



KANSAS BOARD OF REGENTS

**Teleconference Meeting
Fiscal Affairs and Audit Standing Committee
12:15 pm, Tuesday, January 30, 2024
[Link to Zoom Meeting](#) or
Phone: 346-248-7799
Meeting ID: 915 5850 7558
Passcode: 457 743**

FAA AGENDA ITEMS FOR FEBRUARY 14, 2024 BOARD MEETING

FACILITIES – FEBRUARY 14, 2024 – CONSENT AGENDA

1. Act on Request to Enter into a Real Estate Lease and Interlocal Agreement – KSU

Kansas State University requests approval to enter into a real estate lease and interlocal agreement with the City of Manhattan. Currently, the City of Manhattan fire department headquarters, fire station and training grounds are located on property owned by K-State, with a ground lease executed in 1983. That ground lease expires June 30, 2034. K-State and the city also have a 1994 interlocal agreement in which the city agrees to provide fire services to university property located outside city limits. The city intends to relocate its training grounds to a different site but retain the headquarters and fire station at the current location. To accommodate this change, the proposed lease splits the current leased premises into a north tract, which includes the training area and parking lot, and a south tract, which includes the headquarters building, fire house and surrounding parking lot. The proposed lease would expire December 31, 2028, for the north tract and December 31, 2075, for the south tract. The new interlocal agreement does not require the university to pay for fire services provided by the city.

2. Act on Request to Amend the FY 2024 Capital Improvement Plan and Approve Program Statement for Equipment Storage Building– KSU

Kansas State University requests approval to amend the FY 2024 capital improvement project plan and to accept the program statement to construct an equipment storage building at the Hays Agricultural Research Center. The building will replace the previous hay storage barn, which was razed following extensive damage as a result of a windstorm in December 2021. The new 6,072 gross square foot non-insulated, non-conditioned shed will feature a gravel pad suitable for equipment storage. Sliding doors and an overhead door will provide equipment access. The estimated project cost is \$372,500 which will be paid for by Federal Emergency Management Agency and departmental funds. The project is expected to be completed in September 2024.

Program Statement is attached.

★ LEADING HIGHER EDUCATION ★

3. Act on Request to Amend the FY 2024 Capital Improvement Plan for the Wilkins Stadium Expansion Project Phase 1 – WSU

Wichita State University requests authorization to amend the FY 2024 capital improvement plan for the Wilkins Stadium Phase 1 project to update the funding source for the project. The project will be funded by a combination of private gifts and \$3 million from the WSU Board of Trustees. The project scope has not changed from what was approved by the Board of Regents at the March 2023 meeting. WSU anticipates requesting approval to utilize the Construction Manager at Risk delivery method for projects funded entirely with non-state money as authorized by the State Educational Institution Project Delivery Construction Procurement Act in K.S.A. 76-7,131. Board staff requests that the Board delegate to the Director of Facilities, in consultation with the Board President and CEO, authority to appoint individuals to serve on a state educational institution procurement committee, as authorized by K.S.A. 76-7,131(b), to consider that request.

4. Act on Request to Amend the FY 2024 Capital Improvement Plan and Approve Program Statement for Clinical Research Center Imaging Suite Renovation – KUMC

The University of Kansas Medical Center requests approval to amend its FY 2024 capital improvements to add the Clinical Research Center (CRC) Imaging Suite Renovation and to accept the program statement. The University of Kansas Medical Center has received grant funding for purchase and implementation of research imaging equipment including a new MRI and a new CT. Specialized construction is required for each imaging suite including vibration isolation, shielding, HVAC, electrical, and cleanable durable finishes. The master plan of research imaging is most favorable in the existing CRC building due to its proximity to patients who are participating in research studies. The total project cost is \$7,528,467 and has a proposed renovation area of 9,250 square feet. The funding source is non-general fund KUMC sources.

Program Statement is attached.

5. Act on Request to Amend the FY 2024 Capital Improvement Plan and Approve Revised Program Statement for Axe Library Student Success Center Expansion Project – PSU

Pittsburg State University (PSU) requests approval to amend the FY 2024 capital improvement project plan and to accept the revised program statement for the Axe Library Student Success Center Expansion project to reflect an increase in the total project cost from \$2,000,000 to \$2,228,000. This change supports the renovation of an additional 2,000 square feet of space on the first floor of Axe Library bringing the total project area to approximately 9,500 square feet.

The Axe Library Master Plan completed in 2016 resulted in a phased renovation of the building consisting of small capital renovation projects completed over the summer for the past several years. In September 2023, the Board approved PSU's request to increase the budget of the Axe Library Phase 7 small capital improvement project from under \$1 million up to \$2 million and add the project to their 5-year capital plan. The project encompassed approximately 7,500 square feet of existing space, created additional advisement spaces necessary for delivery of coordinated and expanded Student Success services, and created flexible classroom, computer, and tutoring spaces for use by both Student Success and Axe Library programs. Additionally, the project scope

included the replacement of an original air handling unit (AHU) dating back to 1967, as well as eliminated rooftop cooling units.

Now, due to successful recruitment of staff and students and improvements in student retention, the university wishes to complete additional renovation scope of work now ahead of the Fall 2024 Semester to accommodate advisors, expand an existing classroom, integrate the Writing Center with the Student Success Center, and provide the associated support spaces to serve students at this single location during this next academic year. Completing the work now would also fully integrate the new air handler within the remaining spaces that would have previously needed to wait for a future phase of renovations. Consolidating this effort also avoids additional construction disruptions, a second mobilization, and associated cost escalation.

The construction cost to complete the remaining renovations as a change order to the existing construction project will be \$518,705, funded by EBF, and with design documents will raise the total project cost budget to \$2,228,000. In January 2024, PSU sought and received approval from the Joint Committee for State Building Construction (JCSBC) for a change order to this large capital improvement project, contingent on the Board's approval.

Program Statement is attached.

6. Act on Request to Amend the FY 2025 Capital Improvement Plan to Remove Gorilla Rising-Student Housing - PSU

The Board has previously approved the Gorilla Rising projects. The overall project planning includes both the Gorilla Rising - College of Business and the Gorilla Rising - Student Housing to expand and build on the Block 22 development. The student housing portion of the project will now be completed via renovation of the Besse Hotel which is located adjacent to Block 22. In order to utilize available historic tax credits as a funding source, this portion of the project will be delivered as a public private partnership (P3) project with the renovation being completed by a private entity and then leased to the University for operation as additional student housing. The project is not located on state property and will not use ARPA or State funds (all of which will be used in the College of Business project). Funding for the Student Housing portion will include tax credits, private donations, city funds, and the direct investment or debt obtained by the developer/property owner. As a result of the delivery approach, the student housing portion can be removed from PSU's 5-year capital plan as it is no longer a University capital project or on state property. The University will bring the lease agreement with the property owner to the Board for approval in mid-2024. Additional updates and approvals for other portions of the Gorilla Rising project will also be coming in 2024.

FAA COMMITTEE AGENDA

Next FAA Committee Meeting: Wednesday, February 14, 2024, 10:15 am
 Kansas Board of Regents' Office, Topeka

I. Old Business

- A. Approve minutes of January 17, 2024 committee meeting
- B. Follow up on issues raised during the January 30 teleconference call

II. New Business

- A. **FAA 24-03** Receive Internal Audit Plans and Meet with State University Internal Auditors – Tammy Norman, Emporia State University Internal Auditor
- B. **FAA 24-04** Review State Universities' Annual Financial Reports, including Composite Financial Index and Current Year Budget Outlook
 - 1. Troy Bruun, Associate Vice President for Financial Services, Wichita State University:
Overview of the Composite Financial Index
 - 2. Doug Ball, CFO & Vice President for Administration, Pittsburg State University
 - 3. Werner Golling, Vice President for Finance & Administration, Wichita State University
 - 4. Jeff Dewitt, CFO & Executive Vice Chancellor for Finance, University of Kansas
- C. Review Board Agenda Items under Fiscal Affairs
- D. **FAA 24-08** Review Progress on State University Deferred Maintenance Initiative (standing item)
- E. Audits for committee review and discussion (standing item)
- F. Other Committee Business

Next meeting dates:

March 5 – 12:15 pm, Agenda planning conference call
March 20 – 10:15 am Committee Meeting, Board Office, Topeka

April 2 – 12:15 pm, Agenda planning conference call
April 17 – 10:15 am Committee Meeting, Fort Hays State University

April 30 – 12:15 pm, Agenda planning conference call
May 15 – 10:15 am Committee Meeting, Board Office, Topeka

June 4 – 12:15 pm, Agenda planning conference call
Tuesday, June 18 – 2:00-4:00 pm, Committee Meeting, Zoom