

BOARD OF REGENTS *for* **KENTUCKY STATE UNIVERSITY**



Special Called Meeting of the Board of Regents

Thursday, May 11, 2021

1:00 p.m.

2nd Floor Julian M. Carroll

Academic Service Building

Frankfort, Kentucky 40601

KENTUCKY STATE UNIVERSITY

MISSION STATEMENT

Kentucky State University is a public, comprehensive, historically black land-grant university committed to advancing the Commonwealth of Kentucky, enhancing society, and impacting individuals by providing quality teaching with a foundation in liberal studies, scholarly research, and public service to enable productive lives within the diverse global economy.

KENTUCKY STATE UNIVERSITY

VISION STATEMENT

Kentucky State University prepares today's students as global citizens, lifelong learners and problem solvers. To accomplish this, Kentucky State University must challenge itself and its students to be the best. It must recognize its strengths, expand and excel. Notwithstanding, it must also welcome change and quality improvement. By doing so, KSU will gain widespread recognition as one of the region's strongest universities. As a university of distinction, Kentucky State University will create an environment where:

- Students are first.
- Diversity is valued, understood and respected.
- Diverse, motivated and talented students, staff and faculty are actively recruited and retained.
- An intellectual environment conducive to leadership in teaching, research and community service is encouraged and supported.
- Effective teaching is promoted both inside and outside the classroom.
- Students are taught how to obtain, evaluate and use information.
- Learning is lifelong.
- Effective and efficient fiscal management by the administration is the norm.
- Collegiality is the norm, not the exception.
- Each person is a change agent.
- Excellence starts with me.

KENTUCKY STATE UNIVERSITY

CORE VALUES

Through the core values, we- the faculty, staff, administration and students of Kentucky State University – communicate to all our stakeholders and constituents the way in which we choose to do business. The following values that we hold are essential to achieving the University’s mission:

Student Centered Philosophy

In everything we do, our students come first. We strive to create an environment that values the unique backgrounds, perspectives and talents of all our students and provide them with the academic, leadership and social tools to help them grow as responsible, knowledgeable and creative global citizens. We encourage attitudes and behaviors that lead to a desire to learn, a commitment to goals and respect for the dignity of others. Ultimately, we encourage attitudes and behaviors that build success.

Excellence and Innovation

We believe in student’s potential to learn and to connect what they learn inside and outside the classroom to solving problems for productive changes. We strive to offer excellent academic programs; to encourage exploration and discovery through providing outstanding instruction, technology and facilities; and to ignite a curiosity toward the world and a passion for lifelong learning. We seek to reward the pursuit and achievement of excellence and innovation in an environment where freedom of thought and expression are valued. We want all members of our campus community to leave a mark through their creativity, curiosity, discovery, exploration and ingenuity.

Ethical Conduct

We encourage the sharing of information in an open and responsible manner while maintaining the highest ethical and moral standards. The standards are reflected in our commitment to accountability and to personal responsibility for our choices and actions. We encourage respect for the dignity, diversity and right of individuals. We welcome all students who commit themselves to learning, knowing that students and faculty with diverse perspective enhance our classroom experience.

Social Responsibility

We share responsibility for each other and are committed to providing opportunities for the participation in the economic, political and cultural life of our local, state, regional, national and global communities. We are sensitive to our surrounding community; therefore, we recognize the value of integrating classroom learning with the community experience. Our commitment is to provide leadership and to establish partnerships for addressing community and workforce needs and to make a positive difference in the city of Frankfort, the Commonwealth of Kentucky and the world.

KENTUCKY STATE UNIVERSITY

COUNCIL OFFICERS

Dr. M. Christopher Brown II
Eighteenth President

Dr. Lucian Yates III
Interim Provost and Vice President for Academic Affairs

Mr. Douglas R. Allen II
Executive Vice President for Finance and Administration / CFO

Ms. Clara Ross Stamps
Senior Vice President for Brand Identity and University Relations

Vacant
Institutional Advancement

Dr. Pernella R. Deams
Interim Vice President for Student Engagement and Campus Life

Ms. Lisa Lang
General Counsel, and Records Custodian

Dr. Tymon M. Graham
Chief of Staff

KENTUCKY STATE UNIVERSITY BOARD MEMBERS

Mr. Ron Banks (2023)

Ms. Mindy Barfield, Esq. (2021)

Dr. Carolyn Burns (2025)

Dr. Elaine Farris (2026), *Chairperson*

Ms. Chandee Felder (2022), *Staff Regent*

Mr. Paul C. Harnice, Esq. (2022)

Mr. Dalton Jantzen, MS (2022)

Mr. Kirk Miller (2021), *Student Regent*

Dr. Joe Moffett (2022), *Faculty Regent*

Dr. Syamala H.K. Reddy (2021)

Mr. Roger Reynolds (2024)

KENTUCKY STATE UNIVERSITY ELECTED BOARD OFFICERS

Dr. Elaine Farris, *Chairperson*

Mr. Dalton Jantzen, *Vice Chairperson*

Dr. M. Christopher Brown II, *Secretary*

Mr. Douglas R. Allen II, *Treasurer*

KENTUCKY STATE UNIVERSITY

BOARD COMMITTEES

ACADEMIC AFFAIRS

Regent Dalton Jantzen, *Chair*
Regent Mindy Barfield
Regent Elaine Farris
Regent Kirk Miller
Regent Joe Moffett
Regent Roger Reynolds

BRAND IDENTITY AND UNIVERSITY RELATIONS

Regent Roger Reynolds, *Chair*
Regent Ron Banks
Regent Carolyn Burns
Regent Elaine Farris
Regent Dalton Jantzen
Regent Joe Moffett

INSTITUTIONAL ADVANCEMENT

Regent Ron Banks, *Chair*
Regent Elaine Farris
Regent Chandee Felder
Regent Paul Harnice
Regent Syamala Reddy
Regent Roger Reynolds

FINANCE AND ADMINISTRATION

Regent Mindy Barfield, *Chair*
Regent Carolyn Burns
Regent Elaine Farris
Regent Paul Harnice
Regent Dalton Jantzen
Regent Roger Reynolds

STUDENT ENGAGEMENT AND CAMPUS LIFE

Regent Elaine Farris, *Chair*
Regent Ron Banks
Regent Chandee Felder
Regent Paul Harnice
Regent Dalton Jantzen
Regent Kirk Miller

GOVERNANCE

Regent Paul Harnice, *Chair*
Regent Mindy Barfield
Regent Elaine Farris
Regent Chandee Felder
Regent Syamala Reddy
Regent Roger Reynolds

EXECUTIVE AND AUDIT COMMITTEE

Regent Elaine Farris, *Chair*
Regent Ron Banks
Regent Mindy Barfield
Regent Paul Harnice
Regent Dalton Jantzen
Regent Roger Reynolds

KENTUCKY STATE UNIVERSITY BOARD OF REGENTS

Special Called Meeting of the Board of Regents

Tuesday, May 11, 2021, 9:00 a.m.

***** Meeting Will be Conducted by Teleconference*****

Zoom Link: <https://kysu.zoom.us/j/99878149932>

Webinar ID: 998 7814 9932

Phone One-Tap: [+13017158592](tel:+13017158592) or [+13126266799](tel:+13126266799)

AGENDA

***Swearing in of New & Returning Regents**

- | | | |
|----|---|--|
| 1. | Call to Order | Regent Elaine Farris, Chair, Board of Regents |
| 2. | Roll Call | Dr. M. Christopher Brown II, Board Secretary |
| 3. | Adoption of the Agenda | Regent Elaine Farris |
| 4. | Action Item(s) <i>A. Approval of Resolution Authorizing a Facilities Lease with CRM Companies</i> | Dr. M. Christopher Brown II |
| 5. | Informational Item(s) <i>A. Review of the FY2022 Budget Allocation Plan and Assumptions</i> | Dr. M. Christopher Brown II |
| 6. | Adjournment | Regent Elaine Farris |

**Kentucky State University Board of Regents
2021 Quarterly Meeting Dates**

June 3-4, 2021
September 2-3, 2021
December 2-3, 2021



KENTUCKY STATE UNIVERSITY BOARD OF REGENTS

DATE: May 11, 2021

SUBJECT: Approval of Resolution Authorizing a Facilities Lease with CRM Companies

FROM: FINANCE AND ADMINISTRATION

ACTION ITEM: YES

BACKGROUND:

Initial conversations on construction of a new residence hall for Kentucky State University began in 2017 when the University had to seek alternative housing due to insufficient residential bed availability. At that time, the University began discussion on where to locate and how to best place a dormitory for its undergraduate students.

With the Covid-19 pandemic, the need to address the housing issue reached acute status. AY 2020-2021 the campus used fewer than 600 occupied beds on campus 127 beds in COVID-19 overflow housing (not including quarantine). The construction of a 400+bed student housing facility, and a state-of-the-art dining hall will service all students. The new student residence will directly alleviate the pressure points that the University is currently facing as we lack sufficient on campus housing options and are outsourcing students to off campus housing facilities, which is costly as well as negatively impacts retention.

The Student Resident Hall project is estimated for completion no later than summer 2023.

The University issued an RFP in 2019 and CRM Companies, located in Lexington, KY was chosen in a competitive bid. The subsequent Public Private Partnership agreement enabled CRM to develop, design and construct the new residence hall, hereafter known as the Kentucky State Residence Hall contract.

The residence hall construction project was initially presented to Board on March 7, 2019 as an action item to approve the selection of CRM as the successful bidder and as the public-private partnership provider. At the December 2019 meeting of the Board of Regents, CRM presented construction options for the residence hall. The University entered into the development agreement for the design of the 400+ bed residence hall on



KENTUCKY STATE UNIVERSITY BOARD OF REGENTS

April 1, 2020. In November 2020, the Board reviewed the new residence hall construction proposal and project description. At that time, CRM's Craig Turner fielded questions along with members of his team. In December 2020, the Board voted to accept the development contracts to construct a new residence hall.

In April 2021, KySU executive leadership received legislative approval to advance the project at the Capital Projects and Bond Oversight Committee. They approved the public private partnership delivery method for the Kentucky State University capital project, "Construction of New Residence Hall." This action was taken pursuant to KRS §§ 45.763 and 45A.077. This included the Commonwealth of Kentucky's Capital Projects and Bond Oversight Committee unanimous approval of the public-private partnership delivery method for the Kentucky State University capital project. Thus, the construction of the new residence hall was authorized in the 2020 Executive Branch Budget Bill, House Bill 352 and subsequently through HB 192 of the 2021 Regular Session of the Kentucky General Assembly.

The purpose of this Staff Note is to provide the background necessary for the Board of Regents to approve "The Resolution authorizing a facilities lease between Kentucky State University and KSU Campus Housing, LLC and related actions" which will authorize the facilities lease. The University endorsed the CRM proposal that permits CRM development to finance the project using an appropriate financing plan that would include certificates of participation in a facilities lease to be executed between the University and the developer for the project. The project will be conducted over an 18 month period.

The resolution enables the University to execute documents necessary for the development and financing of the project, known as the bond intercept. As was explained at the December 2020 Board meeting, the funding for the project is based on a financing model the developer negotiated using scheduled repayments at a lower interest rate than a conventional bond and one that provides credit enhancement to the lessee (Kentucky State University). The intercept serves as a debt service reserve fund and should the institution default on repayment, the state, as the bond holder, would make the payment through a reduction in Kentucky State University's state appropriation. The Board of Regents approved the action item resulting in adoption of the CRM financing plan and endorsing the bond intercept.

SUMMARY OF PROGRAMS/ACTIVITIES:

In order to move forward with the Public Private Partnership, the Board of Regents is requested to approve the document entitled, "A Resolution authorizing a facilities lease between Kentucky State University and KSU Campus Housing LLC and Related Actions."



KENTUCKY STATE UNIVERSITY BOARD OF REGENTS

The aforementioned document, when approved, authorizes the University to execute the documents necessary to enact the financing plan, previously approved, and prepared by the developer, CRM, and reviewed by Johnson Bowman Branco, LLP and Kentucky State University Counsel.

In addition to the Resolution document itself, the packet which the University has authorization to execute is composed of supplemental and required project documents that will allow the University to complete the construction project. The Resolution grants the University authority to execute the construction, stated as follows : “ . . . *to execute and deliver all necessary and appropriate documents, certificates, and closing papers and to take any and all necessary actions required incident to authorization, sale, issuance, and administration of the [project].*”

As noted above, the Resolution, with appropriate attachments, have been created distributed, and will be appropriately filed upon completion of the Board action in accordance with KRS 164A. 565. These documents will be filed with the Kentucky Finance and Administration Cabinet, which encompasses the Division of Real Properties and the State Risk and Insurance Services, the Office of the Kentucky State University Board of Regents, Johnson Bowman Banco, LLP, CRM Companies, and the Office of General Counsel at Kentucky State University.

ALIGNMENT WITH STRATEGIC GOALS:

Goal 1: Enhance Student Enrollment, Improve Student Life and Engagement, and Improve Student Advising and Career Development.

Goal 2: Achieve Academic Excellence Across all Programs and Colleges, Increase Student Advising and Career Development.

Goal 3: Increase the University's Financial Strength and Operational Efficiency.

PROGRAM IMPLICATIONS: The new student housing facility will be a tool to retain and to recruit tool students for the University and allow the University to offer a brand new and upgraded facility to University Students.

FISCAL IMPLICATIONS: CRM Development Company will maintain and operate the building and grounds for the life of the lease via a special purpose LLC named KSU Campus Housing LLC. The project will be financed through the issuance of tax-exempt Certificates of Participation with a term of 35 years supported by an inter-agency agreement with the Finance and Administration Cabinet. The University has the authorization needed to execute all project documents to complete the actions leading to the construction of the new residence hall.



KENTUCKY STATE UNIVERSITY BOARD OF REGENTS

RECOMMENDATION: Approve Resolution Authorizing Facilities Lease and Related Activities

ATTACHMENTS: YES



KENTUCKY STATE UNIVERSITY BOARD OF REGENTS

DATE: May 11, 2021

SUBJECT: Review of the FY2022 Budget Allocation Plan and Assumptions

FROM: FINANCE AND ADMINISTRATION

ACTION ITEM: NO

BACKGROUND: KRS 164.350 directs the Kentucky State University Board of Regents, upon recommendation of the President, to adopt an allocation process for distributing funds appropriated to Kentucky State University by the General Assembly. KRS 164.350 also directs the Board of Regents to assure that the budget planning and implementation processes are consistent with the adopted strategic agenda, the biennial budget, and the mission of Kentucky State University.

SUMMARY OF PROGRAMS/ACTIVITIES: Discussion of the potential FY2022 campus operations budget to ensure sustainable institutional operations and ongoing viability. The presentation will focus on revenue projections and expenditure assumptions.

ALIGNMENT WITH STRATEGIC GOALS:

Goal 1: Enhance Student Enrollment, Improve Student Life and Engagement, and Improve Student Advising and Career Development.

Goal 3: Increase the University's Financial Strength and Operational Efficiency.

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: The proposed budget aligns ongoing revenues with recurring expenses.

RECOMMENDATION: N/A

ATTACHMENTS: YES

FY2022 BUDGET SCENARIOS

| | AMENDED FY20 BUDGET | APPROVED FY2021 BUDGET | PROPOSED FY22 BUDGET SCENARIOS | | |
|--|---------------------------|------------------------------|-------------------------------------|---------------------------------|------------------------------------|
| | | 1200 FTE Students | 1200 FTE Students (Pandemic 2.0) | 1550 FTE Students (X-Factor) | 1875 FTE Students (Statistical) |
| SOURCE OF REVENUE FUNDS | | | | | |
| State Appropriation | \$25,259,100 | \$24,115,086 | \$27,186,100 | \$27,186,100 | \$27,186,100 |
| Tuition and Mandatory Fees | \$17,000,000 | \$13,598,000 | \$13,598,000 | \$15,666,000 | \$18,986,000 |
| Non-mandatory (Optional) Fees | \$500,000 | \$400,000 | \$400,000 | \$675,000 | \$675,000 |
| Employee Parking | \$35,000 | \$28,000 | \$30,000 | \$30,000 | \$30,000 |
| Interest Income | \$175,000 | | \$10,586 | \$10,586 | \$10,586 |
| Indirect Cost Recovery | \$500,000 | \$400,000 | \$400,000 | \$400,000 | \$400,000 |
| Auxiliary Enterprises | \$5,205,000 | \$2,082,000 | \$2,082,000 | \$6,021,000 | \$6,021,000 |
| TOTAL REVENUE | \$48,674,100 | \$40,623,086 | \$43,706,686 | \$49,988,686 | \$53,308,686 |
| EXPENDITURES BY UNIT | | | | | |
| ACADEMIC AFFAIRS | | | | | |
| Personnel | \$7,955,800 | \$8,121,647 | \$9,326,707 | \$9,326,707 | \$9,326,707 |
| Fringe Benefits | \$2,830,335 | \$2,030,412 | \$2,145,143 | \$2,145,143 | \$2,145,143 |
| Operating Expenses | \$7,434,620 | \$7,480,372 | \$9,063,360 | \$9,063,360 | \$9,063,360 |
| | \$18,220,755 | \$17,632,431 | \$20,535,210 | \$20,535,210 | \$20,535,210 |
| AUXILIARY SERVICES | | | | | |
| Personnel | \$132,759 | \$116,200 | \$142,048 | \$142,048 | \$142,048 |
| Fringe Benefits | \$47,793 | \$34,860 | \$45,455 | \$45,455 | \$45,455 |
| Operating Expenses | \$4,708,530 | \$2,223,807 | \$3,908,160 | \$3,908,160 | \$3,908,160 |
| | \$4,889,082 | \$2,374,867 | \$4,095,663 | \$4,095,663 | \$4,095,663 |
| BOARD OF REGENTS | | | | | |
| Personnel | \$165,000 | \$375,992 | \$399,280 | \$399,280 | \$399,280 |
| Fringe Benefits | \$59,400 | \$93,998 | \$91,834 | \$91,834 | \$91,834 |
| Operating Expenses | \$60,000 | \$118,364 | \$19,710 | \$19,710 | \$19,710 |
| | \$284,400 | \$588,354 | \$510,824 | \$510,824 | \$510,824 |
| BRAND IDENTITY AND UNIVERSITY RELATIONS | | | | | |
| Personnel | \$631,500 | \$715,892 | \$707,280 | \$707,280 | \$707,280 |
| Fringe Benefits | \$227,340 | \$214,768 | \$162,674 | \$162,674 | \$162,674 |
| Operating Expenses | \$250,500 | \$182,236 | \$296,260 | \$296,260 | \$296,260 |
| | \$1,109,340 | \$1,112,896 | \$1,166,214 | \$1,166,214 | \$1,166,214 |
| CAMPUS ATHLETICS | | | | | |
| Personnel | \$1,489,000 | \$1,181,242 | \$1,367,002 | \$1,367,002 | \$1,367,002 |
| Fringe Benefits | \$536,040 | \$354,373 | \$314,411 | \$314,411 | \$314,411 |
| Operating Expenses | \$720,500 | \$332,252 | \$445,262 | \$445,262 | \$445,262 |
| | \$2,745,540 | \$1,867,867 | \$2,126,675 | \$2,126,675 | \$2,126,675 |
| FACILITIES AND INFRASTRUCTURE | | | | | |
| Personnel | \$1,903,759 | \$1,241,659 | \$1,434,411 | \$1,434,411 | \$1,434,411 |
| Fringe Benefits | \$685,353 | \$682,912 | \$860,646 | \$860,646 | \$860,646 |
| Operating Expenses | \$3,216,862 | \$3,043,871 | \$2,494,379 | \$2,494,379 | \$2,494,379 |
| | \$5,805,974 | \$4,968,442 | \$4,789,436 | \$4,789,436 | \$4,789,436 |
| FINANCE AND ADMINISTRATION | | | | | |
| Personnel | \$3,290,881 | \$2,392,763 | \$1,997,319 | \$1,997,319 | \$1,997,319 |
| Fringe Benefits | \$1,184,717 | \$717,829 | \$739,008 | \$739,008 | \$739,008 |
| Operating Expenses | \$6,527,200 | \$6,012,148 | \$7,584,192 | \$7,584,192 | \$7,584,192 |
| | \$11,002,798 | \$9,122,739 | \$10,320,519 | \$10,320,519 | \$10,320,519 |
| GENERAL COUNSEL | | | | | |
| Personnel | - \$ | \$311,281 | \$307,915 | \$307,915 | \$307,915 |
| Fringe Benefits | - \$ | \$77,820 | \$76,979 | \$76,979 | \$76,979 |
| Operating Expenses | - \$ | \$201,125 | \$201,125 | \$201,125 | \$201,125 |
| | - \$ | \$503,451 | \$586,019 | \$586,019 | \$586,019 |

| | APPROVED FY2021 BUDGET | APPROVED FY2021 BUDGET | PROPOSED FY22 BUDGET SCENARIOS | | |
|---------------------------------------|------------------------------|------------------------------|--|------------------------------------|---------------------------------------|
| | | 1200 FTE Students | 1200 FTE Students (Pandemic 2.0) | 1550 FTE Students (X-Factor) | 1875 FTE Students (Statistical) |
| OFFICE OF THE PRESIDENT | | | | | |
| Personnel | \$1,190,870 | \$70,177 | \$414,398 | \$414,398 | \$414,398 |
| Fringe Benefits | \$428,713 | \$17,544 | \$95,312 | \$95,312 | \$95,312 |
| Operating Expenses | \$479,500 | \$186,166 | \$316,900 | \$316,900 | \$316,900 |
| | \$2,099,083 | \$273,888 | \$826,610 | \$826,610 | \$826,610 |
| STUDENT ENGAGEMENT AND CAMPUS LIFE | | | | | |
| Personnel | \$1,604,212 | \$476,015 | \$1,459,153 | \$1,459,153 | \$1,459,153 |
| Fringe Benefits | \$559,516 | \$142,805 | \$461,793 | \$461,793 | \$461,793 |
| Operating Expenses | \$353,400 | \$109,444 | \$257,631 | \$257,631 | \$257,631 |
| | \$2,517,128 | \$728,264 | \$2,178,577 | \$2,178,577 | \$2,178,577 |
| STUDENT SUCCESS | | | | | |
| Personnel | - \$ | \$959,419 | \$1,314,644 | \$1,314,644 | \$1,314,644 |
| Fringe Benefits | - \$ | \$287,826 | \$347,245 | \$347,245 | \$347,245 |
| Operating Expenses | - \$ | \$202,643 | \$216,050 | \$216,050 | \$216,050 |
| | - \$ | \$1,449,888 | \$1,877,939 | \$1,877,939 | \$1,877,939 |
| 1.886% STAFF INITIATIVE | | | | | |
| Personnel | | | \$650,000 | \$650,000 | \$650,000 |
| Fringe Benefits | | | \$325,000 | \$325,000 | \$325,000 |
| | | | \$975,000 | \$975,000 | \$975,000 |
| TOTAL EXPENDITURES | \$48,674,100 | \$40,623,086 | \$49,988,686 | \$49,988,686 | \$49,988,686 |
| NET POSITION | | \$ - | \$(6,282,000) | \$ - | \$3,320,000 |

