



KANSAS BOARD OF REGENTS

Agenda Call
Fiscal Affairs and Audit Standing Committee
12:15 pm, Tuesday, December 2, 2025
[Link to Zoom Meeting](#) or
Meeting ID: 884 4973 1376
Passcode: 282 399

AGENDA ITEMS FOR DECEMBER BOARD MEETING RELATED TO FISCAL AFFAIRS

CONSENT AGENDA

1. Act on Request to Amend the FY 2026 Capital Improvement Plan and Approve Program Statement for Construction of the Gateway District Phase II Parking Podium and Plaza – KU

The University of Kansas requests approval to amend the FY 2026 capital improvement project plan to update the project description and Board acceptance of the program statement to construct the Parking Podium and Plaza on the east side of the David Booth Kansas Memorial Stadium.

The Gateway District at the corner of 11th and Mississippi now includes the recently completed west and north stands of the David Booth Kansas Memorial Stadium and the University of Kansas Conference Center constructed at a cost of \$448 million (Phase One). In November, approval was received for the east and south side of the stadium and related infrastructure (as part of Phase Two) at an estimated value of \$177 million. This request is for the Gateway District Phase Two Parking Podium and Plaza at an estimated total project cost of \$64 million

The project will add a two-level parking garage with approximately 640 spaces to serve the needs of the Gateway District housing, hotel and retail. The Gateway District Plaza will be located above the two levels of parking. The plaza will be a year around outdoor venue to support David Booth Kansas Memorial Stadium, a variety of community related programming, student housing, hotel and retail. The current project timeline anticipates completion for Fall 2027.

Total costs including architectural fees, construction, movable equipment and contingencies are estimated at \$64 million. This project is funded by Sales Tax and Revenue (STAR) and Community Improvement District (CID) bonds. Funding for annual maintenance and operating costs will come from an agreement with the third-party developer. No state funding will be required to cover any of these costs.

Program statement is attached which will be revised to incorporate a project site plan diagram for context (Attachment A).

DISCUSSION AGENDA

1. Act on FY 2027 Housing and Food Service Rate Adjustment Proposals Submitted by State Universities Elaine Frisbie

The issue paper and proposals are attached (Attachment B).

2. Receive Report on Universities' Facilities Condition and Space Utilization, and Projected Maintenance Assessment Expenditures – System Chad Bristow

With the adoption of a new policy framework in 2021 to support the state university facilities renewal initiative, the Board now requires each state university to report annually on space utilization efficiency, facilities condition, and annual expenditures from Educational Building Fund and maintenance assessment funds in October of each year. This exceeds the requirement in K.S.A. 76-7,103 that information be provided to the Legislature biennially. Comprehensive inventory and condition assessment data of all facilities (including those that are not mission critical), infrastructure/utilities, and spaces on state property has been developed and enhanced since adoption of the policy, and the universities are on track to complete this effort by October 2027 in accordance with Board policy. This effort will continue to serve as a foundational resource to support best practices for campus facilities management long into the future.

The report and presentation are under development with support from the universities.

3. Adopt Systemwide Plan for Kansas Campus Restoration Act (FY 2026 – FY 2031) – System Chad Bristow

K.S.A. 76-7,156 requires the Board of Regents to develop a comprehensive Kansas Campus Restoration Plan that includes facilities from each state university's plan as approved by the Board of Regents at the September 2025 meeting while ensuring that facilities located on the Salina Campus of Kansas State University and the Edwards Campus of the University of Kansas are not excluded from direct participation in the plan.

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

4. Act on Allocation of FY 2027 Educational Building Fund Appropriation – System Chad Bristow

The Board has responsibility for allocating the annual appropriation from the Educational Building Fund (EBF) in accordance with the legislative appropriation and Board policy. Staff will present recommendations on the allocation of the EBF for FY 2027 using the same allocation percentages used in recent years.

Draft issue paper is attached (Attachment C).

5. Act on Request to Amend the FY 2026 Capital Improvement Plan and Approve Revised Program Statement and Project Budget for Cancer Center – KUMC Chad Bristow

The University of Kansas Medical Center (KUMC) requests approval to amend the FY 2026 capital improvement project plan to increase the project budget and Board acceptance of the revised program statement for the new Cancer Center building. The original base program and budget, including a ten-year vision program describing future aspirations for the building, was approved by the Board in November 2023, establishing a total project cost of \$250 million, which included a construction cost of \$approximately

\$200.4 million. KUMC has successfully obtained additional funding for the project and now seeks Board approval to accelerate important elements of the 2023 vision program.

Following approval in 2023, a state selection KUMC engaged JE Dunn as the Construction Manager at Risk (CMAR) in March 2024 to validate cost projections and advise throughout the design and pre-construction process. Since that time, KUMC has worked collaboratively with HDR, the Architect of Record, and JE Dunn to advance the design and produce full construction documents for the Cancer Center Building.

As of September 2025, all construction bid documents have been released and evaluated. Based on subcontractor responses to bid documents, and updated material and labor analysis, the revised total project cost is now \$329,614,000, an increase of \$79,614,000 from the 2023 approved amount, with a construction cost of \$273,910,000. This revision includes important elements of the ten-year vision program submitted in October 2023. The increase in cost is primarily driven by the following three factors that have changed since the original December 2023 program statement was approved:

1. Increasing the size of the facility by approximately 70,000 gross square feet from 212,000 to 282,000 (\$67,521,000). This space increase was driven by:
 - Approximately 47,000 gross square feet of additional wet lab space to accommodate 44 rather than 32 principal investigator researchers, which will significantly increase the research capacity of the building; and
 - 22,000 gross square feet of required building support space (mechanical, plant and interstitial).
2. An increase in construction cost per square foot of \$28 from \$942 to \$970 (\$6,008,000) as a result of:
 - Additional site work necessary to construct the building (fire lane reroute, existing Hoglund building demolition and imaging relocation);
 - Continued inflationary escalation in the cost of construction materials;
 - Tariff-driven cost increases affecting specialized building systems and imported components; and
 - Regional and national labor availability constraints impacting wage rates and productivity assumptions.
3. Increased project soft costs of \$6,085,000, primarily driven by a \$3,676,000 increase in the 5.0 percent owner's contingency resulting from increased construction costs.

As quantified below, KUMC plans to fund all project costs through a combination of philanthropy, state-allocated funding, federal grant dollars, affiliated corporation contributions, and bonded indebtedness. As of September 2025, the university has secured additional funding to support the increased project cost, which has enabled an accelerated timeline for executing important programs outlined in the 2023 Vision Program statement:

State Appropriation	\$75,000,000
Federal Grants	\$60,720,000
Private Gifts	\$57,250,000
Debt	\$98,000,000
Affiliated Corporations*	\$38,644,000
Total	\$329,614,000

**UKHS contribution for shared cost and KUMC internal funds
Note: dollar figures are rounded to the nearest thousand.*

The Cancer Center building is projected to reach substantial completion in December 2027, with move-in planned for January 2028. Following occupancy of the Cancer Center building, renovation work will begin in the Hemenway building to complete the remaining vivarium square footage included in the 2023 approved program statement and budget. This work is expected to be completed by December 2028. The Hemenway building will be connected to the Cancer Center, which provides for adaptive reuse of existing facilities thereby allowing KUMC to deliver the vivarium program requirements at a reduced cost.

Revised program statement is attached with updates highlighted in yellow (Attachment D).

6. Act on Resolution to Approve the Issuance of Revenue Bonds to Purchase an Existing Leased Apartment Complex on the Lawrence Campus, Undertake a Capital Improvement Project to Construct, Renovate, Develop and Equip the Cancer Center at the University of Kansas Medical Center, and Refund Certain Outstanding Revenue Bonds and Authorize Execution of Various Other Documents in Connection Therewith – KU

The University of Kansas requests the Board of Regents adopt a resolution approving up to \$410 million in bonds by the Kansas Development Finance Authority for three purposes:

Purchase Existing Leased Apartment Complex	\$ 34.0 million
Complete Cancer Center at KUMC	\$100.0 million
Refund Outstanding Central District Bonds	\$276.0 million

According to the information provided this summer to the Board of Regents, the University of Kansas has \$391.3 million in outstanding debt, much of which would be refinanced with this bond. The KU Medical Center has \$69.1 million in outstanding debt. In accordance with Board policy (Ch. II, E, 3, c, vi), KU's debt burden ratio, debt service coverage, and viability ratio are provided below for the three most recent years. 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 2024	FY 2023	FY 2022
Debt burden ratio	4.6%	5.0%	5.7%
Debt coverage ratio	2.43	1.93	1.85
Viability ratio	3.115	2.900	3.100

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, 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 institution's 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.

Although Sections 179(f), 179(g), and 180(f) of 2025 Senate Bill 125 authorize the issuance of the revenue bonds as noted above, the Board of Regents has not previously acted on them.

Draft resolution is attached (Attachment E); the issue paper will be provided in advance of the Board meeting.

Fiscal Affairs & Audit Standing Committee Agenda

Wednesday, December 17, 2025

10:15 - 11:45 am

Kansas Board of Regents' Office, Topeka

I. Old Business

- A. Approve minutes of prior committee meeting
- B. Follow up on questions raised during agenda call

II. New Business

- A. **FAA 26-03** Review Internal Audit Plans
Jamie Dalton, PSU and Chris Cavanaugh, WSU
- B. Review Board Agenda Items under Fiscal Affairs

III. Standing Topics

- A. Monitor Progress on Kansas Campus Restoration Act (**FAA 26-08**)
- B. Review Audit Findings (**FAA 26-09**)

IV. Other Committee Business

Upcoming Committee Meetings:

December 30 – 12:15pm, Virtual Agenda Planning Conference Call
January 14 – 10:15 am In Person Committee Meeting