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Finance, Planning and Facilities Committee, October 1, 2015

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
October 1, 2015**

- Members of the Committee Present:** Ms. Natasha M. Hanna, Mr. Carlos C. Johnson, Mr. Charles E. Lewis, Dr. Oran P. Smith, Mr. Eugene C. Spivey, Mr. H. Delan Stevens, and Mr. William E. Turner III
- Other Board Members Present:** Mr. Fred F. DuBard III, Mr. Samuel H. Frink, Mr. D. Wyatt Henderson, Mr. Marion B. Lee, Mr. William L. Lyles Jr., Mr. Daniel W. R. Moore Sr., Mr. George E. Mullen, and Mr. Robert G. Templeton
- Other Board Members Not Present:** Mr. William S. Biggs
- Others Present:** Ms. Sandra A. Baldrige-Adrian, Dr. Aneilya K. Barnes, Mr. Doug Bell, Ms. Carolyn S. Bender, Ms. Stacie A. Bowie, Dr. Brian Bunton, Ms. Susan M. Butcher, Dr. J. Ralph Byington, Ms. Nedy Campbell, Mr. Josh Chesson, Ms. Lori Church, Dr. David A. DeCenzo, Ms. Lindsy M. Glass, Mr. Matt Hogue, Ms. Martha S. Hunn, Ms. Beverly J. Landrum, Mr. Timothy E. Meacham, Mr. Rein T. Mungo, Ms. Jennifer Packard, Mr. Gary Pope, Mr. William M. Plate Jr., Mr. Mark Roach, Dr. Kenneth W. Smalls Jr., Ms. Sharon A. Sluys, Ms. V. Chyrel Stalvey, Mr. Greg T. Thompson, and Ms. Kathy T. Watts,

(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. Brennan McDavid of WBTW News and Claire Byun of the The Sun News were present.)

Chairman Carlos Johnson brought the meeting to order at 11:00 a.m.

Will Turner moved to approve the August 6, 2015 Finance, Planning & Facilities Committee minutes. Delan Stevens seconded, and the motion carried.

Johnson moved to approve the following lease renewals (Motion 15-36 to Motion 15-39) and Delan Stevens seconded:

- **Made a motion to approve a one-year lease, renewable for one more consecutive year, of 13,700 square feet of warehouse space at 470 Allied Drive from Forum Development at an annual lease amount of \$92,475 or \$6.75 per square foot (Motion 15- 36).**

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- **Moved to approve the renewal of one-year lease, renewable for two more consecutive years, of the real property comprising 14.66 acres, commonly known as 900 79th Avenue North, Myrtle Beach, South Carolina, and the building containing approximately 42,200 gross square feet at an annual lease amount of \$100,000 or \$2.37 per square foot (Motion 15-37). (Myrtle Beach Education Center).**
- **Moved to approve renewal of one-year lease, renewable for eight more consecutive years from Coastal Educational Foundation, of the corner property at Founders Drive and 544 at a cost of \$85,000. The cost of the lease is \$85,000 per year for years one and two. The cost of the lease for years three through ten is \$70,000 per year. The land is being used for a construction laydown yard by the general contractor who is building the second phase of the residence halls. Beyond that timeframe, Fall 2016, the use will be determined but will unquestionably include improved entrance and University signage (Motion 15-38).**
- **Made a motion to approve lease for dockage of Coastal Explorer Vessel as the goodwill, \$0 lease, with Harbourgate Marina Group, LLC is scheduled to expire. The final cost of this lease, not to exceed \$7,000/year, is currently being negotiated. Multiple marinas have been approached and are providing proposals (Motion 15-39)**

Vice President & Chief Financial Officer Stacie Bowie began discussions regarding Motion 15-45. She explained that the general bond resolution is basically Coastal Carolina University's Board of Trustees' authorization to issue revenue bonds. It was amended and restated last February in accordance with a request from the state treasurer's office. The state wanted everyone to move to the Higher Education Revenue Bond Act to put all higher education under the same authorization. The reason Coastal has asked for this current amendment is so we can stay with our old resolution and not move to the new one. In the event that CCU needs to issue any revenue bonds in the future, it can continue to hold all of that revenue as pledged toward payment of the bonds, which would make those bonds less expensive in the future. If Coastal goes forward with a smaller pool of revenue to support bonds, the rating of those bonds by the rating agency would be lower and the interest rate to be paid would be higher. Unless CCU amends its resolution to stay with the old one, there will be a considerable increase in cost if bonds are issued down the road. This is a good proactive move.

Ms. Bowie expounded, explaining that she and Gary Pope, of Pope Flynn, spent several hours on the phone with the State Treasurer's Office explaining the situation, and the cost realities to Coastal of moving to the new higher bond resolution. The treasurer's office was extremely supportive of Coastal to stay with its old resolution. The new resolution gives CCU the option of moving to the Higher Education Bond Act in the future, at any time, but it is not required.

Stevens moved to request approval of the adoption of an amendment to the current Amended and Restated General Bond Resolution which will be used for further bond issuances (Motion 15-45). Spivey seconded and the motion passed.

Bowie continued, explaining that the state treasurer's office has to refund the 2002D and 2006C General Obligation Bonds on Coastal's behalf. Typically, the state only refunds bonds once a year, in April. As a result of CCU's compelling argument, the state will issue toward the beginning of the calendar year (January or February). This will save Coastal Carolina about

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\$1.1M. The 2002 bonds were at 4.5% and the 2006 were at 4.2%. It is anticipated that they will be just slightly above 2% once the refunding is completed. It is similar to refinancing a house.

Turner made a motion to approve the Resolution for the State Treasurer to move forward with the refunding of 2002D refunded and 2006C refunded General Obligation Bonds on behalf of Coastal Carolina University. The principle amount will be not to exceed \$13M and will save CCU approximately \$1.1M (Motion 15-46). Spivey seconded and the motion passed by acclamation.

Gary Pope pointed out that at this time, there are no other refinancing options available to Coastal.

Following approval of the above motions, Ms. Bowie began the Financial Update by explaining she would be going over the results of FY 2015 from a financial perspective, and the results of the audit would be discussed later at the Audit Committee meeting.

Bowie explained that Coastal ended the year \$3.1M above in tuition due to the over 5% undergraduate student growth, where 2% had been budgeted. This is 2.6% higher than originally anticipated. The university received approximately \$200,000 more from the state than expected, due to the fact that they funded benefits and pay increases for state funded FTE's. Overall, the total revenue line ended up at \$133M, which is \$3.7M more than originally budgeted. Once transfers were added in, Coastal is up about \$4M, a 3% overall increase.

On the operating expense side, Ms. Bowie happily reported that CCU only increased operating expenses by \$1.7M, from \$129.4M to \$131.1M. That is just a 1.3% increase. As a result, revenue is up 4% or \$4M, and only 1.7M came out of the operating expense side. That enabled CCU to take its reserve from \$600,000 up to \$2.4M, which was then rolled over into the FY 2016 budget. Additionally, Coastal put aside \$3M in the renovation reserve, which is spent to maintain campus buildings and campus infrastructure. Bowie further stated that the numbers have looked very similar over the past three quarters. In other words, projection formulas are working. There have not been any financial surprises.

As far as the current year's budget, Bowie stated that projections are equal to budget right now. At this point, actuals could only be run through August. What is known is that CCU's student body is pretty much at projected and revenue will hold on the expense side. It is anticipated that, with regard to the way the budget has been set, Coastal will come out close on the actual side. Better information will be available following completion of the first semester.

President David DeCenzo stated that the \$2M in additional expenses last year was a result of hiring temporary faculty to accommodate the 5% student growth. The money went back, almost penny for penny, into the classroom, to accommodate the academic classroom experience.

Following completion of the Financial Update, Mr. Johnson requested that Bowie discuss Motions 15-43 and 15-47.

Ms. Bowie explained that Motion 15-43 is an amendment to the original motion, to be extended

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to graduate students.

Spivey made a motion to amend Motion 14-41 passed by the BOT in August 2014, to increase the graduation fee from \$25 to \$35, to be inclusive for all graduates to receive an automatic one-year membership into the 1954 Society. The prior motion covered undergraduates only. This amendment adds graduate students. Upon graduation, any graduate student who is a current member will be given a subsequent one-year membership at no cost. (Motion 15-43). Turner seconded. The motion carried.

Bowie went on to detail Motion 15-47. This motion has been proposed by the Provost to increase the fee charged for orientation for the students and their family members to come onto campus. This change means that instead of paying one fee that included the student and a couple family members, the student instead would be paying for each individual person. The fee is equal to exactly the cost.

Stevens moved to approve the restructured and updated orientation fees, as presented, for implementation Summer 2016 for the 2016-2017 academic year (Motion 15-47). Turner seconded. The motion carried.

Ms. Bowie continued, detailing Motion 15-42. She stated that this is another amendment. In August, Motion 15-27 was approved to purchase the land, and the house that is on the land, from the estate of Willard Dowling. The purchase price was not to exceed \$150,000. By the time everything was said and done and paperwork was signed, it came in at \$155,000. The Board is being asked to amend that price from \$150,000 to \$155,000. The appraisal has not come back. An appointment is scheduled to do the environmental assessment, the building condition and the appraisal all at once. This will not go through next phase, to the state, until all information comes back and is satisfactory.

Spivey moved to amend Motion 15-27 passed by the Board of Trustees in August 2015 to purchase the land and all buildings and improvements on the land, if any, located at 1041 Highway 544, Conway, County of Horry, South Carolina, Tax Parcel Numbers 150-00-07-015 and 151-20-01-001 from the Estate of Willard Dowling, Probate Case No. 2014-ES-26-1453. The purchase price is \$155,000, an increase of \$5,000, plus closing costs and is contingent upon the appraisal (Motion 15-42). Stevens seconded and the motion passed.

Mr. Johnson then requested that Bowie discuss Motions 15-41 & 15-44:

Ms. Bowie stated that, in Motion 15-41, CCU is requesting that the Board approve the construction of a new soccer complex across 501 in the Atlantic Center. It is anticipated that what will be built for \$5M is both men's and women's locker rooms, concession stands, restrooms, athlete and fan amenities, as well as moving CCU's soccer field, and accommodations to seat 1000 spectators instead of the current 500. Anyone who has been at the current soccer facility knows that it is a field and some bleachers. Student athletes do not have any amenities to call their own. There is a restricted fan section and quite often, a lot of standing fans because they cannot be accommodated. What this proposal does is free up very valuable land on the main part of the campus and allows some competitive athletic fields to be moved across 501

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where the tennis facilities are located. A big part of the funding for this project comes from a recently established naming opportunity.

Bowie continued, explaining that Motion 15-44's purpose is to ask that the Board would request \$3.5M from the Student Housing Foundation to fund the remainder of the soccer project.

Chairman Henderson stated that he had a meeting with the Student Housing Foundation the previous week and they are prepared to fund this project. They just need the request to be in writing.

Mr. Mullen believed that the bylaws of the SHF would require the Foundation to be dissolved and transfer assets over to the University.

Ms. Bowie interjected that in reading the bylaws from a financial perspective, the Housing Foundation bylaws have been adjusted to allow them to support any aspect of the University and are not specifically restrictive to housing; an example of this being the dining hall.

Coastal is currently going through the state process, and the reason that an overall project cost has to be established is to extrapolate from that what the architect cost might be (which is 1.5% of the total cost). Coastal is advertising for an architect, which is allowed in the overall process. A request for Phase I, which is approval of the contract, cannot go to the state until the Board approves it.

Mr. Mullen had concerns about moving forward with building a soccer field when the University is obligated to expand football facilities, as a result of joining the Sun Belt. Ms. Hanna stated concerns about whether the money would be better spent elsewhere.

Mr. Spivey indicated the money for this project is already available. There is a \$1.5M donation and a \$3.5M donation from the Student Housing Foundation. Mr. Johnson interjected that this motion is only authorizing to ask (the SHF) for the donation. Johnson stated that this motion does not create a transaction, only a request.

Chairman Henderson explained that if we do not go forward with the soccer stadium, we will lose the gift, which means losing 25% of the cost of the project.

Gene Spivey moved for the Board of Trustees to formally request \$3.5M from the Student Housing Foundation to support the construction of a soccer complex. This new complex will include a playing field for athletes, a main structure for fans and media, as well as a support facility (Motion 15-44). Will Turner seconded and the motion carried. Natasha Hanna opposed pending further information.

The discussion ensued on motion 15-41. Chairman Henderson reiterated that there will be another chance to vote on the plans. This is simply allowing CCU to proceed to figure out costs associated with building the facilities and determining architectural costs.

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Mr. Johnson reiterated that most of the questions that have been posed cannot be answered unless the motion is approved. The approvals give Coastal the consent to start the process and determine logical and reasonable costs.

Ms. Hanna requested that the motion be modified.

Dr. DeCenzo noted that the university is looking at a potential combination of soccer and track fields which will require the purchase of additional land in the Atlantic Center.

Chairman Henderson suggested the motion be tabled and the contractual matters be discussed in conjunction with executive session.

Motions 15-40 & 15-41 were taken into Executive Session for discussion.

Ms. Bowie briefly discussed ongoing capital projects. She stated that renovations for Smith Science Building were moving forward. Academic Classroom II came in with a good cost estimate. The asbestos abatement in the Singleton Buildings is completed and the project is now in the construction phase. Since it took longer for the asbestos abatement than anticipated, the completion date may be delayed. All other capital projects are on time.

As there was no further business, Turner moved to adjourn and Spivey seconded. The meeting adjourned.

(Following Executive Session, the Finance, Planning & Facilities Committee reconvened at 12:57 p.m. Motions 15-40 and 15-41 were modified in Executive Session to only approve the hiring of an architect, and were presented for approval in the committee meeting. Cost will be revisited after the design has been received and approved.)

Spivey moved to request approval of the Board of Trustees to allow administration to move forward with the hiring of an architect to explore viable design options to increase seating capacity at Brooks Stadium to meet FBS requirements. (Motion 15-40). Will Turner seconded and the motion carried.

Spivey moved to request approval of the Board of Trustees to allow administration to move forward with the hiring of an architect to explore viable design options to construct a new soccer complex. (Motion 15-41). Smith seconded and the motion passed.)

Respectfully submitted,

Susan Butcher
Chyrel Stalvey

Susan Butcher and Chyrel Stalvey
Recorders
for Mr. Charles Lewis