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University of South Carolina

BOARD OF TRUSTEES

Buildings and Grounds Committee

April 20, 2006

The Buildings and Grounds Committee of the University of South Carolina Board of Trustees met on Thursday, April 20, 2006, at 10:10 a.m. in the 1600 Hampton Street Board Room.

Members present were: Mr. William C. Hubbard, Chairman; Mr. Arthur S. Bahnmuller; Mr. James Bradley; Mr. Mark W. Buyck, Jr.; Mr. John W. Fields; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Mr. Herbert C. Adams, Board Chairman; and Mr. Miles Loadholt, Board Vice Chairman. Other Trustees present were: Ms. Rita M. McKinney; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; Mr. Mack I. Whittle, Jr.; and Mr. Othniel H. Wienges, Jr.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Executive Vice President for Academic Affairs and Provost Mark P. Becker; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Research and Health Sciences Harris Pastides; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice President for Student Affairs Dennis A. Pruitt; Vice President for Human Resources Jane M. Jameson; General Counsel Walter (Terry) H. Parham; Vice Provost and Executive Dean for Regional Campuses and Continuing Education Chris P. Plyler; Chancellor of USC Aiken Thomas L. Hallman; Dean of USC Lancaster John Catalano; Assistant Treasurer Susan Hanna; Budget Director Leslie Brunelli; Director of Facilities Planning and Operations Joe Rogers; Assistant to the Vice President, Division of Business and Finance, Ken Corbett; Director for Financing and Reporting, Office of the Controller, John H. Campbell; Executive Director, Office of Foundations, Susie H. VanHuss; Campus Planning and Construction Director and University Architect Charles G. Jeffcoat; Campus Planning and Construction Executive Assistant Donna Collins; Director of Periodicals, University Publications, Chris Horn; Director of Facility Services James D. Demarest; Chair of the Development Foundation Thomas E. Suggs; Public Information Officer, Office of Media Relations, Karen Petit; Student Government Association President Tommy Preston; Director of University Communications, Division of University Advancement, Russ McKinney, Jr.; Board staff members Terri Saxon, Vera Stone, Karen Tweedy; and members of the media.

Chairman Hubbard called the meeting to order and stated that notice of the meeting had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been circulated to the members; and a quorum was present to conduct business.

Chairman Hubbard welcomed everyone. Mr. McKinney introduced members of the media who were in attendance.

Chairman Hubbard stated that there were contractual matters related to gift naming opportunities appropriate for discussion in Executive Session. Mr. Buyck moved to enter Executive Session and Mr. Jones seconded the motion. The vote was taken, and the motion carried.

The following persons were invited to remain: Dr. Sorensen, Mr. Stepp, Dr. Becker, Mr. Kelly, Dr. Pastides, Ms. Jameson, Dr. Pruitt, Dr. Hogue, Mr. Parham, Mr. Rogers, Mr. Jeffcoat, Mr. Demarest, Ms. Collins, Mr. McKinney, Ms. Tweedy, Ms. Stone, and Mrs. Saxon.

Return to Open Session

- I. Administrative Project Increase(s) - Columbia Campus Recreational Fields Development:

Chairman Hubbard called on Mr. Kelly who reported that in accordance with the policy approved by the Board of Trustees, administrative approval was obtained to increase the budget for this project in the amount of \$249,000. The increase was required to fund additional work needed to coordinate the storm drainage system with railroad permitting, right-of-way, and shoring regulations. Mr. Kelly noted that the \$249,000 increase was funded with departmental funds, and resulted in a total budget of \$6,549,000.

Chairman Hubbard stated that this report was received as information.

II. NERR Education and Training Center:

Chairman Hubbard called on Mr. Kelly who stated that the project was for a joint use facility located on the Hobcaw Barony property near Georgetown, South Carolina, to serve the education and outreach needs of the USC North Inlet-Winyah Bay National Estuarine Research Reserve (NERR) and the Bell W. Baruch Foundation.

Mr. Kelly explained that the proposed 9,500 square foot facility would connect an existing visitor center and an existing office building to provide expanded exhibit space, an enlarged audio-visual room, a new classroom, and new office space for Reserve and Baruch Foundation education staff and volunteers.

Mr. Kelly stated that the project had been selected for a National Oceanic Atmospheric Association (NOAA) grant with final award anticipated in July 2006, and that approval was requested for this project with a budget of \$2,932,472, funded with grant funds.

Chairman Hubbard called for a motion to establish the project with a budget of \$2,932,472, funded with grant funding and approval contingent upon final award of the grant. Mr. Buyck so moved and Mr. Bradley seconded the motion. The vote was taken, and the motion carried.

III. School of Public Health Construction:

Chairman Hubbard called on Mr. Kelly who stated that the project, budgeted at \$31,550,000, was near completion, and the request was to re-identify the funding sources as:

\$3,500,000	State Capital Improvement Bonds
\$8,425,000	State Institution Bonds
\$9,928,016	Federal Grant Funds
\$ 350,000	Asbestos Trust Funds
\$9,346,984	Indirect Cost Recovery

Mr. Kelly informed the Board that an additional sentence is now included on all Bond declarations, whereby the University declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

Chairman Hubbard called for a motion to establish this project with a budget of \$31,550,000, with \$3,500,000 in State Capital Improvement Bonds, \$8,425,000 in

State Institutional Bonds, \$9,928,016 in Federal Grant Funds, \$350,000 from the Asbestos Trust Fund, and \$9,345,984 from Indirect Cost Recovery Funds. Mr. Bradley so moved and Mr. Jones seconded the motion. Following some discussion, Dr. Sorensen noted that two-thirds of the cost of the building was from Federal Government Funds, which was the model he wanted to employ in future projects. The vote was taken, and the motion carried. The University declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

IV. Beta Research Facility:

Chairman Hubbard called on Mr. Kelly who stated that the request was to increase the project budget by \$1,000,000, and to revise the funding sources.

Chairman Hubbard called for a motion to increase the project budget to \$31,564,157, and revise the funding sources to \$25,564,157 in Research University Infrastructure Bonds and \$6,000,000 in State Institution Bonds. Mr. Jones so moved and Mr. Bradley seconded the motion.

Mr. Jones asked to meet with Rick Kelly or his designee to review the building projects and their funding sources, because some of them seemed to be dependent upon tenants and some of them did not. Dr. Sorensen said it was an excellent suggestion and recommended doing the review for the full Board because as the Innovista moved forward there would be multiple models. Dr. Sorensen noted, however, that Board approval was needed to proceed with the building under consideration. Mr. Buyck stated that in the future, when the Board was informed that Federal funds will be used, it should be advised of specifically what Federal Funds and how the University will receive them.

Mr. Bradley asked Mr. Kelly if the \$5,000,000 in State Bonds would bring USC to the limit of its borrowing capacity. Mr. Kelly replied that the "\$5,000,000 was contemplated in the last presentation to the Board of the \$48,000,000 Intent Bond." He further explained that today's Executive Committee agenda included a request to "issue about \$53,000,000 worth of funding."

Mr. Bradley asked Mr. Kelly if they were working well with the State Department of Commerce (DOC). Mr. Kelly said that the DOC had been very cooperative and he felt very good about their working relationship.

The vote was taken, and the motion carried. The University declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

V. Project Funding Sources:

Chairman Hubbard called on Mr. Kelly who explained that several projects had been previously approved with funds identified as Institutional Funds in the Three-

Year Capital Plan, which included a source from State Institution Bonds. He further explained that in order to meet requirements for issuance of State Institution Bonds, the funding sources of the projects needed to be more specifically identified.

A. Energy Performance Contract: The budget for this project was \$53,390,969 and funding sources were to be more specifically identified as:

\$ 46,530,448	State Treasurer Master Lease
\$ 3,349,194	State Institution Bonds
\$ 2,511,327	Research University Infrastructure Bonds
\$ 1,000,000	State Energy Office Loan

B. Band Hall Construction: The budget for this project was \$6,729,000 and the funding source was to be more specifically identified as State Institution Bonds.

C. Gambrell Hall Repairs: The budget for this project was \$8.2 million funded with \$7.7 million in State Institution Bonds and \$500,000 in State Capital Reserve Funds.

D. 1321 Pendleton Street Acquisition: The budget for this project was \$550,000 and the funding source was to be more specifically identified as State Institution Bonds.

E. Campus Recreational Facilities Development: The budget for this project was \$6.3 million and the funding source was to be more specifically identified as \$5,717,000 in departmental funds and \$583,000 in State Institution Bonds.

F. Biomedical Block Parking Garage: The budget for this project was \$19 million and the funding sources were to be more specifically identified as:

\$18,400,000	City of Columbia
\$ 300,000	State Institution Bonds
\$ 300,000	Institutional Funds from Office of Provost

G. Steamline Replacement/Repair: The budget for this project was \$1 million and the funding sources were to be more specifically identified as \$500,000 State Capital Reserve Funds, and \$500,000 State Institution Bonds.

H. Jones PSC Renovations: The budget for this project was \$14,849,000 and the funding sources were to be more specifically identified as:

\$4,500,000	Departmental Funds
\$5,300,000	State Institution Bonds
\$4,800,000	USC Asbestos funds
\$ 249,000	ICPF

I. Utility Tunnel Repair: The budget for this project was \$160,000 and the funding sources were to be changed to \$132,813 State Institution Bonds, and \$27,187 ICPF.

Chairman Hubbard called for a motion to approve the request to specifically identify project funding sources as described in the materials distributed for the

meeting. Mr. Buyck so moved and Mr. Adams seconded the motion. The vote was taken, and the motion carried. The University declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

VI. Gift Naming Opportunities:

Chairman Hubbard called on Secretary Stepp, who reported that, as discussed in Executive Session, there were two gift naming opportunities within the Thomas Cooper Library, in conjunction with appropriate donations, which were unanimously recommended by the Gift Naming Opportunities Committee.

A. "William L. Richter Seminar Room" - Thomas Cooper Library:

Chairman Hubbard called for a motion to approve the gift naming opportunity as presented. Mr. Adams so moved and Mr. Bradley seconded the motion. The vote was taken, and the motion carried.

B. "Ethelend Pope Brown Staff Office" - Thomas Cooper Library:
(Rare Books and Special Collections Wing)

Chairman Hubbard called for a motion to approve the gift naming opportunity as presented. Mr. Buyck so moved and Mr. Bradley seconded the motion. The vote was taken and the motion carried.

VII. Other Matters: USC Development Foundation Update:

Chairman Hubbard called on Dr. VanHuss and Mr. Suggs from the Foundation, stating that they had requested to address the Board. Mr. Suggs provided a brief update on the following projects:

A. The Adesso Project (Holder Project): Mr. Suggs reported that the Foundation was making great progress. He expected the City Council to approve the project at its May 10th meeting and had scheduled the groundbreaking for May 30th at 1:00 p.m. Expected completion of the project is by summer 2007.

B. Wheeler Hill: Mr. Suggs reported that the Foundation was in the process of finalizing the development plans for 40 lots in Wheeler Hill. It would file a Planned Urban Development (PUD) application with the City of Columbia on May 10th and expected to have the lots on the market this summer. He added that the Foundation would probably hold a lottery for the lots, due to the great interest in them so far.

C. Women's Club: Mr. Suggs reported that they expected the Women's Club issues to be resolved. The neighborhood council recently voted to welcome the Latter Day Saints Church Organization, and to allow them to tear down the building. He said that the progress on this project would allow for the second part of the Adesso Project to proceed as planned.

D. Consolidated Systems Facility: Mr. Suggs said that they needed the Board's help regarding the Consolidated Systems Facility. He explained that the

Development Foundation owned the property and had been working for sometime with the University on a lease for the property and were concerned about their current liability situation. He deferred to Dr. VanHuss to provide an update on the situation, in the hopes of resolving the liability issues.

Dr. VanHuss stated that the project began last spring when Dr. Sorensen asked the Foundation to work with the Archeology Institute, so that they would not have to move to the St. Andrews area. The Foundation agreed to lease the back half of the 38,000 square foot facility to the Institute. The Institute was moving out of 1321 Pendleton Street, which the Building and Grounds Committee just approved to sell. She explained that due to the bad condition of 1321 Pendleton Street the Foundation agreed to allow the Institute to move some of their things into the Consolidated System facility. In response to the Institute's request the Development Foundation fronted approximately \$100,000 for renovations to the building. She noted that the Institute had not yet finalized their plans.

Dr. VanHuss stated that the Foundation was more concerned with the liability situation, created by the absence of a signed lease with the University for the front half of the building. She explained that the Foundation had been working on a lease with the State and the University since September 2005. The proposed lease indicated that the Foundation would lease the space at the Foundation's interest cost. She stated that Mr. Joe Rogers notified the Foundation that the University wanted the lease effective October 1, 2005, so the Foundations had been working to get that done, and that following revisions to the lease they expected the final version on the agenda today, and were surprise to find it was not. She noted that she now understood the Board would have to approve the lease.

Dr. VanHuss explained that the reason they were so concerned with liability was that unbeknownst to them in the Fall Semester the front portion of the building was renovated and totally occupied. She said that they did not find out about the renovations and occupancy until they noted that utility costs had skyrocketed. They visited the site to see if there was a problem and found the on-going renovations and tenants. She listed several liability concerns the Foundation had and asked the Board for their help to resolve the lease issue.

Chairman Hubbard noted that the issue was not on the agenda for the Buildings and Grounds Committee to deal with, but he asked Mr. Parham to meet with Dr. VanHuss after the meeting to resolve the issue.

Since there were no other matters to come before the Committee, Chairman Hubbard declared the meeting adjourned at 10:52 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary