

Southwest Virginia Higher Education Center
Board of Trustees
Minutes
June 4, 2009

Board Members/Designees Present: Senator Phillip Puckett, Senator William Wampler, Delegate Bill Carrico, Delegate Joe Johnson, Delegate Terry Kilgore, Billy Cannaday (UVA), Andy Casiello (ODU), John Dooley (VT), Susie Ellis, Marcia Gilliam (Virginia Community College System), Dan LaVista (SCHEV), Terry Mullins, David Prior (UVA Wise), Rosalind Reichard (Emory & Henry), Chris Robinson, Ellen Taylor (Radford), Lorraine Turner, David Wilkin (VHCC).

Board Members/Designees Absent: Delegate Dave Nutter, Kevin Crutchfield, Rex McCarty, Sean McMurray, Michael Puglisi (VI).

Others Present: Rachel Fowlkes, Joyce Brooks, Gerald Blankenship, David Chase, Andres Clarens, Courtney Conner, Connie Estep, Christine Fields, Anna Dishner Gamble, Bill Gamble, Debbie Hensley, Kathy Hietala, Jacob King, Penny McCallum, Steven Nape, John Quale, Mary Quillen, Kim Stewart, Sonia Vanhook, Jeff Webb, Brenda Wilson, Janet Williams, Susan Wilson, Alicia Young.

Call to Order

Senator Puckett welcomed everyone and called the meeting to order.

Special Recognition

Dr. Billy Cannaday, Dean of the School of Continuing and Professional Studies at UVA, introduced Anna Dishner Gamble to make a special presentation. Mrs. Gamble announced to the board a new scholarship created by a bequest of \$595,000.00 from the estate of her brother, Dr. Paul F. Dishner, to assist students who plan to become healthcare practitioners in an underserved rural area. The program will provide need-based loans and scholarships to students in the Post-Baccalaureate Pre-Medical Program of the University of Virginia's School of Continuing and Professional Studies in Charlottesville, with preference for students planning to serve the mountain regions of Appalachia, including (but not limited to) Southwest Virginia and Northern Tennessee. Health care careers include Medicine, Osteopathy, Chiropractic, Naturopathy, Nursing,

Pharmacy, Physical and Occupational Therapy, Dentistry, and Physician's Assistant.

A full-time, one-year program designed for exceptional college graduates who want to pursue medicine as their life's focus and work, it will enable students to obtain the necessary science prerequisites needed for successful medical school admission and a future career in medicine. Individuals with exceptional academic records who have neither fulfilled the pre-med prerequisites nor have a strong science background as an undergraduate may be eligible to apply for the scholarship. Dr. Dishner was a native of rural Duffield, Virginia, and one of seven children born to a poor but respected and hard-working family. The quality of his upbringing infused him with an absolute determination to succeed not only in making a living, but in making a difference. Through hard work and diligence, he completed pre-medical education at Virginia Polytechnic Institute and the University of Tennessee, and then received a medical degree from the University of Tennessee. Following service in the Air Force, Dishner practiced medicine briefly in Kingsport, Tennessee, before moving to California, where he developed an active private practice and also served as a clinical professor of medicine at the University of California, Irvine School of Medicine. Anna Dishner Gamble is a member of the Advisory Board for the University of Virginia's School of Continuing and Professional Studies.

Public Comments

There were no public comments.

Approval of Minutes

Minutes for the December 11, 2008 meeting were approved as written; motion by Delegate Johnson, seconded by Delegate Kilgore.

Financial Report

Christine Fields, Budget Director, gave the Financial Report.

Revenue Budget:

- Beginning with the FY09 Revenue Budget, Ms. Fields reminded the board that the Center had received a 10% reduction from the state in its General Fund appropriation. She informed them that the Center had recently received notification from the state that it could go ahead and prepay part of that cut for FY10. Due to careful management, the Center realized a savings in several line items,

allowing it to prepay \$150,000 forward to offset FY10 budget reductions.

- Non-General Fund Revenue items to note:
 - Motivated by the budget cuts the Center received, HEC staff decided to develop some income-producing events to help counteract the lost revenue. Two such special events, the Hunting & Fishing Expo and the Indoor Yard Sale, generated \$15,000 in revenue.
 - Ms. Fields extended appreciation to the College for Older Adults program director and staff, who exceeded projected revenue by around \$7,000.
 - Total Non-General Fund Revenue estimate for FY09 is \$650,000.
- Total Revenue, including Restricted State Revenue of ETF and Maintenance Reserve is \$2.5 million.

Operating Budget – Personal Services

- 5% savings in Administrative Support Personal Services, due to the R&D Director position that is currently in the selection process but has not yet been filled and, therefore, will require only about 6 months' salary instead of a full 12 months.

Total Personal Services Projected for Year End is \$1.4 million.

Operating Budget – Other Than Personal Services (OTPS)

Contractual Services:

- \$10,000 annual fee for Management Services provided by the Center's fiscal agent, UVA, was prepaid for FY10.
- As a result of the energy savings performance contract implemented by the Center, a decrease of 25½% was realized in the cost of utilities.
- Professional Development was reduced by 28%.
- \$5,000 was again prepaid to VHCC for use of the parking lot.

Projected Year End Savings - Contractual Services: 11%

Supplies & Equipment:

Projected Year End Savings - Supplies & Equipment: 3.5%.

Program Support:

- Arts Array participation prepaid to VHCC for FY10: \$5,000.

Total Reduction for OTPS was 20%.

Total Projected Operating Expenses for FY09: \$2.4 million.

Proposed FY10 Revenue Budget:

Total General Fund Revenues: \$3.1 million.

Total Non-General Fund Revenues: \$666,000.

Breakdown of Non-General Fund Revenue Projection – Items to Note:

1. Because of significant budget cuts suffered by all state agencies and institutions, the Center agreed not to increase Resident Fees for its college and university partners.
2. The Center plans to continue to develop its own conferences and events in an effort to offset budget cuts, projecting income of \$10,000 in FY10 from HEC Special Events.
3. Carryforward of Non-General Fund Estimated Balance from FY09: \$130,000.
4. Total Revenues of \$3.1 million reflect an increase of 20% from FY09 due to \$150,000 prepayment from FY09 to FY10, and the carryover of \$130,000.

Proposed FY10 Operating Budget:*Personal Services – Items to Note:*

1. Increase in Administrative Support resulting from planned July hiring of fulltime R&D Director.
2. Addition of a utility worker wage position resulted in an 8.5% increase in FY10 Proposed Operations and Conference Support budget.

Proposed FY10 Personal Services: \$1.6 million.

Contractual Services – Items to Note:

1. 13% increase in Utilities to cover additional expense for new addition and expected utility increases in FY10.
2. Funds added to Voice, Video, Data FY10 budget in anticipation of R&D project and for internet services.
3. Professional Memberships, Professional Development, Books and Subscriptions was also increased to support the R&D project and staff.

Proposed FY10 Contractual Services: \$647,000.

Supplies & Equipment – Items to Note:

1. A significant increase from FY09 to FY10 in Electronic/Computer & Equipment and Supplies due to the purchase of 2 videoconferencing units. Although ordered in FY09, the equipment will not be delivered/paid for until July (FY10).

2. Likewise, the Center ordered a vehicle in FY09, the delivery of which has been delayed into FY10. Both the vehicle and videoconferencing unit expenses are part of the carry forward in Non-General Funds.
3. Capital Projects & Building Improvements was increased to allow for renovation of the bookstore space as temporary offices for R&D Center staff until the new facility is constructed.

Proposed Supplies & Equipment for FY10: \$522,000.

Program Support Funds – Item to Note:

The R&D Center Director should be in place by July and will need some start-up funds, so there is a new line item for \$60,000 to support the operations of the R&D Center.

Proposed Program Support Funds for FY10: \$116,750.

Other – Item to Note:

Due to the possibility of additional budget cuts, 10% (\$215,500) of the Center's General Fund appropriation was placed in a contingency fund.

Proposed Other Funds for FY10: \$189,500.

Total Other Than Personal Services Proposed for FY10: \$1.4 million.

Following discussion, a vote was taken on the proposed FY10 budget. The budget was unanimously approved on motion by Delegate Johnson, seconded by Delegate Kilgore.

Ms. Fields introduced a resolution approved on behalf of the board by the Executive Committee at a called meeting held on March 31, 2009, to be made a part of the minutes. The resolution affirms the adoption by the Center's Board of Trustees and its agreement to abide by the covenants contained in agreements, documents and forms required by the Government to be executed in conjunction with a loan from the Government (United States of America, U. S. Department of Agriculture, Rural Development) to the Center for facility expansion. It further authorizes the execution by the Chairman of the Board of Trustees or the Executive Director of the Center of all documents required in obtaining the loan.

Executive Director's Report

Dr. Fowlkes expressed her profound gratitude to Anna Gamble, and especially her late brother Paul Dishner. Dr. Fowlkes told board members about Dr. Dishner's unerring support of the Higher Education Center over the years, including numerous gifts of stock. Because Dr. Dishner was so passionate in his desire for students from this part of the state to attend medical school, money from the sale of the stock was used to fund the Medical College Admissions Test (MCAT) preparation program for prospective medical students. This rigorous course was recommended by Dr. Ben Sturgill, a native of Wise County and Dean of Admissions at the UVA Medical School. He found that southwest Virginia had very qualified students, but that they typically did not score high enough on the MCAT entrance exam to be admitted into medical school. For many years Dr. Dishner's gifts funded the MCAT prep course. As a result, higher scores were realized and SW students were admitted to medical schools at UVA and all over the country. Dr. Fowlkes expressed gratitude for that gift, for Dr. Dishner's long-term relationship with the Higher Education Center, and for the scholarship announced today, which will make medical, pharmacy, nursing, physical therapy, and other rural health initiatives possible for many students who otherwise would not have the financial means.

Other items in the Executive Director's Report included:

- **Capital Project:** Dr. Fowlkes reported that construction of the new addition is on budget, on schedule, and, expected to be certified as a LEED Silver project. She expressed the Center's pleasure in its partnership with Train & Associates, architects for the project, and J. A. Fielden, the construction firm.
- **R & D Project:** Dr. Fowlkes requested the Board to entertain a motion to request the Virginia Community College System Board, on behalf of Virginia Highlands Community College, to convey a tract of land located on the west side of the Higher Education Center, where the R & D Center will be constructed, to the Higher Education Center upon completion of a survey to be obtained by the HEC. Delegate Carrico made the motion; it was seconded by Delegate Johnson, and unanimously passed (Marcia Gilliam and David Wilkin abstaining, as representatives of the entity currently holding title to the land).

Updates on the project:

- Two initiatives of the R & D Center will be to explore ways in which clean coal technology can be used for energy efficiency, and to

develop methods of consuming less electricity. Dr. Fowlkes told the Board that researchers from UVA are at the meeting, and will deliver presentations on two such possibilities. She said that Virginia Tech will deliver presentations on carbon capture and sequestration and other projects at the December board meeting.

- Selection of an architect is complete. Scott Hurst and Rodd Hall from Virginia Tech, Sim Ewing from UVA-Wise, Steven Givens from Johnston Memorial Hospital, and Eddie Sproles, Facility Manager for the HEC, comprised the search committee for the architect. The search resulted in 27 competitive bids from across the country; 6 firms were interviewed, half of whom were from southwest Virginia, and Train & Associates was selected as the architect for the project.
- Selection of a construction management firm is expected to be concluded in the near future, and together the architect and construction firm will complete the design/build phase of the project. Dr. Fowlkes said that she hopes to have final plans for the board's approval at the December meeting, and that ground can be broken and construction begun by late 2009 or early 2010. The Center's goal is to achieve LEED Platinum status with the R & D project.
- Selection for a Director is in the final stages. The search has been narrowed to 4 candidates who will be interviewed in the next couple of weeks.

- **Bookstore Relocation:**

In order to accommodate the R & D Center during the construction of the facility, additional space will be needed; therefore, the VHCC bookstore will be relocating to the main campus in the fall. The bookstore space will be renovated for temporary use by R & D Center staff and researchers while the project is under construction, after which it will be designated for another purpose. Dr. Fowlkes reminded the Board of the Center's critical need for additional space for faculty and staff, and referred them to the letter in their folders relating to the relocation of the bookstore.

- **Conference Services:**

Dr. Fowlkes discussed the Conference Services reports, addressing the decline in revenues, events and participants since 2006, when the Center had its highest number of events and participants and greatest revenues. She explained that the gradual decrease during the ensuing years could be attributed to a number of factors. One of the most significant changes was the hiring of an in-house caterer in

2006. World Classics Catering leased the Center's catering kitchen for approximately \$60,000 per year. Whereas in the past the Center had provided food and beverage service for breaks and refreshments, etc., for which the customer would pay the Center, now those services would be provided by World Classics Catering and they would receive that income. Another important factor contributing to the decrease has been the number of new venues that have opened in the area that provide a measure of competition for the HEC with regard to meeting space and the ability to choose from a variety of caterers. New venues providing meeting space include the small business Incubator, the train station in Bristol, the Lebanon technology center, the Galax center in Carroll County, and the Wytheville center, for example.

Dr. Fowlkes did note, however, that the Center's enrollment numbers are up, with a record-breaking number of classes in the building over the past spring, and a huge number of graduates for the annual graduate recognition ceremony in May. She praised the colleges and universities for their hard work, and noted a new VCU program at the HEC—a Master's program in pastoral care for ministers and hospice workers and hospital chaplains. She explained that the Center has a desperate need for a bachelor's program in hard sciences—chemistry, biology, environmental science—and encouraged the Center's partner institutions to try to add a hard science program to their offerings.

UVA Research Initiatives

University of Virginia faculty spoke about two possible projects for the new R & D Center. Andres Clarens, Assistant Professor at UVA's School of Engineering and Applied Science, presented a proposal for energy production through algae cultivation, and John Quale, Assistant Professor of Architecture at UVA's School of Architecture, gave a presentation on the ecoMOD Project, a collaborative proposal for energy conservation by the Schools of Architecture and Engineering.

Board Discussion

Following some brief general discussion of the R & D Center, Center graduates, expressions of appreciation to the Dishner family, and other matters, the meeting was adjourned.