

5-3-2018

## Finance, Planning and Facilities Committee, May 3, 2018

Coastal Carolina University

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

**Finance, Planning & Facilities Committee**  
**E. Craig Wall Jr. Board Room**  
**May 3, 2018**

**Members of the Committee Present:** Ms. Natasha M. Hanna, Mr. D. Wyatt Henderson, Mr. Charles E. Lewis, Dr. Oran P. Smith, Mr. Eugene C. Spivey, Mr. H. Delan Stevens, and Mr. William E. Turner III

**Committee Member Not Present:** Mr. William L. Lyles

**Other Board Members** Mr. John H. Bartell Jr., William S. Biggs, Mr. Samuel H. Frink, Mr. Carlos C. Johnson, Mr. George E. Mullen, and Mr. Patrick S. Sparks

**Others Present:** Ms. Sandra Baldrige-Adrian, Ms. Katherine M. Brooks, Ms. Susan Butcher, Dr. J. Ralph Byington, Ms. Nedy Campbell, Ms. Julie Cheney, Mr. M. Joshua Chesson, Dr. Debbie C. Conner, Ms. Amanda E. Craddock, Mr. Fletcher D'Andre, Dr. David A. DeCenzo, Dr. Darla J. Domke-Damonte, Dr. Daniel J. Ennis, Mr. David A. Frost, Mr. Stephen K. Harrison, Mr. Matthew L. Hogue, Dr. Sara N. Hottinger, Ms. Martha S. Hunn, Mr. Christopher A. Johnson, Ms. Robyn A. Jones, Dr. Gregory L. Krippel, Mr. Timothy E. Meacham, Dr. Megan McIlreavy, Mr. T. Rein Mungo, Mr. Travis E. Overton, Ms. Jennifer Packard, Mr. William M. Plate Jr., Dr. Barbara A. Ritter, Mr. Mark A. Roach, Dr. Michael H. Roberts, Ms. Olga Shabeka, Ms. Sharon Sluys, Ms. Carolyn Smith, Dr. Reneé Smith, Ms. V. Chyrel Stalvey, Mr. Gregory T. Thompson, and Mr. David Yancey

(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. No media was in attendance.)

Chairman Delan Stevens brought the Finance, Planning, & Facilities Committee meeting to order at 9:00 a.m.

Will Turner made a motion to approve the February 15, 2018 Finance, Planning, & Facilities Committee minutes. Charles Lewis seconded, and the motion passed.

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Vice President for Finance and Administration/Interim CFO David Frost presented a financial update. He stated that the University is currently projected to be about \$2.3M under budget for tuition. This resulted from a planned 3% increase on in-state students and actual enrollment growth was 1.7%, a loss of \$1.4M. Out-of-state growth was planned flat, and although we had a bit of an increase, that gain was offset by the academic common market and the veterans, where we have to abate them down to the state rate, a reduction of about \$900,000.

Frost then turned to the expense side. Salaries are \$2.2M under budget, a result of open positions that we have but haven't been filled and the lag on filled positions, resulting in a savings in payroll. Totals for salary and benefits came in at about \$4M better than budget.

Trustee Charles Lewis stated that one of the places we make money is using delayed hiring during the turnover of faculty/staff. Provost Ralph Byington said that although faculty retention is high, we have the delay in hiring every year at about the same rate as other peer and aspirant universities.

On the fringe line, Coastal is about \$1.8M lower as a result of benefits associated with lower salary amount and also because we received an \$843,000 credit this year from the pension authority. They increased everyone by 2%, and to offset the first year, they gave back a credit. Fringe benefit will continue to increase at 1% per year through 2022. Employee contributions are capped at 9%, and the University's contribution will continue to increase at 1%, ultimately capped at 19%. Overall, all other expenses are tracking fairly close. Several items of good news include a non-cash item in the amount of \$350K on a bad-debt adjustment and equipment came in \$430K better than budgeted. Total expenses are projected at \$150.3M, with revenue at \$153.4M. CCU also plans on spending \$1.3M on key initiatives, where the University invests money to benefit retention. With that being said, we will carry over about \$1.8M into surplus.

Mr. Frost then directed everyone's attention to the Proposed FY 2018-2019 Budget Book and thanked all who were involved in its preparation. He explained that this new budget marks the implementation of an "All-Funds" budget and proceeded to review it in detail.

Assumptions for the new budget year are as follows: enrollment at a 1.5% overall increase for in-state and out-of-state students, both graduate and undergraduate, with an anticipated fall conversion rate of 91% for in-state and 88% for out-of-state students, which continues to be consistent year after year.

Dr. DeCenzo shared details that the University has a chance to pick up anywhere from \$400,000 to \$1M depending on what happens in the State's Conference Committee. The University has changed the way various data is presented to the various committees in Columbia relative to our out-of-state students and a comparison with other institutions regarding the appropriations CCU has been receiving. This appears to be resonating in Columbia and is being used to support CCU's position in the committees. DeCenzo is hopeful that we will get in the area of about \$800,000 in additional recurring funds. There is also some one-time money that is in the budget, but as we all know, until the budget is passed, we cannot count on that funding. Frost indicated

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that we have planned on no additional funds from the state, so if we do get some, it will certainly help offset any shortfalls the University may have.

Mr. Frost continued by explaining that 3% growth was assumed in undergraduate tuition for both in-state and out-of-state students. This amounts to \$168 for in-state students and \$388 for out-of-state students. Both housing and meal plans remain flat, so the overall increase is 1.62% for in-state students and 2.19% for out-of-state students. The HEPI (Higher Education Price Index) number was recently received and is up 3.7% for FY17. Graduate tuition will also be increased per credit hour by 3%. Additionally, Coastal has set forth a goal of growing our international student body from 1.5% to 3%.

Trustee George Mullen asked how it is that the student housing fee remains the same this year because there are additional costs with additional housing. Frost reminded the Board of the agreement with the Student Housing Foundation and CCU, where when bonds were purchased, that housing fees would remain the same for five years. Three years are left on this agreement. Per this agreement, students get a \$75 credit, per semester, for their housing from the Student Housing Foundation.

Frost went on to explain that an excess in payroll will be achieved by tightening up on lag times on open positions not filled, combined with no pay increases for University staff. The budget is also being impacted by unavoidable costs associated with utilities and insurance, which continue to increase. They are currently expected to increase in the amount of about \$100,000.

Total tuition for the new budget is \$143M, \$5.3M higher than projected FY18. On the expense side, the new budget is \$158.8M, an \$8.6M increase over this year's budget of \$150M. Again, this \$8.6M increase is made up of a benefits increase of \$2.8M, payroll increase of \$3.0M, \$.5M bad debt, and \$2.5M in strategic initiatives.

Mr. Mullen expressed concern that our tuition is getting too high. Byington stated that the University keeps a close watch on tuition rates in other states in order for our rates to remain attractive to potential students. Chairman Bill Biggs reminded everyone, that the University is not turning down in-state students for out-of-state students.

**Capital Projects Update**

- Brooks Stadium – Phase I Completion September 2017. Substantial completion planned for February 2019
- The Smith Science Building - Completion December 2017
- UP Dining Facility – Completion December 2017
- The Wall Building Fountain – Completion February 2018
- Sands Hall - Remodeled for music department. Completion March 2018
- Williams Brice Recreation Building – Complete renovation of HVAC system, emergency system, ceiling and lights. Estimated Start January 2019; Estimated completion August 2019
- The conversion of Kingston Hall to the Early Childhood Education Center is in progress. Estimated Completion August 2018.

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- The soccer stadium has been put on hold pending funding sources.
- The next projects in the pipeline are the renovations of Wheelwright Auditorium and Kearns Hall.

Mr. Frost noted that by the end of the year, \$21M will be available from the Penny Sales Tax. It is expected that an additional \$63M will be available before the sales tax program ends in March of 2024. Future projects from these funds will be the Academic Enrichment Building and Auditorium, Academic Building III, and Student Union Phase II. These projects total about \$69M and are tied to the Strategic Plan.

• **Wyatt Henderson moved to approve and adopt the proposed tuition, fees and allocations as presented in the Proposed Budget for FY 2018-2019 (Motion 18-18). Will Turner seconded. There was one nay. The motion passed.**

• **Gene Spivey made a motion to approve and adopt the proposed room and board rates as presented in the Proposed Budget for the 2018-2019 academic year (Motion 18-19). Henderson seconded, and the motion carried.**

• **Oran Smith made a motion to approve a new International Student Fee of \$60 per semester (Fall and Spring semesters only) for international students who are enrolled in at least one credit hour, effective the 2018-2019 academic year (Motion 18-20). Henderson seconded. The motion passed.**

• **Henderson moved to approve new course lab fees as presented for the 2018-2019 academic year (Motion 18-21). Spivey seconded, and the motion carried.**

• **Henderson made a motion to approve a new transportation fee of \$50 per semester (Fall and Spring semesters only) for any student taking at least one on-campus course (Motion 18-22). Spivey seconded, and there was one nay. The motion carried.**

Henderson reminded the Board that when the state assigned the roads on campus to Coastal Carolina, we then became responsible for their upkeep. Additionally, Dr. DeCenzo stated that when transportation was contracted out, we were very limited as to what the routes were. We are much more service oriented and have many more opportunities for our students with our buses.

Additionally, Natasha Hannah expressed concern regarding faculty/staff being charged a fee to park on campus. Steve Harrison explained that our peer and aspirant institutions charge for parking based on a bracketing per their salary. A proposed draft was presented to the Faculty Senate, and they have given us very good feedback. Currently, they only pay for the gated areas on campus. Plenty of free parking remains on campus. Provost Ralph Byington added that conversation on campus has just started regarding parking, and more work is still needed on this before a final draft is completed. Hanna suggested that we do better than our peer institutions, look into our budget and find a way to cut costs to avoid charging our employees to pay to come to work.

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Byington also stated that the income from the parking will pay for roads, updates, and additional shuttles to avoid tuition increases.

- **Henderson moved to approve a discretionary fund for Dr. David A. DeCenzo, University President, in the amount of \$350k for fiscal year 2018-2019 (Motion 18-23). Dan Moore seconded, and the motion carried.**

Henderson stated that it is the Board's responsibility to make certain the President has sufficient funds to carry out his responsibilities. With the increase in students and the President's increase in transportation, the fund should be increased from requested \$270K to \$350K.

- **Spivey moved to approve the renewal of a one-year lease with Horry-Georgetown Technical College (HGTC), for the term July 1, 2018 through June 30, 2019, for three classrooms and three faculty offices in the Speir Building at the HGTC Grand Strand campus at an annual cost of \$26,000. Rent to include all utilities, security, maintenance, custodial and telecommunication costs (Motion 18-24). Turner seconded. The motion passed.**

- **Turner moved to approve the renewal of a one-year lease, for the term July 1, 2018 through June 30, 2019, for the Small Business Development Center of Winthrop University for \$3,000 per year (Motion 18-25). Spivey seconded, and the motion passed.**

- **Turner made a motion to approve a one-year lease of 6,215 square feet of space in Litchfield Landing for the term July 1, 2018 through June 30, 2019, on similar terms and conditions as the existing lease. Discussions are underway concerning future terms and conditions of the lease, not to exceed \$100,000 (Motion 18-26). Spivey seconded, and the motion passed.**

Byington stated that we will be losing the education center on Highway 17 Bypass at 79<sup>th</sup> Avenue North for the Myrtle Beach OSHER Lifelong Living Institute (OLLI) program. Attendance for the program is about 2,000. We are currently working with a realtor to find a location that is not overpriced.

- **Henderson moved to approve a one-year lease, in its final renewal per the lease agreement, with Fountain-Fuller of SC, L.L.C. for +/- 14,160 square feet of warehouse space at the Atlantic Center (444 Century Circle) effective September 1, 2018 through August 31, 2019. The cost of this lease is \$57,620 (\$4.07 per square foot) (Motion 18-27). Turner seconded, and the motion passed.**

- **Smith moved to approve a one-year lease, in its final renewal per the lease agreement, with Fountain-Fuller of SC, L.L.C., for +/- 7,500 square feet of office space at the Atlantic Center (450 Century Circle Suite A) effective September 1, 2018 through August 31, 2019. The cost of this lease is \$64,530 (\$8.60 per square foot) (Motion 18-28). Spivey seconded. The motion passed by acclamation.**

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• **Turner made a motion to approve a one-year lease, in its final renewal per the lease agreement, with Fountain-Fuller of SC, L.L.C., for +/- 5,000 square feet of office space at the Atlantic Center (450 Century Circle Suite B) effective September 1, 2018 through August 31, 2019. The cost of this lease is \$33,707 (\$6.74 per square foot) (Motion 18-29). Henderson seconded, and the motion carried.**

• **Smith moved to approve a one-year lease, in its final renewal per the lease agreement, with Fountain-Fuller of SC, L.L.C., for +/- 2,500 square feet of office space at the Atlantic Center (450 Century Circle Suite C) effective September 1, 2018 through August 31, 2019. The cost of this lease is \$18,360 (\$7.34 per square foot) (Motion 18-30). Turner seconded, and the motion passed.**

• **Spivey moved to approve a new one-year lease, renewable for six more consecutive years, from the CCU Student Housing Foundation, an affiliate of Coastal Carolina University, for the real property designated as a portion of Parcel 9 and a portion of Parcel 38, containing in the aggregate 26.71 acres. The lease will be effective July 1, 2018 through June 30, 2019 at a cost of \$1.00 (Motion 18-31). Turner seconded. The motion carried.**

It is noted that at the Board's request, Mr. Frost had prepared a more in-depth summary of expense and revenue reports for the Trustees. However, Ms. Hanna has requested a line item detail for revenue and expenses. Mr. Stevens stated that he and Frost are very open to talk with any of the trustees one-on-one to explain the budget to their satisfaction.

Mr. Stevens then expressed his sincere appreciation for the kindnesses shown to him during the illness and loss of his dear wife, Lynn.

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

Respectfully submitted,

*Susan Butcher and  
V. Chyrel Stalvey*

Recorders