



MINUTES

BOARD OF DIRECTORS MEETING

June 24, 2015

Lowcountry Graduate Center, Room 110A

Board Members Present:

Cherry Daniel – Trustee, College of Charleston

Sam Hines – Provost, The Citadel

Allison Dean Love – Trustee, The Citadel

Brian McGee – Interim Provost and Executive VP for Academic Affairs, College of Charleston

Mark Sothmann – Provost and VP of Academic Affairs, Medical University of South Carolina

Joe Thompson – Trustee, College of Charleston

Board Members Participating by Teleconference:

Barbara Johnson-Williams – Trustee, Medical University of South Carolina

Ex-Officio Board Members Present:

Godfrey Gibbison – Dean, College of Charleston School of Professional Studies (SPS)

Nancy Muller – Director and Associate Dean, Lowcountry Graduate Center (LGC)

Terry Seckinger – Member, Commission on Higher Education (CHE)

Board Members Absent:

John Sams, Trustee, The Citadel

Michael Stavrinakis, Medical University of South Carolina

Other LGC and College of Charleston SPS Staff Present:

Chris Duncan – LGC Marketing Coordinator

Clayton Nagy – IT Systems Support Technician

Donna Johnson – Business Manager

Patricia Simpson – LGC Student Services Coordinator & LGC Board Secretary

Sue Sommer-Kresse – Consultant to the College of Charleston

Tim Rule – LGC Social Media Intern

It was noted that appropriate notice was given and this organizational meeting was compliant with the statutes regarding public meeting laws under the Freedom of Information Act.

A quorum was deemed present.

I. Welcome (Brian McGee)

At 10:05 a.m., Brian McGee called the meeting to order and welcomed the members of the LGC Board (the “Board”). All in attendance were asked to briefly introduce themselves.

II. Minutes

Board Action: Motion to approve the minutes, as previously distributed electronically, for the February 19, 2015 meeting. The motion was approved by acclamation.

It was noted by McGee that minutes of the Academic Affairs Committee Meeting held on May 12, 2015 were also distributed electronically to the Board, for information only.

III. Director’s Report (Nancy Muller)

Prior to turning over the meeting to the LGC Director for her financial report, McGee offered his commentary in a preamble that there had been no negotiated agreement between the College of Charleston and the LGC for cost sharing of occupancy expenses in the new facility and therefore clarity was needed. At the February meeting of the LGC board, an Ad Hoc Committee had been appointed by the Board to address this issue. Separately yet in a related vein, a Task Force had been assembled from the Board and including Sue Sommer-Kresse, charged with identifying strategic questions and planning needs facing the LGC, including the gap between financial needs of the organization and its funding by the State. There are thus both short term and long term concerns. McGee concluded his remarks by stating that at this meeting of the Board, the group must conclude and amend this year’s budget, approve next year’s budget, and have steps in place to address the long term concerns facing the organization. He then turned to Muller to begin her financial report.

Muller opened her remarks to acknowledge Love’s leadership and the hard work of the entire Ad Hoc Committee tackling the question of occupancy costs in an attempt to determine the LGC’s fair share of occupancy expenses on the new campus. Muller noted she had recommended a range of 20-29% depending on a range of allocation methodologies, including percentage of classroom usage, percentage of staff headcount, and percentage of total facility traffic including rentals from third party usage, from which she derived the range. After much discussion, the Committee including herself and McGee as non-voting members concluded that the LGC should

offer 30% of total occupancy costs incurred by the campus in payment to the College. In early April when it concluded its discussions, this was estimated to equal \$378,331.

Muller explained that this amount differed from the actual payment of \$276,000 for comparable, total occupancy costs made prior FY 14 in the LGC's former location, not only because of the much larger footprint of the newer campus but also because of the structure of the new lease agreement with Holder Properties, requiring the lessee to cover utilities, landscaping, maintenance, site management, and upgrades, and other occupancy-related defined expense. She pointed out to the Board that in June 2014 when it approved the original budget for FY15, the pro forma statement reflected a lease payment of only \$212,000 in the former arrangement with SCRA as lessor. Even so, the budget approved at that time, she reminded the Board, reflected a \$96,000 deficit because the LGC had not received approval at that time of the non-recurrent appropriations requested in the amount of \$300,000 for the new web site, additional marketing and new program support, which it eventually received.

She further explained, using the table displayed on the screen and supplied to the Board electronically in advance of the meeting, that the \$378,331 figure appearing in column 2 represented an estimate of total occupancy costs for FY15 made with only six months' actual spending detail. A more current and representative of the LGC's share of total occupancy expenses, applying the recommended 30% allocation, equals \$370,839, noted in column 3 of the same table. She explained that operating expenses were higher in the first half of FY15 in the new building because of one-time start-up costs, new supplies, and the like. Therefore, with more time to collect actual expenses as the year advanced, allowed estimates for the full 12 months to be lower and thus more realistic. Muller expressed the necessity of defining the LGC's FY15 obligation to the College of Charleston for its fair share of occupancy expense before developing a FY 16 Budget because of the significant portion that occupancy expense potentially consumes of total State appropriations of \$785,099. Personnel and all other expense line items must therefore rely on sums remaining after the subtraction of amounts paid to the College of Charleston.

Seckinger asked what percentage of the building is utilized by the LGC. Muller responded that it depends on the methodology used to answer such a question. In FY15, the LGC utilized 28-29% of classrooms but only 20-22% of space when measuring utilizing based on relative staffing. She pointed the Board to look at a chart displaying Facility Usage, explaining that when rental to third parties is included and room capacity is factored into this equation, the LG utilized only 12% of the entire building's capacity in use in FY15. Even recognizing that rooms are typically filled at half their capacity, the LGC's utilization was derived to represent only 19%.

Gibbison acknowledged that 30% - or the upper 20 %'s – represented the upper end of any appropriate methodology applied to such a calculation. He added that graduate classes tend to be smaller in size than undergraduate classes but the classroom is still fully utilized once reserved.

Sothmann commended the Ad Hoc Committee, noting it had full and equitable representation of the LGC Board. Sothmann said that it is time for the LGC to be freed of being owned by institutions, advocating for a restructuring of the bylaws. He recommended we look at the Washington, DC consortium of colleges and universities and function more as a broker of

educational services. Although he feels that the LGC should stay in this facility, it needs to act more entrepreneurial.

Seckinger agreed, adding that it will take a huge lobbying push to get more funding. A budget running a deficit is not sustainable.

McGee said that the College of Charleston's Office of Business Affairs had assumed the LGC would continue paying 43% of the lease obligation as it had under arrangements with SCRA in a 20,000 ft² facility. However, this assumption was not memorialized in writing, as no such discussions took place.

McGee said that expenses have to be brought in line with expenses, either by increasing revenue or decreasing expenses. Muller responded that the only means of revenue growth under the current structure is through the percentage assessment enacted by the Board last year. Currently, this accounts for approximately \$25,000 and only reflects monies in FY15 and FY 16 from USC for its MSW program because the assessment affects only growth among tuitions and enrollment by member institutions. She noted that USC is now restricting its admission requirements in social work because the program grew faster than it could manage. Consequently, there is tremendous pressure for new programs by the LGC, especially given the relatively small population base we serve. Daniels concurred that this is true in continuing education programs too. Hines added that new programs are increasingly being put online and thus don't need the LGC. McGee remarked that Clemson and USC have their own instructional facilities in the area, unlike 15 years ago when the LGC was being conceived. He shared the sentiment of his colleagues at the College of Charleston that until spend-down of carryforward funds takes place, it will be impossible to convince Legislators of the need for more dollars. It is an awkward position, he acknowledged, to reach the near brink of financial crisis before making a case to increase annual appropriations.

At this juncture, McGee called for a private discussion among Board members of how to address the situation. All LGC staff present, including the Director, were asked to leave the room. Gibbison and Sommer-Kresse remained for discussion. Recording was halted.

Staff members were later asked to rejoin the group, and the Board meeting and recording resumed at approximately 11:30 a.m.

Board Action: McGee moved to amend the FY15 budget to insert as the total occupancy payments due for the LGC at \$378,331. The motion was seconded by Hines. The motion passed unanimously by voice vote, without amendment or further discussion.

McGee instructed the LGC Director to issue an amended budget for FY15 showing an amount of \$378,331 as the total occupancy payment and rebalancing the statement appropriately to illustrate the resulting deficit.

Board Action: McGee moved to approve the FY16 budget as distributed. The motion was seconded by Daniels. The motion passed unanimously by voice vote, without amendment or further discussion.

Board Action: McGee moved that the Strategic Planning Task Force extend and continue its mission by developing proposals for amendments of the bylaws/consortium agreement of the LGC and further make actionable proposals for the management of the budget and the new direction of the LGC at its earliest opportunity, with a report to be made by August 15th, followed shortly thereafter by a meeting of this Board to be scheduled in consultation with the Director.

This special meeting, it was agreed, is in addition to, and not in lieu of, the already scheduled meeting of the LGC Board in October. The motion passed unanimously by voice vote, without amendment or additional discussion.

Returning to her Director's Report, Muller noted that all enrollment reports are formats familiar to the Board and have been previously distributed electronically. The proposed marketing plan for FY16 is reflected in the FY16 budget approved in today's meeting. She acknowledged the benefit of meeting with heads of marketing with each of the three member institutions to share this plan.

The new web site will launch live on Monday, June 29th. The group then viewed a video professionally produced to tell the LGC story through the experience of a graduate student telling her story. Daniels said the student spoke from the heart. Seckinger said it was excellent and successfully incorporated the integration of universities with the LGC in this location. McGee agreed.

All future meeting dates were duly noted:

LGC Board meetings:

October 29, 2015	10:00 a.m. – 12:00 p.m.
March 2, 2016	2:00 p.m. - 4:00 p.m.
June 29, 2016	10:00 a.m. – 12:00 p.m.

Academic Affairs meetings:

September 15, 2015	2:00 p.m. – 4:00 p.m.
February 2, 2016	2:00 p.m. – 4:00 p.m.
May 24, 2016	2:00 p.m. – 4:00 p.m.

The meeting chairmanship was turned over by McGee to Hines to close his last meeting on the Board. In doing so, McGee thanked Hines for having worked on the original proposal for creation of the LGC – whose mission continues to be very important – and which had produced over the years many good things. The motion was made and seconded to close the meeting at 12 noon. A luncheon to honor Hines followed.