

**Southwest Virginia Higher Education Center
Board of Trustees
Minutes
June 5, 2008**

Board Members/Designees Present: Senator Phillip Puckett, Senator William Wampler, Delegate Joe Johnson, Delegate Terry Kilgore, Delegate Dave Nutter, Anne Shumaker (VI), Ralph Byers (VT), Marcia Gilliam (Virginia Community College System), Terri Reddings (ODU), Rosalind Reichard (Emory & Henry), Chris Robinson, William Mowry (UVA), David Prior (UVA Wise), Raymond Linville (Radford), David Wilkin (VHCC), Susie Ellis, Terry Mullins.

Board Members/Designees Absent: Delegate Bill Carrico, Kevin Crutchfield, Dan LaVista (SCHEV), Rex McCarty, Sean McMurray, Lorraine Turner.

Others Present: Rachel Fowlkes, Joyce Brooks, Gerald Blankenship, Karen Castelle, Courtney Conner, John Dooley, Connie Estep, Sim Ewing, Christine Fields, Blue Gotham, Debbie Hensley, Kathy Hietala, George Hiller, Susan Jackson, Jacob King, Penny McCallum, Mary Quillen, Betty Reiff, Eddie Sproles, Kim Stewart, Ellen Taylor, Sonia Vanhook, Jeff Webb, Janet Williams, Brenda Wilson, Alicia Young, James Groves, Clark Phipps, Steve Givens, Ed Bice.

Welcome and Introductions

Senator Puckett welcomed everyone and called the meeting to order. Those present introduced themselves.

Public Comments

There were no public comments.

Approval of Minutes

Minutes for the December 13, 2007 meeting were approved as written.

Financial Report

Christine Fields, Budget Director, presented the Financial Report, highlighting the following:

Projected FY08 Year End Budget Revenues:

- 1) The Center will exceed projected Non General Fund revenues by \$20,000. Betty Reiff, Director, the WALL (Weekend Adult Lifetime Learning) program generated \$9,000 more than projected.
- 2) The COA (College for Older Adults) program, directed by Blue Gotham, exceeded its revenue target by \$6,000.
- 3) The Center generated \$10,000 in commissions from World Classics Catering for off-site catering events.
- 4) Total General Fund and Non General Fund Revenue projected year end: \$2.8 million.

Projected FY08 Year End Budget Expenses:

- 1) Personal Services is \$92,000 less than budgeted due to the hiring freeze. Although the Center received approval from the Secretary of Education to hire a fulltime R & D Director, the position has not been filled.
- 2) New line item under Services—Treasury Financing. The Center has signed a performance contract with an energy savings company, and will spend \$75,000 in FY08 to buy down the contract, the total cost of which will be approximately \$887,000. Included in the contract will be occupant sensors in all classrooms to control the lights and HVAC, lighting throughout the Center will be changed from T12 to more energy-efficient T8 lamps, low flow on all water-consuming fixtures, and variable drives on the circulating pumps in the HVAC system
- 3) Supplies and Equipment: As a result of the savings realized, the Center was able to upgrade some of the IT in the facility, including a new back-up tape system, new software for the phone system, new projectors, and network support services. In addition, a new electronic sign will be installed at the entrance to the campus of the Community College and the Center, either in June or July. Custom cabinets for storage have been added, and a new wall constructed in the back of the café to allow the caterers better access to the holding kitchen. Additional tables and chairs have been purchased for the building. Supplies and Equipment projected year end: \$618,000.
- 4) Program Support Funds: No significant changes.
- 5) Other: \$125,000 was budgeted for contingency, and that was put back into the budget in order to complete all of the upgrades throughout the year.
- 6) Total Expenses projected year end: \$2.8 million.

Proposed FY09 Revenue Budget:

- 1) Thanks to the legislators, the Center received an additional \$125,000 General Fund operating dollars. Unfortunately, because of the state of the economy, it also received another 1.5% budget reduction in the General Fund appropriation. Total Proposed FY09 State Revenues: \$2.7 million.
- 2) There is a decrease in the Higher Education Equipment Trust Fund from \$52,000 in FY08 budget to \$30,000 for FY09—a significant decrease.
- 3) Total Proposed: \$2.8 million.
- 4) Breakdown of Non-General Fund Revenue Projection: Resident partner fees were increased by 4% for FY09. The increase is based on the signed MOU that allows the Center to increase fees by the CPI not to exceed 4%.

Proposed FY09 Operating Budget:

Personal Services Proposed FY09 Budget reflects an increase resulting from the anticipated hiring of a fulltime R & D Director, as well as fulltime annual salaries for individuals who were hired during FY08. Total Proposed: \$1.6 million.

Proposed FY09 Services Budget:

- 1) Treasury Financing: The first year payment will come into effect in FY10. Although the changes the changes and replacements will be implemented beginning in FY09, the Center will not begin to realize the savings until FY10. Total Proposed: \$675,000.
- 2) Supplies and Equipment Total Proposed: \$401,000--a decrease due to one-time expenses in FY08.
- 3) Program Support Total Proposed: \$73,000.
- 4) Other: The Center established a contingency fund of \$107,000 (5% of its General Fund appropriation), and that money will be used for various projects throughout the Center.
- 5) Although the Capital Project will commence in August, the full amount has still been projected for Conference Services. In the event that construction interferes with or prevents Conference Services events and creates a shortfall in revenues, the savings in the Contingency Fund will cover the shortfall.
- 6) Total Proposed FY09 Expense Budget: \$2.8 million.

Center Grant Funds:

Ms. Fields reported that the Center received \$450,000 in ARC grant funds to be used toward construction of the new addition to the building.

Following presentation, it was moved, seconded and unanimously approved that the proposed FY09 budget be adopted.

Foundation Report

Board member Susie Ellis reported on action taken at the Foundation Board meeting held earlier in the week:

- Election of Officers: Rachel Fowlkes, Chief Executive Officer; Christine Fields, Secretary-Treasurer. Other Board members are: Delegate Joe Johnson, Marcia Gilliam, Sean McMurray.
- Woods Consulting Group proposed the Foundation By-Laws and Policy Statement, which were reviewed and discussed, and approved by the Foundation Board. Ms. Ellis noted that the approval of the Center's Board of Trustees would also be necessary.
- Woods Consulting Group has filed the Articles of Incorporation for the foundation, and the next step will include filing the 501c3 Application for Tax-Exempt Status and requesting a taxpayer identification number.
- The next step for the Board will be to develop a mission statement and define the foundation's goals. Ms. Ellis explained that the foundation's role in fundraising activities will be to raise money to fund actual programs and future projects that are on the table, as opposed to fundraising simply to bankroll money for undefined projects. The foundation recognizes the need for sensitivity to its role as part of the larger Board of Trustees of the Higher Education Center, and does not intend to compete for the same funds as the Center's partner colleges and universities.

In closing, Ms. Ellis said that the Foundation Board would be growing and considering new members in the near future, and asked the Center's Board of Trustees to adopt the by-laws and policy statement for the foundation to continue on its plan of action.

Following the report, it was moved, seconded and unanimously approved that the proposed Foundation by-laws and policy statement be adopted.

New Program Initiatives

PRODUCED in Virginia

Dr. James Groves, Assistant Dean for Research and Outreach in the School of Engineering and Applied Science at the University of Virginia, spoke about PRODUCED in Virginia. Dr. Groves, who has served as Director of the distance learning program for UVA's School of Engineering for the last

12 years, said that the program has been focused on graduate engineering at the master's degree level for many years. Additionally, Dr. Groves served as UVA's Director of the Commonwealth Graduate Engineering Program (CGEP), a program supported by the General Assembly that allows UVA and four other engineering schools in the state to provide master's degree courses and degree opportunities by distance learning throughout the state. He said that, for the past six years, he has traveled across the state working to raise awareness of the program. During the course of his travels, Dr. Groves repeatedly received feedback indicating that, while the CGEP is a wonderful opportunity for citizens in the community to earn a master's degree in engineering, the program did not really fit the needs of Southwest and Southside Virginia, because prospective students in those regions first needed to earn a bachelor's degree. In an effort to develop a program to address the educational and employment needs in those regions, Dr. Groves conducted considerable research with employers such as CGI-AMS, Northrop Grumman, Alcoa, Alpha Natural Resources, and Consol Energy. As a result, the PRODUCED [Providing Undergraduate Connections to Engineering Education] in Virginia concept was developed as a low-cost access pathway for residents to technology and engineering education and workforce opportunities, and UVA is looking to partner with the community colleges and UVA-Wise in implementing the program in the region. Support from and participation by the Virginia Community College System is critical to the success of the program, since the concept begins at the community college level, where the first step for students is to earn an associate's of science in engineering or equivalent degree. Once they receive the associate's degree, students will be able to remain in the community and take all of the third and fourth year undergraduate classes necessary to earn their Bachelor of Science degree in Engineering Science from the UVA Engineering School. Dr. Groves explained that Engineering Science is an interdisciplinary degree that has a number of advantages that will lend themselves to this program. It builds seamlessly on the associate's of science degree at the community college systems. It is flexible, and flexibility in the program is also critical to its success. Since different communities have different engineering needs, and because the program combines technical minors, it can more easily customize degrees to the local interest and needs of the individual communities. In the final year, in addition to the standard research thesis that all undergraduates complete, there is an advanced project (6 course credits) that students would ideally conduct in cooperation with companies in the area, earning valuable hands on study experience prior to the completion of their degree. A pilot program began in Lynchburg in August, 2007, with an

enrollment of over 120 students, and the participation on some level of nearly a dozen companies in the area—another critical component to the success of the program, and a model Dr. Groves hopes to replicate as UVA rolls out the program in Danville and southwest Virginia.

Clark Phipps with Alcoa spoke as a representative of an informal consortium of employers in the area—Alpha Natural Resources, Consol, Alcoa, Thompson Litton, and others—who believe that such a program is needed in southwest Virginia. Mr. Phipps said that he has spent the last 25 years in business, much of that time as a scout for places to either locate new business or expand existing business, and that the most critical piece of that decision is the talent in the area. Although buildings, land, and infrastructure are necessary and important, the most critical part of sustaining, growing or bringing in new business is talent. Especially now, technical talent is ultra-critical, and PRODUCED in Virginia is a golden opportunity to take a proven method and product and bring it to southwest Virginia to grow the technical talent pool of the region, and provide opportunities for individuals who do not wish to leave the area, but would be dynamite engineers. On behalf of other employers in the region, Mr. Phipps asked for the support of the Board for the PRODUCED in Virginia program.

Dr. Wilkin added that, through a statewide agreement between UVA and the VCCS, graduates of the 2-year program are guaranteed admission to UVA in their engineering program, provided that they make the grade. Based on that, VHHC has already announced that it has the first two years of a UVA engineering program. Dr. Groves confirmed the articulation agreement between UVA and the Community College System.

Physical Therapy & Occupational Therapy

Dr. Raymond Linville, Dean of the Waldron College of Health and Human Services at Radford University, spoke of the need for health care in southwest Virginia, particularly in the areas of physical therapy and occupational therapy. According to the State Council of Higher Education in Virginia, individuals age 65 and over live primarily in southwest Virginia. Because of the hilly terrain and winter climate of the area, it has one of the nation's highest rates of hip fractures in the country due to elderly individuals slipping on ice and falling. Coupled with that, the region also has one of the nation's longest periods of stay for rehabilitation, compounded by obesity, hypertension, and traumatic brain injuries. All these factors combined demonstrate a great need for health care providers with rehabilitation specialties. The Governor and General

Assembly have recently approved two programs developed by Radford University—a doctorate in Physical Therapy and a master's in Occupational Therapy. Dr. Linville referred the Board members to information provided in the Board folders. The University is currently seeking faculty for both programs.

Steve Givens, Chief Operating Officer of Johnston Memorial Hospital in Abingdon, spoke about the demand for PT and OT services at Johnston Memorial and throughout southwest Virginia, now and into the future. JMH uses physical therapists both in its home health area, which is also growing rapidly, and in its large outpatient center. In some instances they have struggled, especially in the physical therapy area, where at times it has taken more than a year to find qualified staff to fill positions. Having these programs in southwest Virginia where they are very accessible to students would be tremendously beneficial to health care providers in the region, and JMH hopes to form a clinical affiliation with Radford University to bring and keep students here.

Dr. Wilkin added that last year community colleges in southwest Virginia partnered for a Department of labor grant, and were successful in receiving \$2.2 million to expand the associate degree level health care training, which includes programs in Physical Therapy Technician and Occupational Therapy Technician, the technical staff that would work for Physical and Occupational Therapists. VHCC is currently developing a lab for those programs, and would work to partner with Radford University on these two important programs.

Senator Puckett observed the cooperative effort taking place among the colleges, universities, hospitals, and businesses to provide these critically needed educational/occupational opportunities for citizens in the southwest Virginia region.

Executive Director's Report

Dr. Fowlkes requested the Board's approval for the Center's Continuity of Operations Plan (COOP), which addresses levels of emergency, essential functions in an emergency, order of succession, where the Center would locate offsite if the building was damaged, etc. The Plan had to be submitted to Richmond by June 2nd; therefore, Dr. Fowlkes requested retroactive approval by the Board.

It was moved, seconded, and carried that the Continuity of Operations Plan (COOP) submitted to the state be accepted.

Dr. Fowlkes also requested the Board's approval of a proposal the Center plans to submit to the Virginia Tobacco Commission Special Projects Committee for the proposed Clean Energy R & D Center. She referred the Board to their Board folders for information about the proposed Center, and presented a brief overview. In December, a committee was formed for the purpose of looking at issues related to clean energy research and development. A firm was engaged to conduct an economic impact study and form a business plan for a clean energy R & D center. That plan, along with a plan from the Institute of Advanced Learning in Danville and a project in Lynchburg that deal primarily with nuclear energy, were submitted to the Tobacco Commission's Executive Committee for consideration, and subsequently to the Full Commission earlier in the spring. The Tobacco Commission approved the construction of 5 energy centers—3 for Southside Virginia and 2 for southwest Virginia. The next step will be to submit a proposal to the Special Projects Committee to be considered sometime in July, and then by the Full Commission later in July. The Center hopes to be selected as the site for the Clean Energy R & D Center. With funds from the \$400,000 Tobacco Commission planning grant, an architectural firm was engaged to develop conceptual drawings for the proposed R & D Center (included in the Board's folders). The R & D Center would be located on the west end of the Higher Ed Center, adjacent to the Tiered Executive Auditorium. Dr. Fowlkes asked for the Board's approval to submit a request to the Tobacco Commission Special Projects Committee for funding for the R & D Center.

It was moved, seconded, and carried that the submission of a request to the Tobacco Commission Special Projects Committee for funding for a Clean Energy R & D Center be approved.

Updating the Board on the Center's Capital Project, Dr. Fowlkes reported that construction bids will be accepted on July 8th, interviews with construction firms will take place on July 17th, and groundbreaking is anticipated around September 2nd. Construction is expected to take approximately one year, and could result in possible revenue losses, because portions of the Grand Hall will have to be closed from time to time during the renovation.

Dr. Fowlkes referred Board members to their folders for the Conference Services Report. She noted that there were 43 fewer events this year than last, due in part to the Center's decision to decrease the number of non-paying clients. She pointed out the increase in corporate clients, in

addition to state and federal government clients. She thanked JMH and Alpha Natural Resources for holding events at the Center, as well as its other corporate clients. Dr. Fowlkes acknowledged that the Center has actually helped create competition for itself by assisting other projects to get underway, such as the new center in Wytheville and the Technology Center in Lebanon that UVA-Wise is managing. Additionally, many non-profits and K-12 groups are now using the incubator because it is less expensive than the HEC.

Other highlights of the Executive Director's Report:

- The Center is planning to host some events in the new fiscal year, beginning with a Hunting & Fishing Expo on September 20-21, 2008.
- Dr. Fowlkes called the Board's attention to the Enrollment Report contained in their folders that lists all of the courses offered by the Center's college and university partners. She thanked the partners for the great work that they all do.
- Dr. Fowlkes expressed appreciation to Blue Gotham, Director of the College for Older Adults, and Betty Reiff, Director of the WALL program, for their leadership of those programs, both of which continue to grow.
- Training opportunities for Center staff included VISTA training and Microsoft Office classes; Kevin Triplett from Bristol Motor Speedway presented "How to Exceed Customer Expectations"; Bob Meadows, formerly with VT Extension, will lead staff development on June 6; and some IT staff members will participate in Cisco training.
- Dr. Fowlkes thanked the legislative delegation for the resolution that was passed by the General Assembly recognizing the Center's 10-year anniversary (a copy of which is included in the Board folders).
- A program listing the names of graduates honored at the Center's Graduate Recognition Ceremony in May is included in the Board folders.
- Former President Bill Clinton made a campaign appearance for Hilary Clinton at the Center earlier in the spring, and Governor Kaine was at the Center in mid-May.
- In closing, Dr. Fowlkes expressed appreciation to the Foundation Board and the Center's Board of Trustees, and gratitude for Delegate Johnson's good health report.

Other Business

Before the meeting was adjourned, Board member Chris Robinson congratulated George Hiller, Director of International Business and Education, on the award the program received from the Department of Commerce.

Having no further business, the meeting was adjourned.