



KANSAS BOARD OF REGENTS

Fiscal Affairs and Audit Standing Committee

12:15 pm, Tuesday, May 27, 2025

[Link to Zoom Meeting](#) or

Phone: 669 900 6833

Meeting ID: 876 7887 9374

Passcode: 552 036

FAA AGENDA ITEMS FOR JUNE 11, 2025 BOARD MEETING

FACILITIES – JUNE 11, 2025 –AGENDA – CONSENT

Chad Bristow

1. Act on Request to Amend the FY 2025 Capital Improvement Plan and Approve Program Statement for Heckert/Yates Science Lab Renovations – PSU

Pittsburg State University (PSU) requests approval to amend the FY 2025 capital improvement project plan and acceptance of the program statement for Heckert Wells & Yates Renovations and Addition project. The Heckert/Yates Science Lab Renovations project will be renamed to Heckert Wells & Yates Renovations and Addition.

Heckert Wells Hall and Yates Hall share a connecting atrium and, together, serve as PSU's core for STEM education. The estimated total project cost has increased from \$12 million to approximately \$53 million to support renewal of these two facilities. To reinforce connection and access to programs throughout the complex, the project includes adding space to expand the existing, shared single-story atrium to serve all primary levels of the existing complex, to connect the greenhouse to an interior egress pathway, and to create a modern chemistry dock and receiving area.

Yates is a 40,698 GSF facility built in 1963. It remains in average condition thanks to replacement of windows, doors, HVAC systems, switchgear, and lighting, but its Mathematics and Physics labs, classrooms, hallways, and several restrooms remain in near original condition. Heckert Wells is a 65,393 GSF facility built in 1984 after its predecessor was suddenly condemned. It has now slipped into poor condition as it continues to age. Replacement of HVAC systems and switchgear occurred a decade ago, but the Chemistry and Biology labs, hallways, and restrooms remain in near original condition. Moreover, portions of the lab casework were salvaged from the condemned facility and predate their current home by 30 years. PSU proposes to redesign and upgrade these crucial facilities as a STEM eco-system to expand STEM education, make the facility more functional and attractive to today's students, and serve current needs for teaching and learning within this academic core. The School of Science and Mathematics provides basic support for the ecosystem that also includes the health sciences and engineering technology degree in addition to PSU's National Institute for Materials Advancement (NIMA) and National Center for Semiconductor Research and Testing (NCSRT).

Upon approval of the program statement, PSU will follow the state procurement processes to select a professional design consultant for the entire project and then deliver the project in one or more construction

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phases utilizing a design-bid-build delivery. The project will be funded with a mix of the university's allocation of the Educational Building Fund (EBF), Campus Restoration Act, grants, and donor gifts. PSU will continue to fund operations and maintenance costs for the addition and renovated existing facilities with a combination of State General Fund and Tuition Funds. The initial phase of construction is anticipated to occur between June and December 2026.

Program statement is attached (Attachment A).

2. Act on Request to Approve Lease of Real Property (Besse Hotel) – PSU

Pittsburg State University requests approval for the lease of real property to support the student housing portion of Gorilla Rising. The Besse Hotel is a historic property in downtown Pittsburg, Kansas, adjacent to Block 22. As described in previous Gorilla Rising updates, and per the capital improvement plan amendment approved by the Board in February 2024, the Besse is being redeveloped by a local private developer to serve as a key component of Gorilla Rising. The Besse will contain student apartments on all upper floors and the PSU Center for Reading on the first floor along with supporting operations for the university, community, and students. The project is being completed under a public-private partnership in order to leverage significant available historic tax credits along with donor and city support. The final portion of the funding is debt obtained by the owner/developer (Besse, LLC) to be serviced via this lease agreement.

The lease agreement between PSU (lessee) and Besse, LLC (lessor) is for a term of 18 years. The university will have the right, but not the obligation, to purchase the property at any time after the tax credit recapture period is fulfilled (generally five years from certificate of occupancy). The annual lease rate is being finalized between the parties and is expected to be between \$400,000 and \$500,000 per year. The university and developer are working together to maximize all other funding sources in order to minimize the final cost of the lease. The University will be responsible for operations and maintenance costs under the lease. The base lease excludes final tenant infill finish work for all first-floor spaces but the student apartment lobby. The lease terms also outline payments the university will make for design and construction of facility improvements on the first floor to accommodate the relocation of the Center for Reading from various existing locations within Whitesitt Hall on the PSU main campus to the more convenient and accessible downtown location. Funding for the capital improvements is made possible by a one-time State General Fund appropriation designated for this purpose. Once vacated, portions of Whitesitt Hall will be razed to support a strategic approach to divesting of obsolete buildings and improving the utilization of suitable existing facilities.

The draft lease has been reviewed by the Department of Administration and their input has been incorporated into the agreement. The university seeks Board approval to enter into the lease as described with a lease rate not to exceed \$500,000 per year.

The lease agreement will be provided to Regents prior to the Board meeting.

3. Act on Request to Approve Lease of Real Property to Kansas Bureau of Investigation – PSU

In February 2025, the Board approved the acceptance of a parcel of land from the PSU Foundation that originated from the City of Pittsburg to be used as the site for the Pittsburg Regional Crime Center and Laboratory of the Kansas Bureau of Investigation (KBI). The university now seeks the Board's approval to lease this parcel of land to the KBI for the project. The land will be leased at no cost until 2099. PSU has also agreed to contribute \$2 million towards the project to aid in the inclusion of shelled space in the facility that may be used in the future for PSU academic programs and other collaborations between PSU and KBI.

KBI will fund the construction, operation, and maintenance of the Pittsburg Regional Crime Center and Laboratory.

The proposed lease agreement is attached (Attachment B).

4. Act on Request to Amend the FY 2025 Capital Improvement Plan and Approve Program Statement for Leasure Hall Renovation – KSU

Kansas State University (KSU) requests approval to amend the Fiscal Year 2025 capital improvement project plan and acceptance of the program statement for Leasure Hall renovations. The anticipated total project budget will increase from \$10 million to a maximum of \$11.72 million and the project effort will begin now instead of FY 2029.

Constructed in 1908, Leasure Hall is currently rated as a C- (FCI 0.42) with \$3.5 million of deferred maintenance. Renovations will allow the university to reduce energy use, lower the ongoing maintenance burden and improve building functionality and space utilization.

Approximately 22,500 net square feet will be renovated to create new office, classroom and laboratory spaces. Space on the second floor will be renovated to meet the needs of the Kansas Cooperative Fish and Wildlife Research Unit and other renovated spaces will house the newly relocated Department of Geography.

The project will be completed in two phases. Phase 1 will include interior renovations and system upgrades. Renovations will include new walls, doors, ceilings, lighting, flooring, electrical, plumbing and IT infrastructure improvements. Deferred maintenance items to be addressed will include connecting the building to the campus chilled water loop and modernizing HVAC systems. The estimated cost for Phase 1 is \$8.9 to \$10.26 million.

Phase 2 will include exterior renovations such as window replacements, masonry repairs and new roofing. The Phase 2 estimated cost is \$1.1 to \$1.42 million.

Upon approval of the program statement, KSU will follow the state procurement processes to select a professional design consultant for the entire project and then will deliver the project in two construction phases utilizing the state design-bid-build delivery process. The project will be funded with the university's allocation from the Educational Building Fund and deferred maintenance interest earnings. The first phase of construction is anticipated to begin in Spring 2026.

Program statement is attached (Attachment C).

5. Act on Request to Approve Program Statement for Construction of Storage Building for the Biosecurity Research Institute at Pat Roberts Hall – KSU

Kansas State University (KSU) requests acceptance of the program statement for construction of a storage building at the Biosecurity Research Institute, or BRI. Located in Pat Roberts Hall, the Biosecurity Research Institute is the home of comprehensive infectious disease research to address threats to agriculture and public health. The existing facility was designed to meet or exceed biosafety level-3 and biosafety level-3 agriculture standards.

The facility currently lacks dedicated storage space, which has resulted in the need for offsite storage, rental fees and additional time spent retrieving equipment. The new storage building will provide a centralized,

secure location for equipment storage which will streamline operations, enhance organization and increase accessibility to equipment.

The new metal equipment storage building will be 40' by 60' with 12-foot tall side walls. The structure will be fully insulated and built on a concrete slab. It will not be heated or cooled but will include lighting and electrical power. Two overhead garage doors will provide access to equipment.

The project will be financed totally from private gifts and initiated and completed by KSU Foundation as authorized by K.S.A. 76-757. The total estimated project cost is \$243,116. All future maintenance will be funded with/by a sustainability fund associated with the private gifts through the KSU Foundation.

Construction is expected to be complete by the end of 2025.

Program statement is attached (Attachment D).

LEGAL – JUNE 11, 2025 – AGENDA – CONSENT

John Yeary

- 1. Act on Proposed Amended Memorandum of Understanding between Kansas State University and the Kansas State University Employees Association, Local 6400 (KSUEA), Representing Eligible Maintenance and Service Employees – KSU**

The issue paper will be provided to Regents in advance of the meeting. The MOU would provide a 1.5 percent wage increase to those bargaining unit employees who were employed on or before December 1, 2024. Pending Board action on the university's tuition proposal, the parties will reconvene to negotiate a one-time performance bonus based on each eligible employee's performance rating.

- 2. Act on Proposed Amendments to Memorandum of Agreement between Fort Hays State University and the Fort Hays State University Chapter of the American Association of University Professors, Representing Faculty — FHSU**

The issue paper will be provided to Regents in advance of the meeting.

FISCAL – JUNE 11, 2025 – AGENDA – CONSENT

Elaine Frisbie

- 1. Receive Information on Distribution of FY 2026 State Appropriations to Community Colleges, Technical Colleges, and Washburn Institute of Technology**

The draft issue paper is attached (Attachment E).

- 2. Act on Distribution of FY 2025 State Appropriation for Technical Education**

The draft issue paper is attached (Attachment F).

FISCAL – JUNE 11, 2025 – AGENDA – DISCUSSION

Elaine Frisbie

- 1. Act on State University Tuition and Fee Proposals for FY 2026**

The universities' requests are published on the Board's website at:
https://kansasregents.gov/about/regent_meetings_agendas_and_minutes.

2. Receive Proposals for the FY 2027 Unified Appropriation Request

Items will be provided by the institutions to the Board Office in the coming days. The issue paper will be distributed with the Board agenda.

OTHER – JUNE 11, 2025 – AGENDA – DISCUSSION

1. Receive Report and Recommendations on Board Goal #5 (Alternative Credentials)

An Alternative Credentials work group was formed with members of the Council of Institutional Research (CIRO) and other university personnel for Board Goal #5: “Gather recommendations from universities and develop a framework and definitions for reporting industry-recognized alternative credentials awarded by the public universities.”

As centralized storage of alternative credentials is still an emerging area, the work group examined definitions used by other states or universities, by digital credentialing companies, and by companies focused on a common credentialing approach. High-level definitions will be recommended for alternative credentials for purposes of a systemwide data collection, focusing on workforce aligned credentials. Several universities have already started to develop their own internal teams to address more centralized approaches to maintaining an inventory of alternative credential offerings.

The issue paper will be provided in the Board agenda materials.

Fiscal Affairs and Audit Standing Committee Agenda

Wednesday, June 11, 2025, 10:00 am
Board of Regents' Board Room

Suggested agenda items:

- A. Approve minutes of May 14, 2025 committee meeting
- B. Follow up on issues raised during the May 27 conference call
- A. Tentative - Receive External Management Report for Fort Hays State University, Mike Lowry, Senior Vice President of Allen, Gibbs & Houlik
- B. Review Board Agenda Items under Fiscal Affairs
- C. **FAA 25-09** Monitor Progress on State University Capital Renewal Initiative and Campus Restoration Act (standing item)
- D. **FAA 25-10** Review Audit Findings (standing item)
- E. Other Committee Business