Minutes
Coastal Carolina University
Board of Trustees

Finance, Planning & Facilities Committee
E. Craig Wall Sr. School of Business Administration Building, Boardroom
Thursday, October 10, 2013

Members of the Committee Present: Ms. Natasha M. Hanna, Mr. Carlos C. Johnson, Mr. Eugene C. Spivey and Mr. William E. Turner

Member of the Committee Not Present: Mr. Williams S. Biggs

Other Board Members Present: Dr. Larry L. Biddle, Mr. Samuel H. Frink, Mr. D. Wyatt Henderson, Mr. Marion B. Lee, Mr. Charles E. Lewis, Mr. William L. Lyles Jr., Mr. Daniel W. R. Moore, Sr., Mr. George E. Mullen, Dr. Oran P. Smith and Mr. Robert G. Templeton

Others Present: Ms. Sandra A. Baldridge, Ms. Carolyn S. Bender, Ms. Stacie A. Bowie, Dr. J. Ralph Byington, Dr. Adam Chamberlain, Ms. Lori G. Church, Dr. Debbie Conner, Ms. JoAnna Dalton, Dr. David A. DeCenzo, Mr. Edgar L. Dyer, Ms. Martha S. Hunn, Mr. Mark Kelley, Ms. B. J. Landrum, Dr. Steven J. Madden, Mr. Timothy E. Meacham, Ms. Jennifer Packard, Mr. William W. Plate Jr., Chief D. David Roper, Ms. Sharon A. Sluys, Ms. Chyrel Stalvey, Mr. Gregory T. Thompson, Mr. Gregory W. Thornburg, Jr., Mr. John Vrooman and Ms. Sandra W. Williams

(In accordance with the requirements of the South Carolina Freedom of Information Act, the news media were notified of the time, location, and agenda of the meeting. Ms. Vicki Grooms of The Sun News and Ms. Heather Gale of The Horry Independent were present.)

Vice Chairman Carlos Johnson brought the Finance, Planning & Facilities Committee meeting to order at 2:15 p.m.

Will Turner made a motion to approve the Finance, Planning & Facilities Committee meeting minutes of July 18, 2013. Natasha Hanna seconded, and the motion carried unanimously.

Stacie Bowie presented the final year-end financial update for fiscal year 2012-2013 by explaining that actual undergraduate tuition came in slightly below budget due to a loss on out-of-state distance learning tuition which was reduced to the in-state rate. Graduate tuition came in
over budget by $600K, and, including the one million dollars for the new research vessel, total revenue was up $1.7M. The carry forward from last year of $5.5M was used so as not to increase in-state tuition. Operating expense came in slightly lower than anticipated due to attrition and slower-than-anticipated new hiring, as well as decreases in dual employment and special pay. However, fringe benefits rates continue to increase, now equaling 31.2% of salaries when including extension of benefits to time-limited employees. In addition, one million dollars previously set aside last year for the new research vessel will be rolled forward into this year. Two and a half million dollars that was set aside for renovation reserve has been reallocated out to the regular repair and maintenance account. As a result of higher revenue and lower expense, $5.5M, or a contingency of 4.5%, was rolled forward. A minimum of 3% is desired.

The Audit Results for CCU, CAF, CHF/SHF and CEF were discussed earlier during the Audit Committee Meeting.

The Financial Projections for 2013-2014, anticipated to be up 1.4%, is nonetheless expected to come in slightly below budget for undergraduate tuition because projected growth is based on the percentage growth for the previous year, which was low. However, once news spreads regarding in-state tuition rates for out-of-state students taking online courses, the summer numbers should result in an increase in tuition. Graduate enrollment is up 9.4%, and a 10% increase in graduate tuition revenue is expected. State appropriations came in at $9,116,000, 7.2% of the University operating budget, and less than 5% of the overall State budget. It is anticipated that operating expense would be at budget at this point, but once the marine vessel expenses have been charged and $2.5M has been assigned to Renovation Reserve, only $2M, or 1.6%, can be allocated to contingency. As previously stated, a minimum of 3% is desired. It is hoped that expenses can be held at bay so as to achieve the 3% contingency figure by the end of the fiscal year.

**Oran Smith moved to renew the one-year lease, renewable for three more consecutive years, of 13,700 sq. ft. of warehouse space at 470 Allied Drive from Forum Development at an annual lease amount of $92,475 or $6.75/sq. ft. Turner seconded, and the motion passed unanimously (Motion 13-42).**

Storage space in general remains an issue, and the University continues to work on how to address it.

**Turner moved to renew a one-year lease, renewable for four more consecutive years, of the real property comprising 14.66 acres, commonly known as 900 79th Avenue North, Myrtle Beach, S.C., and the building containing approximately 42,200 GSF situated on the land and all related fixtures and appurtenances at an annual lease amount of $100,000 or $2.37/sq. ft. (Motion 13-43).**

Discussion ensued, during which Hanna expressed the opinion that the appearance of the 79th Avenue Site should be improved and questioned its level of use. David DeCenzo stated that any site changes had to be approved by the City of Myrtle and that has been problematic in the past. Ralph Byington responded that there is high usage at certain times of day and evening at the site. Gene Spivey feels that the appearance should be improved if the University continues to use the
site. Larry Biddle noted that the 79th Avenue location is prime Myrtle Beach real estate. With proper signage and branding, the University should obtain high visibility in the area.

Hanna made a motion to table the lease at 79th Avenue pending submission of a report on utilization and evaluation on return on investment by Byington or his designee to the Board of Trustees, and until no later than the Board of Trustees’ meeting on December 13. Spivey seconded, and the motion carried unanimously (Motion 13-43).

Smith moved to approve the renewal of a one-year lease, renewable for three more consecutive years, of 10,000 sq. ft. of warehouse space in the Atlantic Center from Fountain-Fuller of SC for University Housing at an annual lease amount of $67,001.76 or $6.70/sq. ft. It was clarified that this is for University housing storage and a workshop to repair housing items. Hanna seconded, and the motion carried. (Motion 13-44).

Bowie introduced the motion to approve the addition of $6M to the anticipated cost for the Singleton Building renovation, total cost not to exceed $10M (Motion 13-45).

The Committee and members of the Board expressed concern that the renovation cost started out at $3M, was later increased to $4M, and now increased to $10M. Bowie replied that the Singleton Building has not been completely renovated since it was built in 1962 and that more than a cosmetic renovation is required. Originally, only new flooring, paint and electrical work was scheduled for the building. As plans moved forward, other concerns became apparent, such as asbestos and mold removal, the addition of new HVAC, adding two working elevators, and, a safer environment for the executive staff. In order for the job to be done right, the building would need to be gutted, some load-bearing walls would have to be removed and perhaps a stairway added, the idea being that Singleton does not only need repair, but also renovation to suit its purpose. To this point, executive and administrative offices have adapted to the building, originally set up as classrooms, rather than the reverse. At many universities, the president’s office is located upstairs and equipped with the ability to seal off the area in the interest of improved safety. DeCenzo remarked that the general consensus seems to be that moving the President’s office out of the Singleton Building would not be well received. Biddle suggested that, because of its significance to the University and the Conway area, eligibility of the Singleton Building for inclusion on the historical register should be investigated. Grants are available for preservation of historic buildings. Eddie Dyer replied that application for historic status had deliberately been delayed in order for the renovations to be completed without the severe restrictions that would be imposed once historic status has been conferred. When questioned, Bowie explained that funding for the Singleton renovation would most likely come from Renovation Reserve, but that revenue from the Penny Sales Tax and from the ICPF could also come into play depending on the timing of the renovation in relation to the completion of other capital projects on campus.

Wyatt Henderson asked if other projects that are called for in the campus master plan would be delayed by extensive renovation of the Singleton Building. Bowie replied that funds are projected to be available for all capital projects as recommended by the master plan.
After further discussion, Board of Trustees Chairman Henderson appointed Oran Smith to chair a Singleton Building Feasibility Renovation Ad-hoc Committee including Larry Biddle, Natasha Hanna, George Mullen, and Gene Spivey, to review the Singleton Building renovation and to report back to the Board at the December meeting. Because the Horry County Higher Education Commission owns the building, Dyer wanted them included on the committee and Henderson agreed.

Spivey moved to provide a $5,000 Trustees’ Award for accelerated degree completion to all first-time freshmen for successful completion of any degree program in three years with all credits earned at CCU, excluding those credits earned in high school that transfer to the University. Turner seconded, and the motion passed with one “nay” voted by Hanna (Motion 13-46).

The concept of these programs, Degree in Three (undergraduate) and Get More in Four (master’s degree), is designed to attract highly motivated, high-achieving students, to increase revenues and facility usage during the summer, and to improve retention and graduation rates. Because all coursework will have to be completed at CCU, student transfers should also decline.

Hanna moved to request approval to seek an additional $3M in General Funds (State Appropriations) for the University’s 2014-2015 budget so as not to increase in-state tuition for the third year in a row. Spivey seconded. The motion passed by acclamation (13-47).

Bowie gave an abbreviated Capital Projects update, listing Swain Hall, Baxley Hall renovations, Lackey Chapel parking lot, and the Public Safety Building as finished projects. Completion of the Public Safety Building will free up the Atheneum for renovation. Copies of an article from Living by Design named the University’s Clay D. Brittain Jr. Hall an Outstanding Project for 2013 were distributed to the Board.

Bowie announced that the University is moving forward with plans to institute a smoke-free, tobacco-free campus policy in the fall of 2014. Along with this program, smoking cessation classes and other assistance will be offered to those University students and employees who seek help to quit tobacco in any form.

The annual P-card rebate has been received and totaled $41,569 this year.

The second phase of the Elvington University Housing project is scheduled to move forward in January or February 2014. Wireless expansion and capability on campus continues to improve.

There being no further business to discuss, Johnson moved to adjourn the meeting at 3:42 p.m. and Spivey seconded. The motion passed unanimously.

Respectfully submitted,

JoAnna Dalton and Chyrel Stalvey
for Dr. Larry L. Biddle