OCTOBER 30, 2025

Kansas Board of Regents
Special Meeting

Curtis State Office Building
1000 SW Jackson, Suite 520
Topeka, KS 66612

2025-2026
Blake Benson, Chair
Diana Mendoza, Vice Chair

Building a Future

Higher Education's Commitment to Kansas Families, Business, and the Economy

1. Helping Kansas families
2. Supporting Kansas business
3. Advancing economic prosperity

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MEETING AGENDA

The Kansas Board of Regents will hold a meeting at 9:00 a.m. via Zoom. The link for the Board meeting can be found on our website at https://www.kansasregents.gov/board_meeting_live_stream.

Thursday, October 30, 2025

I. Call to Order

II. Consideration of Discussion Agenda

A. Fiscal Affairs and Audit

1. Act on Request to Apply for Aviation Jobs Loan – WSU — David Miller, Wichita State University

III. Adjournment

DISCUSSION AGENDA

I. Call To Order Regent Benson, Chair

II. Consideration of Discussion Agenda

A. Fiscal Affairs and Audit

1. Act on Request to Apply for Aviation Jobs Loan – WSU **David Miller, Wichita State University**

Summary

Wichita State University (WSU) requests approval to apply for a loan from the State Treasurer's Office. Board staff recommend approval.

Wichita State University (WSU) requests approval from the Board of Regents, on behalf of WSU and/or its controlled affiliate, to proceed with securing a loan through the State of Kansas Linked Deposit Aviation Jobs Loan Program. The program was created by the 2025 Legislature through the State Treasurer's Office as an opportunity to create new aviation jobs in Kansas by promoting economic development investments by aircraft Maintenance, Repair, and Overhaul (MRO) operations and/or Airport Authorities.

The MRO Laboratory at WSU's National Institute for Aviation Research (NIAR) is a cornerstone of innovation and excellence in the aviation industry. The MRO lab is dedicated to advancing the field of aircraft maintenance, repair, and overhaul through cutting-edge research, development, and practical applications. The lab is committed to enhancing the safety, sustainability, and efficiency of aircraft operations through state-of-the-art engineering, modification, repair, overhaul, environmental testing, and flight test/certification services. This includes significant projects such as the conversion of passenger aircraft to freighters, specifically the Boeing 777 and Airbus A321; special missions aircraft modifications such as airtankers; and Department of Defense programs in collaboration with industry partners.

The team at the lab comprises over 142 skilled professionals, including program managers, engineers, technicians, and students engaged in applied learning. This diverse team leverages hundreds of years of combined experience to deliver innovative solutions and rapid development of engineering and testing plans. Since its inception in 2021, the lab has been involved in notable projects, including the maintenance and modernization of military aircraft in collaboration with military partners.

These projects highlight Kansas' new role in the MRO sector, supporting advanced military aviation initiatives and bolstering the state's commitment to enhancing national security. Without the capabilities of the lab and the State of Kansas' investment, these awards would not have been possible. The lab also plays a crucial role in providing hands-on learning opportunities for students at WSU. By involving students in real-world projects, the lab helps bridge the gap between academic knowledge and practical experience. This approach not only enhances students' skills but also prepares them for successful careers in the aviation industry.

The State of Kansas' Linked Deposit Aviation Jobs Loan Program makes available up to $30.0 million to provide low interest loans in support of growing aviation jobs in Kansas on a first-come-first-serve basis. The program is established through the State Treasurer's Office to provide funding to eligible lending institutions at reduced rates, which is then passed along to the authorized borrower. The term of the loan can be for up to ten years and amortized over a period of 20 years, with the overall interest rate tied to the Pooled Money Investment Board (PMIB) market rate, pursuant to K.S.A. 75-4237. Through the program the lending institution will receive a deposit from the state and in return they pay the state a deposit interest rate that is 2.0 percent below the PMIB market rate, with a minimum rate of 0.25 percent. The lending institution can then loan to the borrower (WSU) at a rate no more than 3.0 percent greater than the deposit rate paid to the state.

After engaging in a review of competing proposals from several financial institutions, Fidelity Bank has issued a loan commitment to be the financial institution for a loan up to $23.0 million and will commence filing the appropriate paperwork with the State Treasurer's Office. The interest rate on the loan will be established at 1.375% above the deposit interest rate paid to the state. At current PMIB market rates, the total interest rate on the loan would be approximately 2.935%. However, the final rates will not be known until the day of the loan closing. The term of the loan will be for ten years and amortized over 20 years. Fidelity Bank is also offering a deposit rate on the loan proceeds to be held on deposit at the bank that is equivalent to the one-year Treasury Bill.

KBOR policy restricts the use of loans for capital financing only, including capital equipment. As WSU's use of the loan proceeds will be for capital expenditures for NIAR to continue expanding its MRO operations and work for the Department of Defense, it is consistent with Board policy.

The request is also consistent with the Board's strategic plan. One of the pillars to the strategic plan is to advance the economic prosperity of Kansans. The focus on economic growth is central to the key initiatives WSU has worked to implement over the past decade. With the development of the Innovation Campus, expanding research has been a key focus with research expenses, as measured through the Higher Education Research & Development (HERD) survey, growing from $60 million in FY 2015 to an estimated $450 million in FY 2025. This is combined with developing the talent pipeline through Applied Learning and offering an affordable and accessible education within a research institution. The loan opportunity through the State Treasurer's Office will help support the continuous efforts to revitalize the Kansas economy through the creation of skilled jobs as the University's work with the Department of Defense and industrial partners continues to expand.

University Indebtedness

Outstanding principal of WSU's debt currently stands at $219.2 million (as of July 1, 2025). Of this amount, $95.2 million is related to auxiliary student housing and parking facilities, $72.4 million to research related buildings, $16.9 million to the University stadium, and $34.7 million supported through WSU general use funds in support of Woolsey Hall and the Shocker Success Center.

Below are the University's CFI debt metrics, comparing historical results with the expectations for FY 2026. The figures provided are computed annually using the annual financial report and compiled into the Composite Financial Index. The ratios should be considered in the context of the institution's overall mission and performance.

	FY 2026 Projected with Loan	FY 2026 Projected without Loan	FY 2025 Estimated	FY 2024 Actual
Debt burden ratio	3.30%	3.25%	2.88%	3.53%
Debt coverage ratio	2.59	3.13	2.86	2.60
Viability ratio	0.873	0.936	0.964	0.992

The debt burden ratio is the proportion of the university's current principal payments and interest expense as a percentage of total expenditures. An upper threshold for this ratio has been viewed as 7.0 percent. The debt coverage ratio is computed using all debt of the university, including the component units like NIAR, with net operating income divided by total debt service payments. An organization with a ratio greater than 1.0 generates more net income than is needed to pay its debts.

The university's viability ratio is used to gauge the university's ability to assume new debt and measures the debt capacity. It is calculated by dividing the expendable net position by its long-term debt. A higher ratio indicates stronger financial health, suggesting the institution has more resources to cover its debt and a greater ability to take on new debt or weather financial difficulties. This ratio is 35.0 percent of the Composite Financial Index.

III. Adjourn

CURRENT FISCAL YEAR MEETING DATES

Meeting Dates	Meeting Type	Due Date for Final University Agenda Materials (12 PM)
July 28-30, 2025	Board Retreat	
July 30, 2025	Special Board Meeting	
September 3, 2025	Special Board Meeting	
September 17-18, 2025	Board Meeting	August 27, 2025
October 15-16, 2025	Campus Visit (KU)	
October 30, 2025	Special Board Meeting	
November 19, 2025	Virtual Board Meeting	October 29, 2025
November 20, 2025	Campus Visit (FHSU)	
December 17-18, 2025	Board Meeting	November 24, 2025
January 14-15, 2026	Board Meeting	December 22, 2025
February 11-12, 2026	Board Meeting	January 21, 2026
March 11-12, 2026	Board Meeting	February 18, 2026
April 15, 2026	Campus Visit (ESU)	
May 20-21, 2026	Board Meeting	April 29, 2026
June 17-18, 2026	Board Meeting	May 27, 2026