Vice Chair Carlos Johnson brought the Finance, Planning & Facilities Committee meeting to order at 12:57 p.m. Chairman Bill Biggs could not be in attendance.

Mr. Johnson moved to approve the Finance, Planning & Facilities committee meeting minutes of October 25, 2012. Mr. Will Turner seconded, and the motion passed unanimously.

Ms. Stacie Bowie reported the closing of the $54M Higher Education Revenue Bond Issue Series 2013. The proceeds will be used to construct Phase I of the Elvington Housing Project. The excellent ratings awarded the issue by Fitch Ratings (A+) and Moody’s (A1) resulted in a significant cost savings in debt service over the life of the bonds which, in effect, saves our students money on housing. Our financial stability and the participation of Board Chairman Wyatt Henderson, President David DeCenzo and Executive Vice President Edgar Dyer at the
ratings meetings all contributed to the high ratings. While the initial projected debt service, even with an A1 rating, was a 4.24% average coupon with a true interest rate of 3.47% for a total of $82.6M debt service, the actual true interest rate came in .23% lower, yielding a debt services savings of $2.5M. This reduction can, in part, be attributed to the strategic decision to offer the bonds in January, since most bond issues mature in December, and to our favorable reception in the market.

Almost simultaneously with the University bond issue, the Horry County Higher Education Commission (HCHEC) put forth a private placement sale of $6M worth of bonds and received a rate of 1.93%. The market responded slightly more favorably to the Commission issue because the HCHEC is backed by Horry County property taxes.

Ms. Bowie reported that a letter has been sent to Coast RTA notifying them that the University will be assuming responsibility and control of the on-campus shuttle service. No new RFP will be issued to them when the current contract expires on August 13, 2013. Instead, approval has been received from State Fleet to purchase the trolley buses needed to bring this project to fruition. An additional request has been submitted to the State Fleet for three backup buses, and a buyer has been assigned in Columbia. The RFP will stipulate that if the buses cannot be delivered by August, the vendor would supply temporary buses for University use. Assuming control of the shuttle service will allow the University to hire its own drivers. As state employees, the drivers will be subject to background checks and security screenings. Consequently, the University takeover of the shuttle system will result in improved service and security for and responsiveness to our students.

Though the faculty/staff/student ratios report was reviewed in the Academic & Student Affairs Committee meeting earlier in the day, Ms. Bowie asked if there were further questions on the subject, to which the response was in the negative.

The HTC Center, which was required to earn LEED Silver status, has achieved the superior LEED Gold ranking.

Only three projects included in the Campus Master Plan have not been initiated: an academic building, including food service space, to be located on the opposite side of the Wall Building; second annex to the Student Center; and, classroom/office building sited adjacent to Blanton Park between the Atheneum and the Singleton Building.

The following capital projects are in progress:

- **Penny Hall I** would be completed tomorrow (February 22), at which point the Board of Trustees would be given a tour of the new building. Included in the tour, of course, would be the recently opened Einstein Brothers Bagels shop, the 100th Einstein Brothers Bagels to be opened on college campuses by Aramark. A grand opening celebration was held and was attended by corporate executives from both Aramark and Einstein Brothers Bagels. The campus community has been very excited about the new venue, and business has been brisk.
• **Kenneth E. Swain Hall** is moving along nicely with expected substantial completion by March 2013.

• Adjacent to the Student Health Center, the new **Public Safety Facility** will be finished this summer. Once the department has moved into the new building, renovation of Atheneum Hall can begin.

• **Softball/Baseball Stadium improvements** are expected to break ground mid-March 2013. A first base deck with roof had to be eliminated from the original RFP, but once the bids came in, it was possible to restore it to the project. Finishing of the interior of the building, however, will have to be handled internally.

• The **Student Center** is expected to be completed during the summer of 2014 prior to the start of the fall semester. Funds obtained via the previously mentioned HCHEC bonds will provide assistance for construction of this building.

• The **Central Cooling Facility** is almost finished, with substantial completion expected during February 2013.

• Currently in the design phase, construction of **Science Annex II** is anticipated to begin in February 2014 and to be completed by December 2015. Approval to move forward will be sought at the Joint Bond Review Committee meeting in late February 2013.

• The **parking lot behind Lackey Chapel** (approximately 500 spaces) is under construction, with completion expected May 2013. Mr. Dyer is working with the highway department, assisted by Senator Raymond Cleary and Representative Liston Barfield, to persuade SC DOT to approve installation of a traffic signal, or at the very least, a raised traffic calming device, at the intersection of University Boulevard and University Drive to aid in ensuring student safety. The DOT appears to be cognizant of the importance of this issue.

• The new **Tennis Complex** was discussed earlier during the Athletics Committee meeting.

• In March of 2013, work on the site package for new **Student Housing** construction is scheduled to commence. Once both houses on the Elvington property are torn down and progress is made on the site package, an RFP for bids for the construction of the first 600 beds, the Head House, and one additional building will be issued.

• **Renovation of the Singleton Building** is planned to commence in Summer 2014.

• **Atheneum Hall** renovation is scheduled to begin this fall once the Department of Public Safety has relocated to its new building.

The committee reviewed the Capital Projects Update Report for all projects currently under construction, those which are in the design phase, those which are in the pre-design phase, those which are funded and from what source, and those which are unfunded. No questions were forthcoming.

**Motions for renewal of annual leases with the Coastal Educational Foundation** were then brought before the committee. Mr. Gene Spivey moved to approve, Mr. William Turner seconded, and the committee approved the following motions, all at the same lease rates as the previous year.

• **Renewal of one-year lease of the Athletic Parcel, approximately 25.89 acres, at $80,000 per year.** (Motion 13-1)
• Renewal of one-year lease of the University Housing Parcel, approximately 16.66 acres, at $50,000 per year. (Motion 13-2)
• Renewal of one-year lease of the Wheelwright Auditorium/University Boulevard Parcel, approximately 7.97 acres, at $25,000 per year. (Motion 13-3)
• Renewal of one-year lease of the Academic Core Parcel, approximately 22.16 acres, at $65,000 per year. (Motion 13-4)
• Renewal of one-year lease of the soccer field and surrounding area (Parcel 31) at $24,000 per year. (Motion 13-5)
• Renewal of one-year lease for the parking lot area and green space located on University Boulevard between Baxley Hall and Highway 501 at $24,000 per year. (Motion 13-6)

Mr. Spivey moved to approve the renewal of one-year lease of 10,000 square feet of warehouse/storage space in the Atlantic Center from Fountain-Fuller of SC for University Housing at $65,688 for year 3/1/13 – 2/28/14. (Motion 13-7) Mr. Turner seconded, and the motion passed, subsequent to some discussion of the sort of items being stored and whether it was cost effective to keep the equipment/material as opposed to selling or disposing of it. Mrs. Bowie explained that extra beds and bedroom furniture, etc., for University Housing comprises the majority of the items stored, and these articles are used and needed.

Ms. Natasha Hanna felt that the rental charge was excessive for warehouse space. Mr. Steve Harrison replied that some of the expense could be attributed to the site being climate controlled, a necessity for many of the items stored there. Ms. Bowie explained that the Atlantic Center space was a temporary location. The new student housing on the Elvington property should have space for storage.

Mr. Spivey moved to approve the motion for a twenty-year lease with the Horry County Higher Education Commission (HCHEC) for one dollar ($1.00) per year of the following parcels in the Atlantic Center Industrial Park: 9, 18, 19, 25, 26, 33, 35A, 35B; the northernmost 5.98 acres of 37; the pond portion of 38, 39; and Roads A-E; all of the 5.22 acres as shown on Tax Map #1510001087 in the records of Horry County; and all of the 4.32 acres as shown on Tax Map #1510001088 in the records of Horry County. (Motion 13-8) Mr. Turner seconded, and the motion passed.

Ms. Bowie informed the committee that the approved motion is for a twenty-year lease in lieu of the current annual lease. Discussions are currently underway with the HCHEC to extend the term of the lease from one year to twenty.

Mr. Turner requested approval of the renewal of a one-year lease with the Horry County Higher Education Commission of the Burroughs and Chapin Center for Marine and Wetland Studies and the Edward M. Singleton Building at $1.00 per year. (Motion 13-9) Mr. Spivey seconded, and the motion carried.

Mr. Turner requested approval of a one-year lease, renewable for four years, with the City of Conway for two office spaces to be used by the University Fire Marshal and two
University Fire Safety Inspectors in Conway Fire Station 3 located in the Atlantic Business Center at $1.00 per year. (Motion 13-10) Mr. Spivey seconded, and the motion passed.

Mr. Spivey moved to request approval to begin the construction process of a second approximately 42,000 square foot academic classroom and office building to be located on the opposite side of the Wall Building from the recently completed Penny Hall. Approximate cost is $18,000,000. Funding will be provided by the penny sales tax. Estimated to be completed no later than Summer 2017. (Motion 13-11) Ms. Hanna seconded, and the motion carried.

Mr. Turner made a motion to request approval to accept the donation from the Coastal Educational Foundation of approximately 8.16 acres of roads which include Chanticleer Drive, Founders Drive, and an access road behind the University Student Center (Motion 13-12). Mr. Spivey seconded, and the motion passed. It was explained to the committee that acceptance of donation of the roads would allow the University to use State funds for their maintenance.

At this point Ms. Bowie presented the Budget Proposal for 2013-2014. Total revenue for FY2014 is estimated to be $120,289,888, and operating expenses are projected to be ($120,414,406). One area of concern is the projected carry forward of $5.5M. At present, the contingency is only $5M. The hope is that operating expenses for the balance of FY13 will come in under budget.

Mrs. Hanna asked if self-audits are conducted to determine whether or not individual classes and majors are producing a positive return on investment, i.e., does the class/major produce students who can get jobs; is the class/major necessary; can some classes with low enrollment be combined? Mr. Eddie Dyer responded that a cost accounting of each major is performed annually. Those reports are available for the last two years. If desired, the analysis can be brought to the committee and/or Board annually for review.

Dr. DeCenzo remarked that the actions suggested by Mrs. Hanna have to be implemented if only to ensure that the University has the choice of what classes/majors to delete or scale back in order to produce cost savings as opposed to having to comply with the dictates of the State.

Mr. Gary Brown expressed his concern that such moves could devalue a liberal arts education. Dr. Sam Swad cautioned that not all education should be thought of as a means to an end, i.e., to get a job and make money, but that there is worth in education for the sake of education. Dr. DeCenzo commented that trying to predict the jobs of the future is extremely difficult, but that critical thinking skills, a positive work ethic, superior communication skills, and a sound value system, hallmarks of a liberal arts curriculum, will always be of worth, regardless of the direction taken by the job market.

Board Chairman Henderson reminded all present that the Board has dictated budget cuts several times over the last few years, resulting in $7.5M, or almost 8%, of recurring costs being cut from the University budget overall. This amount equals approximately one year of State
appropriations. A proactive stance has been taken in order to make the University more cost efficient.

Dr. Keshav Jagannathan noted that the Faculty Senate is currently investigating the core curriculum to determine how to better serve today’s students. He also voiced faculty concerns over job security given possible elimination of classes/majors due to the audits, the increase in online classes, and the current state of the economy, especially as it regards higher education.

Dr. Sheehan reported that an analysis is currently underway to determine the areas of inefficiency in some smaller size upper level classes, usually electives. One inefficiency already corrected is the requirement that students talk to an advisor prior to registering for class, which now takes place online. The Spanish major, which graduates approximately five students per year, has been eliminated. However, Spanish continues to be offered as a minor.

Chairman Henderson stated, “We’re here for one reason, and that’s to serve our students. Whatever the outcome of these cost analyses that Mr. Dyer is having done, whatever they are, I think if it doesn’t fall into one of four categories, then we’ve got to look at cutting or dropping. Whether it improves the quality of our graduates, whether it improves retention, whether it creates operational efficiencies, or whether it helps hold down tuition. If it doesn’t fall into one of those four categories, then why is it here? And I would say that whatever the results are, if it doesn’t fall into one of those four categories, then we have to take a serious look at it.”

Mr. Turner cautioned that the University must achieve and maintain a cutting edge, technology-rich campus to entice new students and to retain current students. He was pleased to see the increased technology fee in the budget.

The following budget motions were presented and actions taken were as follows:

- **Mr. Spivey moved to approve Fall 2013 Tuition Rates, Fees and Allocations (Motion 13-13) as seen below and on page 6 of the Proposed 2013-2014 Budget handout. Mr. Turner seconded, and the motion passed.**
  - No tuition increase for in-state undergraduate students
  - Tuition increase of $330 (+3%) for out-of-state undergraduate students
  - Tuition increases for graduate students as follows:
    - $20 for in-state NON-MBA students
    - $25 for in-state MBA and Master of Accountancy students
    - $70 for out-of-state NON-MBA students
    - $80 increase for out-of-state MBA and Master of Accountancy students

- **Mr. Spivey moved to approve an increase from $1,350 to $1,410 for Fall 2013 Meal Plan Rates. (Motion 13-14) This is an increase of 4.4% and covers the Aramark cost increase only. Mr. Turner seconded, and the motion passed.**

- **Mr. Spivey moved to approve an increase for Fall 2013 University Housing Rates as shown on page 7 of the Proposed 2013-2014 Budget handout. (Motion 13-15) Mr. Turner seconded, and the motion passed.**
Mr. Turner moved to approve the FY2014 Revenue and Expense Projections as shown in the Proposed 2013-2014 Budget handout. (Motion 13-16) Mr. Spivey seconded, and the motion carried.

As there was no further business, Mr. Spivey moved to adjourn the meeting at 2:35 p.m. Mr. Turner seconded, and the motion passed.

Respectfully submitted,

JoAnna Dalton
Chyrel Stalvey

JoAnna Dalton
for Dr. Larry L. Biddle
Secretary/Treasurer