

5-5-2011

## Finance, Planning and Facilities Committee, May 5, 2011

Coastal Carolina University

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**Minutes**  
**Coastal Carolina University**  
**Board of Trustees**

**Finance, Planning, & Facilities Committee**  
**E. Craig Wall Sr. School of Business Administration Building, Boardroom**  
**Thursday, May 5, 2011**

**Members of the Committee Present:** Mr. William S. Biggs, Mr. Gary W. Brown, Mr. D. Wyatt Henderson, and Mr. Eugene C. Spivey

**Other Board Members Present:** Mr. Larry L. Biddle, Mr. R. Duke Brown, Mr. J. Wayne George, Mr. Carlos C. Johnson, Dr. Oran P. Smith, Dr. Samuel J. Swad, Mr. Robert Templeton, and Mr. William E. Turner III

**Others Present:** Mr. Doug Bell, Mrs. Stacie A. Bowie, Dr. Debbie Conner, Ms. Sarah Craig, Ms. JoAnna Dalton, Dr. David DeCenzo, Mr. Edgar L. Dyer, Ms. Courtney Elliton, Ms. Lori G. Church, Mrs. Haven L. Hart, Mr. Kenneth Martin, Mr. Tim Meacham, Ms. Anne T. Monk, Mrs. Jennifer Packard, Dr. Michael Ruse, Dr. Rob Sheehan, Mr. Joseph Singleton, Mrs. Sharon Sluys, Ms. Chyrel Stalvey, Mr. Greg Thompson, and Dr. Judy W. Vogt

(In accordance with the requirements of the South Carolina Freedom of Information Act, the news media were notified of the time, location, and agenda for the meeting.)

Mr. Bill Biggs called the meeting to order at 9:04 a.m., and welcomed Mr. Joey Singleton from the Coastal Educational Foundation. New trustee, Mr. Carlos Johnson, was also introduced.

**Mr. Gene Spivey moved to approve the minutes of the Finance, Planning, and Facilities Committee meeting on February 18, 2011. The motion was seconded by Mr. Biggs and passed unanimously.**

Students Ms. Sarah Craig and Ms. Courtney Elliton, both Marine Biology majors, asked the committee to support an optional Student Green Fund of \$5.00 per student effective with Spring 2012 enrollment to support sustainability projects and activities on campus. **Mr. Larry Biddle made a motion to approve the optional \$5.00 Student Green Fund and seconded by Mr. Gary Brown. The motion passed unanimously.**

Ms. Stacie Bowie presented the Financial Updates. The Projected Revenue for FY2011 represents a 6.4% increase in undergraduate tuition; a \$70,000 decrease in state appropriations; and a \$156,000 increase in stimulus funding, yielding a total of \$2.4 million in stimulus funds. Total revenue is \$107.8 million, or \$5.9 million higher than our original budget of \$101.9 million, reflecting a 5.9% increase. An additional \$1.5 million was rolled forward from the previous year, bringing the carry-forward to \$4.5 million, resulting in total revenue and transfers equaling \$112.6 million, or \$7.5 million over budget, or a 7.1% increase.

## **Finance, Planning, and Facilities Committee**

**May 5, 2011**

The Operating Expense for FY2011 is expected to be \$98.1 million, or \$1.9 million over budget, which equals a 2% variance. Transfers out from the Renovation Reserve/Plant Expansion Fund equal \$5.9 million so far. A 3% contingency, or \$3.3 million, is still set aside; \$4 million is expected to be rolled forward into FY2012; and we still have the \$1,086,000 budget reduction contingency. Since we are unsure of the amount of state appropriations for next year, we will roll forward a little more than \$4 million, and put the majority of the 3% contingency and the \$1,086,000 budget reduction into our plant expansion fund to continue working on capital projects and infrastructure.

The revenue portion of the FY2012 Projected Budget had been approved in the February Board meeting; however, the Board asked that a \$1 million reduction be taken from the expense portion in order to put into place an employee incentive plan. This was accomplished through a combination of attrition, eliminating approved new-hire positions, and transferring some positions into self-funded and self-generated funds. The reduction was successfully achieved without any employee job loss.

In the proposed FY2012 Budget, there is a 3% operating contingency; an \$8,478,680 state appropriations amount, an 8% reduction as opposed to a 20% reduction as originally anticipated; a planned roll-over of \$3.2 million into FY2013; and a one-time fund transfer for deferred maintenance by the state of \$831,612, the latter of which will be used for renovation of Atheneum Hall. In addition, 12.5% of the state appropriation amount has been set aside for budget reduction contingencies, should they occur. The net surplus of \$1,710,659, made up of reductions in operating expenses, as well as the increase in our state appropriations, is designated for the incentive plan.

Dr. Judy Vogt informed the committee that the projected increase in student enrollment for FY2012 is two percent. Mr. Henderson was pleased that the percent increase in enrollment so closely matched the percent increase in labor/salary (2.3%).

**Mr. Henderson made a motion to approve the revised FY2012 Projected Expense Budget; the motion was seconded by Mr. Gene Spivey and passed unanimously.**

**After discussion, the following lease-approval motions were made by Mr. Brown, seconded by Mr. Spivey, and carried unanimously, contingent upon the Student Health Services Lot property lease motion (Motion 11-24) being corrected to reflect: "Lease amount is at current market value not to exceed \$24,000/year," as opposed to ".....\$24,000/month," said change having been made prior to the full Board of Trustees meeting.**

- **1601 Elvington Place (The Little House) – Renew the one-year lease with the Student Housing Foundation for the property located at 1601 Elvington Avenue, Conway. Lease amount is \$8,400/year, or current market value not to exceed \$24,000/year. (Motion 11-22)**
- **1642 Elvington Road (The Big House) – Renew the one-year lease with the Student Housing Foundation for the building and land of approximately 20 acres located at**

**Finance, Planning, and Facilities Committee**

**May 5, 2011**

**1642 Elvington Road. Lease amount is at fair market value, not to exceed \$24,000/year. (Motion 11-23)**

- **Parking Lot Lease – Renew the one-year lease with the Coastal Educational Foundation for the 20.03 acre parking lot area located on University Blvd. between Baxley Hall and Hwy. 501. Lease amount is at fair market value, not to exceed \$24,000/year. (Motion 11-29)**
- **Atlantic Hall (Procurement Building: Colors on Parade) – Renew the one-year lease with the Horry County Higher Education Commission for Atlantic Hall (Procurement Building: Colors on Parade) should the closing on the purchase of said structure not be final before the expiration of the current lease. Lease amount is \$24,000/year. (Motion 11-28)**
- **B&C Center for Marine & Wetland Studies Building, Atheneum Hall, and the Singleton Building – Renew the one-year lease with the Horry County Higher Education Commission for the B&C Center for Marine & Wetland Studies Building, Atheneum Hall, and the Singleton Building. Lease amount is \$1.00/year. (Motion 11-26)**
- **Soccer Field (and surrounding area) – Renew the one-year lease with the Coastal Educational Foundation for the soccer field and surrounding area (Parcel 31). Lease amount is at fair market value, not to exceed \$24,000/year. (Motion 11-25)**
- **Student Health Services Building – Renew the five-year lease with the Conway Medical Center for the Student Health Services Building, should the closing on the purchase of said structure not be final before the expiration of the current lease. Lease amount is \$73,450/year. (Motion 11-30)**
- **Student Health Services Lot – Approve one-year lease with the Coastal Educational Foundation for the Student Health Services lot. The CEF has approved the donation of the land. Lease amount is at fair market value, not to exceed \$24,000/year. (Motion 11-24)**
- **Lot adjacent to Student Health Services and which backs up to Lackey Chapel – Approve one-year lease with the Coastal Educational Foundation for the lot adjacent to the Student Health Services lot and which backs up to Lackey Chapel. The CEF has approved the donation of the land. This parcel of land is needed for construction of a new parking lot. Lease amount is at fair market value, not to exceed \$24,000/year. (Motion 11-32)**
- **Baseball Field – Renew the one-year lease with the Coastal Educational Foundation for the baseball field property consisting of 6.82 acres located along Chanticleer Drive West. Lease amount is at fair market value, not to exceed \$24,000/year. (Motion 11-21)**

Mrs. Bowie stated that the Student Housing Foundation (SHF) approved a plan to go to a single and double bedroom occupancy modeled in the same way as University housing, and went to a \$3,255 single rate and a \$2,890 double rate. In addition, within the Campus Edge side of University Place, one bedroom in each apartment will be doubled up, offering students a choice and eliminating the “surprise roommate” some students encountered last semester.

## **Finance, Planning, and Facilities Committee**

**May 5, 2011**

Discussion began on the proposed Motion 11-33 to approve negotiation of a lease at 1.2 times the yearly debt service with the Student Housing Foundation for University Place (Motion 11-33). The current arrangement between the University and the SHF consists of a management agreement wherein the University treats University Place as if it is on-campus housing, i.e., providing public safety service, bus service, etc., and then billing the foundation for such services. However, because the SHF is under debt with the bond covenants, the University has to keep a separate set of books to charge for these services. The proposed lease would allow the University to terminate the management agreement and maintain University Place in the same manner as other leased properties. The University would have control over the property and avoid the “red tape” of having to get SHF board approval for even the most minor repairs or purchases.

Mr. Brown inquired as to how the bond-holders viewed the proposal. Mrs. Bowie said they were in favor of the lease as this would assure their payment and eliminate concern over empty beds at University Place.

Mr. Biggs asked if the lease amount was based on average or full occupancy. Mrs. Bowie replied that the amount is 1.2 times the debt service, regardless of occupancy percentage, as this is a requirement of the bond covenant. Any profit above and beyond that amount would stay with the University. In a recent conversation with Standard & Poor’s, Mrs. Bowie was told that approval of this proposal would enhance the bond rating.

Pursuant to Mr. Biggs’ question as to whether this lease would make the University “responsible for the bond payments,” Mr. Eddie Dyer responded that the SHF would retain the obligation of paying the bondholders. Implementation of the lease would greatly simplify the role of the SHF, which in turn would help to keep housing rates down for students and eliminate the need for the University to bill the SHF for police protection, bus service, etc. Dr. David DeCenzo added that execution of the lease would also enable campus-wide student housing rates to be set by the University Board of Trustees, thus eradicating inequities in rates.

University Counsel Tim Meacham informed the group that the lease would have to be approved by the state and would probably not be put in force until January 2012 at the earliest.

Mr. Spivey inquired as to whether the SHF would be realizing a profit from this arrangement. Mrs. Bowie replied that the 20% above debt service would be used to pay for the Elvington property, to pay the executive director’s salary, and to pay for other commitments ongoing with the University, but that there would probably be some money left over.

Mr. Henderson asked if it would be possible to include in the lease agreement that any excess cash would “come back” to the University in the form of scholarship(s), considering that the foundation operates as a non-profit. Mr. Dyer responded that this issue could certainly be suggested as part of the lease negotiation.

## **Finance, Planning, and Facilities Committee**

**May 5, 2011**

Dr. DeCenzo commented that the SHF has two board members appointed by the Chairman of the Board of Trustees and he appoints a member, providing a “check and balance” on the apportionment of the foundation profits. The main concern is that any excess monies be used for the betterment of the University.

**Mr. Henderson made a motion to conditionally approve the Student Housing Foundation lease with the stipulation that decisions as to how the excess SHF funds are to be spent be made jointly between the University President and the SHF board and that there be transparency regarding those decisions. Once these issues are resolved, the amended lease will be brought back before the Board for final approval. Mr. Spivey seconded the motion and it passed unanimously. (Motion 11-33)**

Mrs. Bowie reviewed a PowerPoint presentation on the current capital projects. Changes occurring since the February 2011 meeting include: increased funding for Atheneum Hall Renovation from \$2,000,000 to \$2,800,000 which includes the addition of \$800,000 from the state for deferred maintenance for roofing repairs and air conditioning upgrades; removing the purchase of the Foundation Center and Wild Wing tract; and parking lot additions and removals (i.e., conversion of Blanton Circle into Blanton Park) which were approved as part of the Campus Master Plan.

The Student Recreation and Convocation Center completion dated is estimated to be the end of February 2012, although the facility may be available for sports events prior to that

Mrs. Bowie reviewed information from CHE indicating that the University 2010 student station size of 17.24 reflects an extremely effective use of classroom space. It is in line with the CHE recommendation of 22.0 sq. ft. or less. In addition, the University 2010 average weekly classroom hours of instruction of 41.87 versus the CHE recommendation of 30 again demonstrates our efficient use of classroom space. However, CHE wants 60% usage or higher for 2010 classroom station utilization percentage. The University is only at 48.08% because there are not enough smaller classrooms and 45-person classrooms are being used for 30-person classes in an effort to keep the smaller class size. When the new Academic Office Building comes online it will help alleviate this problem with its six 25-seat classrooms and six 30-seat classrooms. The 2010 space factor calculation recommendation established by CHE is to be 1.22 or less, the University is at .86. Our facility utilization rates are the best in the state by far than any other institution. Mr. Brown expressed appreciation to Provost Sheehan for his efforts to improve the University’s space utilization.

Mr. Spivey made a motion for the meeting to adjourn at 10:08 a.m.; Mr. Henderson seconded; and the motion passed unanimously.

Respectfully submitted,

**Finance, Planning, and Facilities Committee**  
**May 5, 2011**

JoAnna Dalton