



KANSAS BOARD OF REGENTS

Teleconference Meeting
Fiscal Affairs and Audit Standing Committee
11:00 am, Tuesday, February 1, 2022
[Link to Zoom Meeting](#) or
Phone 312-626-6799
Meeting ID: 929 9799 2407

FAA AGENDA ITEMS FOR FEBRUARY 16, 2022 BOARD MEETING

FACILITIES – FEBRUARY 16, 2022 – CONSENT AGENDA

1. Amend the FY 2023 Capital Improvement Plan and Approve Revised Program Statement for New Residence Hall at Salina Polytechnic Campus – KSU

Kansas State University requests approval to amend the Fiscal Year 2023 capital improvement project plan and requests that the Board accept the revised program statement for the new residence hall to be constructed on the Kansas State University Polytechnic Campus in Salina, Kansas. The Board approved the original program statement in June 2021. Reorganization of common spaces on the first floor and floor plan adjustments on the second and third floors decreased the overall building square footage by approximately 1,000 square feet while increasing the number of beds from 100 to 104. In addition, the project budget has increased from \$7.7 million to \$9.1 million due to current market conditions as a result of the COVID-19 pandemic. Construction is now expected to begin April 2022 and to be completed August 2023.

Revised Program Statement is attached.

2. Act on Lease Agreement with a Subsidiary of KSU Foundation – KSU

As an accompaniment to the item above, Kansas State University requests approval to enter into a 30-year master lease agreement with the KSU Real Estate Fund, LLC, a subsidiary of the KSU Foundation. The lease is for the new residence hall to be constructed on the Kansas State University Polytechnic Campus in Salina, Kansas. The Board previously approved the University's request to lease land to KSU Real Estate Fund, LLC, for the construction of the building in June 2021. Current market conditions have increased the project cost and extended the construction timeline. Completion of the building is scheduled for August 2023.

Lease payments will include the net total cost of debt principal, interest, and other issuance costs plus a 5% management fee on the annual lease payment. Annual payments will be approximately

★ LEADING HIGHER EDUCATION ★

\$470,000 and no payment will be required in the first year. K-State Salina will be responsible for payment of the lease from student housing revenue generated from students occupying the residence hall with the University agreeing to backstop the lease payments with their unrestricted revenues. In addition, K-State Salina will be responsible for all costs associated with the operation and maintenance of the facility. At the termination of the lease, once all costs of the project are paid, the KSU Real Estate Fund, LLC, will convey ownership of the residence hall to Kansas State University.

FAA COMMITTEE AGENDA

Next FAA Committee Meeting: Wednesday, February 16, 2022, 10:15 am - 11:45 am
In-person status to be determined, Zoom option will be available

Suggested agenda items:

- A. Approve minutes of January 19, 2022 committee meeting
- B. Follow up on issues raised during the February 1 teleconference call regarding FAA items on the Board's agenda and any other questions/clarifications
- C. Receive Update from President Harold Nolte, Dodge City Community College, on financial reporting
- D. **FAA 22-03** Receive Internal Audit Plans and Meet with State University Internal Auditors – Brett Gerber, Fort Hays State University Internal Auditor
- E. **FAA 22-04** Review State Universities' Annual Financial Reports, including Composite Financial Index and Current Year Budget Outlook (*three of the state universities will present*)
- F. Review Board Agenda Items under Fiscal Affairs
- G. **FAA 22-08** Review Progress on State University Deferred Maintenance Initiative (standing item)
- H. **FAA 22-09** Review Progress on State University Student University Health Centers
- I. Audits for committee review and discussion (standing item)
- J. Other Committee Business

Next meeting dates:

March 1 – 11:00 am, Agenda planning conference call

March 16 – 10:15 am Committee Meeting, Board Office, Topeka

April 3 – 11:00 am, Agenda planning conference call

April 18 – 10:15 am Committee Meeting, Board Office, Topeka