TS: Today the interview is with Larry Wheeler, who’s a member of the KSU Foundation Board of Trustees. Larry, we start with everybody just asking them to talk about their background and where they grew up and went to school and just a little bit about those kinds of things.

LW: Sure. Well, in spirit I’m a native Georgian, but I actually was born in California during World War II when my father was the logistics officer in a German POW camp. Dad was a native Georgian, and my mother a native Floridian. As soon as World War II was concluded and the post decommissioned, we moved back to Georgia. I think I was thirteen months old. I went to elementary, high school, and college all in the Atlanta area, and I attended and graduated from Druid Hills Elementary and High School and Emory University. I began my career, after a time in the service, with C&S [Citizens & Southern National Bank].

TS: Sure. Mills B. Lane, Jr. [president of C&S Bank, 1946-73].

LW: Absolutely. My wife was his personal assistant for a while, as a matter of fact.

TS: He was a colorful character.

LW: Very. He was unique—someone who could turn on the fire and put on the ice, all in a matter of seconds. You had to be quick to keep up with him. After being in California with C&S for seven years, we returned to Atlanta and located in Dunwoody. At the time I didn’t know it, but I soon found out that I was brought back to participate in the consolidation of C&S minority-owned bank. Minority-owned banks had been chartered under previously existing banking law. In Cobb County we owned a system of banks known as C&S of Cobb County. I was brought in to do the acquisition of the group and become county president in January 1982.

TS: What is a minority-owned bank; does that mean ethnic or gender?

LW: No, there were two classifications under an earlier Georgia law. One meant that the holding company of C&S owned 50 percent of the bank’s stock, called a correspondent bank. The other, where 15 percent of the bank’s stock was owned by the C&S Holding Company, known as Correspondent Associate banks.

TS: Minority stockholders.
LW: Right. The holding company of C&S owned a minority position in the stock of the bank. C&S would pick a person and help him put together an organization and then bought 5 percent to 15 percent of the stock. The bank would have in their name “C&S,” but it would not be more than 5 percent owned by the holding company.

TS: It seems fairly frequently a group of prominent local people will start a bank like, I guess, Southern National Bank or whatever, and this is the same principle except that they’re doing it with C&S?

LW: Yes, C&S senior executives would often purchase stock. You would have the holding company owning up to 15 percent. The state changed the legislation and allowed holding companies to consolidate their ownership predicated on the strength of the parent bank. The first consolidated entity was C&S Cobb. We bought the bank on December 31, 1981. I was brought in as president and began to integrate myself into the Cobb County community.

TS: I’m surprised that C&S had banks in California.

LW: C&S was drawn to California in 1959. The Holding Company owned a subsidiary called C&S Factoring. A factor buys accounts receivable. For the carpet industry we were the largest factor.

TS: But carpet was . . . ?

LW: The genesis of our office in LA.

TS: In California?

LW: Actually the factor started here on the east coast.

TS: Right. We think of north Georgia, Dalton, as the carpet capital.

LW: Exactly. And that’s where we had our first major office outside of Atlanta for the factor. Shaw Industries had major jute suppliers that had their operations in California. We would buy the receivables from Shaw Industries owed to the jute companies. We also, because we were the largest bank in Georgia, became one of the banks that had multi-national business interests like Lockheed in the Southeast. We had major banking relationships with Lockheed and enough other west coast companies, so it made sense to put somebody on the west coast representing the bank. We could not have a bank in the traditional sense. We had what was called a loan production office, which meant that I couldn’t accept deposits and I couldn’t transact with consumers, but I could call on the business and negotiate business relationships that had to be closed within the state of Georgia. I was C&S’s commercial banker on the scene.
TS: Right. That’s a pretty big responsibility. You must have been in your twenties at the
time.

LW: I moved there when I was 29 and came back when I was 36 or 37.

TS: You had pretty big responsibilities early on.

LW: I went to California, and I was working for somebody in Georgia. As I grew the territory
people started working for me out of Georgia who covered other western states. I went
from a soldier to I’d guess you’d say a lieutenant. I thought I’d been away from the
Mother Ship long enough and asked to come home. I was offered a position in DeKalb
County where I was for six months. Then I was chosen to do this Cobb County
acquisition. It was an amazing experience; let’s just put it that way. One of my key
objectives was to get integrated into the community. I began by becoming active in the
Chamber and the foundation of Kennestone Hospital.

TS: I’ve got ’94 when you came on the foundation here at Kennesaw. When did you go on
the board at Kennestone Hospital?

LW: In 1994 I became a member of the Hospital’s Foundation. I served on the boards of the
American Cancer Society and the Cobb Chamber. I kept bumping into this woman
named Betty [L.] Siegel, and I started to learn a little bit about the college. I worked on
some of her committees, and she worked on some of mine. I went to Harvard’s PMD
program [Program for Management Development] and was transferred to C&S of
Florida.

TS: Is that a master’s degree or a certificate program?

LW: You are sponsored by your corporation and given an overview of global management
issues and leadership techniques.

TS: How long did you stay at Harvard?

LW: It was a little less than four months. It was a wonderful experience. I found out that
more than half my class were foreign nationals. Some of the PMD students were being
out placed.

TS: Out placed?

LW: It was part of their employer’s executive out placement program. So it was an interesting
dynamic. We had a guy that went on to become head of Time magazine. Another one
became head of 7-Up in Europe while others’ jobs were being eliminated while they were
at Harvard.

TS: Why would they send them up there if they were out placing them?
LW: Part of their settlement agreements. They were senior executives. A benign method of easing someone out of a company.

TS: Just a perk?

LW: Yes. This was to give you more credentials to get another job.

TS: What did you major in at Emory, by the way?

LW: I was a history major.

TS: Really?

LW: I was a military historian.

TS: Which branch were you in, the Army?

LW: Army.

TS: What was your father’s name? You mentioned him earlier.

LW: Benjamin Lee.

TS: What was his rank?

LW: He served all the way to age sixty-something. He was a lieutenant colonel when he retired. He had about seven years of wartime in Korea and World War II. The rest was in the Reserves.

TS: I’d say that’s enough, wouldn’t you?

LW: Very much so.

TS: Okay, so you’re getting integrated into the community in Cobb County, and the 1980s were a pretty exciting time in Cobb County.

LW: It was an exciting time. I didn’t really focus much in the 1980s on KSU. In 1985 I left to go to Harvard and joined C&S Florida. C&S was acquired by North Carolina National Bank and formed a company called NationsBank. I was part of C&S’s management committee in Florida. Most of our peers at NCNB got our jobs. Barnett Bank hired me to come back and run their corporate and real estate operations in their Atlanta Bank.

TS: Barnett, at least here, was originally First National Bank of Cobb County.

LW: Exactly.
TS: And then I guess, somewhere in the 1980s it became Barnett Bank.

LW: I don’t know the actual acquisition date but Wyman Pilcher, III, was president. John Williams and John Glover were the principal shareholders at that time, and they sold to Barnett. When Wyman left as CEO, Barnett put a guy by the name of Don Roberts in as CEO. He hired me with the encouragement of Jacksonville. I moved back to Georgia in 1992. One of the things that I wanted to do was to get involved with KSU.

TS: So you were in Florida from ’85 to ’92.

LW: That’s correct. I actually moved back in January of ’92, but my family joined me in June of ’92 when our home was completed. I was getting back in the saddle when I called a friend of mine, Fred [E.] Stillwell, and said, “Fred, I’ve been looking for a way to get involved at Kennesaw. Do you think you can help me?” He said, “Say no more!” [laughter]

TS: He’s one I need to interview, Fred Stillwell.

LW: He’s a great guy. He’s fully retired, so pretty accessible, I think. You can often find him on the KSU baseball diamond.

TS: That’s actually a little different than most people that I’ve interviewed where they didn’t know much about Kennesaw until somebody came out and recruited them, but because I guess you were here in the 1980s and already knew Betty Siegel, you kind of asked for this volunteer position.

LW: I asked Fred, “Do you think that there’s something I can do at the school?” He said, “Let me see what I can uncover.” Then I got an invitation to have lunch with Jim Fleming [James A. Fleming, former Vice-President for University Advancement and President of the Foundation]. We had dialogue, and Jim invited me to the board of the Foundation. I had several friends that were on the Foundation Board and friendly competitors like Ron Francis [Ronald H. Francis, chairman of the Board, 1996-98] and I was immediately asked to join the Finance Committee. They said, “Well, you’re a banker; you must know finance; we’ll put you on the Finance Committee.”

TS: This is ’94?

LW: Yes.

TS: What was your impression of the Foundation when you first started?

LW: Michael Coles [Michael J. Coles, chairman of the Board, 1998-2002] and I were active on the Walker School Board and had done a number of things at the Chamber together, so it was kind of a homecoming in a lot of ways. I felt welcomed and got excited about the school’s potential. It was a dynamic, but small, growing group of KSU advocates.
TS: By ’94 is about the time the Foundation is just beginning to go through a transition itself, isn’t it?

LW: There were just a lot of things going on. I guess my impression of the Foundation was unrealized potential. A good staff, some part-time people, but not all that you really wanted to take it big. We were managing a budget of a couple of hundred thousand dollars and had a very limited endowment to work with.

TS: You say that with an expression on your face that that’s nothing.

LW: Well, if you’ve been exposed to larger endowed institutions, you’re used to dealing with seven and eight figure numbers. It was more minutia, not to say that we were asked to make all the decisions. They were important to the school; they were important and significant to the Foundation; but they were just outside the norm of the transactions I was used to looking at.

TS: The big story is how we got from that scale, which was pretty big compared to ten years before then . . .

LW: Which was probably very small.

TS: Exactly. I can remember when if they raised $35,000 a year they celebrated. It’s an evolutionary process, but by the time that you came in, [the budget] was really very tiny compared to where we are today only fourteen years later.

LW: That’s right. Michael Coles was exposed to so many things through his role in the Democratic Party [as chairman of the Democratic Party of Georgia] and BOR. He would see activities of other foundations like the University of Georgia and say, “Why can’t we do these things? The school is going to need these sorts of things; why don’t we look at that.” I don’t want to give him credit that he doesn’t deserve, but he deserves a lot of credit, and so does [J.] Larry Stevens [chairman of the Board, 1991-94] and all of the guys that were forward thinking enough to sit in the chairman’s seat. I can’t remember how the Center first came to us but I think it was one of those . . .

TS: The KSU Center?

LW: Right. Let’s spread our wings and see what we can do.

TS: So did we have the KSU Center before you got on the board?

LW: It was done after I got there. It was our first big step. I remember the anxiety and the excitement.

TS: Would you explain the role of the University Financing Foundation (TUFF) in acquiring the KSU Center?
LW: It is a third party facilitator of acquisitions for institutions.

TS: Is that a for-profit or not-for-profit?

LW: It’s a not-for-profit.

TS: That’s what I thought. But it’s independent of the University or the Board of Regents or anybody else?

LW: Correct.

TS: But they did have an office at one time over in KSU Center, if I recall.

LW: They wanted to expand their profile in Georgia. They wanted to use our project as their poster child. They would be the vehicle through which the transaction was done. For a fee TUFF acquired the mall and leased the property. We helped in arranging the financing. We had not done a bond financing and TUFF’s name was known in the market. They would sell the building to us for a nominal fee, $25,000, in the future.

TS: So they bought the building from the Outlet Ltd. Mall, and the Foundation leased it from them until you were ready to buy it.

LW: Right.

TS: Directly through TUFF?

LW: TUFF had people on the scene. They handled the leasing and collected the payments.

TS: But at any rate it wouldn’t have happened at that time without TUFF because the Foundation wasn’t large enough and it’s assets and so on?

LW: TUFF’s reputation, ease and familiarity with these types of transactions, and access to capital markets, etc., influenced our decision.

TS: Right. But at any rate, that’s the first really big property acquisition for the Foundation?

LW: Right.

TS: So up until that time would it be fair to say the Foundation had an annual campaign, raised money for the school, and pretty much limited itself to that?

LW: We would take the gifts that were given to the school, invest them and handle the distribution. We also supported the University and its goals.

TS: So if somebody like the Bagwells [Leland and Clarice C. Bagwell] later on gave some property to Kennesaw, the Foundation would manage that property?
LW: The Foundation would manage the property, settle land and invest the proceeds. We carried out the wishes of the donor if consistent with the University. We actually turned down some gifts with too many strings attached.

TS: Right. All this is online now from the county of the real estate transactions. There’s page after page after page of properties or financing and refinancing that the Foundation has been involved in.

LW: True. We have both owned and leased (state owned) properties. We have ground leases for some of our facilities through the Board of Regents and others where we own the land outright. So it’s an amalgamation of deals. But throughout it all, the Foundation’s responsibility is to custodize and enhance those properties. The strategy has been that once the debt is paid or satisfied on those properties then those properties always will be given debt free to the school.

TS: Is it the Finance Committee or the Real Estate Committee or which committee of the Foundation really plays the central role in all these transactions?

LW: That’s a good question. The Real Estate Committee is a new committee that’s about a year or a year and a half old. Several committees of the Foundation are involved in each transaction.

TS: Oh, okay, I didn’t know that.

LW: And it was formed because of the expansion both of our holdings in real estate and the need for growth of the university. Norm [Norman J.] Radow was the first chairman of the Real Estate Committee. We had a Real Property Committee. Mark [R.] Kirk has headed it recently, up until the time of the creation of the LLC [KSU Foundation Real Estate LLC Committee].

TS: What is that?

LW: Limited Liability Corp. It is the way that we hold the properties. The hiring of Bob Heflin [W.R. Heflin, Jr., Director of Real Estate] and the creation of the LLC’s all came to pass in the last few years. We limit the liability of the Foundation to our equity in the properties.

TS: Maybe, something I’m a little confused on is relationship between staff and trustees. I know that a number of trustees and, I guess, primarily the Finance Committee has been very actively involved in a lot of these transactions, but we’ve had a growing staff too, I guess, in Development or University Advancement. So how does this all work? What does the Foundation do and what does the staff do?

LW: The Foundation supports the University and its goals. It accepts gifts and manages and complies with the donor’s intent on the use of their gifts and endowments. It owns and
manages properties that are intended to belong to the University when they are debt free. The Foundation handles the acquisition, development and management of our new properties. Our staff facilitates this and as we grow, our staff has grown.

TS: What’s an RFP?

LW: Request for Proposal—an invitation sent to potential providers to see if they can meet needs. It details specifics that must be covered so we can make an informed provider selection.

TS: So it was really pretty hands-on for the Foundation, don’t you think?

LW: Trustees are involved, but the staff handles more and more as they’ve grown.

TS: I just think it’s remarkable that you all are volunteers doing this and are doing a lot of nitty-gritty work, it looks like.

LW: Well, some people have been just incredible in their dedication to these R.E. transactions. I’d hate to try to name them all in fear of forgetting one, but Tommy Holder and George Kalafut, Norm Radow, Richard [R.] Corhen, Ron Francis, Mark Kirk, and Larry Stevens have been there to support and provide knowledge and direction. They insured that things were done in a timely manner and that the i’s were dotted and the t’s were crossed.

TS: So you come on in ’94, and not long after that KSU Center is acquired, and, of course, it houses all of our Continuing Education these days, lots of conferences are held over there, and we had the Anne Frank exhibit in that building and other exhibits there now, and lots of offices as well, and the entire master’s program in business administration, I think, is conducted over there now. So that building has been certainly used big time by Kennesaw State.

LW: Yes, that’s true, and the Foundation had its offices there up until the acquisition of Town Point.

TS: We’re on Campus Loop Road now [in the CETL House], and it’s one of a series of house that the Foundation bought. That was about the same time, wasn’t it? We’ve had these houses quite a while. When did that come about?

LW: Approximately the same time.

TS: So that’s 2002 we’re talking about.

LW: I think that’s right.

TS: Wasn’t there a homeowners’ protest about 2001 over KSU’s plans for University Place?
LW: It might have been 1999 or 2000, but the homeowners were saying they didn’t want the traffic or the lights that might come with the development of student housing. So we went through a series of negotiations with all the holders of these properties and arrived at a price and closed them all. Our decision was based on what was the highest and best use for these properties. The university said they had a need for them. We said, “Well, all right, here’s our deal. We will lease them to you for whatever the carrying cost is on the property, and you develop them.” That has been done, and, I think, it’s been very, very successful. We have spot-acquired other homes along the way.

TS: So the university is in effect paying the mortgage on these houses? Y’all borrowed money to buy the houses?

LW: We did.

TS: And it’s like a thirty-year mortgage?

LW: It’s twenty-plus years, whatever the bond duration is.

TS: So the university is paying off the bonds to the Foundation.

LW: Well, they’re paying a lease on the property and intend to lease the houses until they can be given to the University debt free.

TS: So the principle behind it all is the Foundation is willing to become obligated for whatever you had to pay to buy out the homeowners because of your relationship with the university and your confidence that the university is actually going to pay it all off.

LW: The need was expressed for the student housing facility and these individual houses. We support the University’s goals.

TS: If you just start down closest to campus, we have a building where we can bring in international faculty; they can have a Fulbright or whatever and come here for several months, and they can live within walking distance of the campus. So it’s been a great value in terms of faculty exchange. Then next to that, we’ve got the clinic that students and faculty make great use of, and then Nursing has the next house too. Then CETL—Center for Excellence in Teaching and Learning—keeps this house busy all the time; and the Siegel Institute is next door, and then the Alumni House, and then I don’t know what all those houses are further down, but they’re all are being used by somebody. I do remember that it was pretty controversial because the residence halls are built so close to what was still Frey Lake Road at that time that it had to make the homeowners over here pretty uncomfortable.

LW: My recollection is that there were people who have raised issues from time to time, but we’ve gone outside the norm to make this a harmonious situation with the Pinetree community.
But it sounds like from what you’re saying is that what really caused the Foundation to buy these houses was, number one, to remove a source of controversy in the community. And it was possible because the university could figure out lots of ways to use these houses. So it was a win-win deal all around.

It was a win for all.

And I know you had at least one house behind the North Parking Deck on East Shiloh Trail at least for a while because the Institute for Global Initiatives was keeping some exchange faculty or students or somebody in those houses for at least for a year.

Yes, that’s correct.

As I understood it, the homeowner was not real happy to have those lights on all night long and so on.

Well, that was an issue and then there was a drainage issue too. We worked it out.

And that was the solution is to buy them out?

Yes.

And then I think you’ve sold it since then, haven’t you?

I can’t remember whether we fixed the problem and sold it or converted it for another use.

And then there’s another house, a yellow colored house that the ROTC has now that the Foundation bought after these seven houses, just across from the West Parking Deck.

Yes, right. I remember the transactions. We’re trying, within boundaries, to get as much contiguous property as becomes available.

That’s the goal?

That’s the goal until we reach the limits and needs of the university. The university clearly needs a bigger footprint for a lot of different reasons. That’s the reason we’ve moved forward on the property across Busbee Parkway, which we hope to be using for athletic fields.

Can you talk about that now? It’s getting close to being closed on?

One parcel should have been closed on last Friday, and two other parcels are supposed to be closed today or tomorrow. All the property is under contract.

And that’s nearly ninety acres?
LW: I believe, compositely, all those parcels together total [eighty-eight acres].

TS: This is almost all the way to I-575 then I guess, isn’t it?

LW: Yes. Some of the property runs right up to I-575.

TS: I understand it’s going to be intramural soccer fields and maybe the soccer team is going to have a stadium over there?

LW: Well, we’re looking at a lot of different alternatives and there are negotiations with possible lessees for facilities to accommodate professional soccer, both women’s and men’s. All of this is hush-hush because of the parties involved in it. Things are hard pressed to be hush around this university. [laughter] And then there are multiple uses for various teams and intramurals around the university. There’s a lot of need—a running track, a stadium, all kinds of things. The die hasn’t been cast, but the students have been put on alert and are participating with student fees.

TS: The plan at any rate, at least in the short run, is to develop these properties for athletics and intramurals?

LW: In the main.

TS: So maybe a football stadium over there some day?

LW: Stranger things could happen. [laughter]

TS: I think the soccer thing is exciting if we can get professional soccer and build a nice stadium because we really need a nicer stadium for the soccer team, the women’s soccer team has been so good.

LW: National champions, yes. Well, there’s a lot of need. With greater need comes greater demand for dollars. If you put a lot of money in a single purpose facility, it’s sometimes hard to justify that. A multiuse stadium could be sublet to children’s soccer, professional soccer, concerts and many other uses.

TS: It would be great for the whole community.

LW: Absolutely.

TS: And I understand there’s a lake over there too?

LW: A retention pond! [laughter] That’s funny, there are just a lot of charitable situations I’ve worked with where we’ve had ponds, lakes and whoever was Foundation chairperson became the namesake for the body of water.
TS: So it’s not really a lake.

LW: I don’t know whether it is a water holding area because of run-off from all of the development around there or a natural lake.

TS: I was just wondering where Noonday Creek runs in relation to that property.

LW: I don’t think it’s on the property.

TS: Is it?

LW: I don’t think so.

TS: And the county’s planning on putting a trail along Noonday Creek for joggers and bicyclists, kind of like the Silver Comet Trail.

LW: Hopefully.

TS: Hopefully for sure. I love the Silver Comet Trail.

LW: It is a beautiful thing and well-used from what I can tell by the times I go there. I always see bicyclists or families walking.

TS: Exactly. This would be very convenient to our campus if we had that trail running through there, so you all are on board—obviously you’re not buying the creek even if it does go through there. I guess there’s an easement on both sides that the county has.

LW: You’ll be happy to know the University has asked that a track around the lake and a jogging trail be part of the development plan.

TS: That’s good news. After the KSU Center what was the next big acquisition?

LW: University Place was the next one. The development of the student housing was the next big thing that we did.

TS: I always get my names mixed up but University Place, is that the first one we built?

LW: Right.

TS: Right across the street from here?

LW: Right.

TS: And that opened up in 2002.

LW: To rave reviews.
TS: Yes, that took several years for that to happen. Why don’t you talk about that a little bit because several of the interviews have mentioned how innovative it was. If the university had waited for the Board of Regents to approve building residence halls on campus and had paid for them—

LW: That was an issue.

TS: We would still be waiting and would be waiting for many many years to come. The Foundation kind of took the bull by the horns, didn’t it, on this?

LW: Absolutely. We went to the Board of Regents and showed them our design intentions and came forward with a novel approach to student housing. Living and learning centers, rooms with privacy, the common kitchen, the four bedrooms off to the sides, tremendously well received by the students. The architectural design made it look like it was a family apartment, just very inviting, very, very, attractive.

TS: With regard to the Foundation’s role in student housing, you were telling me off-tape about Tommy Holder and Holder Construction’s involvement or non-involvement in campus projects. Could you say something about the ethical issues involved in awarding contracts.

LW: Well, it’s amazing, the stance that Tommy took making sure that ethically there was no conflict, imagined or envisioned, about his role in making things happen. He removed his company from any of the bidding or participation. He was very active in the interview and selection process of the project developer. Nancy [S.] King [Vice President for Student Success and Enrollment Services] and her staff were involved in the design. We let interested people know what we wanted and asked them to develop their ideas. We made our selection, and it was a good experience.

During the construction process, we had our finance meetings and Foundation meetings on the construction site so we knew what was going on. I remember one of my neighbor’s kids was one of the first students in the housing and he would come home and rant and rave about how wonderful it was. So I think we clearly have a showplace here and in all of our housing. What we learned from the first facility made subsequent housing even better.

TS: Were you involved with the Pink Lady’s Slipper controversy? Some of our science folks were concerned about some rare plants where University Place was being constructed.

LW: No, I’m sorry, I missed that one.

TS: Was there a model for the type of housing we put in? I know our administration has always been huffy if anybody calls them dormitories because they’re not dormitories; they’re really apartments. Did we model after the University of Georgia or anybody else?
LW: The developer who was picked to handle the construction, rental and management of the facilities was Place Properties. Place Properties, along with other potential bidders, had student housing both in the state of Georgia and in the Southeast. A number of people went around and toured those facilities, either virtually from a common point or else by making an on-the-scene visit. We called the universities and asked, “What do you hear from the students? What do you think about this?” We used a lot of good ideas and improved on them.

TS: And it’s called Place Properties?

LW: Place Properties was the developer and management company. The contract for the construction of University Place and our second facility on the northern part of the campus was actually let by Place.

TS: How is University Place financed? Were you involved in the selling of the bonds or however that worked?

LW: I was not involved with the selling of the bonds; we talked to several institutions about the structure of the bonds, the cost of the bonds, how they would be done, how the distribution would be handled, could they be underwritten, those sorts of things. We chose City corp. City corp. has done a fine job for us of being able to get our bonds sold and remarke ted at a very attractive price.

TS: So you’re basically paying down the bonds over whatever it was, twenty-seven years, through the rents that the students paid, is that right?

LW: Right.

TS: Do you set the rent based on what it’s going to take to retire these bonds?

LW: Well, one of the things in our covenants, in our bond indentures is that we must maintain a certain debt coverage ratio. That means that we must earn the required payments plus a margin. The margin is nominal or non-existent for the first couple of years while we ramp up and get through opening expenses, but then goes to, for example, 1.2 times what the debt coverage is. We obviously have to meet our debt requirements, but we also try to look at the competitive market place. What do these properties warrant in terms of competitive options? And we’ve been encouraged to provide the students with a good deal.

TS: Keep the rents low?

LW: Yes. But we offer very, very competitive rates and clearly value for what we give the students.
TS: By the time that you started building the housing on the north side of campus you were also putting some retail space in the residence halls too, is that right?

LW: Well, when we started work on the north side there was some interest by the students. They wanted to be able to eat other than in the dining halls and expressed a desire to have this or that. We thought we would get some acceptance from retailers and food services to come in. Well, that’s proven not to be the case by and large.

TS: It’s been a hard sell hasn’t it?

LW: Right. But we wanted to live up to the students’ desires, so we were able to get in the restaurant, Hemingway’s. We were able to get in the convenience stores in both phase 2 and phase 3, and now fortunately we’re able to get in the clinic.

TS: I didn’t know that.

LW: They’re supposed to come in pretty soon.

TS: You’re talking about a clinic . . .?

LW: A student clinic.

TS: A student clinic like the one we’ve got down the street [down Campus Loop Road]?

LW: Right. So we’re not going to be able to offer quite as much retail as we thought, but we are going to be able to satisfy the students’ needs. Hemingwayz has been very pleased. And as we expand through phase 3 and go into phase 4, we can see that being even more of a benefit to retailers and students.

TS: Well, I guess we’re getting more critical mass with 3,000 students on campus.

LW: Absolutely.

TS: I guess the problem with the retail is that they need people there 24 hours a day, 7 days a week.

LW: Well, we had to work long and hard at our leasing agreement to give them some flexibility, sort of subsidizing them for what they might pay in a normal retail transaction because they don’t have liquor rights there. That would be inappropriate and not permissible.

TS: Right, as long as 21 years is the drinking age.

LW: Well, that’s right. And Board of Regents land too. So you’ve got a double prohibition there. So they didn’t have a lot of experience on our true potential. What I hear is they’ve been very happy since they have opened with the volume they’ve gotten.
They’re at or ahead of their profitability schedule. Once they hit a certain threshold they’ll start paying us a [percentage] on every dime they sell.

TS: That’s good news.

LW: Yes.

TS: We haven’t mentioned the parking decks, but that came about the same time as student housing, and that was innovative in the same way that the student housing was, I guess, that the Board of Regents wasn’t going to build these parking decks for us any time soon.

LW: Well, we had to find a way to make that financially feasible, and through the student parking fees they had the ability to do that. The university was able to pledge us a portion of those parking fees sufficient to amortize our bonds, so the bonds got the benefit of Georgia debt ratings. We were able to put up what I think are some of the prettiest parking decks you’ll ever see. They show well from the street and they show well from the campus. They’re not gaudy, barren concrete and steel structures. It’s working out for both the Foundation and for the university. This campus, even though it’s gone from a pure commuter to an on-campus housing type situation for a portion of the student body, is still a very vehicle-centric environment. I know the professors are feeling the pinch for parking spaces too.

TS: Well, it gives people an incentive to get here early.

LW: That’s right.

TS: I’m just grateful this year that the faculty has been able to park in the West Deck for the first time.

LW: As opposed to across 575.

TS: Right. Well, I think some of us enjoyed the shuttle last year; I kind of wish it had stayed in existence. You had to plan a few extra minutes to get to campus, but it was kind of nice. We saw people we wouldn’t ordinarily see on a regular basis riding the shuttle.

LW: It was a socialization issue.

TS: It sure was and I enjoyed talking to the drivers, so it wasn’t bad at all, I didn’t think. I hope that the shuttles come back some day.

LW: I hope that through the community’s largesse, and as our alumni base grows that our endowed and unendowed grants will grow and that we will be able to expand the footprint of the University to accommodate the 30,000 or 40,000 students we expect in the years ahead. The University System sees the need and has us in the queue for growth. We need to have the physical plant for it, we need to have the ancillary services for it,
and we need to have it in an environment where it doesn’t look like downtown Manhattan.

TS: I tell you the traffic around here is getting unreal already.

LW: It really is, isn’t it? The growth of the student population is amazing.

TS: What do you envision in terms of future expansion in terms of property? We’ve got several things across Chastain Road now with Town Point as well as KSU Center, and with that eighty-eight acres on the other side of the interstate, that’s a tremendous increase to our campus; which direction do you think we’ll go next?

LW: That’s really one of the key issues. It looks like somewhere south might be the best logical next step, but, surprisingly enough, we get phone calls from all over the general area saying: “Are you interested in this?” And it may not be exactly contiguous, but it may be in proximity or in the general area. So hopefully that will answer itself and we can keep supply in pace with the demand.

TS: So response to people wanting to sell or give us property is going to determine it?

LW: We’ve got to be in control of our destiny. So we’re going to have to look and see where we want to be and then try to make that happen, but just because you want something doesn’t mean you always get it. So we’ve got to be open and innovative in looking at our alternatives. An alternative that either presents itself or potentially shows itself today may evaporate. There’re always satellite campuses, but I hope that we’re able to have a nuclear campus to serve as much as the marketplace requires and that we can, through housing and facilities, try to make it a university feel, a family feel, a place where somebody can cheer their football team, cheer their intramural team, cheer their roommate, and cheer their professor all in reasonable proximity.

TS: I just ran into a former student today that was here in the late 1960s and early 1970s, and he was remembering the intramural basketball games when the faculty used to have a team and played basketball against the students. I played on the faculty team for a little while.

LW: I hope the students didn’t try to take their angst out! [laughter]

TS: No, it was fun.

LW: That’s usually the way it is—sometimes it’s the program work, but many times it’s the spontaneous things that really make a difference in your living and learning experience at a university.

TS: That’s been the goal from day one to try to create that atmosphere on campus where it’s more than just going to take classes, but also sticking around and participating in activities, and certainly the residence halls have changed the culture big time.
LW: It really has. We’ve chased things like the clock tower, and other landmarks. When I visit my alma mater, I can’t even find places where I used to go to class. Emory has just changed so much, and Kennesaw is doing the same.


LW: Well, if he gets too caustic in his comments we’ll talk to him about the Kalafut gulch.

TS: The Kalafut what?

LW: Gulch. We have obtained a piece of property that’s across Chastain. It’s on the end of that strip center where the Mellow Mushroom is. It was initially conceived as a branch banking facility. It has all the water retention from that area in a gulch. We decided if we got that, it could be a southern base for a pedestrian bridge over Chastain. Because George was kind of, “Oh, who needs that piece of dirt that holds the world together,” we said, “Well, that’s Kalafut gulch right there and we must have it.” We got it at a great price.

TS: That’s great, a good story. Do you think that pedestrian bridge is ever going to happen?

LW: I wouldn’t have thought that what has happened in the last few years was ever going to happen. Unless we have a massive rerouting of cars or have little or no further acquisition and growth to the south, I would say that’s definitely going to be a reality.

TS: I understood that the cost was prohibitive on putting a bridge across.

LW: Let’s just say that it’s going to have to be more than Early Childhood Education over here to make that warranted. If you have a bridge that would take bicycles, golf carts, pedestrians in both directions, and you have an expanded campus, I think it would be justified.

TS: Well, you’ve got that big parking lot that we parked in last year when we were riding the shuttles that seems to stay 90 percent empty right now. Maybe that would be a good place for a building.

LW: With the grant that we’ve gotten from the Usher Foundation for the southern part of Town Point, there will be a multi-story building and Early Childhood Learning Center.

TS: What is Usher?

LW: The Usher Foundation is a philanthropic vehicle that an individual who has been very successful has funded. He’s very interested in early childhood education. We’ve gotten a couple of million dollars from them already for programs and expansion of some of the
activities at Town Point. The long term plan is for a separate facility there for early childhood education to develop better teachers and teaching techniques.

TS: For Early Childhood Education?
LW: Yes.

TS: Is there any possibility that we’ll move to where Pinetree Country Club is?
LW: I think that’s further off in the distance. There was a group of Pinetree residents who wanted to bundle everything up and sell it to the university. Having a golf course is certainly something you can pound your chest about, but there are a lot of good universities that don’t have their own golf course. I don’t think it’s economically feasible at this time to pursue that. It might happen, but I don’t see it in the short run.

TS: Have you been involved with the capital campaign very much?
LW: I’ve been involved as all trustees are as being: 1) solicited, and 2) kept apprised of the activity. I think Wes [Wesley K. Wicker, Vice President for University Advancement and Executive Director of the Foundation] and Karen [Paonessa, Assistant Vice President, University Development and Foundation Programs] are doing a wonderful job with Dan [Papp] in making that happen. There have been some significant gifts. That $75 million looks like it’s going to be reached.

TS: You think so?
LW: I think in the five-year time frame it will be, yes.

TS: That’s certainly good news.
LW: Yes.

TS: I guess one of the things that has come up in a number of interviews is the tremendous growth in the assets that the Foundation has control over; certainly in the fourteen years that you’ve been on the Board of Trustees there’s been a tremendous expansion—about $300 million now, have we reached there yet?

LW: On the statements that we just delivered last week we were over $300 million in total assets. I look at our real estate assets, and I look at our investable assets, and I want the investable assets to catch up with the real estate assets because our investable assets are $26 to $30 million.

TS: So an investable asset means something that you can . . .
LW: Invest in stocks and bonds.
TS: Right. Somebody makes a gift to the university and you invest it in the stock market.

LW: Right.

TS: So our $300 million is because we’ve got all these decks and residence halls now.

LW: Residence halls, educational and ancillary properties. Our growth has been tremendous. The creation of the Real Estate, LLC, and the hiring of Bob [Heflin] and his staff to be able to effectively manage that operation and growth enables us to effectively look at the future needs for land and facilities. We’ve been blessed with some real good people and some real good visionary leadership in Tommy Holder and Norm Radow.

TS: When you say investable assets is that the same thing as an endowment?

LW: Well, we have three classes of liquid resources: we’ve got our operating cash, we’ve got our temporary restricted cash, and we’ve got our endowed cash. An endowment is basically a gift from someone where the corpus is to be maintained and annual gift rate should be made available to the recipient or beneficiary of the endowment. We currently pay out at a 4 percent rate annually on our endowed funds.

TS: Pay out?

LW: Annual distribution.

TS: I see, 4 percent. Like, in our history department we’ve got the Shaw Chair and that was a million dollar gift. So the chair gets 4 percent of the million dollars each year.

LW: That is the hope.

TS: Assuming that it makes that much money. So you invest that money and hopefully you make 6 or 8 or 10 percent.

LW: We use UBS as our investment advisor.

TS: UBS?

LW: United Bank of Switzerland. They have done an excellent job for us of custodizing and investing our liquid assets and helping us maximize our return within our risk tolerance.

TS: What was that term?

LW: Custodizing—they hold and invest the assets at our direction.

TS: So they’re handling our money kind of like a money market?
LW: They’re our investment manager. They have some of our assets in liquid funds, some in equities, and some in bonds. They are guided by our return and risk objectives. We want to restrict risk and maximize return. We would like for them to beat the Dow.

TS: Shaw gave a million, but a million isn’t worth today what it was when Shaw gave it.

LW: We would like to make that million’s purchasing power or value constant.

TS: Right. So we want that to grow to cover whatever inflation is.

LW: Keep pace with inflation, yes. We hope the return allows us to make our payout goal of 4 percent and retain some of the earnings for a rainy day fund for the times we don’t meet our benchmark.

TS: How much of the $26 to $28 million is endowment and how much of it is unrestricted and you can spend it however you want?

LW: I’d have to go back and look at that. The ballpark, let’s say, may be $4.5 million unrestricted.

TS: Would there be more endowment than unrestricted?

LW: Well, temporarily restricted is really the highest part of it, yes. And I’d like to see the unrestricted get a lot, lot bigger, I really would because that can make life so much easier for the university and enable us to do things with faculty supplements, with students’ scholarships, with the physical plant.

TS: So $300 million sounds very impressive for assets.

LW: It is.

TS: And $26 to $28 million sounds impressive, but when you consider the endowments, I think that million from the Shaw Chair maybe brings in $20,000 a year.

LW: Maybe $40,000.00 to $60,000.00.

TS: But still you’re limited in a lot of the things that you could be doing as a Foundation if it were larger.

LW: Well, you look at some place like Emory University with $4 odd billion in assets.

TS: They don’t have to go out and raise money every year, I guess.

LW: Georgia only has $200 or $300 million and Emory has billions; it’s just amazing.

TS: University of Georgia’s endowments are $200 to $300 million?
LW: I saw that in a magazine.

TS: Wow.

LW: Everybody thinks UGA is a gazillionaire and their budget is large, but remember sports and other revenue sources they have. Agnes Scott’s endowment is bigger than UGA’s.

TS: I guess because of the Coca-Cola money in Agnes Scott.

LW: My daughter went there. She got about a 50 percent student grant that my wife and I had no anticipation of getting. She got her invoice and there it was. We said, “What’s this?” She said, “I don’t know.” She went to the administration and they said, “Oh, that’s the so-and-so grant and you qualify and you get it.”

TS: By the way, in your story we didn’t talk about how you got from being at Barnett Bank to Bank of America.

LW: Acquisitions. When NationsBank was formed in 1992 with the acquisition of C&S/Sovran Corporation by North Carolina National Bank I left C&S and went to Barnett. Well, Barnett was bought by BankSouth Corporation and BankSouth was bought by Bank of America. So I just came back in the door.

TS: So you retired as senior vice president of Bank of America?

LW: Correct.

TS: What year did you retire?

LW: It was October of 2004.

TS: I guess Bank of America had to stay out of the projects on campus while you were on the Foundation, didn’t it?

LW: Well, Bank of America didn’t have to, but it did. We have a Bank of America gift that’s probably about $250,000 now, between $185,000 and $250,000. Bank of America has helped a lot of schools. Any time a vote on using Bank of America came up, I recused myself to avoid any conflict.

Bank of America has given over the years to the University. Some of that endowment goes back to before I was elected to the board. I think I was responsible for delivering about $75,000 or $80,000 of that during my tenure. The bank has always tried to further education with very much an underprivileged and minority bent.

TS: Bank of America has had that underprivileged and minority orientation in its gifts to schools and education?
LW: Yes, all the way from pre-K through university. So we’ve been able to get them involved. Other parts of their focus has changed from time to time. We have a Bank of America ATM on campus. Their municipal finance arm was one of the banks that we interviewed about providing the financing for the housing. Bank of America said, “No, we’re pulling back, we’re not doing any right now.” So they had to withdraw. Wachovia is one of the big relationships we have and Citicorp too.

TS: We get our checks from or through Wachovia, so are they the principal bank now?

LW: I believe that’s a fair statement, yes.

TS: Could you say a little about the Foundation itself—the composition of the Trustees and how that might have changed since 1994?

LW: More trustees come from outside Cobb and bring new talents and perspectives to the board. More board members are active.

TS: It’s interesting that the trustees are so active despite the fact that they didn’t go to school here.

LW: Right. But I have become active, and my giving is to the college now rather than to Emory. I’m sure Emory will try to change that.

TS: Well, Emory doesn’t need it! [laughter]

LW: That’s what Fleming said, “Don’t get mixed up and send the wrong check!” But there are people now in the metropolitan Atlanta community that are becoming involved because they either are captivated by the expansion and potential of Kennesaw State University or because they have other interests, business interests, in this area and they just want to get involved. Young physicians, attorneys, and business entrepreneurs are getting involved which opens deep pockets in some cases and adds vitality and activity into the Foundation.

TS: So you’re talking about expanding outside of Cobb County into the whole metro area?

LW: Into the whole metro area. People like Tommy Holder—there’s a Georgia Tech graduate whose corporate headquarters are in Cobb County. He’s very tied to Georgia Tech, but somebody said, “You need to get interested in KSU.” And, by God, he’s gotten interested. The gift that he and Beth made is just fantastic. That gift is focused on the faculty awards, which I just think is outstanding.

TS: I tend to agree. [laughter] I was going to ask about that. It seems like the Foundation has tried to influence the direction that the faculty has gone with the Foundation prizes to put so much money into scholarship, for instance, in the last several years. Did the Foundation have a meeting and say, “Look, we’ve got some great faculty, but nobody’s
ever heard of them because they don’t publish enough, and we want to really encourage it?” Or what happened?

LW: Tommy said, “Betty [Siegel] began the process.”

TS: Yes, we started with the Distinguished Teaching Award in ’82.

LW: Right. The participation of the Foundation was hit or miss in terms of being active in that program. When Tommy came on as chairman, he participated in the award program and was so moved by the reaction and the appreciativeness shown by the faculty members as well as by comments the students made about the faculty recipients of those awards that he said, “We’ve got to do more.” Then Dan Papp came on board and said, “I need to be able to do more for my faculty, so that I can attract, maintain and enhance what we’ve got.” And Tommy said, “I think Beth and I want to do something about that.” So not only did the Foundation give more money, but also other gifts were given with this specific focus. Now, when somebody gets a check for $5,000, it really means something.

TS: It does, I can guarantee you! [laughter]

LW: Let me tell you, I’d like to have one!

TS: I got the teaching award back in ’94, and I think it was $1,000 back then, and I got the distinguished professor award this year, and, boy, it was a lot . . .

LW: It made a difference, didn’t it?

TS: A lot more money, yes.

LW: I think that’s great. I mean, you can say anything self-serving you want to say, but really the meat and potatoes of this university isn’t the buildings, and it isn’t the baseball team. It’s the competency and the commitment of the faculty and the students being enriched and empowered because of that. I’d love to have a Bill Gates looking back and saying, “Kennesaw is my school.”

TS: Oh, sure, one of our graduates.

LW: Those are the people that are going to make the difference in the notoriety of the school. I’d love for our scores to be, instead of 1200, let’s say 1600. I mean, where do you push the envelope? I don’t even know what the scoring system is since they’ve changed it, but I know that when you look at the material and the magazines and papers about the general SAT scores, we just need to keep on pushing that number up. We’ll do that by the notoriety, pride, success, and reputation of our graduates.

TS: What’s your impression from just talking to people in the community about Kennesaw’s reputation today as opposed to 1994?
LW: I think it’s changed dramatically, but it hasn’t changed dramatically enough in my estimation. I think more people are becoming aware of Kennesaw as the skyline changes when you’re going up I-75. The press changes as things happen here, be it student housing, soccer fields, or whatever. But in a lot of people’s minds it’s still a commuter, junior college. It is very different. We’ve got doctoral programs here. This school is evolving exponentially, and its graduates are going to catch up with the outward manifestations of that exponential evolution.

TS: Right. I know there’s a gap. It seems like it took at least ten years before the community got the idea that we weren’t a junior college any more.

LW: Exactly. And people now say, “Oh, I’ve heard about that.” Where in the past it was, “What is Kennesaw? Is that a vo-tech?” Those kinds of things. KSU is on people’s radar now, but it’s not number one in their mind. One of my neighbors said, “Well, my son couldn’t make it at Indiana so I guess he’s going to have to try Kennesaw.” Instead of, “He’s going to Kennesaw instead of Indiana.” Let’s change that.

TS: We’ve had a few get shocked when they couldn’t get into Kennesaw either.

LW: Right. Let’s change the mindset to where KSU is not a fallback position; it’s a destination. It’s, “I’m applying to Michigan, Virginia, Tulane and Kennesaw.”

TS: But you don’t think we’re there yet?

LW: I think it’s changing but I don’t think we’re there yet.

TS: I think it’s going to be really interesting if we get more people from out of this area to come here now that we’ve got residence halls. I see a few, but it’s almost a shock when somebody says, “I’m from Tennessee, and I’m going here.” You want to say, “How did you hear about us?”

LW: I think the initial pull is going to be the School of Nursing, [the Coles College of] Business and [the Bagwell College of] Education. It’s going to be programs that will pull someone here. But then, it will start to level out. It amazed me when I went to Emory that such a large portion of the students was from the northeast and Miami. Probably 30 to 40 percent of the student body was Jewish. That’s changed at Emory, but you still see more out of state students there than you see instate students.

TS: Maybe that’ll happen here some day.

LW: It will. It’s changing.

TS: I think that new Health Sciences building is going to revolutionize things with doctoral programs in nursing. There’s such a need that that may be something to pull people in.

LW: Tremendous need, yes.
TS: Well, I think I’ve just about run out of questions. There are some other things we can talk about, but I think we’ve hit the big items unless there’s something that you can think of that we haven’t covered that you want to say about Kennesaw or the Foundation.

LW: No, I think the point I would want to make is that this is a school on the move; it’s a school where it is happening, and more will happen in the future. To come and be part of that should be a rewarding and fulfilling thing for anyone. The Foundation hopefully will grow in its contribution and participation in that growth. It’s led the growth in many ways. And I believe we will continue to get energetic, committed, dedicated people to continue its history. I’m excited to be part of it.

TS: I appreciate all you’ve done for Kennesaw.

LW: I’m a good passenger on the train. [laughter]

TS: I appreciate your coming in today.

LW: Glad to do it. Sorry I wasn’t more dramatic. It sounds like George [Kalafut] was dramatic in some of his comments!
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