

SPRING 2008

DEVELOPING

FOR THE FUTURE

A Publication of Koll Development Company (KDC)



IN THIS ISSUE

BCBSTX HEADQUARTERS CAMPUS

GIVING THEM WHAT THEY WANT

REAPING THE BENEFITS OF SUSTAINABLE DESIGN

YOUR COMMERCIAL TITLE INSURANCE SPECIALISTS



The Benchmark Team (from left to right): Bill Brewer • Melissa Lee • Kiley McGuire • Mike Barnett



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As our fifth issue of *Developing for the Future* magazine rolls off the press, we are busy building buildings and talking and acting “green.” On the following pages, we’ve highlighted some of our latest KDC projects — including our focus on job site safety — and an update on our commitment to “green” development.

Across the United States, 2007 proved that “green” is no longer just a trend, but a way of life. It is the rule, not an exception. For KDC, it proved that our “green” *Intellicenter* program is a success. What started as a vision, is now a reality. With leases secured and plans to develop many more *Intellicenters*, it is evident that Corporate America is increasingly demanding sustainable design. You can read more in this issue about the status of our *Intellicenter* program and our plans to take the entire development program to the next level.


At KDC, we don't just build “green,” we also talk “green.” Last fall, KDC gathered real estate professionals in Charlotte, N.C., home of KDC's Southeast Division, to discuss “reaping the benefits of sustainable design.” The session was well attended and informative, and we are pleased to share the panelists' perspectives with you.

Also in this issue, we've highlighted PGA professional golfer, businessman and friend of KDC, Joe Ogilvie, whose character on and off the green exemplifies true success. Joe lives his life adhering to what I like to call the five P's: patience, persistence, perseverance, passion and a positive attitude. The five P's worked, as Joe won his first PGA event in 2007, the U.S. Bank Championship, after 230 starts. It is these same five P's that have steered KDC to success and allowed KDC to become what it is today — one of America's leading real estate companies. We all have something to learn from Joe's ability to stay grounded while maintaining a balanced professional and family life.

And speaking of character, are you a “Fred,” and do you know why it matters? Find out as you learn more about *The Fred Factor* and the impact you can have each day by going the extra mile for others.

Finally, many thanks to our invited consultants and contractors who support *Developing for the Future* with their advertisements. Your contribution has allowed us to produce another quality publication for our colleagues in the industry.

Steve Van Amburgh
Chief Executive Officer
Koll Development Company (KDC)



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Cover image: Blue Cross and Blue Shield of Texas

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HEALTH

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INSURANCE AIN'T GETS A *"SHOT IN THE ARM"*

KDC Builds Headquarters Campus for BCBSTX

With employees spread out across North Texas and no space in its current locations to accommodate future growth, Blue Cross and Blue Shield of Texas (BCBSTX) decided it was time to build a new corporate headquarters. And KDC is helping BCBSTX make its new home a reality.

"KDC was the only company that was able to work through our unique circumstances and pull off this deal," says Martin Foster, executive vice president of Plan Operations, Health Care Service Corporation (HCSC).

BCBSTX will move into its new 1 million-square-foot headquarters in the Dallas suburb of Richardson in early 2010. Developed by KDC, the new facility will be situated on 34 acres at the northeast corner of North Central Expressway and Lookout Drive in Galatyn Park. The initial project will be able to accommodate 3,900 employees, and as BCBSTX grows, KDC has land available and entitlements in place to expand the headquarters to a total of 2.3 million square feet, which would be able to house up to 8,000 employees.

"The new campus will be a shot in the arm for BCBSTX," says Steve Van Amburgh, CEO of KDC. "We are committed to delivering a headquarters that showcases the corporate culture and makes employees and management feel good about their company and where they work."

Closing a Creative Deal

BCBSTX's new corporate campus is one of the largest projects under construction in the Dallas-Fort Worth Metroplex. But it's a project that almost never happened.



BCBSTX, a division of HCSC, which also operates the Blue Cross and Blue Shield plans of Illinois, New Mexico and Oklahoma, has been headquartered in Richardson since the 1970s. For the past several years, the company has been in a fast-growth mode and has been forced to expand into five different buildings.

BCBSTX had been thinking about building a new corporate headquarters for several years. In fact, KDC initially got involved with a headquarters project for BCBSTX in 2001, but that project — which totaled only 450,000 square feet — was tabled.

While BCBSTX continued to grow, its parent company hired KDC to build a new service center facility for BCBS of Illinois adjacent

to downtown Chicago (see page 38 about the Chicago project). “The relationship and history we have with HCSC was instrumental in the BCBSTX headquarters project,” KDC President Tobin Grove says.

The idea for a new BCBSTX headquarters resurfaced in January 2006. “The vision was to get everyone into one facility because you can’t maximize efficiencies when you have people in a lot of different locations,” Foster explains, adding that the company’s continued expansion would have created the need for more space, which would have meant more locations. “Additionally, the buildings that we’re in now are nearly 30 years old, and while they are large, they don’t have any real presence or real visibility. A

*“KDC was the only company
that was able to work through
our unique circumstances
and pull off this deal.”*

Martin Foster
HCSC



new headquarters will give us visibility and build brand awareness internally and externally.”

But BCBSTX had its hands tied by an existing lease obligation for 517,000 square feet. “There was a lot of time left on the lease, and BCBSTX wasn’t prepared to pay double rent,” Grove explains. Fortunately, KDC was able to solve that particular problem by calling upon its previous experience, putting together a unique transaction where it took over BCBSTX’s existing lease obligations, leaving the insurance company free to pursue its new corporate headquarters.

“There’s no way the deal would have gotten done if we didn’t agree to assume the lease,” Grove says, adding that no other developer was willing to do so. With the assumption of the lease, KDC will either sublease the space or enter into a redevelopment venture, possibly with the current building owner. “We think there is a much higher and better use for this site, and the city agrees,” he explains.

In fact, the city of Richardson included the 27-acre site within the boundaries of the Tax Increment Financing (TIF) package it passed in 2006, giving the site access to public infrastructure dollars. “We may redevelop the 27 acres into a large office or mixed-use project, or we may simply sublease the space, given that the current BCBSTX rate is below market,” Grove says.

Finding the Ideal Site

Once the existing lease was dealt with, KDC and BCBSTX, with help from The Staubach Company, began looking for sites. Foster says BCBSTX analyzed where its current employees live to determine the search area. However, the company also made it very clear that their intent was to stay in Richardson if at all possible.

“To the extent that we could make it work to stay in Richardson, that was our No.1 choice,” Foster says. Proximity to public transportation was also important, since a large number of BCBSTX employees use Dallas Area Rapid Transit (DART). DART serves Dallas and 12 surrounding cities with bus routes, light-rail transit and high-occupancy vehicle lanes.

After considering sites in Plano, Las Colinas and Richardson, the team chose a 34-acre parcel owned by Galatyn Park Corp. KDC had an existing relationship with the land owner, having been involved in a prior development on a site that had been owned by Galatyn Park Corp.

Situated along Interstate 75 between two DART stations, the 34-acre parcel offered a number of amenities that made it appealing: it was close to a new Renaissance hotel and the Charles W. Eisemann Center for Performing Arts and Corporate Presentations and was bounded by a 75-acre nature preserve.

However, KDC and BCBSTX wanted to have the ability to develop at least 2 million square feet of office space on the land, so it approached the city to obtain a higher Floor Area Ratio (FAR). The city approved an increased FAR of 1.5 that will allow for 2.3 million square feet.

“The city of Richardson and Collin County were both great to deal with,” Grove says, adding that the municipalities also agreed to fund a new road adjacent to the development and provide tax abatements to BCBSTX.



Connecting with Nature

Designed by Dallas-based Corgan Architects, Inc. and Chicago-based zpd+a, the project consists of a first phase including 1.1 million square feet in two towers — a seven-story building and a 15-story building that share a common lobby, along with a full-service cafeteria, a fitness center and a 400-seat auditorium. The campus will boast a multi-level parking structure, but is also a short walk from the DART station. The second phase calls for two more towers and an expansion of the parking garage.

“This is a very large project, but it’s not a ‘look at me’ kind of project,” says Chuck Armstrong, lead architect with Corgan Architects. “The buildings are very simple and straightforward and made of durable materials and some interesting textures.”

The campus is designed to connect with its natural environment. “On one hand, we created the campus to be urban, but because of the natural amenity, it has a much more wooded circumstance,” says Armstrong, who has worked with KDC on several projects, including the former Nortel headquarters, also located in Galatyn Park.

For the interior layout, Corgan and zpd+a were tasked with creating a light, bright and inviting environment with a lot of flexibility, modularity and economy. “The ability to reconfigure space was important so we designed a building that is flexible with large floorplates,” Armstrong says.

Armstrong was particularly focused on creating a strong sense of arrival for the project. As a result, the new headquarters features a spacious and volumetric lobby that looks out on a courtyard. The interior also includes Texas stone accents and custom woodwork.

The BCBSTX project is on a fast-track schedule, according to Michael McWay, Texas division president of McCarthy Construction, the Dallas-based firm that is serving as general contractor for the project. (This is the third project McCarthy and KDC have worked on together.)

“We’ve got a 21-month schedule, which is pretty intense,” McWay says. “KDC creates a good team atmosphere and has the ability to set goals and keep people on track so they can move these projects and still produce the quality and outcome the clients expect.”

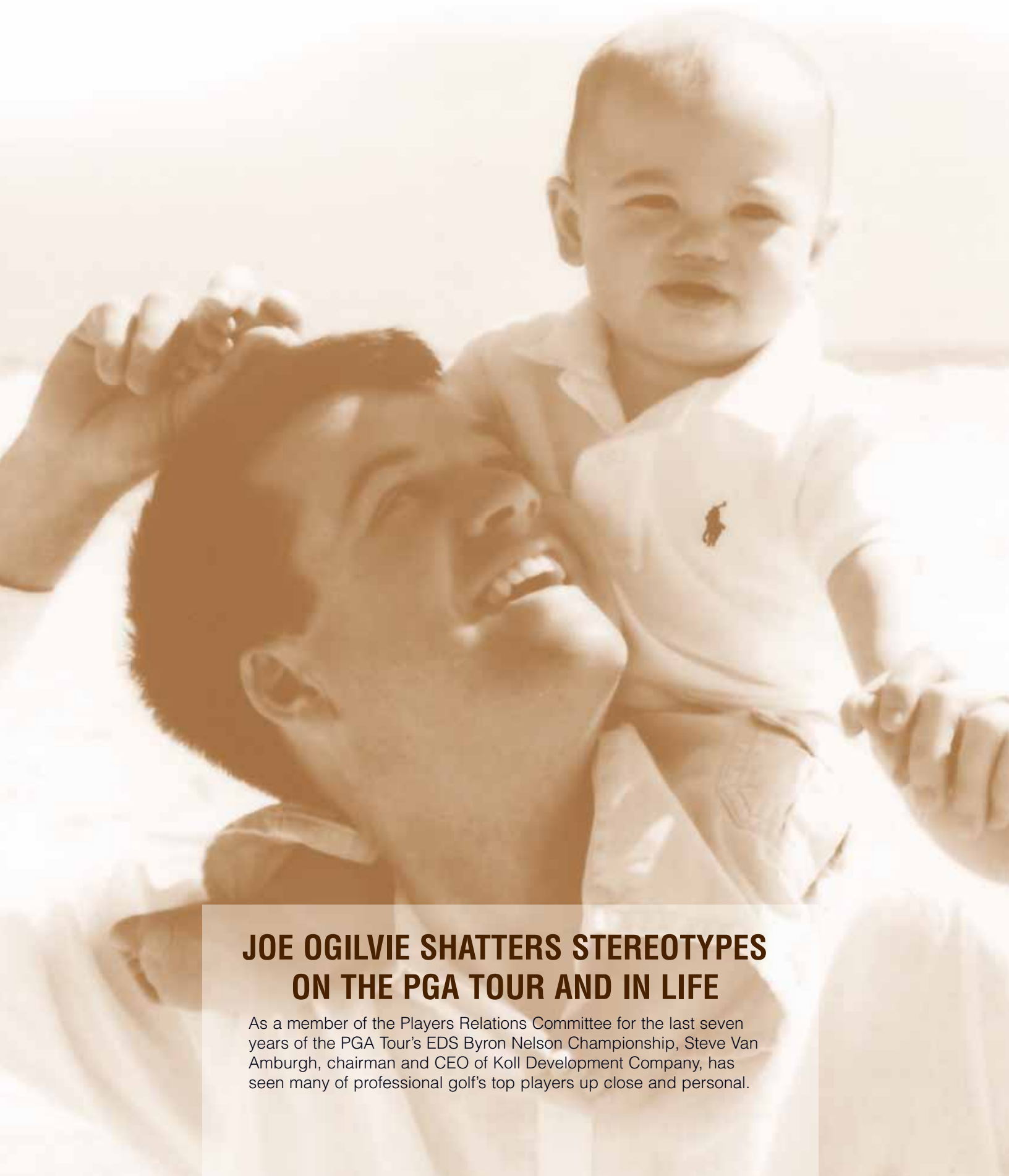
Ultimately, KDC is committed to providing BCBSTX with a campus headquarters that is pleasant, healthy and secure. “There’s plenty of stress in the world, and the last thing anyone needs is a stressful workplace,” Van Amburgh says.

“On one hand, we created the campus to be urban, but because of the natural amenity, it has a much more wooded circumstance.”

Chuck Armstrong
Corgan



PAR FOR THE **COURSE**



JOE OGILVIE SHATTERS STEREOTYPES ON THE PGA TOUR AND IN LIFE

As a member of the Players Relations Committee for the last seven years of the PGA Tour's EDS Byron Nelson Championship, Steve Van Amburgh, chairman and CEO of Koll Development Company, has seen many of professional golf's top players up close and personal.

But after meeting Austin's Joe Ogilvie five years ago, the Dallas business executive knew there was something more to Joe than just a PGA title. Immediately, he was impressed not only with Ogilvie's golfing ability, but with his people skills, business interests and ability to balance a family life amongst it all.

"When I first saw Joe play, it was obvious he was a top tier pro and had a true passion for golf. I soon learned that this passion transcended into his daily life as well," Van Amburgh says. "He has a genuine enthusiasm for his family, thoroughly pursues his outside interests in business and works hard to maintain a normal and balanced lifestyle."

Ogilvie competed in more than 230 tournaments on the PGA Tour before gaining his first victory last summer in Milwaukee at the U.S. Bank Championship. Many would wonder how an individual could have the patience and perseverance to stay motivated to see the positive results Ogilvie eventually did. Van Amburgh said these qualities are exactly what make him a great success as a member of both the business and sports worlds.

"His experiences and story are very similar to thousands of real estate professionals who are often required to work for an extended period with little compensation before closing their first big deal," the KDC executive says. "In the commercial real estate business, as well as in the sports world, persistence is a big key to success."

For Ogilvie, however, when it comes to business off the course, he said he's often more excited to meet top business leaders than they are to meet him.

"I really have to calm myself down when I'm around successful business people because I want to talk about business, and they are here to talk and play golf," Ogilvie says.

Recently, the two mutual friends had a chance to play golf together at the club where they both belong in Austin, along with Van Amburgh's son, Pete. It is sufficient to say both Van Amburghs were impressed with Ogilvie.

"Even Pete noticed Joe was a very well-rounded guy, grounded — not the least bit arrogant — who also happens to be a heck of a good golfer," Van Amburgh says.

Here's a look at how the worlds of one of the PGA's newest winning golfers and one of America's most successful development companies can lay the same foundation for success.

Submitted by Art Stricklin, Sports Journalist

PGA Tour golfer Joe Ogilvie earned an economics degree from Duke University, but his education in professional golf has mainly come from the school of hard knocks.

Ogilvie proved in 2007 that he learned the multiple lessons of the five P's — persistence, perseverance, patience, passion and a positive attitude — well enough to stand on top of the professional golf world, if only for a week, as he captured his first PGA Tour victory at the U.S. Bank Championship in Milwaukee last summer.

For a player who is just as happy spending hours poring over stock-market tables as he is hitting range balls, he achieved his professional golf dreams, not to mention \$720,000 in first-place prize money, in an event sponsored by a bank.

It was his first victory in 230 PGA Tour starts, a micro-lesson in persistence and patience during an 11-year professional golf career.

"Until you actually do it, you don't know for sure you can really do it," Ogilvie says. "I felt validated. I felt like I had finally arrived."

He has arrived at golf's highest level by applying the well-learned lessons of business management from Duke and from real life, along with shattering just about every stereotype about PGA Tour golfers.

Stereotype No. 1: Almost all PGA Tour players started as tanned, blond, can't-miss college stars.

Anybody looking at the Ohio native turned Austin, Texas, resident Ogilvie, 33, knows the tanned and blond-haired look doesn't fit him. As far as can't-miss college success, an honorable mention All-America honor was as high as he ever got at a school hardly known as a men's golf powerhouse. "I don't know what I would have done with a can't-miss tag coming out of college," he says. "I didn't know I could do this until my first (pro) start."



2007 U.S. Bank Championship



Stereotype No. 2: All PGA Tour players are extremely one-dimensional, with few interests beyond spending endless hours on the practice range plus equal hours reading the sports section, watching ESPN and finding the next free player buffet.

“We’re not all one-dimensional,” Ogilvie says. “Some of us have other interests, but I’m somewhat different in that I don’t see myself in golf in 10 to 15 years.”

“Joe is very unique,” adds his Austin-based teacher Bill Moretti. “We have conversations on the range on how the economy is doing, how top executives are handling situations and what the PGA Tour is planning for the future.”

Stereotype No. 3: All players who finally break through to pro golfing success become flashy free-spenders complete with trophy wives.

Ogilvie has indeed broken through with career earnings of \$6.8 million, including \$1 million-plus in each of the last four years. But as a self-made entrepreneur with his own small business, including personal trainers, a golf teacher and a caddy on his payroll, he prefers a more conservative approach with plenty of money in reserve, “in case a new opportunity comes up.”

Joe and his wife, Colleen, also have three very active kids who travel the country with him much of the year. “My wife is awesome at what she does,” he says.

Just to add further fuel to the golf-stereotype-busting fire, Ogilvie plans to open his own investment capital firm in 2008, Ogilvie Capital, investing his money and hopefully thousands of others’ in today’s changing and often complex business world.

From his perch at the upper reaches of the golf world, with his feet firmly planted in his twin loves of golf and business, Ogilvie says he can see plenty of parallels between his two favorite activities.

“Like construction, your golf game is like a big project; you’re trying to piece everything together. You’re definitely working everything together and looking to strengthen your weak areas,” he says.

After an early splash on the pro tour in the late 1990s, Ogilvie’s game and his confidence hit a rough spot in 2001-2002. He lost his playing status for not finishing in the top 125 money-winners on the PGA Tour money list in 2001, then played even worse in 2002, not making the 36-hole cut in 15 of 20 tournaments.

“I had no status on any PGA Tour and was newly married with a baby on the way,” he recalls about those dark days. “I told my wife I really wanted to give golf a run. I decided I didn’t just want to keep my job, I wanted to excel on tour.”

To that end, he hired a personal trainer, Bob Touey, to get stronger physically and got with Austin’s Moretti to strengthen his golf game on the course.

“Joe knows his game, his capabilities and others that have failed and succeeded in the past,” Moretti says. “Because he has other interests, including his wife and three kids, he’s not a ball beater. He accomplishes what he’s working on and moves on to another task.”

In 2003, without status to play on any major pro tour, Ogilvie was able to depend on his business negotiation skills to gain a sponsor’s exemption to the first two events of the Nationwide Tour schedule to be played in Australia and New Zealand.

"I practiced hard and worked on my game and won the first event at Jacob's Creek in Australia. I was on my way after that," he says.

Ogilvie finished second on the Nationwide Tour money list in 2003, which allowed him to get back on the PGA Tour in 2004, and he has rarely looked back since.

"The business world, like the golf world, can be anything you want it to be," he says. "The most important thing is know thyself, enjoy living and enjoy learning about yourself and your game."

With dozens of new, talented players joining the PGA Tour every year, Ogilvie says it's critical to have a few core strengths to succeed on the course.

"To succeed in business or in golf, you need discipline and a work ethic, to prioritize time and to be disciplined. You have to know what you don't know, get the right people around you and be good at goal setting."

His financial success has also allowed him to tap into two other areas which separate him from the one-dimensional golfer stereotype: being a good role model and a philanthropist.

"Joe is a giver and his intelligence allows him to give and help others and to use his winnings in a way to further others," says

Joe Beck, director of golf at Austin Golf Club, where Ogilvie has a membership.

Ogilvie says he admires his fellow Austin resident Lance Armstrong in the way he lends his name and support to good causes. While he's not in Armstrong's financial league yet, he wants to follow in a similar path.

"Being a role model is great and is welcome. Golf is the only sport where you're not trying to get away with something. It transcends what we do for a living. I want to be known as a good guy and a well-rounded person."

Mainly, Ogilvie doesn't want to be known for just hitting balls on a lonely practice range a decade from now, still chasing only golf success.

He wants to be showcasing lessons of life, lessons of business and lessons of golf for higher and more important goals than just this week's three-foot putt for par.

A stereotype-busting, multi-dimensional golfer and, most importantly, person, to the very end.



2007 U.S. Bank Championship

A modern office lobby with a high ceiling, featuring several large, tiered, gold-colored pendant lights. A staircase with a glass railing is visible on the left. The floor is made of large, dark tiles. In the background, there is a wooden wall and a painting of a building. A red rug with two black leather chairs and a large vase is on the right.

CREDIT SUISSE
BRINGS IN THE
GREEN



Project Facts

- Phase 1 of possible three-phase project
- Size: 205,251 square feet
- Four stories
- Construction start: August 2006
- Completion: July 2007
- Location: Research Triangle Park, N.C.
- Special attributes: sophisticated electrical system, 100 percent redundancy, dining facility

Green Facts

- Recognized as a LEED-Certified building
- High-efficiency air conditioning
- 94 percent of lighting is motion activated
- 434 trees on site to shade parking and to minimize heat from asphalt parking surface
- Construction waste: 78 percent recycled
- White reflective roof membrane to minimize heat-island effect
- Provisions made for landscape irrigation to be provided by a future reclaimed water system in the Research Triangle Park

Fun Facts

- 2 generators installed with capacity to provide enough energy to power roughly 66 average homes
- 5,500 cubic yards of concrete, enough to place a six-foot-wide sidewalk along the entire length of Manhattan (14 miles)
- 250,000 construction man-hours compressed into 11 months of development
- 595,200 calories worth of pizza were consumed during the construction meetings (40 meetings, four pizzas per meeting, 3,720 calories per pizza)



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FIRE LANE NO PARKING

Giving Them What They Want

KDC'S *INTELLICENTERS* ATTRACT BLUE-CHIP TENANTS

Three years ago, KDC launched the “*Intellicenter*” program, a branded, speculative initiative that combined green building principles and design elements most desired by Corporate America. KDC partnered with PREI (Prudential Real Estate Investors) for the \$200 million *Intellicenter* program, with plans of creating about 2 million square feet of speculative office buildings.





Today, *Intellicenters* in Atlanta, Dallas and Houston have been completed and are leased to blue-chip tenants including St. Paul Travelers Companies Inc. and the University of Georgia. KDC has broken ground on three more *Intellicenters* in Charlotte, N.C., Riverside, Calif., and Tampa, Fla. The Charlotte *Intellicenter* is already 100 percent leased to Daimler Trucks North America, while the Riverside and Tampa *Intellicenters* are receiving significant leasing interest.

"*Intellicenters* have been well embraced by Corporate America," says Steve Van Amburgh, CEO of KDC. "We did our research to figure out what people wanted, rather than be presumptuous. We built the kinds of buildings they asked for, and they have come."

Terry McHugh, managing director at PREI, says the *Intellicenter* program sparked investment interest because of the appeal *Intellicenters* would have to large corporate users. "Our success in leasing to users such as Travelers and Daimler Trucks has served to validate this very point," he points out. "*Intellicenters* are attractive and highly cost-efficient for occupiers of the space. Even better, they produce an attractive return to the partnership."

"The quality of the tenants brings credibility to the *Intellicenter* concept," says Jake Ragusa, senior vice president at KDC. "We're more confident today than we were when we broke ground on the first buildings," he says. "We're providing Corporate America with an option that hasn't been provided in the past, and that's why we're ahead of schedule for lease up." KDC's original plan allowed 18 to 24 months after construction was completed to reach 100 percent occupancy.

Build-to-Suit Features

KDC's *Intellicenters* provide tenants with features previously available only on build-to-suit projects. The high-performance buildings are built according to rapidly evolving sustainable design and construction practices, and they provide tenants with lower operating expenses and increased employee productivity.

Each *Intellicenter* building has been designed to be certified through the Leadership in Environmental and Energy Design (LEED) program implemented by the U.S. Green Building Council. Recently, KDC's *Intellicenter-Atlanta* received Silver LEED certification. "Now that we have that baseline, we're hopeful that the other buildings will reach the Silver level as well," Ragusa says.

Each *Intellicenter* building has the same design template and is designed specifi-

cally for large, multi-national companies that need local and regional office facilities. Each project offers 150,000 square feet to 200,000 square feet, with large floorplates that accommodate more employees per square foot than traditional buildings.

The buildings feature raised-access flooring, which provides easy access to route electrical, phone and data cabling. *Intellicenters* also offer underfloor air distribution to provide greater control of occupant comfort and significantly improved air quality. These efficient, high-density buildings provide 25 to 50 percent more parking than conventional office buildings.

Intellicenters offer many more advantages, including improved lighting and acoustic quality, easy access and changeability of building services, ease of transitioning interior components and increased daylighting opportunities.

"After doing a number of corporate build-to-suits for companies including FedEx and Citigroup, it became apparent that the facilities Corporate America wanted weren't available," Mark Cashman, senior vice president of KDC, says. KDC surveyed its top clients and would-be clients to find out what type of features they were looking for in their office space requirements. Armed with that information, KDC designed *Intellicenter*, the perfect office building for Corporate America.

"From a design perspective, there are many facets, beginning with the basic precepts of *Intellicenter* that make the high-performance, 'green' environment appealing for corporate users," says David Botello, senior associate for Gensler. "Many of the features embedded in *Intellicenter* have been unavailable for suburban office tenants and are typically only found in built-to-suit facilities."

In addition to Gensler, the dedication of KDC's partners across the United States, including Forum Architects, R.P. Wages, Inc., Beck, Shelco Inc. and Clayco, factor into the success of the *Intellicenter* program.

"Much of the current success has been derived from the effort KDC made prior to even building the first *Intellicenter*," McHugh says. "Early activities like interviewing human resource managers to understand tenant requirements, putting together a design team to create a 'green' building that could be constructed at a reasonable cost, researching locations to identify patterns of growth and designing a comprehensive marketing program served to establish the platform upon which the *Intellicenter* program is based."



Atlanta

Intellicenter-Atlanta was the nation's first office building developed under the *Intellicenter* brand and was completed in 2007. Situated on 14 acres in the renowned Huntcrest development midway between the Mall of Georgia and Gwinnett Place Mall, the 150,000-square-foot *Intellicenter-Atlanta* is leased to the University of Georgia (UGA) Real Estate Foundation. UGA will move into 60,000 square feet in May and will use the space for its Gwinnett Campus. *Intellicenter-Atlanta's* remaining 90,000 square feet are available for lease.

"*Intellicenter-Atlanta's* energy-efficient design, along with its ideal location and easy access to major highways, made it a perfect choice for UGA," says Larry Wilson, president of KDC's Southeast division.

Charlotte

Located in York County, N.C., *Intellicenter-Charlotte* is KDC's fourth *Intellicenter*. The 150,000-square-foot building is pre-leased to Daimler Trucks, the largest heavy-duty truck manufacturer in North America. Daimler Trucks, which signed an 11-year lease with options, will relocate its Portland, Oregon-based marketing and sales employees into the *Intellicenter* in July 2008.

"Historically, the Charlotte market has not been a pre-leased market," Wilson says, adding that Daimler Trucks is very in tune with environmental issues and was attracted to the *Intellicenter's* sustainable design.



Dallas

The 200,000-square-foot *Intellicenter-Dallas*, completed in March 2007, is located on the southwest corner of Interstate 635 (LBJ) and Belt Line Road in Irving. *Intellicenter-Dallas* is the latest addition to Regent Center, joining other KDC-developed facilities including Epsilon, Citigroup, FedEx and First Horizon Home Loans.

Located only 10 minutes from Dallas-Fort Worth International Airport, *Intellicenter-Dallas* boasts a full range of business and lifestyle amenities, including fiber-optic connections, reliable underground utilities, extensive landscaping, nearby restaurants and hotels, day care centers and retail shops.

Leasing interest has been high, as the location is ideal for corporate tenants seeking a premier business address and close proximity to DFW Airport.

Houston

Originally designed as a 150,000-square-foot building, *Intellicenter-Houston* has been expanded to 160,000 square feet to accommodate the needs of its sole tenant, St. Paul Travelers Companies Inc., a leading provider of property casualty insurance.

In early 2008, Travelers' 900 employees moved into the new facility, which is located in the Westway Park development, a 150-acre master-planned business park at the intersection of the Sam Houston Tollway and Clay Road.

"We're consolidating employees from six different locations across Houston," says Mike Christian, regional vice president of corporate real estate for Travelers. "Consolidating all the employees is a huge advantage and the primary motive for us to find a new site. The location of the *Intellicenter* is what really tipped the scale for us."

Christian adds that *Intellicenter's* efficient floorplates and high-density parking also appealed to Travelers. Moreover, the company has a number of green initiatives, which made the LEED aspect of *Intellicenter-Houston* even more appealing.

Riverside, Calif.

Intellicenter-Riverside is California's first *Intellicenter* office building and the first "green" office building in western Riverside County. The three-story, 150,000-square-foot *Intellicenter Riverside* broke ground in mid-2007 and is located on 11 acres next to a future Metrolink station in the Meridian Business Park. It is scheduled for completion in summer 2008 and will have the capacity to house approximately 1,000 people.

"*Intellicenter-Riverside* will provide corporate users who are officing in Los Angeles or Orange County with a more economical option," Cashman says, adding that the building will also appeal to companies looking for sustainable space.

Tampa, Fla.

KDC broke ground on the four-story, 200,000-square-foot *Intellicenter-Tampa* in

August 2007. Located in Tampa Telecom Park, the building will be the first LEED-Certified commercial office building in the metro area. It is scheduled for completion in September 2008.

KDC has enough land in Tampa Telecom Park to develop two *Intellicenter* office buildings. Construction on the second building has not yet been scheduled. "Tampa is a great location for an *Intellicenter*," Wilson says. "It has low office vacancy rates, strong job growth and an educated workforce."

With the *Intellicenter*, KDC is bringing a new type of product to the Tampa market, Wilson says. "There's not anything like it," he says.

Future Intellicenters

Initially, KDC identified 20 locations across the United States. "We're looking at the second phase of *Intellicenter* development," Ragusa says. Specifically, Dallas and Houston are potential expansion markets, and the company also is looking near the Washington, D.C., area and along the Pacific Coast.

"We have very good sites, and we're offering a very unique product," Ragusa says. "We're able to go into these markets and show companies the benefits and the savings."



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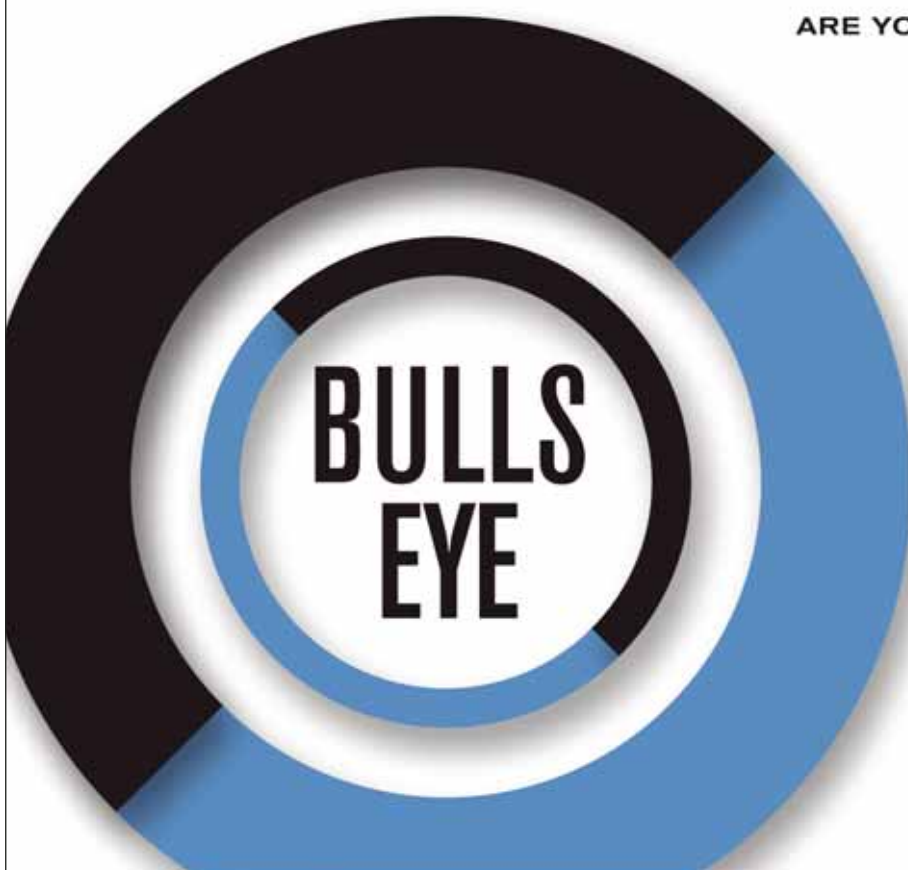
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Where's Fred?

KDC Inspired by Bestselling
Book *The Fred Factor*

Do you remember those television commercials from the 1990s — the ones with basketball superstar Michael Jordan and his new tennis shoes? Those commercials sparked a new catch phrase in the United States — “I want to be like Mike” was heard across the nation, from beaches in California to sidewalks in New York City. Being “like Mike” implied greatness and exceptional talent, but you had to have the shoes, of course.

Today, there's another person who has inspired greatness, and people across the globe are saying: “I want to be like Fred.” If you don't know who Fred is, then you've never read *The Fred Factor* by Mark Sanborn, a national bestselling book about a postman in Denver named Fred Shea. He inspired the book with his extraordinary service and provides an example of high individual achievement and excellence.

The book, just 112 pages, inspired KDC CEO Steve Van Amburgh so much that he decided to order copies for every KDC employee. He came across *The Fred Factor* after hearing about it from his sister-in-law, a successful middle-school principal. Every administrator in her school district was required to read *The Fred Factor*, and the impact of the brief book was huge. “The positive attitudes and existing culture improved, as people became less self-absorbed, more selfless and thoughtful toward others,” Van Amburgh says.

Sanborn receives e-mails, phone calls and letters weekly from companies using *The Fred Factor*. Upon learning that Van Amburgh had given copies of the book to his staff for a holiday gift, Sanborn said he was delighted. “I never cease to be appreciative. Gratefulness creates a great fullness of heart, and the response to *The Fred Factor* and the story of

my friend and former postal carrier Fred Shea has been a huge blessing.”

To date, the book has sold more than 1 million copies worldwide, according to Sanborn. “That tells me that the message isn't unique to the U.S.,” he says. “These are principles that apply anywhere in any job.”

The Fred Principles

The book outlines four main principles that make someone a “Fred.” The Fred principles are:

- Everyone makes a difference
- Success is built on relationships
- You must continually create value for others, and it doesn't have to cost a penny
- You can reinvent yourself regularly

People across the United States are living their lives according to Fred principles, and the people at KDC have noticed. Ab Atkins, senior vice president in KDC's Dallas office, says his mother, Ouida Barnett, is not only a Fred, “She is the Fred of all Freds.”

Barnett devoted most of her professional life to serving and teaching less fortunate inner-city kids in south Jackson, Miss. Atkins says she was motivated not by financial reward or notoriety, but by her love of people.

"She is a Fred because her calling transcended race, color, social status and wealth. She has served as a symbol of change in the Old South," he says, adding that his mother has shown many that serving and loving your neighbor can be close to home — where it can be hard work and uncomfortable at times."

Barnett has become a well-known Fred — Tom Brokaw wrote about her in his current best-selling book, *Boom!*

Acts of Fred

Sanborn says it's harder not to be a Fred than to be a Fred. And he contends that the skills and abilities that enable us to be "Fred-like" often come naturally. But that doesn't mean being a Fred doesn't take effort.

"It is hard to be a Fred by accident," Sanborn says. "That's why I think it is so important to recognize and encourage people who do good things for us. Lacking positive reinforcement, they might reach the erroneous conclusion that the effort isn't worth it."

If you think about it, there are a lot of "Fred acts" out there. It could be something as simple as helping someone carry a bag of groceries to their car or sharing an umbrella with someone who doesn't have one during a downpour.

Freds understand the importance of caring and being empathetic. "Reading *The Fred Factor* confirms to me, and all of us at KDC, the need to be nice to people every day ... in every way," Van Amburgh notes. "It reminds me of the motto that 'We should all try to be kinder than necessary to others, because everyone is struggling with something.'"

Kathy White, property manager of KDC, has benefited from an "Act of Fred" on a cold February morning when one of White's tires had a blowout. She pulled her car into a turn lane, and as cars buzzed by, she began searching for the telephone number for roadside assistance. Before she could make the call on her cell phone, a Fred came to her rescue. This Fred's name was Scott Marshall, and he was on his way to work.

Marshall parked his car across the street in a retail strip parking lot and crossed three lanes of heavy morning traffic to check on White. He offered to change

out the tire, and in just a few minutes, the spare was mounted, and White was on her way. Because of one "Act of Fred," she didn't have to wait out in the cold for roadside assistance.

More Freds = More Success

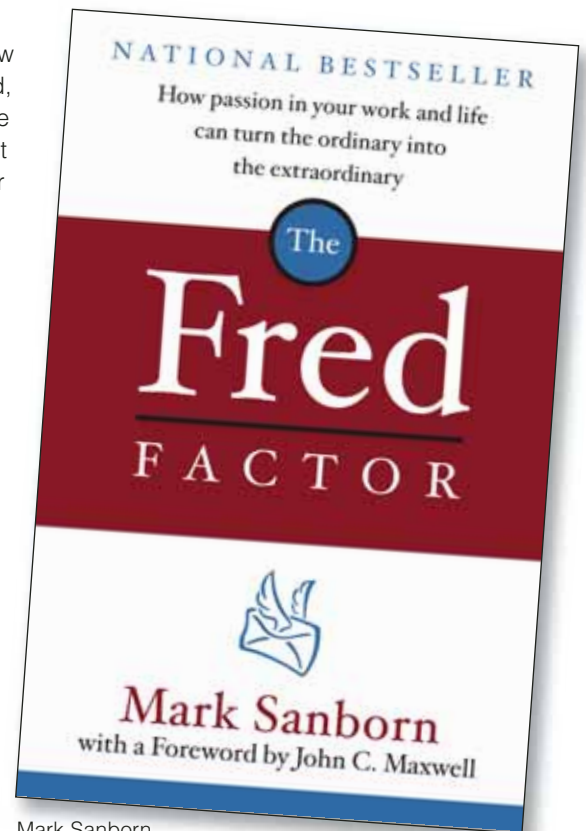
Freds make a difference both personally and professionally. The big difference between a Fred and a not-Fred is passion. Sanborn writes that Freds have a passion for significance — the difference between the oft-used phrase "making a living" and one rarely heard of: "a living of making meaning." He contends that "when you don't see much meaning in what you do, you won't bring much value to what you do."

"Someone once said a cynic is a passionate person who doesn't want to be disappointed again," Sanborn says. "I've found that often to be the case. People who either tried to be like Fred and failed, or more likely, did something noteworthy that wasn't appreciated, can become cynics."

Being a Fred goes beyond just doing the job — they take a personal stake in the service they provide and make people feel valued. "Freds seem to go out of their way to establish a relationship, say 'hi' and make you feel special," Van Amburgh says. "Hopefully, all of our teammates, clients and contractors will always attempt to go out of their way to make someone feel special. That is a good thing for everyone."

David Dybala, vice president of KDC, is a loyal customer to a local hardware store where one Fred made him feel special. Here's what happened:

Dybala brought his 25-year-old, eight-horsepower, chain-driven, two-gear, Craftsman-brand garden tiller in for a tuneup. The elderly salesperson who wrote up the work order agreed that, even though it was old, the tiller was worth the \$200 it would take to tune it up. When Dybala picked up the tiller, the same salesperson was at the checkout and as Dybala left, the salesperson said, "Thank you for letting us work on your tiller."



Mark Sanborn
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"Imagine that — thanking me for giving them the opportunity to serve," Dybala says. "I left that store with a sense of money well spent, a compliment and the commitment that I would certainly bring my business back to that store."

This example illustrates that Freds can have a huge impact on businesses, and much of that impact is financial. "The first job of leadership is to prove significance to others, and you don't need a title to do that," Sanborn says. He believes that the more Freds you attract to your organization, the more successful you'll be.

"Every day, we should *all* attempt to serve our friends, families and clients the way Fred does ... putting others first and being a 'Servant Leader.' Everyone is happier and more productive as a result," Van Amburgh says.

If you are interested in learning more about Fred or ordering your own copy of *The Fred Factor*, please visit www.fredfactor.com.



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Reaping the Benefits of **Sustainable**

KDC CONFERENCE, OCTOBER 2, 2007



Our industry has seen a surge of “green” development in recent years as more companies have begun to recognize both the social responsibility and bottom-line benefits of building “green.” In October 2007, KDC gathered real estate professionals in Charlotte, N.C., home of KDC’s Southeast Division, to discuss how Corporate America is “reaping the benefits of sustainable design.” Thanks to the panelists for offering valuable insight on the strategies and benefits of sustainable building practices.

– Jake Ragusa Jr., KDC Senior Vice President, Conference Moderator

Design



Forum Panelists



Will Weaver
Associate Project
Architect
Gensler



Jeff Austin
Vice President,
Sustainability Research
& Innovation
Wachovia



Rob Vail
Senior Vice President
Bank of America



Steve Van Amburgh
Chief Executive Officer
Koll Development
Company

The Forum

Jake: Where is the majority of “green” building taking place in the United States? Is it evenly dispersed, or are some states/regions leading the country in “green” development?

“Gensler has offices in most of the major municipalities throughout the country, and we’re seeing green development at all levels, across the board in all of our offices. Corporations and organizations are paying more and more attention to the triple bottom line, which looks at economic, social and environmental performance. As they continue to develop a deeper social and environmental consciousness, looking at how the world has changed, conservation efforts are becoming more appealing to them.”

*Will Weaver
Associate/Project Architect
Gensler*

“According to the U.S. Green Building Council, California is leading the way in ‘green’ building, with the Pacific Northwest close behind, followed by New Jersey, New York and Texas rounding out the ‘top five.’”

*Jeff Austin
Vice President, Sustainability Research & Innovation
Wachovia*

“Green building grows more ubiquitous every day. The recent U.S. Green Building Council convention in Chicago had more than 25,000 participants from around the world. Bank of America is taking a leadership role in sustainability. We are committed to incorporating sustainable methods in the construction and management of our real estate.”

*Rob Vail
Senior Vice President
Bank of America*

“Corporate America is focused on ‘being green’ no matter what the location. Currently, KDC has 13 projects under construction across the United States, and 70 percent of them are ‘green’ and/or LEED Certified. However, there is a high concentration of ‘green’ activity on the coasts and in the Sunbelt states, where the most job and population growth is occurring.”

*Steve Van Amburgh
Chief Executive Officer
Koll Development Company*

Jake: Why should Corporate America consider building “green”? How do “green” buildings contribute to a company’s bottom line?

“Healthful building practices that typify green buildings — increased indoor air quality and more access to natural daylight — have been linked to increased productivity and human health.”

Jeff Austin

“A ‘green’ workplace typically costs about 20 percent less per square foot to operate than a comparable non-green building. Sustainable buildings can also help attract and retain staff. ‘Green’ design — including daylighting, individual climate controls and outdoor views — can raise morale and employee satisfaction.”

Will Weaver

“A healthy workplace is the best workplace. Any time a company enhances their employees’ work environment, employee morale and satisfaction improve, leading to increased productivity. In addition, ‘green’ attributes such as raised-access flooring and underfloor air distribution (UFAD), as seen in KDC’s *Intellicenters*, greatly reduce energy costs. Combined, these factors contribute positively to the bottom line.”

Steve Van Amburgh

“At Bank of America, we consider sustainability to be both a responsibility and an opportunity to enhance our bottom line through energy efficiencies.”

Rob Vail

Jake: Gensler, Wachovia, Bank of America and KDC have been at the forefront of “green” building and sustainable design for quite some time. What are your most significant “green” projects to date — either completed or currently in development?

“We are currently constructing a new office building in Charlotte, N.C., more than 1.4 million square feet, to meet the LEED Core and Shell Gold Certification standard. In addition, all Wachovia spaces will achieve at least Gold Certification, and Wachovia, as owner of the building, is requiring all other commercial tenants to achieve at least LEED Certified level.”

Jeff Austin

“The most recognizable examples of our commitment include Bank of America Tower at One Bryant Park in Manhattan and our new banking center in Adelanto, Calif., where we are striving to achieve LEED Platinum Certification, as well as our corporate headquarters building in Charlotte, N.C., where we have achieved LEED Certification for recent renovations.”

Rob Vail

“One of my most significant projects is probably the smallest and least known. It is a tiny visitor center and rest area project that we are currently doing with the North Carolina Department of Transportation. Roadside rest areas are a huge capital expense, as they require constant routine maintenance and strip the surroundings of their native biosphere. The project is a prototype experiment, looking at how the perception and experience of a roadside rest area can be drastically altered through sustainable practices.”

Will Weaver

“Seventy percent of KDC’s projects in development are ‘green,’ but our branded *Intellicenter* program truly reflects KDC’s commitment to provide innovative office buildings that are both environmentally responsible and cost effective. *Intellicenters*, high-performance LEED Certified buildings, are unique because they offer tenants a variety of features that are typically only available with build-to-suit projects. The success and visibility of this program is evident both in the leasing of the buildings and in our plans to expand development.”

Steve Van Amburgh

Jake: What kind of financial incentives are available for projects pursuing a “green” rating? Do you think these incentives are encouraging more companies to build “green”?

“For Bank of America, while we are seeing increasing financial opportunities in some jurisdictions to build ‘green’, we are more focused on assuming a leadership position with a pervasive

approach to 'green' building and the resulting positive message sent to our associates, customers, vendors and communities with whom we do business."

Rob Vail

"There are certain incentives available for photovoltaic [solar] energy projects on a state-by-state basis, and a number of local municipalities are beginning to offer permit rebates or other incentives to projects that are pursuing LEED Certification. The expansion of these incentives will make it easier and more cost effective for more companies to build green."

Jeff Austin

"The amount of money saved in reduced operating costs is a huge incentive. Buildings designed to achieve LEED Certification save an invaluable amount of electricity. In addition, we have seen an increase in employee retention rates as a result of a cleaner, healthier work environment afforded by 'green' amenities."

Steve Van Amburgh

"Each year, more than \$1.5 billion is made available by utilities, government agencies and other sources to help pay for energy- and water-efficiency improvements to buildings. Most of the incentives come in the form of rebates and grants and exist for new construction projects, energy and water retrofits, emergency equipment replacements, feasibility studies, tenant fit-outs, renovation projects and more."

Will Weaver

Jake: What is the building cost of a LEED-Certified project as compared to a conventional building?

"The answer depends on a number of factors, including project type, scope, location, which and how many credits are being pursued, the experience of the team and when the decision to pursue LEED is made. We have done a number of LEED projects where the construction costs were a wash compared to conventional building, and most others fell into a cost premium of less than 2 percent."

Will Weaver

"We have seen a small first-cost premium for LEED-Certified buildings in the range of 2 to 4 percent. However, the key metric of success in 'green' building is total cost of ownership (TCO), or what it costs to operate the building over time. 'Green' buildings typically have lower operating costs."

Jeff Austin

"The upfront added costs are diminishing as demand increases, operational savings are realized and more contractors and vendors gain experience with the approach."

Rob Vail

"I agree with you. A LEED building may cost slightly more than a conventional building in upfront costs, but then it creates a significant payback. Over the life of a building, a company will save money by developing a LEED-Certified project."

Steve Van Amburgh

Jake: Based on your experience, what advice would you give a company pursuing its first "green" project?

"The most important factors for success are: a fully committed owner (or developer); focus on TCO versus first cost; a LEED-knowledgeable mechanical, electrical and plumbing (MEP)

engineering firm; and a team willing to learn to work together as an 'integrated whole-building design' team."

Jeff Austin

"Get experienced team members to guide you through the process. Commit to certification early in the development process to minimize cost."

Rob Vail

"One of the best bits of advice I can offer to a company is to surround itself with a team that has a tried-and-true, proven track record in sustainable design and construction. There are a lot of manufacturers and professionals making false claims — green washing — to sell their products or services. I would encourage the company to seek out team members who have taken projects all the way through the LEED process to certification."

Will Weaver

"I would advise any company pursuing a new development project to make it a 'green project.' LEED Certification is no longer the exception, but the rule."

Steve Van Amburgh

Jake: What are your predictions for the future of "green" development? Do you think conventional buildings without "green" features eventually will become obsolete?

"It will be the standard course for development over the coming years."

Rob Vail

"Building codes are already adopting standards set by organizations such as the American Society of Heating, Refrigerating and Air Conditioning Engineers and the Illuminating Engineering Society of North America, which serve as the foundation for green development. From that aspect, I would say that sustainable building practices will soon become the normal practice, making current conventional building practices obsolete. However, the 'green' building movement is still in its infancy."

Will Weaver

"In my opinion, in five years, 100 percent of all projects in the office development sector will be built to the standards of the U.S. Green Building Council to achieve LEED Certification."

Steve Van Amburgh

"Many people are beginning to predict the full integration of LEED or similar rating systems into local and national building codes within approximately five years. Although there has been rapid and significant movement toward 'green' building, we are still in the early stages. I think we need to be committed to this effort for the long term."

Jeff Austin



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Hard Day's Work

Empty Infill Site Finds New Life as Operations Service Center

To look at Blue Cross and Blue Shield of Illinois' new operations service center in downtown Chicago, you would never guess the challenges the underlying land posed.

Today, the site houses a beautiful 138,000-square-foot building along the Chicago River, but two years ago, it was an unzoned urban site with a checkered environmental past. Despite the challenges, Health Care Service Corp. (HCSC), which operates Blue Cross and Blue Shield of Illinois, Texas, Oklahoma and New Mexico, was determined to locate its new facility on the site, and needed it to be operational by late 2007.

That meant that KDC, the developer, had only 11 months from the lease signing to get the land zoned, tackle residual environmental issues and deliver the building. KDC was able to meet all of HCSC's needs, allowing the health care insurance company to relocate its operations from an obsolete building into a state-of-the-art production, warehouse and office facility that will suit the company for decades to come.

"The building itself was very straightforward, but the site was the real complicating factor," says Don Mills, senior vice president and development manager for KDC. "At first glance, the site didn't look too bad, but there were a lot of things that we had to deal with that we didn't expect."







Getting Started

Although many people might think of KDC as a developer of suburban office buildings, the company is familiar with infill projects as well as brownfield sites. “We have the expertise to deliver a product in an urban environment regardless of the challenges,” says Bill Rafkin, senior vice president of KDC.

Designed by Heitman Architects, Blue Cross and Blue Shield of Illinois’ new operations service center is a case study for smart, sensitive development. As a result, it was awarded “Outstanding Project of the Year” by the Eighteenth Street Development Agency, a local economic development agency.

The new building is an ideal project for an undeveloped site that was previously a barge and rail depot with a 100-year history of industrial uses. In spring 2005, KDC initiated a site search on behalf of HCSC and found just one site in the city of Chicago that met the company’s criteria. The site, located in an environmentally sensitive area on the Chicago River, was close to HCSC’s headquarters, offered ease of access and proximity to a bulk-mail drop and could provide high security. However, the site was far from perfect. It was unzoned, it had dedicated city streets running through it, it had no direct access to a major thoroughfare, and it was riddled with fill material dating back to the 1920s.

“We knew the environmental considerations existed, but we didn’t know they would be so tricky,” Mills says.

After HCSC approved the site, KDC put it under contract with a long lead time for closing. KDC immediately began sketching out site plans and specifications and preparing a plan to procure proper zoning. After an initial meeting with the local alderman, Daniel Solis, KDC presented the project to Chicago’s planning and zoning departments.

The project received strong support from Alderman Solis and the city of Chicago for obvious reasons: it would brighten an underutilized industrial area; it would generate greater tax revenue; it would produce high-quality jobs; and it would bring a top-notch company to the area. Moreover, the new building would further validate an area experiencing an upsurge of production, manufacturing and warehousing uses.

Despite the favorable response, KDC was warned that zoning could take six to nine months, which was time neither KDC nor HCSC had. However, a combination of hard work and municipal endorsement made it possible for KDC to obtain its zoning in a scant three months. A local conservation group, Friends of the Chicago River, helped galvanize support for the project.

Buried “Treasure”

Although KDC received zoning in record time, it had to work around the clock to get the site and shell work completed by the deadline.

With zoning in place, KDC and its development team of Jacob & Hefner

Associates, Heitman Architects and Clayco Construction started site preparation. Although an extensive geotech study was conducted prior to purchase, KDC encountered buried “treasure” under the surface during its initial excavation. Parts of old automobiles, a complete elevator cage from the 19th century, concrete walls, creosote poles and assorted pieces of iron were found buried under layers of soil.

With the help of an environmental consultant, KDC was able to fully address the environmental conditions, including special handling of debris, which had to go to a registered environmental dump site.

And, since the site had been previously remediated of environmental hazards, certain areas could not be excavated. In fact, three areas had engineered asphalt or concrete barriers that covered environmentally sensitive material. Those barriers were expanded and redefined.

Additionally, the soil study found that the site’s bearing capacity wasn’t good. “The Chicago River is the southern boundary of this site, and, at various times, the site had barge slips in it and, over time, they were filled in, impacting the soil,” Mills explains. As a result, the development team had to engineer the building slab to be self-supporting, rather than laying slab on grade. “We had to go to some extraordinary lengths, including putting in an additional three feet of fill dirt,” Mills says.

Along the way, KDC enhanced several aspects of the building to benefit HCSC. For example, KDC upgraded the roof, embellished the landscaping at the riverfront, fortified the new access road and upgraded certain exterior finishes.

KDC also worked with the city of Chicago to close off city streets dead-ending into the site, round out boundaries of the site and produce greater perimeter security for HCSC. At the same time, the city asked KDC to explore different ways to handle stormwater on the site because most of it drained into the Chicago River. “We added a detention pond and bioswales, as well as a small amount of pervious paving in the visitor parking area,” Mills says.

KDC also worked hand-in-hand with the Illinois Environmental Protection Agency to update a No Further Remediation letter, correcting mistakes in an earlier version of the letter and giving the site an accurate and final clean bill of health.

“Regardless of the challenges, KDC has the expertise and is willing to do what it takes to get a project done,” Rafkin says.



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Safety First

Chevron Shares Its Culture of Zero Tolerance for Workplace Injuries

There are plenty of reasons to celebrate — birthdays, weddings and holidays — but KDC and Chevron Corp. have found one more reason to throw a party — a safe worksite.

Once a quarter, the two companies host a “Safety Celebration” for all the employees who are involved in the construction and development of Chevron’s regional office in Covington, La. Along with food and fun, the “Safety Celebration” is an opportunity to emphasize the importance of Chevron’s company-wide safety culture — known as “Safety First.” Employees who have conducted their work safely receive prizes ranging from gift cards to power tools.

“We really hope that our job sites are the best and safest places that these people have ever worked,” says Chevron’s Ken Finley, project manager, NorthPark Office Building in Covington.

Striving for Zero Injuries

As one of the world’s largest oil and gas companies, Chevron has made workplace safety the keystone of its corporate culture. From its natural gas drilling operations in China to its refinery in southern California, Chevron is focused on making sure its employees experience zero injuries while at work.

Chevron's commitment to workplace safety extends to the construction of its regional office in Covington, La. The global energy giant tapped KDC to develop the 300,000-square-foot build-to-suit facility that will house the company's Gulf of Mexico business unit. The facility is located in the NorthPark Business Park, 40 miles north of New Orleans in St. Tammany Parish.

From the beginning, Chevron asked KDC to incorporate "Safety First" at the construction site. "We have zero tolerance for unsafe workplaces, but we've found that the commercial construction business does not have the same measures of safety that we have," Finley says. "The challenge is to change the culture and get people engaged in safety procedures. We're challenging everyone that we employ to change their way of thinking — to believe it is possible that projects can be completed without any injuries."

Making Safety a Reality

While KDC also is diligent about safety and hires only contractors who have an exemplary safety record, "Chevron takes safety to an even higher level," says Mike Rosamond, senior vice president of KDC. "Chevron wants safety to be a natural part of the work environment."

Finley says Chevron and KDC have rolled out a campaign at the Covington job site to encourage workplace safety. The "Why Not?" campaign is an effort to get people thinking about all the ways a safe workplace can be a reality. The point of the campaign is that most days on the job site, every worker goes home uninjured. So why not every day? "Why Not?" There are a number of activities that are specifically geared toward providing an opportunity for dialogue on this question and safety in general.

"We have to drive the safety process because no one knows what we want," Finley says. "KDC and our general contractor, a joint venture between Clayco Inc. and MAPP Construction, LLC, have done a very good job of supporting and embracing our objectives as we try to push our safety culture to that level. It really takes engaging and developing relationships with every single person who comes to the site."

Roughly 400 people are onsite at any given time to build the new building, which is expected to achieve Silver or possibly even Gold Certification from the Leadership in Energy and Environmental Design (LEED) green building rating system managed by the U.S. Green Building Council. The building design includes underfloor air distribution and 90 percent raised-access flooring — key components to achieving LEED Certification and improving indoor air quality.

Safety Awards and Recognition



Dustin Dill (KDC) and Vince Chapa (Clayco) of the project safety team presented tools to some of the workers as part of the Awards and Recognition Program. KDC makes an attempt to have a mix of giveaways for the workers on a monthly basis.

It also features an open floor plan, an employee dining area, a fitness center, a conference area and a structured parking garage that will hold approximately 550 vehicles. In addition, the facility will include geology laboratory space for processing soil samples obtained during exploration.

The development team includes HOK/Mathes-Brierre Architects (interiors) and Forum Studio (shell building, site work and landscaping) as project architects.

Pushing for a Clean Site

Finley says "housekeeping" is a key part of Chevron's safety activities. "Part of the construction industry's culture is a messy and dirty job site, but we believe that a clean job site is a safe job site," he explains. "If you're in a clean environment, you feel compelled to keep it that way, and the benefits are fewer accidents and more productivity."

The Chevron job site is vastly different from most commercial construction sites, Rosamond says. In a typical situation, the developer would hire the general contractor and leave it up to that company to share its own safety policy with its subcontractors and to handle all compliance with the Occupational Safety and Health Administration (OSHA).

"That's the nuts and the bolts of safety," he points out. In fact, in the early stages of the project, two different subcontractors were removed from the job site after it became apparent that they weren't going to embrace the companies' safety initiatives.

KDC has hired Houston-based The Compliance Alliance to make sure everyone on the construction site abides by the safety requirements. As a result, everyone at the Covington site has a badge he or she must use to enter and exit the site. "With the badges, we know who's onsite, and if we have an emergency, we will know if anyone is left," Rosamond says. "This is rarely done on other construction sites."

Additionally, Chevron requires a job site safety assessment (JSA) for every job that is performed that may have any kind of safety risk to it. Rosamond says thousands of JSAs will be done by the time the building is completed, making construction workers aware of their environment and forcing them to plan steps in a project rather than just reacting. For example, if a

painter is going to paint the walls in a room, he surveys the area and determines what materials or risks are in the room. This survey takes the form of a written JSA.

The Covington job site also utilizes behavior-based safety observations, also known as BBSOs. This safety effort requires that any unsafe activities be communicated to managers. Everyone on the project has the ability to issue a stop-work directive if he or she believes it is warranted due to safety concerns.

Softer Side of Safety

Chevron is unique because it also practices the softer side of safety, requiring that all project leadership attend a two-day commitment workshop and every worker participate in 5.5 hours of training and orientation. This is an attempt to incorporate safe practices into the job site culture and has been facilitated by safety specialists at JMJ Associates.

Every Wednesday, the development team hosts a breakfast for all employees, during which a safety meeting is conducted. The team provides lunch on a monthly basis and recognizes people who have conducted their work safely and throws a safety celebration each quarter where prizes such as gift cards and power tools are awarded.

Rosamond says the Covington job site is the safest construction site he's ever been part of and one that has changed the way KDC manages its projects. "Although some believe these efforts can only add to the cost of the project and slow it down, there's a pretty strong case to be made for maintaining a safer job site, even from a productivity point of view. When people care about each other, productivity improves and a company saves lost time from lack of injuries," Rosamond says. "We have found ample value to warrant bringing these efforts to other job sites."

He concludes: "We want to become recognized as a safety leader in the development industry."



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