

Shepherd University Board of Governors
July 28, 2006
Agenda Item No. 1 ADDENDUM

CENTER FOR CONTEMPORARY ARTS AMENDED APPROVAL OF PROJECT BUDGET

In the spring of 2004 as the HEPC was developing the projects list for its state-wide bond issuance, Shepherd anticipated approximately \$10 million to be used for a first phase of the CCA. As that process progressed into the summer of 2004, Shepherd's total allocation became \$12.5 million.

Discussions occurred at that time between former Chancellor Mullen and Shepherd staff as to the University's interest in dividing the additional \$2.5 million toward a second project, with an emphasis again on academic, instructional space. Ultimately, the new swimming pool component of a wellness center expansion of the Butcher Center was identified as the intended object of this additional \$2.5 million.

On Thursday, July 27, 2006, University staff were advised by HEPC staff of the official opinion of the HEPC Bond Counsel that if the \$2.5 million is assigned to the Butcher Center project, Shepherd would be required to always pay a pro rata share of the debt service out of institutional funds, even when Lottery proceeds are available to pay the debt service. This was entirely unanticipated.

The Board has previously approved the aggregate CCA complex with a \$50 million budget. It is now recommended that the entire \$12.5 million of bond proceeds, as well as the additional interest accumulations distributed by the HEPC, be approved by the Board for expenditure toward construction of the CCA. The President would work with the project team to make further evaluation of the available bid alternates as well as the opportunity to expend funds toward enhancing the interior of Phase 1A, expending funds to enhance the CCA facility site, or expending funds toward the advancement of Phase 1B and/or Phase 2A of the project.

The following resolution is recommended as a replacement for the previously proposed draft resolution for adoption by the Board:

RESOLVED, That the Shepherd University Board of Governors approves the expenditure of all HEPC 2004 bond proceeds distributed to Shepherd University toward the CCA, including any related site improvements.