

By Jeremy Lovin

Editor's Note: This is Part II of a four-part series on the relationship between Fort Hays State University and Brooks Kellogg, longtime donor and owner of the construction firm scheduled to build the new apartments on campus where Agnew Hall once stood. Part II looks at the details of the contract to build the new apartment suite project.

With all the events surrounding the construction of the new apartments, some students may be wondering whether the building of the new apartments will be finished on time. The construction of the new apartment was scheduled to be finished around August 1, 2012, just in time for the start of that fall semester.

Fort Hays president Edward H. Hammond said no decisions have been made yet on what to name the new apartment complex—whether it will be named Agnew Hall again or not. “In terms of Agnew, there’s no family members around to communicate with, so there’s been no discussions about [naming the new apartment complex Agnew]. I’m not opposed to keeping the name. I just don’t know. We haven’t made that decision.”

A firm called Uniplace II, a subsidiary of Chadwick Real Estate Group, has been contracted to build the new apartments. However, Chadwick’s owner, Brooks Kellogg, is now awaiting trial in Denver in a suspected murder-for-hire plot, and Hammond confirmed that has held up the Fort Hays apartment project.

“Yes, the fact that Uniplace II has not started construction is slowing us down. I mean, the fact that we’ve not been able to move ahead on that part of the plan, breaking ground, that has slowed us down. Our intent is to have those suites up and available for fall of 2012, and we’re running out of time to get that done; in all honesty, yes, we are behind schedule,” Hammond said.

He added that if Uniplace II is unable to build the apartments, the university has other options. “There are a number of options,” Hammond said. “We could build them ourselves, as we have done with the dormitories, or we could competitively bid it again if we so choose to. Our contract with Uniplace has a set of stipulations in it, and if they meet [those] stipulations, then we would do the building with them. If they can’t meet the stipulations, then someone else will do it or we will do it ourselves.”

Section 8.1 of the construction contract requires Uniplace II to set up an account for maintenance, but if the amount of rent does not cover the cost of operation, Uniplace II is allowed to dip into the maintain funds to cover their losses.

Hammond said, “It (the contract) says, if, from time to time, if the monthly income from the bedrooms is less than the related debt services, the cost of operation accrued in the same month, then Uniplace II may access the replacement funds. So I think that they asked that this be put in there, to access the repair and maintenance fund if they needed it for debt services.”

Attorney and Assistant Professor of Political Science Bryan Bennett teaches the Intro to Law class at Fort Hays. After reading the contract he said, in essence, this provision makes the contract a good business deal for Uniplace II. It doesn't have to take too much risk; if the building doesn't fill up, it can simply dip into the maintenance fund to cover the cost of operations.

"A guaranteed return on a capital investment would be the best investment you can make; it would be a sweet deal," Bennett said. The college will also win in the end because Uniplace II must give the building, along with a fully-funded maintenance escrow in the sum of \$900,000 to Fort Hays at the end of the 15-year contract agreement.

Hammond said, "If their (Uniplace II) debt services exceeded their rent, they would be able to access these funds. But the contract goes on to say that at the point where Uniplace II gives Fort Hays the property back in the 15 years ... they have to give us not only the property, but the maintenance fund, fully funded." This same provision was in the Stadium Place Apartment contract, Hammond said, except the length of time before the apartments are turned over to Fort Hays is 10 years.

The University also has a plan to tear down Wiest hall in the future and build more apartment suites.

Hammond said, "We can go ahead and build on that site (where Agnew Hall stood) or we can build on the Wiest site when we're ready to.

"There is a need for additional housing, and we're in the process of converting our on campus housing to a more modern format, limiting the number of traditional dormitory rooms ... creating suites and apartment complexes or apartment options for students."

So, the future of housing at Fort Hays would seem to be headed in the direction of two-or three-bedroom furnished suites that for now would be owned by Uniplace II for 15 years. So, the students gain better apartments, Uniplace II gains a solid investment, and, after the 15 years, Fort Hays gains the buildings, along with a \$900,000 maintenance fund.