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University of South Carolina

BOARD OF TRUSTEES

Buildings and Grounds Committee

June 29, 2006

The Buildings and Grounds Committee of the University of South Carolina Board of Trustees met on Thursday, June 29, 2006, at 10:30 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. Samuel R. Foster II; 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: Dr. C. Edward Floyd; Ms. Rita M. McKinney; Mr. M. Wayne Staton; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, 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 Human Resources Jane M. Jameson; Vice President for Student Affairs Dennis A. Pruitt; Vice President for University Advancement Brad Choate; Vice President for Information Technology and Chief Information Officer William F. Hogue; Associate Provost for Business and Operations William T. Moore; Associate Vice President for Research and Health Sciences Sonya F. Duhé; Vice Provost and Executive Dean for Regional Campuses and Continuing Education Chris P. Plyler; Associate Provost for Institutional Outreach and Dean of The Graduate School Christine Ebert; General Counsel Walter (Terry) H. Parham; Assistant Treasurer Susan Hanna; Director of Student Development, Student Health, and University Housing, Division of Student Affairs, Gene Luna; Chancellor of USC Aiken Thomas L. Hallman; Vice Chancellor for Business and Finance, USC Aiken, Virginia Steel Hudock; Director of Facilities and Operations, USC Aiken, Tony Ateca; Dean of the Honors College Davis Baird; Budget Director Leslie Brunelli; Director of Facilities Planning and Operations Joe Rogers; Executive Director of the Alumni Association, Division of University Advancement, Marsha A. Cole; Professor in the College of Pharmacy and Chair of the Faculty Senate C. Eugene Reeder; Director of Facility Services James D. Demarest; Executive Director, Office of Foundations, Susie H. VanHuss; Executive Director Elect, Office of Foundations, Jerome D. Odom; Director of Finance and Budget

William P. Bragdon; Director of Finance and Administration, Research and Health Sciences, Edward Walton; Campus Planning and Construction Executive Assistant Donna Collins; Director of Periodicals, University Publications, Chris Horn; Chair of the Development Foundation Thomas E. Suggs; Assistant to the Vice President, Division of Business and Finance, Ken Corbett; USC Lancaster Public Information Officer Shana Funderburk; 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.

I. Administrative Project Increase(s) - Kirkland Apartments Renovations:

Chairman Hubbard called on Mr. Kelly who stated that the project to renovate the Kirkland Apartments for the National Advocacy Center using federal dollars was complete. He explained, however, that there was an \$8,808.39 overrun for user requested changes, which was funded by the Department of Justice. The result was a new total project budget of \$2,405,826.70.

Chairman Hubbard stated that this report was received as information.

II. Master Land Acquisition Plan:

Chairman Hubbard called on Mr. Kelly who explained that in 1996 and 2001 the Board approved a formal Development Boundary for USC Columbia, which indicated its intent to pursue property it desired to purchase within the boundary as it became available. Property ultimately selected would meet the needs for continued development of the campus in accordance with the master plan. The approved Development Boundary received the Commission on Higher Education's (CHE) approval as a Master Land Acquisition Plan (MLAP) in 1997 and renewed approval in 2001. The CHE approval, which extended for a five year period, expedited the land acquisition process within the boundary. The current Development Boundary request before the Board, if approved, would be submitted to the CHE for consideration as the updated Master Land Acquisition Plan.

Chairman Hubbard called for a motion to approve the formal Development Boundary for USC Columbia as described in the material distributed for the meeting. Mr. Bahnmuller so moved and Mr. Buyck seconded the motion.

Mr. Buyck asked about the Farmers' Market and Mr. Kelly replied that they had handled it separately and had obtained the required approvals, but did not include it in the Development Boundary.

Mr. Jones asked if there was a budget for the Plan and Mr. Kelly replied that no budget had been established, since property values continually varied and the parcels that might actually be purchased were unknown. Mr. Kelly further explained that the State Budget and Control Board [BCB], the Joint Bond Review Committee, as well as the Board, would have to approve any and all specific land purchases.

Mr. Buyck noted that the Development Boundary footprint map that was distributed with the meeting materials included the State Fairgrounds' property, and he specifically remembered that the Board did not want to acquire that property. Mr. Kelly explained that the footprint was approved in 1997 and 2001, and assured him that there were currently no plans to acquire the property. He noted, however, that if the State Fair Association decided to sell the property, they wanted it included on the footprint, to avoid the lengthy bureaucratic process it would have required had it not been included. Mr. Buyck stated for the record that the Board did not plan to acquire the State Fairgrounds.

The vote was taken, and the motion carried.

III. Sumwalt HVAC Upgrades:

Chairman Hubbard called on Mr. Kelly who stated that the project would involve upgrading the HVAC system on the first floor south wing of the Sumwalt Building.

Chairman Hubbard called for a motion to establish the Sumwalt HVAC renovations project with a budget of \$240,000 to be funded with Institutional Funds as presented. Mr. Fields so moved and Mr. Jones seconded the motion. The vote was taken, and the motion carried.

IV. Honors Residence Hall:

Chairman Hubbard called on Mr. Kelly who reported on the status of the design of the Honors Residence Hall. The Board had previously approved the design and construction of a new honors living and learning community on the land currently occupied by the four Towers residence halls, at the intersection of South Main, Blossom, and Senate Streets. The Towers dorms were scheduled for demolition in August 2006. Since the project was approved in April 2005, the architectural program had been better identified, design development documents were completed, and a comprehensive cost estimate developed.

Mr. Kelly explained that the facility would consist of four buildings with the main building on the northern edge of the site and three smaller scale wings extending south creating two courtyards. The main building will be six stories,

the east and west wings will be five stories, and the center wing will be four stories. The residence hall will accommodate 538 beds in a combination of single and double rooms with semi-private bathrooms. Three apartments will serve visiting faculty, a residence life coordinator, and a graduate student. The current cost estimate for the project was \$36,560,00.

Mr. Kelly stated that the Honors College had indicated interest in adding an academic center (approximately 8,000 square feet) to include classrooms, several advisor offices and student project space at an estimated cost of \$2,065,000. There was also interest in integrating a full dining component (approximately 10,000 square feet) for all USC students, faculty and staff at an estimated cost of \$2,500,000.

Finally, Mr. Kelly noted that there was room on the site to add another residential component (approximately 33,806 square feet), with 113 additional beds for honors students, bringing the total bed count to 651, at an estimated cost of \$6,475,000. To include the academic center, the dining component, and the additional student rooms would increase the total project budget to \$47,600,000.

After extended discussion about the appropriate scale for the project, Chairman Hubbard called for a motion to increase the project budget by \$4,625,000 to provide funding to incorporate the academic center and the dining component into the project as well as provide additional funding needed for the basic housing facility. This will result in a total project budget of \$41,125,000 funded with Housing Revenue Bonds. Mr. Fields so moved and Mr. Bradley seconded the motion.

Mr. Bradley asked the cost per bed to build the new facility. Mr. Kelly explained that using the 538 beds in the main wing of the building, the cost averaged \$67,000 per bed. That figure included the ancillary space associated with the teaching rooms and cafeteria. He noted however, if pricing just the wing with all beds, the cost dropped to approximately \$57,000 per bed.

Mr. Bradley said he understood that the cost of the cafeteria was \$2.5 million and that it would be profitable, but he wanted to know the source of the revenue to make it profitable. Mr. Kelly explained that through the 15-year contract with Sodexo which the Board approved, Sodexo would invest \$35 million of improvements on the campus. He said that those monies would be the revenue source for this dining facility.

Mr. Adams asked if the street which was closed off in front of the Graduate Research Center, between Sumter and South Main Streets, would be reopened once the new facility was complete; Mr. Kelly replied no.

Mr. Adams questioned the placement of the buildings on the site, and Chairman Hubbard stated that the Architectural Design Review Committee had already unanimously approved the design. Mr. Adams said he was disappointed that they had done so because, in his opinion, "we are hiding at USC some of our prettiest buildings in the way that we face them." Examples he noted were the South and East Quad Dorms where he said "you get the view of the back of the building from every street."

Chairman Hubbard explained that the front of the Building would face Blossom Street. There was much discussion on the placement of the buildings.

Chairman Hubbard expressed concern about not proceeding with the third wing, not only because of losing the symmetry of the space but because of losing the 113 beds. He was also concerned about cost escalation if the project was constructed in two phases, and wanted to consider the possibility of the Board approving the entire project at one time. Mr. Foster said he felt that once the contractor was on site it would be more cost effective to have the additional 113 bed wing constructed; he noted that construction prices would only increase.

Mr. Kelly stated that the University could afford the full \$47,600,000 and could pay the additional cost of the debt service; the additional beds would be beneficial to USC by housing more students on campus. If the Board was willing to allow them to bid the project as a whole, he believed it would total \$46,700,000 and that they could finance and fund that amount. He explained that their efforts "were to come back to you with a budget that was more closely akin to where you had originally approved, rather than the whole ball of wax." Chairman Hubbard clarified that housing projects were funded to a large extent with Housing Revenue Bonds, which would be an income source.

Mr. Foster asked what the operation deficit would be with the additional 113 beds. Mr. Kelly replied that the debt would probably not be marginally different, and more importantly it was the time frame by which they recovered from it. With the additional revenue source generated by these 113 beds, without tremendous additional operating costs, the debt period could be reduced from nine to seven or eight years.

Mr. Lister asked if the University had determined a usage for Maxcy, once the new facility was built. Dr. Luna replied that it would remain a "bed" facility and that other learning communities in various academic departments were asking for space specific to their particular academic focus. He noted that there were approximately fifteen learning communities at USC and that there was a real interest in "language houses."

Chairman Adams asked if the new facility would become the "headquarters" for the Honors College, or would it remain on the Horseshoe. Dr. Becker indicated that the Honors College headquarters would remain on the Horseshoe. Mr. Kelly noted that regarding space reallocation related to this project, he would return to the Board with relocation plans for various colleges and offices (i.e., the College of Social Work), which was currently housed in three buildings.

Dr. Sorensen stated that if the Board was willing to support "our taking the risk for the larger number of \$47,600,000 which would accommodate the larger number of students, we're telling you that 100 percent of the debt service will be covered by the combination of the deal we have with Sodexo paying for the dining facility, and the revenues from the students paying for the rest of it; and it would be our preference for you to say 'we would like you to secure a bid for the entire project.'" Chairman Hubbard replied that, "I just think this two phase deal is going to result in either the project never being completed or a more expensive completion."

Following further discussion, Chairman Hubbard asked Mr. Fields if he would amend his motion, and if so, would Mr. Bradley accept the amendment. Mr. Fields amended his motion to approve the total project budget at \$47,600,000 and Mr. Bradley agreed to the amendment.

Mr. Foster asked Mr. Kelly the target date to begin the project. He replied that with today's Board approval they would begin demolishing the Towers in August while bidding the project; the construction would begin in the fall. Mr. Kelly noted that removal of the Towers would be a slow process due to demolition complications.

Mr. Foster asked Mr. Kelly if they could encourage the contractors currently working on projects in the research campus to bid on the project since they were already on campus. He told him they would.

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

V. Wheat Street Acquisition:

Chairman Hubbard called on Mr. Kelly who stated that there was a strip of land owned by the City of Columbia, bordering the Wheat Street side of the Horizon Center Parking Garage which was currently under construction. He explained that the footings of the new garage extended onto the property, and that the City agreed to deed that parcel to the University for five dollars.

Chairman Hubbard called for a motion to acquire approximately 0.219 acres of the Wheat Street right-of-way from the City, for the sum of \$5.00 and "other good

and valuable consideration" as described in the materials distributed for the meeting. Mr. Buyck so moved and Mr. Bradley seconded the motion. The vote was taken on the motion, and the motion carried.

VI. Energy Performance Contract:

Chairman Hubbard called on Mr. Kelly who stated that the \$1,265,191 request was to increase the project budget for the construction of the bio-mass plant, a major component of the Energy Performance Contract. The original design was for an open industrial structure; however, for compatibility with the University environment and to meet the requirements of the University Architectural Design Review Committee and the City of Columbia Design Development Review Committee, the plant was re-designed to enclose the facility. The re-design resulted in the budget increase.

Chairman Hubbard called for a motion to increase the project budget by \$1,265,191 funded by the State Treasurer Master Lease as presented. This will result in a total budget of \$54,656,160 funded with:

\$47,795,639 State Treasurer Master Lease
3,349,194 State Institution Bonds
2,511,327 Research University Infrastructure Bonds
1,000,000 State Energy Office Loan

Mr. Jones so moved and Mr. Lister seconded the motion. The vote was taken, and the motion carried.

VII. USC Aiken Student Residence Hall:

Chairman Hubbard called on Chancellor Hallman who stated that the project was to construct, on an undeveloped site adjoining existing campus housing facilities at USC Aiken, a new residence hall with approximately 300 beds. He explained that the existing housing facilities were filled to capacity every fall semester, with demand mounting each successive year.

Chairman Hubbard called for a motion to establish this project, which will include land acquisition and construction of the residence hall with a budget of \$16,535,000 funded with \$35,000 in Housing Revenues and \$16.5 million in Housing Revenue Bonds as described in the materials distributed for the meeting.

Mr. Fields so moved and Mr. Buyck seconded the motion. President Sorensen spoke in support of the request, stating that under Chancellor Hallman's leadership, USC Aiken had moved from a "commuter school model" to a "residential campus model." He commended Chancellor Hallman and his staff for "coming up with expansion for additional housing with 100 percent of the funding secured." The vote was taken, and the motion carried. The University hereby declares its official intent, pursuant to Federal Regulations, to reimburse itself from the amount of proceeds of the tax-exempt bond issue.

VIII. USC Aiken Student Activities Center:

Chairman Hubbard called on Chancellor Hallman who explained that when the project, established more than five years ago, to renovate the Student Activities Center and address various deferred maintenance items was initiated the total anticipated cost was \$5.5 million. The plans remained on hold due to a lack of total project funding and the need to move the athletics offices to the Convocation Center prior to space reallocation. The Convocation Center was now scheduled to open in April 2007, and Chancellor Hallman explained that they were requesting approval to increase the project budget by \$2.5 million to allow commencement of the present scope of work (reduced from the original scope) during Summer 2007.

Chairman Hubbard called for a motion to increase the project budget by \$2.5 million, funded with State Institution Bonds. This will result in a total project budget of \$5.75 million funded with \$3 million in State Capital Improvement Bonds, \$2.5 million in State Institution Bonds, and \$250,000 in 2005/2006 State Funding as presented.

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

IX. Indefinite Delivery Contracts:

- A. Preferred Construction Co., Inc.
- B. Accent Contracting, Inc.
- C. R & R Associates Environmental Company
- D. First Class Construction, LLC
- E. Strickland Waterproofing Services
- F. C. E. Bourne and Company
- G. JA Piper Roofing Company
- H. Asbestos and Demolition, Inc.

Chairman Hubbard called on Mr. Parham who stated that the University used these contracts "as a way to have companies readily available for small construction jobs" on campus in the areas of asbestos abatement, roofing, painting, and water proofing. He explained that the companies were selected solely because they "offered the largest percentage discount from the standard cost estimates contained in the applicable construction estimating manual." The percentage discounts ranged from 50.5 percent to 65 percent. Mr. Parham noted that the two-year contracts placed the companies "on-call", but did not obligate the University to use them.

Chairman Hubbard called for a motion to approve the eight indefinite delivery contracts as described in the materials distributed for the meeting. Mr. Bradley so moved and Mr. Foster seconded the motion. The vote was taken, and the motion carried.

X. Other Matters:

A. USC Development Foundation Report: Chairman Hubbard called on Dr. VanHuss and Mr. Suggs from the Development Foundation for a report. Mr. Suggs noted that this meeting would be Dr. VanHuss' last one before her retirement.

1. The Consolidated Systems Facility: Mr. Suggs reported that Mr. Parham did an outstanding job for them on the Consolidated Systems lease, but that the Foundation's lawyers were still working with the South Carolina Budget and Control Board to resolve outstanding issues with the lease.

2. Adesso Project: Mr. Suggs distributed the new brochure for the Adesso Project, and reported that the Foundation was in the process of obtaining purchase contracts for the condominiums. On behalf of the Foundation, he thanked Chairman Herbert Adams and Trustee William Hubbard, Chairman of the Building and Grounds Committee, for attending their groundbreaking.

Mr. Suggs called on Dr. VanHuss to provide an update on Wheeler Hill and the Women's Club projects.

3. Women's Club: Dr. VanHuss stated that the Foundation was in the process of trying to complete a "swap agreement" with the Church of the Latter Day Saints, so that the Foundation could acquire the property at the corner of Blossom and Assembly Streets, and the church could acquire the Women's Club property. She said that they had the agreement worked out, but then found that the Federal Emergency Management Agency [FEMA] regulations would not permit the renovation of more than 50 percent of the cost of the building. She further explained that Historic Columbia thought they had found a way to obtain a FEMA exemption. The church agreed to do the renovation at \$1.2 million in order to save the building. If the church can't get the FEMA exemption, then the only alternative left would be the demolition of the current building and the construction of a new facility.

She said that one reason she brought this to the Board's attention was to give them a "heads up," that there was an attempt to link this project to the Law School site; she wanted the Board to know that the Foundation told Historic Columbia that the two projects were totally separate. She added that the point Historic Columbia wanted to make was that the Horry-Guinyard House should remain on its site, and that the context in which the new Law School would be built would not negatively impact the historic concept of the building.

4. Wheeler Hill: Dr. VanHuss reported that the Foundation had filed the Planned Unit Development [PUD] application with the City of Columbia to develop Wheeler Hill as a single-family residential unit, and expected to have 35-40 lots ready to sell by the end of December 2006, or the first of January 2007. She added that they had a positive meeting with the Wheeler Hill Executive

Committee, and that they were scheduled to appear before the City Planning Commission on July 10th, with the city staff's full recommendation of the request. They were also scheduled to meet with the Wheeler Hill residents on July 11th and anticipated it being a positive meeting. She noted that they had a waiting list of over seventy people interested in purchasing a lot, and thought it would be a very successful project for the Foundation.

Dr. Floyd asked what the price of the lots would be in Wheeler Hill and Dr. VanHuss replied that they had not made a final determination, since they did not yet have all of the costs. She noted that the last lot they sold in Wheeler Hill, which was a small lot, sold at \$175,000.

Dr. VanHuss said that Mr. Suggs had put more time than anyone else into the Foundation. Mr. Suggs stated that they appreciated all that Dr. VanHuss had done and that she had an enormous impact on the Foundation. He said that they looked forward to working with Dr. Jerry Odom as the new Executive Director of the University Foundations Office.

5. Inn at USC: Mr. Suggs reported that the Inn continued to meet their expectations and that they had excellent support from the business community.

Chairman Hubbard thanked Dr. VanHuss, on behalf of the Building and Grounds Committee, for her service to the University through the Business School and the Foundation Office. He expressed appreciation for her dedication, hard work, and loyalty to the University and her communication with the Committee about Foundation initiatives.

B. Coliseum Adaptive Reuse: Chairman Hubbard called on Mr. Kelly. He said the Board had approved the hiring of Sasaki, Inc. to develop an adaptive reuse plan for the Coliseum.

Mr. Kelly listed the existing building uses as a 12,200 seat arena; academic and administrative space including 103,000 gross square feet for the College of Hospitality, Retail and Sport Management, the School of Journalism and Mass Communication, Administrative Space; and athletic support space.

The proposed plan called for the construction of a natural lighted atrium in the center portion of the building. The concrete exterior would also be removed and replaced with windows for additional natural light. The renovation would allow for four to five major users, who would each have a separate entrance.

Mr. Kelly discussed the potential new uses for Coliseum as Athletics administration of 50,000 square feet; a Student Academic Center of 30,000 square feet; a Sports Medicine Clinic of 30,000 square feet; the USC Alumni House of 50,000 square feet; and potential new academic space.

Mr. Kelly clarified that there were no final plans, but they did have a fairly detailed understanding concerning the building size that could be constructed within the current framework. The Department of Athletics had already expressed an interest in locating their sports medicine clinic, administrative offices, and "athletic/students academic learning center" in the renovated Coliseum.

Mr. Kelly stated that the rough cost of \$85,000,000, equated to approximately \$171 per square foot, which was lower than an estimated "new construction" per square foot cost. He clarified that if the University were to construct a new building it would not build a 500,000 square foot facility, but would rather construct smaller units, and would not build atrium areas."

Mr. Bradley asked Mr. Kelly where they would get the \$85,000,000 for the project. Mr. Kelly replied that a matrix to show where the dollars could come from would be constructed and would be dependent upon on which units might be in the building; no funding plan was yet in place.

Mr. Bahnmuller asked Mr. Kelly if he understood correctly, that the University could not build a new facility for less than it would cost to renovate the Coliseum. Mr. Kelly clarified that the consultants could "not guarantee we can build a building for under \$171 per square foot, which is the estimated cost of the renovations."

Chairman Hubbard took responsibility for bringing the plan to the Committee because he thought they needed to be informed on every aspect of the Coliseum proposal as early as possible and encouraged Mr. Kelly to provide updates at every Committee meeting. Although "it may not be doable," he thought it was important enough for the Committee to think about it, before they made a decision as to whether the renovation was feasible.

Dr. Floyd stated that he was "very intrigued" by the plan, and that it looked better than he thought. He thought that the Committee did not need to approve or disapprove the plan as presented, but more importantly make a decision as to whether or not they wanted the Coliseum to be demolished or renovated. He said that there were "some people on the Board who think we should tear this building down," and if the feeling on the Board was to tear the building down and not deal with it as a renovated structure, then they were wasting their time pushing forward with renovation options. Chairman Hubbard asked how the Board could make that decision without knowing what the options were.

Mr. von Lehe said he thought the adaptive reuse plan was one of the "greatest eye openers" he had seen.

Mr. Buyck said that the Tower dorms were already scheduled to be torn down, and if they also tore down the Coliseum, the Board "would be run out of town." He agreed with Dr. Floyd that the Board needed to make the decision as to whether to demolish the Coliseum or renovate it, and that the plan presented was a good one.

Mr. Bahnmuller said he liked the plan, but questioned what would happen to the existing occupants should the Board not approve a renovation plan.

Mr. Bradley expressed his concern that the University was a long way from being "financially able to spend \$85,000,000" and he did not think it would be any time in the foreseeable future.

Mr. Kelly explained that he presented the plan to seek Board guidance as to whether they were moving in the right direction, and, if so, acknowledge that they wanted them to continue. He stated that there needed to be a "very well thought out funding plan" developed for the project, which could include various funding options.

Chairman Hubbard summarized that the Committee wanted to see the study accelerated and the Board kept informed. Mr. Kelly stated that with the Committee's permission, he would prepare additional data for the next Committee meeting.

Since there were no other matters to come before the Committee, Chairman Hubbard declared the meeting adjourned at 12:05 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary