



KANSAS BOARD OF REGENTS

Agenda Call
Fiscal Affairs and Audit Standing Committee
Monday, February 24, 2014
Noon-1:00pm, Conference Room B, Teleconference
Dial in number - - (866) 620-7326
Conference Code – 476-523-6449

FAA AGENDA ITEMS FOR MARCH 12-13, 2014 BOARD MEETING

FACILITIES –MARCH 12, 2014 AGENDA – DISCUSSION

1. AUTHORIZATION TO AMEND 2014 CAPITAL IMPROVEMENTS PLAN - KSU

- Kansas State University requests approval to revise the FY 2014 Capital Improvements Plan to increase the Engineering Complex Addition budget from \$40 million to \$45 million. This project was initially requested in October 2011 to accomplish the legislative University Engineering Initiative Act with the goal of increasing the annual number of engineering graduates in the state by 56% by 2021. The 2012 Legislature authorized bonding up to \$40M for the project. The College of Engineering at Kansas State University has the largest undergraduate engineering enrollment in the state, and is at capacity in view of facilities and faculty. Additional space is required for classes, labs and offices to accommodate enrollment growth and the additional faculty and support staff.

The original program and concept design for this project was based on a three level, essentially stand-alone, addition in the southwest corner of the site with limited connectivity to the existing buildings. The design architects proposed a radically different approach of placing a four level addition with multi-story atrium in the center of the complex. The centrally located addition unifies the entire engineering complex and is a much better fit for the site. Shifting the addition east into the service core enabled the design team to provide a useful and attractive outdoor area on the west side of the complex with a terraced, landscaped rain garden, to treat and detain storm water. It became apparent during schematic design that the existing main entrance on the east side of the complex was very weak and incompatible with the bold vision of a final addition that unified and invited people into the complex. The design team recommended remodeling the existing main east entry to give this entrance appropriate prominence and connectivity to the new central atrium. These program changes increased the addition and remodel area from 80,000 GSF to approximately 107,000 GSF with a \$3.5 million increase in cost. Another change in the scope of work was the decision to add sprinklers throughout the complex and address other nonconforming code conditions in the existing buildings. The current estimate for fire safety improvements to the existing Durland, Rathbone and Fiedler buildings is \$1.5M. The total project increase of \$5 million will be funded from private gifts.

★ LEADING HIGHER EDUCATION ★

In summary, the total project budget for the Engineering Complex Addition will be \$45 million. The funding plan calls for \$25 million in Private Gifts and \$20 million in University resources (a combination of state ELARF appropriation, increased tuition revenues attributed to increased engineering enrollments, and if necessary other university resources). Financing plans call for issuing 15 year bonds for \$20 million and the remainder to be funded by either a KSU Foundation loan or the use of University reserves, to be paid back from construction pledges for the building. The debt service payments will be covered by ELARF appropriations.

If the Board authorizes K-State to proceed with the Engineering Complex addition as outlined above, the University requests that the Board adopt a Resolution approving the issuance of \$20 million in bonds by the Kansas Development Finance Authority to finance the projects. The Resolution will be supplied by the Kansas Development Finance Authority.

- Kansas State University requests approval by the Board of Regents to amend the 2014 Capital Improvements Plan to increase the new Residence Hall and Dining Center with renovations to Goodnow and Marlatt Hall project budget from \$70 million to \$76 million. In June 2013 the Board approved consolidation of building a new residence hall and dining center along with renovations to Marlatt and Goodnow Hall for \$70 million. No additional bonding authority is needed for this request because the 2012 and 2013 Legislatures authorized bonding up to \$80 million for the projects. The project increase of \$6 million will be funded from housing system reserves.

The original program for the residence hall anticipated 450 beds on five floors. This design was based on assumed code building height limitations and costs. During the preliminary code review process it was determined that an additional floor would be possible with minimal additional cost implications on the lower floors. The additional floor adds 90 beds. The additional beds allow us to reduce our current housing deficit which is around 600 beds. This addition is not only cost effective, but will generate positive net revenues toward bond coverage ratios.

During the conceptual design process it was learned that the dining center budget was inadequate for the program requirements. Significant components of the dining program were not sufficiently included in the budget. K-State Dining has established national recognition for their quality of food which is confirmed by the high demand for student housing. It is important for the retention of our students for dining services to continue to provide a quality product in an attractive environment.

The renovation of the adjacent Goodnow and Marlatt Residence Halls is an important component within this program for providing safe and functional housing for our students. The renovations of these facilities are primarily infrastructure items. In order to meet the demand for student housing, the intent is to do the renovations primarily during the summer extending the renovations over a six year period.

If the Board authorizes K-State to proceed with the new Residence Hall and Dining Center with renovations to Marlatt and Goodnow Hall as outlined above, the University requests that the Board adopt a Resolution approving the issuance of \$70 million in bonds by the Kansas Development Finance Authority to finance the projects. The Resolution will be supplied by the Kansas Development Finance Authority.

3. AUTHORIZATION TO NAME BUILDING – KSU-S

President Schulz

Kansas State University requests approval by the Board of Regents to rename Residence Hall located at the K-State Salina campus, 2310 Centennial Road, Salina, Kansas. The Residence Hall was a jointly funded project between the city of Salina special sales tax initiative and bond funding. The two-story, 18,900 square-foot building houses 100 students in suite-style rooms. Kansas State University Salina SGA solicited names from the student body to rename Residence Hall to “_____ Hall.” (President Kirk Schulz’s attached letter of justification for the proposed name is being emailed to Kansas Board of Regents members today for review.)

4. ADOPT BOND RESOLUTION – CONSTRUCTION OF AND IMPROVEMENTS OF ENGINEERING BUILDING EXPANSION; CONSTRUCTION AND RENOVATION OF STUDENT HOUSING; CONSTRUCTION OF HOUSING FOOD SERVICE CENTERS; ECONOMIC REFUNDINGS OF PRIOR DEBT; APPROVING THE EXECUTION OF VARIOUS OTHER DOCUMENTS IN CONNECTION THEREWITH – KSU

See attached issue paper.

OTHER MATTERS

Next FAA Regular Committee Meeting – WEDNESDAY, MARCH 12, 2014, 10:00 am – 11:50am

Suggested agenda items:

1. Follow up on issues raised during the February 24, 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)
3. FAA 13-08 Review current policies and consider whether a specific debt policy is needed
 - a. Briefing from Kansas Development Finance Authority
 - b. Debt Policy Working Paper
 - c. State Universities 10-year Debt Template
 - d. Discussion and Feedback to KBOR Staff/COBO
4. FAA 13-11 Development of the FY 2016-FY 2017 Unified State Appropriations Request (Capital and Operating)
 - a. Staff Briefing
 - b. Committee Discussion
5. Other Committee Business
6. Next meeting dates
 - o AGENDA CALL Tuesday, April 1, Noon, Teleconference
 - o REGULAR MEETING Wednesday, April 16-17, 10:00am-11:50am, Board Room

ADOPT BOND RESOLUTION – CONSTRUCTION OF AND IMPROVEMENTS OF ENGINEERING BUILDING EXPANSION; CONSTRUCTION AND RENOVATION OF STUDENT HOUSING; CONSTRUCTION OF HOUSING FOOD SERVICE CENTERS; ECONOMIC REFUNDINGS OF PRIOR DEBT; APPROVING THE EXECUTION OF VARIOUS OTHER DOCUMENTS IN CONNECTION THEREWITH – KSU

Summary and Staff Recommendation

Kansas State University requests that the Board of Regents adopt a Resolution authorizing the issuance of KDFA Revenue Bonds in one or more series in an aggregate amount not to exceed \$167,000,000, plus costs and reserves. The purpose of the Bonds is to (i) construct and improve a expansion to the engineering building (ii) construct and renovate student housing; (iii) construct housing food service centers; and (iv) refund certain outstanding revenue bonds relating to other facilities at the University in order to achieve present value savings of at least 3% of the principal amount of those outstanding bonds. The Bonds for the construction of and improvements to the engineering building will be issued in an aggregate amount of not to exceed \$20,000,000, plus costs and reserves, and will be secured and debt serviced with a pledge of generally available unencumbered funds of the University. The Bonds for the construction and renovation of the student housing and housing food service centers will be issued in a combined aggregate amount of not to exceed \$70,000,000, plus costs and reserves, and will also be secured with a pledge of generally available unencumbered funds of the University. However, it is anticipated that housing system revenues will be sufficient to pay the debt service on the Bonds for these two projects. The Refunding Bonds will be issued in an aggregate principal amount of approximately \$77,000,000 and will also be secured and debt serviced with a pledge of generally available unencumbered funds of the University. As of June 30, 2013, the University and its affiliated corporations had approximately \$92 million in outstanding revenue bonds, the debt service for which is payable from the unrestricted revenues of the University. The balance University-wide on all outstanding revenue bonds as of that date was \$231 million. After transaction close, the University will have revenue bonds outstanding in the amount of approximately \$413 million.

The Resolution further authorizes the Chair and the President and CEO to execute the Resolution, Pledge of Revenues Agreement(s) and various other documents relating to the security and payment of such Bonds in such form as is approved by the General Counsel to the Board and necessary to accomplish the purposes set forth in the Resolution and the issuance of the Bonds.

Background

The Kansas Development Finance Authority (KDFA), created by the 1987 Kansas Legislature, K.S.A. 74-8901, *et seq.*, has authority to issue bonds on behalf of the State for projects authorized by the Legislature. K.S.A. Supp. 74-8905(b) provides, in part, that:

The authority may issue bonds for activities and projects of state agencies as requested by the secretary of administration. Research facilities of state

educational institutions shall be subject to the provisions of this subsection (b). No bonds may be issued pursuant to this act for any activity or project of a state agency unless the activity or project either has been approved by an appropriation or other act of the legislature or has been approved by the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c, and amendments thereto.

Authority to initiate and complete a capital improvement project, and to issue revenue bonds, for improvements and construction of the engineering building expansion at Kansas State University has been given by the 2012 Legislature in Section 136(f) of Chapter 175 of the 2012 Session Laws, which provides:

In addition to the other purposes for which expenditures may be made by Kansas state university from the moneys appropriated from the state general fund or from any special revenue fund or funds for fiscal year 2013 or fiscal year 2014 authorized by this or other appropriation act of the 2012 regular session of the legislature or by appropriation act of the 2013 regular session of the legislature, expenditures shall be made by Kansas state university from moneys appropriated from the state general fund or any special revenue fund for fiscal year 2013 or for fiscal year 2014 to provide for the issuance of bonds by the Kansas development finance authority in accordance with K.S.A. 74-8905, and amendments thereto, for a capital improvement project to construct the engineering building expansion: *Provided*, That such capital improvement project is hereby approved for Kansas state university for the purposes of subsection (b) of K.S.A. 74-8905, and amendments thereto, and the authorization of the issuance of bonds by the Kansas development finance authority in accordance with that statute: *Provided further*, That Kansas state university may make expenditures from the money received from the issuance of any such bonds for such capital improvement project: *Provided, however*, That expenditures from the money received from the issuance of any such bonds for such capital improvement project shall not exceed \$40,000,000, plus all amounts required for costs of bond issuance, costs of interest on the bonds issued for such capital improvement project during the construction of such project, credit enhancement costs and any required reserves for the payment of principal and interest on the bonds: *And provided further*, That all moneys received from the issuance of any such bonds shall be deposited and accounted for as prescribed by applicable bond covenants: *And provided further*, That debt service for any such bonds for such capital improvement projects shall be financed by appropriations from any appropriate special revenue fund or funds: *And provided further*, That Kansas state university may make provisions for the maintenance of the engineering building expansion.

Authority to initiate and complete a capital improvement project, and to issue revenue bonds, to construct housing food service centers at Kansas State University has been

given by the 2012 Legislature in Section 136(g) of Chapter 175 of the 2012 Session Laws, which provides:

In addition to the other purposes for which expenditures may be made by Kansas state university from the moneys appropriated from the state general fund or from any special revenue fund or funds for fiscal year 2013 or fiscal year 2014 authorized by this or other appropriation act of the 2012 regular session of the legislature or by appropriation act of the 2013 regular session of the legislature, expenditures shall be made by Kansas state university from moneys appropriated from the state general fund or any special revenue fund for fiscal year 2013 or for fiscal year 2014 to provide for the issuance of bonds by the Kansas development finance authority in accordance with K.S.A. 74-8905, and amendments thereto, for a capital improvement project to construct student housing food service centers: *Provided*, That such capital improvement project is hereby approved for Kansas state university for the purposes of subsection (b) of K.S.A. 74-8905, and amendments thereto, and the authorization of the issuance of bonds by the Kansas development finance authority in accordance with that statute: *Provided further*, That Kansas state university may make expenditures from the moneys received from the issuance of any such bonds for such capital improvement project: *Provided, however*, That expenditures from the moneys received from the issuance of any such bonds for such capital improvement project shall not exceed \$35,000,000, plus all amounts required for costs of bond issuance, costs of interest on the bonds issued for such capital improvement project during the construction of such project, credit enhancement costs and any required reserves for the payment of principal and interest on the bonds: *And provided further*, That all moneys received from the issuance of any such bonds shall be deposited and accounted for as prescribed by applicable bond covenants: *And provided further*, That debt service for any such bonds for such capital improvement projects shall be financed by appropriations from any appropriate special revenue fund or funds: *And provided further*, That Kansas state university may make provisions for the maintenance of student housing food service centers.

And finally, authority to initiate and complete a capital improvement project, and to issue revenue bonds, for construction and renovation of student housing at Kansas State University has been authorized by the 2013 Legislature in Section 232(f) of Chapter 136 of the 2013 Session Laws, which provides:

In addition to the other purposes for which expenditures may be made by Kansas state university from the moneys appropriated from the state general fund or from any special revenue fund or funds for fiscal year 2014 or fiscal year 2015 authorized by this or other appropriation act of the 2013 regular session of the legislature or by appropriation act of the 2014 regular session of the legislature, expenditures shall be made by Kansas state university from moneys appropriated from the state general fund or any special revenue fund

or funds for fiscal year 2014 or for fiscal year 2015 to provide for the issuance of bonds by the Kansas development finance authority in accordance with K.S.A. 74-8905, and amendments thereto, for a capital improvement project to construct and renovate student housing at Kansas state university:

Provided, That such capital improvement project is hereby approved for Kansas state university for the purposes of subsection (b) of K.S.A. 74-8905, and amendments thereto, and the authorization of the issuance of bonds by the Kansas development finance authority in accordance with that statute:

Provided further, That Kansas state university may make expenditures from the money received from the issuance of any such bonds for such capital improvement project: *Provided, however*, That expenditures from the money received from the issuance of any such bonds for such capital improvement project shall not exceed \$45,000,000, plus all amounts required for costs of bond issuance, costs of interest on the bonds issued for such capital improvement project during the construction of such project, credit enhancement costs and any required reserves for the payment of principal and interest on the bonds: *And provided further*, That all moneys received from the issuance of any such bonds shall be deposited and accounted for as prescribed by applicable bond covenants: *And provided further*, That debt service for any such bonds for such capital improvement projects shall be financed by appropriations for any appropriate special revenue fund or funds: *And provided further*, That Kansas state university may make provisions for the maintenance of the student housing.

Pursuant to these authorizations, Kansas State University, after consulting with KDFA, proposes issuance of Revenue Bonds in an aggregate principal amount not to exceed \$90,000,000 (\$20M for the engineering expansion and \$70M for the housing and food service centers combined), plus all amounts required for costs of issuance, costs of interest on such revenue bonds during the construction of the project, credit enhancement costs, and any required reserves for the payment of principal and interest on such revenue bonds, for the purpose of funding the Projects.

All of these bonds will be secured with a pledge of generally available unencumbered funds of the University. However, the University plans to establish rates and fees in amounts sufficient to pay the debt service on the bonds issued to finance the housing project and the housing food service centers project.

The projects to be financed, in part, with the revenues received from issuance of these bonds were first approved by the Board for the Engineering Complex addition at its October 2011 meeting, and for the Housing project at its June 2013 meeting. The projects include:

Engineering Complex Addition: The 45M Engineering Complex Addition is needed to accomplish the goals of the legislative University Engineering Initiative Act with the goal of increasing the annual number of engineering graduates in the state by 56% by 2021. The College of Engineering at Kansas State University has the largest

undergraduate engineering enrollment in the state, and is at capacity in view of facilities and faculty. Additional space is required for classes, labs and offices to accommodate enrollment growth and the additional faculty and support staff. Construction on the facility is expected to start in the spring of 2014.

Housing and Dining Projects: The 76M housing project is comprised of a new dining center and residence hall, and renovations to the existing Marlatt and Goodnow residence halls. The proposed site for the new residence hall and dining center is on the west housing complex known as the Kramer Complex including Marlatt and Goodnow Hall and Kramer dining center. The new residence hall and dining center are expected to be completed for occupancy in the fall of 2015. The renovations to Marlatt and Goodnow Hall will be completed over a multi-year period.

The new residence hall is projected to accommodate 540 students in two-bed student rooms. The residence hall is intended primarily for freshman students with a light mix of upper classman. The dining center will serve 1,850 students. The objective is to develop a dining venue that provides innovation concepts, with dining environments designed to provide flexibility in accommodating future trends. The diversity of students at KSU requires facilities that adapt to their dining needs and choices such as all-you-can-eat, retail and grab-n-go concepts. The Marlatt and Goodnow Halls renovations are projected to cost \$7 million. The renovations will include HVAC improvements, sprinklers, lighting, ceilings, plumbing, fire alarms, re-roofing of Goodnow Hall, and ADA improvements.

Additionally, the University is requesting the Board's authorization to have the Kansas Development Finance Authority issue certain Refunding Bonds. The Authority has previously issued Revenue Bonds, Series 2005A, 2007A and 2007H, for the purpose of refunding certain prior bonds of the Authority the proceeds of which were applied to finance other projects at Kansas State University. The Authority indicates that it is advisable to issue refunding bonds to refund all or a portion of the outstanding Refunded Bonds to achieve estimated net present value interest cost savings of 3% or more on each issue. Such Refunding Bonds would also be secured by the pledge of generally available unencumbered funds of the University

In conjunction with the issuance of the proposed bonds, since KDFA has and will incur expenses in relation to the issuance of the proposed bonds and subsequent administration of the Resolution and Pledge of Revenues Agreement(s), it will be necessary to execute an Administrative Agreement to provide for reimbursement of those expenses, as well as other documents and certificates necessary to accomplish the purposes set forth in the Resolution and the issuance and delivery of the bonds.

The Board is asked to adopt the Resolution (set out in full below), which approves the issuance of the bonds and authorizes the Chair and the President and CEO of the Board to execute the Pledge Agreement(s) and Administrative Agreement in such form as is approved by the General Counsel and to execute any and all other

documents and certificates necessary to accomplish the purposes of the Resolution and the issuance of the bonds. Staff recommends approval of the Resolution.

RESOLUTION

A RESOLUTION OF THE KANSAS BOARD OF REGENTS APPROVING THE ISSUANCE BY THE KANSAS DEVELOPMENT FINANCE AUTHORITY OF ITS KANSAS DEVELOPMENT FINANCE AUTHORITY REVENUE BONDS TO PROVIDE ALL OR A PORTION OF THE FUNDS NECESSARY TO CONSTRUCT AN ENGINEERING BUILDING EXPANSION, CONSTRUCT AND RENOVATE STUDENT HOUSING AND CONSTRUCT STUDENT HOUSING FOOD SERVICE CENTERS AT KANSAS STATE UNIVERSITY, AND REFUND CERTAIN OUTSTANDING REVENUE BONDS OF THE AUTHORITY ISSUED FOR THE BENEFIT OF KANSAS STATE UNIVERSITY; AND AUTHORIZING THE EXECUTION OF ONE OR MORE PLEDGE OF REVENUES AGREEMENTS AMONG THE KANSAS BOARD OF REGENTS, KANSAS STATE UNIVERSITY AND THE KANSAS DEVELOPMENT FINANCE AUTHORITY THAT CONTAINS CERTAIN COVENANTS AND PROVISIONS WITH RESPECT TO THE PLEDGE OF CERTAIN FUNDS OF KANSAS STATE UNIVERSITY THAT WILL PROVIDE FOR THE PAYMENT OF SUCH BONDS.

WHEREAS, the Kansas Board of Regents (the "Board") is vested under the Constitution and laws of the State of Kansas with supervision and control over Kansas State University (the "University"), and is authorized under such laws to adopt this Resolution and perform, execute and carry out, or cause to be performed, executed and carried out, the powers, duties and obligations of the Board under this Resolution in connection with the acquisition and improvement of certain facilities located on the campus of the University and the University's operation thereof; and

WHEREAS, the Board and the University have heretofore determined that it is advisable to (i) construct and improve an engineering building expansion (the "Engineering Project"), construct and renovate student housing (the "Housing Project"), and construct student housing food service centers (the "Housing Food Service Project," together with the Engineering Project and the Housing Project, the "Projects") for the University and (ii) refund for economic savings certain outstanding revenue bonds previously issued by the Kansas Development Finance Authority (the "Authority"); and

WHEREAS, Chapter 136, Section 232(f) of the 2013 Session Laws of Kansas (“2013 Session Laws”) authorizes the Authority, on behalf of the Board and the University, to issue its revenue bonds in an aggregate principal amount of not to exceed \$45,000,000 for the payment of the costs of the Housing Project, plus all amounts required for costs of issuance, costs of interest on such revenue bonds during the construction of the Project, credit enhancement costs and any required reserves for the payment of principal and interest on such revenue bonds; and

WHEREAS, Chapter 175, Section 136(g) of the 2012 Session Laws of Kansas (“2012 Session Laws”) authorizes the Authority, on behalf of the Board and the University, to issue its revenue bonds in an aggregate principal amount of not to exceed \$35,000,000 for the payment of the costs of the Housing Food Service Project, plus all amounts required for costs of issuance, costs of interest on such revenue bonds during the construction of the Project, credit enhancement costs and any required reserves for the payment of principal and interest on such revenue bonds; and

WHEREAS, Chapter 175, Section 136(f) of the 2012 Session Laws authorizes the Authority, on behalf of the Board and the University, to issue its revenue bonds in an aggregate principal amount of not to exceed \$40,000,000 for the payment of the costs of the Engineering Project, plus all amounts required for costs of issuance, costs of interest on such revenue bonds during the construction of the Project, credit enhancement costs and any required reserves for the payment of principal and interest on such revenue bonds; and

WHEREAS, the University has requested that revenue bonds secured by a pledge of generally available unencumbered funds of the University be issued by the Authority pursuant to K.S.A. 74-8901 *et seq.* on behalf of the Board and the University to finance the costs of the Projects (the “Project Bonds”); *provided, that* (i) the aggregate principal amount of the revenue bonds to be issued for all of the Projects shall not exceed the maximum amounts specified in the 2012 Session Laws and 2013 Session Laws, (ii) the aggregate principal amount of the revenue bonds to be issued for the Housing Project and the Housing Food Service Project shall not exceed \$70,000,000, plus all amounts required for costs of bond issuance, costs of interest on the bonds during the construction of the Housing Project and the Housing Food Service Project, credit enhancement costs and any required reserves for payment of principal and interest on the bonds, and (iii) the principal amount of the revenue bonds to be issued for the Engineering Project shall not exceed \$20,000,000, plus all amounts required for costs of bond issuance, costs of interest on the bonds during the construction of the Engineering Project, credit enhancement costs and any required reserves for payment of principal and interest on the bonds; and

WHEREAS, the University intends to establish rates and fees in amounts sufficient to operate the housing system, pay expenses associated with the housing system, and pay debt service on the revenue bonds issued to finance the Housing Project and the Housing Food Service Project; and

WHEREAS, the Authority has also previously issued one or more series of revenue bonds (the "Prior Bonds") for various projects at the University; and

WHEREAS, the University has requested that revenue bonds in a principal amount not to exceed \$77,000,000 (the "Refunding Bonds") be issued by the Authority on behalf of the Board and the University to refund the outstanding Prior Bonds to achieve interest cost savings; and

WHEREAS, the University has requested that the Refunding Bonds also be secured by the pledge of generally available unencumbered funds of the University; and

WHEREAS, the Board, upon recommendation of the University, hereby finds and determines that it is advisable that the Project Bonds and the Refunding Bonds be issued by the Authority on behalf of the Board and the University, such bonds to be secured by the pledge of generally available unencumbered funds of the University; and

WHEREAS, in conjunction with the issuance of the Project Bonds and the Refunding Bonds, the Board may be required to execute one or more Pledge of Revenues Agreements among the Board, the University and the Authority (the "Pledge Agreement"), which contain certain covenants and provisions with respect to the pledge of generally available unencumbered funds of the University; and

WHEREAS, it is recognized that the Authority has and will incur additional expenses in relation to the issuance of the Project Bonds and the Refunding Bonds and subsequent administration and enforcement of the Pledge Agreements; and the University desires to reimburse the Authority for said additional expenses through the execution of one or more Administrative Service Fee Agreements (the "Administrative Agreement").

NOW THEREFORE, BE IT RESOLVED BY THE KANSAS BOARD OF REGENTS, AS FOLLOWS:

SECTION 1. The Board hereby approves the issuance of the Project Bonds and the Refunding Bonds by the Authority on behalf of the Board and the University, in one or more series to finance all or a portion of the costs of the Projects and/or redeem the Prior Bonds, in an aggregate principal amount not in excess of the amount necessary to refund the Prior Bonds and, with respect to the Project Bonds, the limitations described in the 2012 Session Laws and the 2013 Session Laws and in the recitals to this Resolution. The Project Bonds and the Refunding Bonds shall be issued substantially in the form and with the repayment terms and provisions contained in information to be presented to the Board by the Authority and the University, all as may be approved by the Chair or his/her designate and the General Counsel to the Board. Notwithstanding the foregoing approval, Refunding Bonds may be issued only if the projected present value savings resulting from the issuance of the Refunding Bonds is not less than 3% of

the principal amount of the outstanding Refunded Bonds.

SECTION 2. The Board hereby authorizes and instructs the Chair and President and CEO of the Board to execute on behalf of the Board the Pledge Agreements, if required, and such other documents and certificates necessary to accomplish the purposes set forth in this Resolution and the issuance of the Project Bonds and the Refunding Bonds, including any documents and certificates necessary to accomplish any temporary financing entered into in anticipation of the issuance of such bonds, in such forms as are approved by the General Counsel to the Board. The Board further authorizes the President of the University to execute on behalf of the University the Pledge Agreements, the Administrative Agreements and such other documents and certificates necessary to accomplish the purposes set forth in this Resolution and the issuance of the Project Bonds and the Refunding Bonds, including any documents and certificates necessary to accomplish any temporary financing entered into in anticipation of the issuance of such bonds, in such forms as are approved by the General Counsel to the University.

SECTION 3. This Resolution shall be in full force and effect from and after its adoption.

CERTIFICATE

We, the undersigned Chair and President and CEO of the Kansas Board of Regents, hereby certify that the foregoing Resolution was lawfully adopted by the Board at its meeting held on March 12, 2014.

KANSAS BOARD OF REGENTS

(SEAL)

By _____

Fred Logan, Chair

ATTEST:

By _____
Andy Tompkins, President and CEO