxpayer or other individual.

Closing Remarks

In closing, Chairman O'Quinn said that he and Vice Chairman Pillion had had several calls and conversations with David and others periodically in order to keep abreast of things at the Center. He said although it is certainly not up to them, nor do they, unilaterally make decisions, listening to the trials and travails of trying to run a public agency given the scenario that everyone has been dealing with for the last hundred days or so, he believes that things have gone about as well as they possibly could. Expressing appreciation to the Executive Committee members as well as the Board members and partner agencies who have joined on the telephone, he called the meeting adjourned at 3:50 p.m.

Minutes submitted by: Kathy Hietala

Minutes approved by: Delegate Israel O'Quinn