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Planning and Fiscal Affairs Committee, January 10, 2007

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Minutes
Coastal Carolina University Board of Trustees

Planning and Fiscal Affairs Committee
Wednesday, January 10, 2007
Wall College of Business Board Room

- Members Present:** Mr. Joseph L. Carter, Mr. Robert Rabon, Mr. Eugene C. Spivey
- Members Absent:** Mr. William S. Biggs, Mr. Daniel W. R. Moore, Sr.
- Other Board Members Present:** Mr. Fred F. DuBard, Jr. Mr. Samuel H. Frink, Mr. Clark B. Parker
- Others Present:** Mr. David Bredekamp, Ms. Stacie Bowie, Dr. Janis Chesson, Ms. Linda Lyerly, Mr. Keith Smith, Dr. Richard Weldon, Ms. Paula Holt, Ms. Nila Hutchinson

Chairman Spivey called the meeting to order at 4:00 p.m.

Mr. Joe Carter moved to approve the minutes of October 5, 2006; Mr. Rabon seconded and the motion carried.

Mr. Spivey reviewed the CAFR Report. There were several areas regarding the report that he did not understand and had spoken with Dr. Weldon regarding clarification. Some of the areas mentioned included:

- a) P. 25 – Quail Creek collections
- b) P. 26 – Compensated absences
- c) P. 31 – Insurance premiums for Student Housing Foundation
- d) P. 34 – Sales and services of educational departments
- e) P. 38 – Difference between unrestricted, temporarily restricted and permanently restricted assets

Mr. Carter stated that a book sent to Board members by Dr. Ingle last fall entitled Effective Trusteeship had been very informative. This states that Trustees must be knowledgeable for their fiduciary responsibilities. He wanted to know if Ms. Lyerly has suggestions for a better way to assimilate bare bone information to the Trustees. Ms. Lyerly stated that the Management Discussion and Analysis is a good source of information. That may be something that we need to do annually. The Profit and Loss statement on page 34 is required reporting and can be compared to the Management Discussion and Analysis on page 29. Ms. Lyerly also stated that reading notes to the financial statement is very beneficial. There are some statistical sections which are

Planning & Fiscal Affairs Committee
January 12, 2007

covered in the back of the CAFR report which are also beneficial. We are working on responses to Wanda Wildman on the CAFR report.

The Student Housing Foundation had to drop the rates at University Place due to competition from Campus Edge. They are making the first principal payment on University Place this fiscal year. It was refinanced in October 2005. The bond covenants require debt service coverage be at 1.2% revenue over expenses on housing. Last year it was 1.83%. We are projecting 1.1% this year on debt coverage for occupancy. If they don't meet those debt covenants, they will have to hire an independent consultant to come in and tell them how to generate that 1.2% debt service coverage.

Dr. Weldon stated that the Student Housing Foundation voted to explore other opportunities to move forward on getting out of the debt for University Place. He also stated that the Housing Foundation voted to supplement the new President's salary. Insurance for the Housing Foundation has increased tremendously. Ms. Lyerly said that debt service is one of the things that they will have to look at.

Dr. Weldon summarized the proposed room, board and health services for our on-campus housing. We have 110% occupancy on campus. Starting Fall 2008 freshmen will be required to live on campus the first year. University Place is \$5800 for 10 months; compared to \$2190/semester on campus.

Mr. Rabon moved to approve the proposed room and board charges for 2007-2008 of \$2,190 for Housing per semester and \$1,150 for Board per semester. Mr. Carter seconded and the motion passed. The health fee will not be increased for 2007-2008; however, the total increase of room, board and health services is a 3.59% increase over the previous year.

Mr. Carter asked how will a lending institution look at the stipend for the new President. Ms. Lyerly stated there are differing opinions on whether the Housing Foundation should have other discretionary expenses. Dr. Weldon did state that in the vote this morning to continue the presidential supplement, the independently hired attorney for the Housing Foundation did point out, as he has in the past, that this supplement is not directly in the commission of the Bylaws. Mr. Keith Smith said that if we stay above the 1.2% bond coverage for debt service, we are o.k. If we go below 1% there may have to be provisions. Mr. Smith said that it may be necessary to ask for a waiver if we drop below the 1%. Ms. Lyerly stated that there could be several factors that affect this debt service.

Ms. Lyerly reviewed the "10" Funds. Tuition appropriations and revenue were held back in case some of the appropriations were non-recurring. We are also setting funds aside for deferred maintenance and physical plant expansion.

Mr. Carter asked about the Brandon Advertising proposal for a Coastal Carolina University marketing plan presented to the Board earlier. Dr. Weldon stated that he would check on that but he believed an agreement was signed for \$25,000.

Planning & Fiscal Affairs Committee
January 12, 2007

Mr. Carter made a motion to go into Executive Session. Mr. Rabon seconded and the motion carried. No action was taken during Executive Session.

Following Executive Session the committee moved to adjourn.

Respectfully submitted,

Nila S. Hutchinson for
Eugene C. Spivey