



KANSAS BOARD OF REGENTS

Agenda Call
Fiscal Affairs and Audit Standing Committee
Monday, January 6, 2014
Noon-1:00pm, Conference Room B, Teleconference
Dial in number - - (866) 620-7326
Conference Code – 476-523-6449

FAA AGENDA ITEMS FOR JANUARY 15-16, 2014 BOARD MEETING

FACILITIES – JANUARY 15, 2014 AGENDA – CONSENT- ERIC KING

1. AUTHORIZATION TO AMEND 2014 CAPITAL IMPROVEMENTS PLAN - KU

The University of Kansas requests authorization to amend its FY 2014 capital improvements request to include a project to construct an apartment building near Allen Fieldhouse. Fieldhouse Apartments will provide an apartment living environment unique among current offerings at the University of Kansas. The apartments will be fully furnished, private bedroom apartments. The Fieldhouse Apartments, which will be constructed in phases, will house approximately 66 students some of whom will be student-athletes. The apartments will be operated and managed under the division of Student Housing. The project will contain approximately 49,500 square feet and is estimated to cost \$17.5 million. The project will be funded with a combination of private funds and bond proceeds. The debt service on the bonds will be funded with revenues generated from the facility. The bonds will be secured with a pledge of generally available unrestricted revenues and will be issued by the Kansas Development Finance Authority.

2. AUTHORIZATION TO RAZE BUILDING - WSU

Wichita State University requests authorization to raze building #65, Wheatshocker Apartments. Wheatshocker Apartments has served as a student residence hall since its renovation in 1994. Originally constructed in 1965, it served as an independent housing complex for the community. Wichita State University purchased the building in 1994, and completely renovated the facility to serve as student housing. The facility, which is located on the Southeast edge of the main campus, is a 6-story building with a poured concrete support structure a first floor of brick veneer and the rest of the building covered in EFIS (Exterior Finish and Insulation System.) The building condition value as of 2012 is 76, which places it in the deficient category and current renewal cost is \$ 37,785,504. Due to the buildings current configuration as a residence hall, and the high cost to renovate again to make it functional for University use, the University recommends that the building be razed, since it is not cost effective to repurpose the building. Adding to that, the site that

Wheatshocker Apartments occupies has been designated in the Universities recently completed Master Plan prepared by Sasaki as the proposed site for the future “Innovation Campus” proposed by President Bardo. It is anticipated that Wheatshocker Apartments will be razed upon completion of the new Residence Hall on or about August 6, 2014. Funding for the estimated \$1.5 million project will come from a bond issued by Wichita State University for the razing and several other projects.

3. AUTHORIZATION TO AMEND FY 2015 CAPITAL IMPROVEMENT REQUESTS AND APPROVE PROGRAM STATEMENT FOR TECHNOLOGY II FACILITY PROJECT – WSU

Wichita State University requests permission to amend its FY 2015 capital improvements request for the Technology Transfer and Experiential Learning Building (now referred to as Technology II Facility). The most recent request was for a project of 140,000 square feet at a cost of \$30 million. The program statement for this facility has been completed and the project scope refined. The estimated base cost of the 5-story, 140,000 square foot facility is \$37.8 million with an option to add an additional story to the building to increase the Technology Transfer square footage. This option would bring the total square footage to 161,800 square feet and increase the overall facility to an estimated cost of \$42.4 million.

As per the previously submitted capital improvement request, the university plans to issue revenue bonds for an amount of \$37.8 million or \$42.4 million (depending on which option above is needed) to complete the project. Plans include an amortization schedule of twenty years. The debt service will be paid through tenant agreements with companies in the Technology Transfer portions of the building as well as through local funding sources. Wichita State University is seeking approval from the board of its plan to bond the project. Associated with the request to amend the capital improvements, the university seeks approval of the Technology II Facility program statement. The new, freestanding building will house the Technology Transfer and Experiential Learning programs and will be the first building within the new Innovation Campus as outlined in the university master plan. The building will be located on the current Wheatshocker Apartments site (*contingent on the Board’s approval to raze the apartments*) and will have minimal impact on the Braeburn Golf Course which will remain as an 18-hole course. Total costs above include site preparation, architectural fees, construction, moveable equipment, and contingencies. The goal is to have the facility open for the fall semester of 2016.

4. AUTHORIZATION TO AMEND FY 2014 CAPITAL IMPROVEMENT REQUESTS TO INCLUDE THE BILL SNYDER STADIUM MASTER PLAN PHASE III – KSU

K-State Athletics requests the addition of Bill Snyder Stadium Master Plan Phase III to the FY 2014 Capital Improvement plans. This phase would reconfigure the North end of Bill Snyder Family Stadium, provide new football operations and training facilities, provide new sports medicine facilities, provide new equipment receiving and storage facilities, provide new academic support space and facilitate game-day support. The budget is estimated to be \$50 million. The project will be privately funded and administered through the K-State Foundation. No State or University funds would be involved. Actual construction will start dependent upon scheduling complexities and fund-raising success.

5. AUTHORIZATION TO AMEND FY 2014 CAPITAL IMPROVEMENT REQUESTS TO INCLUDE VIDEO-SOUND UPGRADES – KSU

K-State Athletics requests the addition of Video-Sound system upgrades to the FY 2014 Capital Improvement plans. This project would ultimately update the video boards and sound systems in Bill Snyder Family Stadium, Bramlage Coliseum and Tointon Family Stadium. The budget is estimated to be \$12 million. The project will be privately funded and administered through the K-State Foundation. No State or University funds would be involved. Individual components will be updated starting late in FY 2014 and continuing through FY 2017.

6. AUTHORIZATION TO PURCHASE PROPERTY – KSU

Kansas State University requests approval to purchase the old hospital building located at 1105 Sunset Avenue Manhattan, Kansas 66502 from the Mercy Regional Health Center. The property was originally constructed as an acute care hospital but later closed as a hospital in early 2003. Kansas State University began leasing part of the space in August 2003 for the student health care center known as Lafene Health Center and later added space for student tutoring offices and research lab space for Kinesiology. The three-story building comprises 89,036 gross square feet, is located on 5.482 acres and is in close proximity to the K-State campus. Two appraisals have been completed with the highest market value of \$7,200,000. The University has negotiated a purchase price of \$6,825,000 and fifty percent of the closing costs, contingent upon Board approval. The purchase will be financed utilizing internal borrowing whereby available cash balances in the University's general fees and restricted fees funds (approximately 50% from each) will be used to make the purchase. KSU students do support student health services through a portion of the student privilege fee. The balances will be "repaid" over 15 years with an annual payment of approximately \$455,000 coming from a combination of restricted fees that had previously been used for rent, and the General Fees Fund. In addition, Mercy Regional Health Center will lease approximately 25,000 square feet for at least the next two years. The funding for maintenance of the building will be provided from university resources.

The legal description of the property follows:

A tract of land located in the Southeast Quarter of Section 12, Township 20 South, Range 7 East of the Sixth Principal Meridian, city of Manhattan, Riley County Kansas.

FISCAL – JANUARY 15, 2014 –DISCUSSION – DIANE DUFFY

1. Approve Board Policy on Designation of Chief Financial Officer (see attached)

FISCAL – JANUARY 16, 2014 –DISCUSSION – DIANE DUFFY

1. Approve Distribution of State Funds for Technical Education (see attached)

OTHER MATTERS

Next FAA Regular Committee Meeting – WEDNESDAY, JANUARY 15, 2014, 10:00 am – 11:50am

Suggested agenda items:

1. Follow up on issues raised during the January 15, 2014 teleconference call regarding FAA items on the Board's agenda and any other questions/clarifications about Board agenda items
2. Audits for committee review and discussion (standing item)

FAA 13-09 Receive Internal Audit Plans and meet with state university Internal Auditors
3. FAA 13-06 Update on KSU Veterinary Medical Center enhancement funding (2012 Session)
4. FAA 13-12 Discuss and develop guidance for the FY 2015 State Universities tuition proposals – begin the discussion with further discussion in February
5. Possible visit with Kansas Development Finance Authority and Moody's (10 minutes)

1. Other Committee Business

- Next meeting dates
 - AGENDA CALL Tuesday, January 28, Noon, Teleconference
 - REGULAR MEETING Wednesday, January 15, 10:00am-11:50am, Board Room

2. Other Items