



# KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421  
FAX – 785-296-0983  
www.kansasregents.org

Agenda Call  
Fiscal Affairs and Audit Standing Committee  
Tuesday, August 31, 2010  
Noon-1:00pm, Conference Rm B, Teleconference  
Dial in number -- (866) 620-7326  
Conference Code – 476-523-6449

## **BOARD AGENDA ITEMS**

### **FACILITIES – SEPTEMBER 16, 2010 AGENDA - CONSENT**

#### **1. AUTHORIZATION TO ACCEPT THE TRANSFER OF PROPERTY FROM SEDGWICK COUNTY, KANSAS - KU**

The University of Kansas requests approval to accept the transfer of property from Sedgwick County, Kansas.

Since 1976, the administrative offices of the KU School of Medicine in Wichita (KU SOM-W) have been located in the E.B. Allen Hospital which is owned by the Board of County Commissioners of Sedgwick County, Kansas (County). Since July 1980, the KU SOM-W has leased the entire building and surrounding land from the County under the terms of a 99 year lease. The terms of the lease provided, in part, that the Regents may make alterations, additions, or improvements to the leasehold as deemed proper and appropriate. The Regents also are solely responsible for maintenance and repair, normal deterioration excluded, of all buildings, appurtenances, fixed equipment, improvements, grounds and fixtures on the leasehold. The Regents are responsible for payment of all utilities.

The County proposes to transfer the property to the University and terminate the 99 year lease and the University wishes to accept the transfer. The building contains almost 99,000 gross square feet of office, classroom and patient care clinics and is in good condition. The land includes approximately 2.85 acres of green space and parking lots. The legal description of the property is as follows:

Lot 3, Block 1, KUMC Addition to Wichita, Kansas, Sedgwick County, Kansas

#### **2. AUTHORIZATION TO ACCEPT THE TRANSFER OF PROPERTY FROM KANSAS UNIVERSITY ENDOWMENT ASSOCIATION – KU**

The University of Kansas requests approval to accept the transfer of property from Kansas University Endowment Association.

The KU Endowment Association owns a parking lot on approximately 0.67 acres of land adjacent to the E.B. Allen Hospital Building that houses the KU School of Medicine in Wichita. With the transfer of the Hospital Building from the County to the University, this piece of land is the only remaining parcel in this block that does not belong to the University. The University requests approval to accept the transfer of the property as described below:

Lot 2, Block 1, KUMC Addition to Wichita, Kansas, Sedgwick County, Kansas

**3. AUTHORIZATION TO TRANSFER OWNERSHIP OF PROPERTIES TO THE KANSAS UNIVERSITY ENDOWMENT ASSOCIATION PURSUANT TO K.S.A. 74-3254 - KU**

In the 2007 Legislative Session, the Board sought statutory change that would allow universities to transfer properties received as a bequest from an estate to the foundation or endowment association. Friends and supporters of the University of Kansas periodically give land to the University to benefit a scholarship or other philanthropic program, unaware that the KU Endowment Association is better suited to manage and direct donated property whether the property is used in farming or oil and gas exploration. K.S.A. 74-3254 allows a regents university, with the approval of the Board of Regents, to transfer donated property to its affiliated endowment association if such a transfer would be beneficial to the intended program or support sought by the person donating the property. Any revenue generated from the property would still be used as the donor directed whether that be for scholarships, professorships, etc. The University requests approval to transfer the following mineral interests to the KU Endowment Association:

From the Richard R. and Laura Jean Von Ezdorf 1991 Family Trust for the School of Music:

- In Phillips County, KS:  
Any and all mineral rights, including but not limited to, any working interest, royalty interest, and/or overriding royalty interest owned by the Party of the First Part, in oil and gas and oil and gas wells located in the Southwest Quarter (SW/4), the South Half of the Northwest Quarter (S/2 NW/4), and the Southwest Quarter of the Northeast Quarter (SW/4 NE/4) of Section Fourteen (14), Township Five (5) South, Range Twenty (20) West of the Sixth (6<sup>th</sup>) P. M., Phillips County, Kansas,
- In Finney County, KS:  
Any and all mineral rights, including but not limited to, any working interest, royalty interest, and/or overriding royalty interest owned by the Party of the First Part, in oil and gas and oil and gas wells located in Section Thirty-Five (35), Township Twenty-Four (24) South, Range Thirty-One (31) West of the Sixth (6<sup>th</sup>) P. M., Finney County, Kansas; and, The East Half (E/2) of Section Twenty-Two (22) and the Northwest Quarter (NW/4) of Section Twenty-Seven (27), Township Twenty-Four (24) South, Range Thirty-One (31) West of the Sixth (6<sup>th</sup>) P. M., Finney County, Kansas,

From the estate of Dr. Gary Edward Gregg (2008) for the support of scholarship halls:

- In Haskell County, KS:  
Any and all mineral rights, including but not limited to, any working interest, royalty interest, and/or overriding royalty interest owned by the Party of the First Part, in oil and gas and oil and gas wells situated in Section Five (5), Township Twenty-seven (27) South, Range Thirty-one (31) West of the Sixth (6th) P. M., Haskell County, Kansas,

From the estate of Dorris Carey (1986) for scholarships:

- In Marion County, KS:  
Any and all mineral rights, including but not limited to, any working interest, royalty interest, and/or overriding royalty interest owned by the Party of the First Part, in oil and gas and oil and gas wells situated in Marion County, Kansas:  
Pritz A Unit, East Half of the West Half and the Northeast Quarter of Section 30, Township 18, Range 5, 320 acres.  
Pritz B Unit, The Southeast Quarter of Section 30, West Half of the West Half of the Northwest Quarter, West Half of the Northwest Quarter of the Southwest Quarter, South Half of the Southwest quarter, Southeast Quarter of the Northwest Quarter of the Southwest Quarter and Southwest Quarter of Northeast Quarter of Southwest Quarter of Section 29, all in Township 18, Range 5, 320 acres.  
R.W. Heise A Unit (1 and 2) West Half of Section 32, Township 18 South, Range 5, 320 acres.  
R.W. Heise B Unit (1 and 2) East Half of Section 32, Township 13 South, Range 5, 320 acres.
- In Seward County, KS:  
Any and all mineral rights, including but not limited to, any working interest, royalty interest, and/or overriding royalty interest owned by the Party of the First Part, in oil and gas and oil and gas wells situated in One Half of 170/2330 royalty interest in Northeast Quarter of Section 29, Township 33, Range 33.

#### 4. AMEND FY 2011 REHABILITATION AND REPAIR LIST - KUMC

The University of Kansas Medical Center requests authorization to reallocate \$687,675 in Rehabilitation and Repair funds to complete the renovation and remediation of the 6<sup>th</sup> floor of the Delp (f) building. Due to asbestos abatement and mold problems, many structures and items had to be replaced including walls, flooring, ceilings, HVAC, air conditioning, and finishes. The scope of the project consists of 31 faculty offices, 6 clerical spaces, a work/file room and a conference room/library. The total estimated project cost is \$749,000 and the remaining \$61,325 will be funded by Restricted Fees Funds.

	<u>From</u>	<u>To</u>
Campus Utility Infrastructure Replacement	\$ 445,500	\$ 120,500
Campus Interior Maintenance	\$ 345,000	\$ 115,325
Campus Energy Conservation Improvements	\$ 100,000	\$ -0-

Campus Elevator Renovation & Restoration	\$ 49,000	\$ 16,000
Delp F 6 <sup>th</sup> floor Remediation project	\$ -0-	\$ 687,675
<b>Total</b>	<b>\$ 939,500</b>	<b>\$ 939,500</b>

## 5. AMEND CAPITAL IMPROVEMENT PLANS – KSU

- Kansas State University requests approval to modify its FY 2011 Capital Improvement Plan. The Sheep and Meat Goat Center project budget needs to be increased from \$1.5 million to \$1.8 million to meet program needs. The project is funded by a combination of private gifts and restricted fees
- Kansas State University requests approval to modify its FY 2011 and FY 2012 Capital Improvements Plans. The Justin Hall Addition, a \$5.2 million privately funded project, is part of K-State’s FY 2012 Capital Improvement Plan. Recent fund raising success facilitates an earlier start date for this important academic project so it needs to become a FY 2011 project.
- Kansas State University requests approval to modify its FY 2011 and FY 2012 Capital Improvement Plans to include a project to remove the Old Chemical Waste Landfill (OCWLF). Disposal of hazardous chemical waste or low level radioactive waste occurred at the site from the mid 1960s until 1984 consistent with regulations that were in effect at the time. K-State requested to close the landfill to further chemical waste disposal in 1984 and official closure was granted by the KDHE Bureau of Waste Management (BWM) in 1986.

K-State has been actively investigating and monitoring the OCWLF for chemical contamination of groundwater under consent agreement since 1990. Long-term groundwater monitoring indicates that the OCWLF is releasing hazardous materials to the uppermost aquifer. Investigations have shown that the contamination flows with the groundwater from the landfill towards the east and northeast outside the fenced enclosure that secures the landfill. Though none of the contamination has moved from K-State property, the waste is not stable under *Title 10 CFR 61* and closure of the disposal area in a leaking condition is not acceptable under current regulations.

Because annual costs to monitor the site now exceed \$300,000 per year and are expected to continue escalating, and because the KDHE and EPA required permanent resolution, K-State engaged a subject-matter expert to work with the KDHE and EPA to develop a plan to remove the landfill – the only permanent solution. That plan, a Corrective Measures Study (CMS), was submitted to the KDHE on June 22, 2010.

The project consists of two stages. The first stage is to build an interceptor trench and temporary treatment facility. This first stage will be completed this year and is expected to cost \$300,000. The final stage is to remove the landfill and will be completed between November 2011 and May 2012 and is expected to cost \$3.7 million. Project costs will be paid from a combination of Sponsored Research Overhead funds and bond funds.

- Kansas State University requests approval to modify its FY 2011 and FY 2012 Capital Improvements Plans. Snyder Family Stadium Improvements, a \$50 million project funded by bonds to be repaid by Athletic revenues, is part of K-State's FY 2012 Capital Improvement Plan. The program statement, currently being finalized, includes a timeline that calls for construction to begin immediately following the 2011 football season so design needs to start soon. K-State plans to use the Kansas Board of Regents State Educational Institution Project Delivery Construction Procurement Act Procedures for this project. An architect will be selected this fall so design can be completed by next summer.

**6. AUTHORIZATION TO ACCEPT THE TRANSFER OF PROPERTY FROM THE K-STATE FOUNDATION - KSU**

Kansas State University request authority to accept a gift of 14.831 acres, legally described as "The East Half of the Southeast Quarter of the Northeast Quarter (E/2 SE/4 NE/4) of Section 34, Township 10 South, Range 7 East of the 6<sup>th</sup> PM in Riley County, Kansas, Less that portion thereof platted as the Barry Addition, Riley County KS, recorded in Plat Book K, Page 399, in the office of the Register of Deeds of Riley County, Kansas" the Barry Property, from the K-State Foundation. The agricultural property was acquired by the foundation in 2002 and has been used by Research and Extension since that time.

**7. APPROVE LEASE AGREEMENT TO CONSTRUCT CELLULAR TOWER ON UNIVERSITY PROPERTY – FHSU**

(waiting on information from university)

**FACILITIES – SEPTEMBER 16, 2010 AGENDA - DISCUSSION**

**1. APPROVAL OF PROJECTS FUNDED WITH FY 2010 ARRA/SFSF FUNDS**

Allocation of State Fiscal Stabilization Funds (SFSF) for Higher Education Projects for State Universities as Appropriated to the Kansas Board of Regents

FY 2011 - \$18,862,730 (SFSF)

Adjusted gross square feet (mission-critical buildings only):

	<u>GSF</u>	<u>% of Total</u>
The University of Kansas	7,785,477	38.12
Kansas State University	6,105,374	29.90
Wichita State University	2,243,148	10.98
Emporia State University	1,232,601	6.04
Pittsburg State University	1,507,841	7.38
Fort Hays State University	<u>1,548,171</u>	<u>7.58</u>
	20,422,612	100.00

**Priority Listing of Projects****Allocation****The University of Kansas**

1. Strong Hall HVAC Improvements	\$ 2,867,000
2. Art & Design HVAC Improvements & Central Chiller	1,601,415
3. Lindley Hall HVAC and Electrical Improvements	<u>600,000</u>
	<b>\$5,068,415</b>

**The University of Kansas Medical Center**

1. Elevator Replacements (Wichita, Delp D & Delp F)	\$ 1,350,000
2. Roof Replacements (Eaton, Dykes & Delp D)	400,000
3. Mechanical/Electrical Infrastructure (Wescoe & Delp D)	<u>372,057</u>
	<b>\$2,122,057</b>

**Kansas State University**

1. Coles Hall Chiller Replacement	\$400,000
2. Campus Roof Repair/Replacement	3,489,956
3. Campus Street Milling & Overlay	250,000
4. Campus Curb & Sidewalk Replacement	250,000
5. Campus Stone Tuckpointing & Joint Caulking	<u>1,250,000</u>
	<b>\$5,639,956</b>

**Wichita State University**

1. Duerksen Hall Phase 2 HVAC Replacement	<u>\$ 2,071,128</u>
	<b>\$2,071,128</b>

**Emporia State University**

1. Morse Hall S.E. Piping Replacement	\$ 500,000
2. Exterior Lighting Energy Efficient Re-lamping	100,000
3. Stormont Maintenance Facility HVAC Replacement	300,000
4. Computer Center HVAC Replacement	200,000
5. P.E. Building Underground Roof Drain Replacement	<u>39,309</u>
	<b>\$1,139,309</b>

**Pittsburg State University**

1. Heckert Wells Infrastructure Upgrades	\$ 805,750
2. Hughes Hall HVAC, Masonry & Window Upgrades	<u>586,320</u>
	<b>\$1,392,070</b>

**Fort Hays State University**

1. Medium Voltage Power Distribution Improvements – Phase 2	<u>1,429,795</u>
	<b>\$1,429,795</b>

## SUMMARY

	<u>Allocation</u>
<b>The University of Kansas</b>	<b>\$7,190,472</b>
<b>Kansas State University</b>	<b>5,639,956</b>
<b>Wichita State University</b>	<b>2,071,128</b>
<b>Emporia State University</b>	<b>1,139,309</b>
<b>Pittsburg State University</b>	<b>1,392,070</b>
<b>Fort Hays State University</b>	<b><u>1,429,795</u></b>
<b>TOTAL</b>	<b>\$18,862,730</b>

### LEGAL – SEPTEMBER 16, 2010 AGENDA – DISCUSSION

- ADOPT BOND RESOLUTION – KUMC CLINICAL RESEARCH FACILITY – KU
- ADOPT SURPLUS PROPERTY POLICY

### FISCAL – NONE

### OTHER COMMITTEE BUSINESS

1. Draft Committee Planning Document
2. Upcoming Committee Meeting – Wednesday, September 15, 2010, 10:00am -11:00am
3. Other