



**Southwest Virginia Higher Education Center
Board of Trustees
Minutes
June 12, 2014**

Board Members/Designees Present: Ralph Byers (VT), Billy Cannaday (UVA), Andy Casiello (ODU, via telephone conference), Kevin Crutchfield, Sim Ewing (UVA-Wise), Marcia Gilliam (Virginia Community College System), Saul Hernandez, Penny Kyle (Radford), Matt O'Quinn, Ron Proffitt (VHCC), John Rainero, Ruby Rogers, Lindy White.

Board Members/Designees Absent: Senator Bill Carrico, (former Senator) Phillip Puckett, Delegate Ben Chafin, Delegate Terry Kilgore, Delegate Will Morefield, Peter Blake (SCHEV), Fred Marion, David Olive (Ex-Officio), Jake Schrum (Emory & Henry), Delegate Joseph Yost.

Others Present: Duffy Carmack, Joe Carpenter, Courtney Conner, Connie Estep, Rachel Fowlkes, Elizabeth Griffin, Kathy Hietala, Joe Johnson, Nicky Rahley, Ed Rogers, Richard Settle, Susan Short, Adam Tolbert, Melissa Warden, Alicia Young.

Call to Order

Chairman Kevin Crutchfield welcomed everyone and called the meeting to order. A quorum was present. The Chairman called for a motion allowing Casiello's participation by telephone conference. **Upon motion by Ruby Rogers, seconded by Billy Cannaday, and unanimously approved by the Board, teleconference participation by Casiello was permitted.**

Approval of Minutes

The Chairman called for approval of the Minutes for the December 12, 2013, meeting. **They were unanimously approved upon motion by Marcia Gilliam, seconded by Ron Proffitt.**

Executive Director's Report

Dr. Rachel Fowlkes presented the Executive Director's report, highlights of which included the following topics:

Virginia Tobacco Commission Funds:

- Dr. Fowlkes first welcomed the Board to the Center's new Energy R&D building where the meeting was held in conjunction with the facility's ribbon-cutting ceremony. She directed the Board's attention to the grants financial report, and highlighted Tobacco Commission funds administered by the Higher Education Center and its Foundation. Among those mentioned were the R&D building construction project, and selected early-stage energy development companies. Dr. Fowlkes provided an update on the Center's ongoing administration of the Tobacco Region Scholarship program for students in Southwest and Southside Virginia.

Conference Services:

- Dr. Fowlkes presented the Conference Services report. She noted that the decrease in the number of events held at the Center was partly the result of two major customers moving their professional development activities to their own new facilities. Dr. Fowlkes highlighted the number of new companies and organizations that had booked events in FY14, as well as returning clients.

College Reports:

- Directing the Board's attention to the Enrollment Report, Dr. Fowlkes discussed the dramatic drop in student enrollment—from an unduplicated headcount of 556 in Fall 2011 to 258 for Spring 2014. She explained that multiple factors contributed to declining enrollment including online education, rising tuition costs, and new federal financial aid regulations.
- Dr. Fowlkes emphasized the important roles of partner institutions' on-site directors. They recruit new students, provide advising, assist with financial aid applications and scholarship information, coordinate assistive services, and support students through various academic challenges. Unfortunately, some of the on-site directors are now managing multiple locations. As a result, their recruitment and support services at the Higher Education Center have diminished.
- Input was sought from the Board members, particularly those who represent academic institutions, on how the Center could effectively meet these enrollment challenges. Discussion was held.

Recognition of service of Board Members whose terms expire:

- Dr. Fowlkes commended the exceptional service of John Rainero, citizen member representing the Business and Industry sector; Fred Marion, citizen member representing the Education sector; and Dr. Ron Proffitt, retiring President of Virginia Highlands Community College.

Nominating Committee Report

Ralph Byers presented the Nominating Committee's Report. He informed the Board that the Committee—comprised of himself, Matt O'Quinn and Senator Carrico—had consulted by telephone and settled on a potential slate of officers. However, their chosen nominee for the office of Chairman is no longer eligible to serve due to his resignation from the General Assembly. The Committee submitted its nominees for the offices of Vice-Chairman: Lindy White; and Secretary-Treasurer: Donna Henry. Current Chairman, Kevin Crutchfield, was requested to continue as Chairman until such time as a new election could be held. If elected, he agreed to serve in this capacity.

The Chairman called for a vote on the proposed slate of officers. **Upon motion by Penny Kyle, seconded by Marcia Gilliam, the slate of officers was unanimously approved.**

Financial Report

Duffy Carmack, Chief Financial Officer, provided the Financial Report. Since the General Assembly was currently in session, working on the State budget, Mr. Carmack informed the board that the Center's proposed budget would be contingent on the final State budget and adjusted accordingly. Items of note:

- A requested increase of approximately \$100,000 in State revenue to support operations of the R&D program.
- The loss of partner institution, Virginia Intermont College, and its associated rental income.
- The loss of approximately \$20,000 in discounted services to agencies, non-profits and others who could not afford the use of the Center otherwise (i.e., SW VA Technology Council, United Way).
- Anticipated General Fund Revenue expected: \$2.1 million; Non-General Fund Revenue: \$692,000 with a carry forward of \$529,000, for a total of \$1.2 million.
- Anticipated expenses of \$1.8 million in Personal Services; \$805,000 for Contractual Services; \$676,000 for Supplies and Equipment; \$105,000 in Program Support Funds for new program initiatives and marketing; and a 1.9% Contingency Fund of \$64,000.

The Chairman called for a motion to approve the contingent proposed budget for FY2015. **Upon motion by Marcia Gilliam, seconded by John Rainero, the contingent proposed budget was unanimously approved.**

Mr. Carmack also explained a recent change in the Tobacco Scholarship Program, which is administered by the Higher Education Center. Prior to FY13, Southside scholarship recipients were required to work in the Tobacco region after graduation, or repay their scholarship loan. The Tobacco Commission revised the guidelines to replace the loan repayment with a work incentive award. Today, scholarship recipients in Southside and Southwest who work in the tobacco region following graduation are eligible to receive up to \$2,000 for each academic year in which they received a scholarship award, for a lifetime maximum of \$8,000.

The complete financial reports are available in each member's Board folder.

Clean Energy R&D Facility

Board discussion was held regarding the new R&D building and the primary objective with regard to the new building—to occupy the space with tenants. The Center's desire is to rent the entire facility to a single tenant, preferably an early-stage company creating jobs and innovation in the region—one that reflects the mission of the facility and the expectations of the Tobacco Commission. The building has generated a lot of interest, and has been shown to a number of potential tenants.

Clean Energy R&D Projects

Ed Rogers, Director, informed the Board of matters relating to R&D projects:

In order to distinguish the Director's work from the building itself, the *Clean Energy R&D* project has been rebranded as *Foundation Growth Ventures*. The new name also emphasizes the venture investment aspect of the work, reflects the project's connection to the Higher Education Center Foundation, and removes the idea that all projects are energy-related.

Since his last report, the R&D project has received approval for two more funding rounds from the Tobacco Commission, one for Optafuel for \$2 million, and one for Simmons Equipment for approximately \$1.2 million. Simmons, based in Tazewell County, VA, makes battery-powered coal haulers for underground coal mining for thin-seam coal.

Two other companies are in advanced stages of due diligence:

- *Electric Force Motors* – Makes a new type of motor and generator that uses an electrical field as opposed to magnetic fields; the company anticipates locating in Greensville County, VA, in the easternmost part of the Tobacco Region.
- *Radical Combustion Technologies* – Makes an insert for improving the efficiency of large compression engines that are run on natural gas and power natural gas through the interstate pipelines; company would be based in Tazewell County.

Mr. Rogers noted that the Center's R&D Project has received 10 grant allocations through the Tobacco Commission competitive process, and commended Dr. Fowlkes and her team, who have been instrumental in the process.

Discussion was held.

Public Comments and Special Remarks Commemorating the Service of Senator Puckett

Richard Settle, former Trustee, introduced himself and extended his congratulations on the new Energy Center.

Joe Johnson, Trustee *emeritus*, expressed his appreciation for all of the kind remarks he received at his last official meeting in December 2013.

Dr. Fowlkes told the Board that Senator Puckett had planned to attend the Board meeting, but had been asked to serve as a pallbearer at a funeral. She invited those who wished to honor him for his long service on the Center's Board of Trustees by writing comments and signing his name tent. It will be framed and presented to him in commemoration of his exceptional contributions to the success of the Higher Education Center.

Taking the lead, Dr. Fowlkes expressed her gratitude for Senator Puckett's leadership on the Board, having served as Chairman for two separate terms, as well as having been a key sponsor and proponent of legislation supporting the objectives and mission of the Higher Education Center during his tenure in the General Assembly.

Ed Rogers recounted his first encounter with Senator Puckett when he moved to Virginia. Mr. Rogers was attending a public hearing in Russell or Tazewell

County about something the Obama administration was trying to do about coal. He said that Senator Puckett strolled up to the microphone and gave a rip-roaring speech, and the whole crowd jumped to its feet and applauded. Mr. Rogers said he recorded Puckett's speech and gave him a copy of it later on when they met formally. Rogers said he was very impressed with someone who obviously was speaking from the heart and cared about his constituency—not just their votes, but actually cared about their families.

Ralph Byers joked that since Senator Puckett was a Hokie, he felt compelled to say a few words. Byers said Puckett had only recently told him about getting his master's degree when he was a teacher—driving three hours each way in the summer for his class. Puckett credited Professor Wayne Warner with much of his later success in life. Byers said that was a great testimony both to Puckett and to Dr. Warner and so many other people in that program.

Kevin Crutchfield stated that Puckett had been a good leader in the Senate and would certainly be missed. Much like Delegate Johnson, Crutchfield observed, if it was an issue that made sense with his constituency—whether a Republican issue or Democratic issue—he said you could count on Phillip to be behind it. He noted that Puckett was colorblind in that regard. Praising Puckett's integrity, Crutchfield said that is a quality everyone could aspire to. He recognized the need for more of Puckett's caliber in not only the State but the Federal government.

Ruby Rogers expressed appreciation for everything that Senator Puckett had done, and his strong support for education in southwest Virginia.

Closing Remarks

Chairman Crutchfield asked the Board members to note on the agenda the next meeting date, Thursday, December 11, 2014.

The Chairman declared the meeting adjourned.