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Finance, Planning and Facilities Committee, October 25, 2012

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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, October 25, 2012

Members of the Committee Present: Mr. William S. Biggs, Mr. J. Wayne George, Ms. Natasha M. Hanna, Mr. Carlos C. Johnson, Mr. Eugene C. Spivey and Mr. William E. Turner III

Other Board Members Present: Dr. Larry L. Biddle, Mr. Gary W. Brown, Mr. R. Duke Brown, Mr. Samuel H. Frink, Mr. J. Wayne George, Mr. D. Wyatt Henderson, Mr. William L. Lyles Jr., Mr. Daniel W. R. Moore Sr., and Dr. Oran P. Smith

Others Present: Ms. Sandy A. Baldrige, Ms. Arjean Barretto, Mrs. Stacie A. Bowie, Ms. Lori G. Church, Dr. Debbie C. Conner, Ms. JoAnna Dalton, Dr. David A. DeCenzo, Mr. Edgar L. Dyer, Mrs. Martha Hunn, Mr. Mark S. Kelley, Mr. Ben Kochenower, Mr. Timothy Meacham, Mr. Gary Pope, Mrs. Margaret Pope, Mr. Brandon Reilly, Dr. Robert J. Sheehan, Ms. Sharon Sluys, Ms. Chyrel Stalvey, Mr. Greg Thompson, Mr. Gregory W. Thornburg, Dr. Judy W. Vogt, Mr. Desmond Wallace, and Ms. Sandra 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. Heather Gale of The Horry Independent was present.)

Mr. Bill Biggs brought the Finance, Planning & Facilities Committee meeting to order at 1:30 p.m.

Mr. Gene Spivey moved to approve the Finance, Planning & Facilities committee meeting minutes of July 19, 2012, and Mr. Will Turner seconded. The motion passed.

Mrs. Stacie Bowie reviewed the financial statement. Total revenue was \$113.9 million, \$5.2 million over budget, or 4.8%. This increased the carry forward from last fiscal year to \$5.5 million instead of the \$4 million that had been planned and enabled \$8.3 million to be added to renovation reserve.

Coastal Carolina University received a clean and unqualified opinion with no findings regarding the financial statements for fiscal year ending June 30, 2012, which means that the institution's

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financial condition and operations are fairly presented in its financial statements and that the auditor has no significant reservation respecting matters contained in the financial statements. This was the fifth consecutive year for which the University received such an opinion. In addition, the Coastal Athletic Foundation, the Student Housing Foundation and the Coastal Education Foundation also received unqualified opinions.

Mrs. Bowie discussed the status of the current fiscal year budget, pointing out that while 2% growth in enrollment had been planned, 2.7% had been achieved giving the University a small cushion of income. In addition, State appropriations were \$400,000 more than anticipated in order to cover the State mandated 3% salary increase for those employees paid from State appropriations. Operating expense increased by \$250,000, however, as a result of action taken by the Board of Trustees at the last meeting in regard to faculty.

The original budget forecast for this fiscal year had assumed a 2% salary increase would be required by the State. The extra 1% required cost an additional \$665,000 which was covered without reducing the contingency because of the .7% unexpected increase in enrollment. That leaves approximately \$275,000 that can be rolled forward into next year at this point.

Mr. Spivey moved to request approval for a twenty-year lease with the Horry County Higher Education Commission of Atheneum Hall for \$1.00/year. This lease will supersede the current lease for the Edward M. Singleton Building, the Burroughs & Chapin Center for Marine and Wetland Studies, and Atheneum Hall executed July 1, 2012, SOLELY as to Atheneum Hall. (Motion 12-44) Mr. Biddle seconded and the motion passed.

Mrs. Bowie introduced Ms. Margaret and Mr. Gary Pope, bond attorneys with Pope Ziegler Law Firm, who were present to answer any questions regarding Motions 12-45 and 12-46 as follows.

Mr. Spivey moved to request approval of adoption of the Amended and Restated General Bond Resolution for the University. (Motion 12-45) This is a resolution “authorizing and providing for the issuance of Coastal Carolina University revenue bonds to finance or refinance the construction, reconstruction, improvement, and equipment of buildings and other projects of Coastal Carolina University, and other matters pertaining thereto” as required by the State. Mr. Carlos Johnson seconded, and the motion carried.

Mr. Spivey moved to request approval for the adoption of an up to \$92 million Supplemental Resolution to the Amended and Restated General Bond Resolution which will be used for the purchase of the Elvington property, the construction of housing on the Elvington property, and the refunding of the outstanding portion of the Series 2004 Revenue Bonds. (Motion 12-46) The project consists of: \$85 million for student housing construction; \$3.3 million to purchase Elvington land from the Student Housing Foundation; and \$1.9 million for refunding of the outstanding 2004 Series Revenue Bonds. Mr. Johnson seconded, and the motion carried.

The following are additional capital project funding requests for which Mr. Spivey moved to approve. Mr. Johnson seconded and all were approved.

1. **Request to add \$1 million to the anticipated cost for Singleton Building renovation. Project currently at \$3 million; increase to \$4 million (Motion 12-47). The additional money will fund issues with the old building and cosmetics. Funding will come from the renovation reserve.**
2. **Request addition of \$5 million to Science Annex II construction project to accommodate all needs and eliminate the requirement for a third new science building. Project currently at \$25 million; increase to \$30 million (Motion 12-48). This will ultimately save money and real estate. Funding will be from the institutional capital project fund.**
3. **Request to add Phase II of the Central Cooling Facility in order to service more buildings -- \$1 million (Motion 12-49). Funding is from the renovation reserve.**
4. **Request to add \$1 million for renovation of Jackson Student Center to accommodate the Student Center Annex I project (Motion 12-50). This will allow the contractors to tie the old building into the new portion of the building. Funding is also from the renovation reserve.**

Please note that Ms. Natasha Hanna abstained from voting for Motions 12– 47 through 12-50, not because she did not approve of the projects, but because she felt that she did not have enough information to vote.

Mr. Wayne George asked if these new capital projects were following the Master Plan. Mrs. Bowie responded that they were. In fact, the University had to demonstrate to the Budget and Control Board that the University is in line with the 5-year renovation plan which is in accordance with the Campus Master Plan. Mr. Gary Brown congratulated the University for following the plan.

Mrs. Bowie reported that completed capital projects included the HTC Student Recreation and Convocation Center, Bryan Information Commons, Blanton Park, and the third bay parking lot which provides an additional 279 spaces.

The capital projects currently under construction were reviewed. The academic classroom/office building should be completed by the end of year; Swain Hall Phase I should be completed in February 2013; the public safety building should be complete May 2013; the Atheneum Hall renovation project, which was approved for Phase II construction at the Joint Bond Review Committee on October 24 and will be taken to the Budget and Control Board on October 30, will begin when public safety moves into their new building; new student housing construction, which was also approved at the Joint Bond Review Committee on October 24 and will go to the Budget and Control Board on October 30, consists of two buildings to be complete by Fall 2015 and two buildings to be complete by Fall 2016; softball/baseball stadium improvements construction bids will begin in January; Lib Jackson Student Center Annex I, a \$12 million project of which \$6 million is being funded by the HCHEC, should be complete mid-2014; the three-story Science Annex II should be complete June 2015 and will be funded by Penny Sales Tax; and Tennis Complex Construction should be complete January 2014 and will then be able to host conference play. In summary, all of these projects, other than new student housing, should be complete by June 2015.

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Mr. Dyer added that a traffic study is currently underway. It is expected that it will justify installation of a three-way stoplight at University Boulevard and University Drive to make it safer for students crossing the street to go to Hackler Golf Course, Lackey Chapel, and to residences in that vicinity.

At 2:06 p.m., Mr. Spivey moved to go into Executive Session to discuss contractual issues, and Mr. Johnson seconded. Upon reconvening it was noted that no action was taken.

Mrs. Bowie reported that the State Treasurer's Office encourages us to use purchasing cards and has issued rebates to the University in the amount of \$49,413.33 for using the cards.

As there was no further business, Mr. Johnson moved to adjourn. Mr. George seconded, and the motion carried.

Respectfully submitted,

JoAnna Dalton

JoAnna Dalton
for Larry L. Biddle
Secretary/Treasurer