

Approved: 4-9-91  
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 12:10 p.m. on April 5, 1991 in room 514-S of the Capitol.

All members were present except: Representative Blumenthal (excused)

Committee staff present:

Ellen Piekalkiewicz, Legislative Research Department  
Debra Duncan, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Susan Miller, Administrative Aide  
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Steven Starr, Deputy Director, Kansas Bureau of Investigation  
Dr. Charles Reagan, Executive Assistant to the President, KSU  
Gary LaShell, Architectural Consultant, SRS  
Tom Flanagan, Topeka City Engineer  
Senator Wint Winter  
Representative Don Rezac

SB 365 - Purchase of insurance by KBI for its aircraft.

Steven Starr, Deputy Director, KBI, appeared in support of SB 365 (Attachment 1). SB 365 would authorize the KBI to insure its drug forfeiture airplanes. Mr. Starr advised that funds used to purchase the aircraft insurance will come either from drug forfeiture money or from DEA grant money.

Representative Patrick moved that SB 365 be recommended favorably for passage and placed on the consent calendar due to its noncontroversial nature. Representative Chronister seconded. Motion carried.

SB 372 - KSU authorized to purchase aircraft insurance.

Dr. Charles Reagan, Executive Assistant to the President, KSU, testified in support of SB 372 which would permit KSU to purchase insurance for the university airplane (Attachment 2). Operational costs of the aircraft are paid for by the users.

Representative Patrick moved that SB 372 be recommended favorably for passage and placed on the consent calendar due to its noncontroversial nature. Representative Chronister seconded. Motion carried.

SB 389 - State property conveyed to Topeka for street-widening purposes.

Gary LaShell, Architectural Consultant, SRS, appeared in support of SB 389 which would grant the city of Topeka right-of-way to a strip of land on the south side of S.W. 21st Street for the purpose of widening the street.

Tom Flanagan, Topeka City Engineer, appeared in support of SB 389 and provided written testimony (Attachment 3). Representative Patrick moved that SB 389 be recommended favorably for passage and placed on the consent calendar due to its noncontroversial nature. Representative Chronister seconded. Motion carried.

SB 406 - Appropriations for FY91 and FY92 for LCC for operating expenditures for joint committee on KPERS investment practices.

Jim Wilson, Revisor of Statutes, explained that SB 406 would appropriate for FY91 and reappropriate for FY92 \$500,000 SGF to the LCC for operating expenditures for the Joint Committee on Kansas Public Employees Retirement System Investment Practices.

Senator Wint Winter, Chairman of the Joint Committee on KPERS Investment Practices, appeared in support of SB 406. He reviewed the origins of the Joint Committee, which arose out of several senators' concern about KPERS investment practices and the subsequent failure of Home Savings.

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at 12:10 p.m.  
on April 5, 1991.

Senator Winter stated the scope of the Joint Committee is twofold: (1) to review the law and legislative policy regarding KPERS and (2) to investigate the current situation. In reviewing policy the Committee will focus on answering the questions: is the law regarding investment practices adequate, should specific qualifications be required for KPERS Board membership, should KPERS have an in-house investment staff, and should direct and real estate investments be prohibited. The goals in the investigative function are to determine the existing market value of all KPERS investments, to determine why the losses were sustained, and to determine if the state has a cause of action to bring which perhaps could result in a partial recovery.

Senator Winter emphasized in the fact-finding phase that it is crucial to have qualified counsel and the ability to bring legal action if that proves advisable. Senator Winter distributed a letter regarding the Joint Committee on KPERS Investment Practices from Senator Gerald Karr, Senate Minority Leader (Attachment 4).

The Committee discussed the fact that the Legislature does not have the authority to file civil action. However, the Joint Committee feels it must be able to follow through on civil action if necessary and is researching this issue. Regarding the issue of reimbursing the State General Fund for the expenses of this investigation, Representative Heinemann suggested the Joint Committee make a specific recommendation on reimbursement of the State General Fund to the Legislature when it reports back on its findings.

Representative Don Rezac appeared in support of SB 406 and provided a written statement (Attachment 5). Representative Rezac emphasized the need to restore trust in the KPERS system.

Representative Chronister moved that SB 406 be recommended favorably for passage. Representative Wisdom seconded. Motion carried.

The meeting was adjourned at 1:35 p.m.



JAMES G. MALSON  
DIRECTOR

# KANSAS BUREAU OF INVESTIGATION

DIVISION OF THE OFFICE OF ATTORNEY GENERAL  
STATE OF KANSAS  
1620 TYLER  
TOPEKA, KANSAS 66612-1837  
(913) 232-6000



ROBERT T. STEPHAN  
ATTORNEY GENERAL

STEVEN R. STARR TESTIMONY DEPUTY DIRECTOR  
KANSAS BUREAU OF INVESTIGATION  
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE  
REGARDING SENATE BILL 365  
APRIL 5, 1991

Mr. Chairman and Members of the Committee:

I am appearing today on behalf of the Kansas Bureau of Investigation (KBI) and Director James Malson, in support of Senate Bill 365.

The KBI is asking for passage of Senate Bill 365 to allow us to insure our drug forfeiture airplanes. The plane we now have, a Piper Warrior, was forfeited through the U.S. Attorney's Office and given to the KBI. In the unlikely event that this plane would crash without insurance, we would not have the financial ability to replace it. Recently, the KBI was involved in a seizure of a Cessna High Wing aircraft which could potentially be forfeited and given to the KBI. Either of these aircraft are highly effective in air surveillance in providing raid support, communications from the air, air borne observation, security, and marijuana sighting and eradication. The use of the airplane in assisting in marijuana raids increases the safety of KBI agents executing those raids as well as spotting other danger signals from the air. The KBI has fulfilled requests to conduct air surveillance on other aircraft going through Kansas airspace.

Funds utilized to purchase this aircraft insurance will come either from drug forfeiture money or from DEA grant money. The annual insurance premium cost for the Piper is \$1,350 for \$1,000,000 limited liability,

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Attachment 1

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\$3,000 medical per passenger with \$34,000 value on the craft. The annual premium for the Cessna, if obtained is \$1,936 with the same coverage except \$90,000 value of the plane.

The KBI has four regular pilots with additional pilots on standby. Should the KBI obtain another drug forfeiture plane, no additional personnel would be required.

In the past, the KBI has been assisted by the National Guard in marijuana identification and eradication. However, due to Gulf war and the lack of spare parts, we have been informed by the National Guard that they may continue to do some identification and eradication on their own, but will no longer be able to assist us.

Prior to obtaining our own airplane, the KBI had leased planes to assist in marijuana raids; however, these planes were not always available when the Bureau needed to use them. There has also been a decrease in the budget for the rental of airplanes for this purpose.

The requirement of the DEA grant under which we operate is that we use forfeited property for at least one year prior to its sale or disposal.

The KBI asks for your favorable consideration of Senate Bill 365.

Thank you for your support in the fight against drugs.

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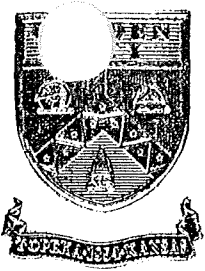
## Office of the President

Anderson Hall  
Manhattan, Kansas 66506-0112  
913-532-6221

Testimony to House Appropriations Committee on SB372  
Dr. Charles Reagan, Executive Assistant to the President  
Kansas State University  
Friday, April 5, 1991

Kansas State University requests an amendment to Kansas Statutes to permit the university to purchase insurance for the university airplane. The aircraft, a 1980 Cessna 421-C was gifted to the University by the Kansas State University Foundation in September, 1990. The aircraft has been operated by Kansas State University since February, 1989, on a lease-purchase agreement funded by the KSU Foundation. The aircraft is operated by the university motor pool on a service clearing account. Operational costs are paid by users. Principal users are Cooperative Extension, Agricultural Experiment Station, Alumni and Foundation, Athletics, university administration, Division of Biology, and other university units and departments. Chief Pilot is Mary Harrington, an Airline Transport Rated Commercial Pilot, Certified Flight Instructor, and FAA Designated Examiner.

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Attachment 2



# CITY OF TOPEKA

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Chief Administrative Officer  
215 E. 7th Street Room 355  
Topeka, Kansas 66603  
913-295-3725

## HOUSE APPROPRIATIONS COMMITTEE

Re: Senate Bill No. 389

April 5, 1991

Chairman Teagarden and members of the committee, I am Tom Flanagan, City Engineer for the city of Topeka. On October 19, 1990, the Topeka City Council authorized the improvement and widening of S.W. 21st Street between Atwood and Randolph. This improvement will consist of a 5 lane thoroughfare with sidewalks on both sides and landscaping.

In order for the city of Topeka to make this improvement, additional right-of-way is needed. The city of Topeka respectfully requests that a strip of land located along the south side of S.W. 21st Street and currently owned by the State Rehabilitation Services be donated to the city of Topeka for the purpose of constructing and maintaining this improvement. A detailed description of this needed parcel of land is described in Senate Bill No. 389.

I will stand for any questions from the committee.

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Attachment 3

# State of Kansas

## Senate Chamber

GERALD "JERRY" KARR  
SENATOR, SEVENTEENTH DISTRICT  
CHASE, LYON, MARION, MORRIS,  
OSAGE COUNTIES  
R.R. 2 BOX 101  
EMPORIA, KANSAS 66801



## Office of Democratic Leader

STATE CAPITOL  
TOPEKA, KANSAS 66612-1565  
913-296-3245

April 4, 1991

COMMITTEE ASSIGNMENTS  
MEMBER: ASSESSMENT & TAXATION  
INTERSTATE COOPERATION  
LEGIS. & CONG. APPORTIONMENT  
LEGIS. BUDGET COMM.  
EDUCATION  
STATE BUILDING CONSTRUCTION  
LEGIS. COORDINATING COUNCIL  
STATE FINANCE COUNCIL

Senator Wint Winter, Chairman  
Select Committee on KPERS Investment  
Practices  
Room 123-S  
State Capitol Building  
Topeka, Kansas 66612

Dear Wint:

The Select Committee on the Kansas Public Employees Retirement System Investment Practices has an important task before it. Thus far, the Committee has been doing an excellent job under your leadership.

To help keep me better informed as to the progress of the Committee, I would like Bob Martin, my Administrative Assistant, to attend all meetings of the Committee, including executive sessions. Please inform me of the necessary steps he must take to be cleared for attending executive sessions of the Committee. In addition, I would appreciate a complete copy of all the information submitted to the Committee thus far.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in cursive script that reads "Gerald L. 'Jerry' Karr".

Gerald L. "Jerry" Karr  
Senate Democratic Leader

GLK:rm

cc. Rep. Don Rezac, Vice Chair  
Select Committee on KPERS Investment Practices

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Attachment 4

STATE OF KANSAS



TOPEKA

COMMITTEE MEMBERS

SENATOR WINT WINTER, JR.  
CHAIRMAN  
REPRESENTATIVE DON REZAC  
VICE-CHAIRMAN  
REPRESENTATIVE TIM CARMODY  
SENATOR FRANK GAINES  
REPRESENTATIVE JIM GARNER  
REPRESENTATIVE CLYDE GRAEBER  
REPRESENTATIVE WALKER HENDRIX  
SENATOR DAVID KERR  
SENATOR JERRY MORAN  
SENATOR MARGE PETTY  
SENATOR RICHARD ROCK  
REPRESENTATIVE BILL WISDOM

COMMITTEE COUNSEL

DAVID S. ELKOURI, Esq.  
HINKLE, EBERHART & ELKOURI  
2000 EPIC CENTER  
301 NORTH MAIN STREET  
WICHITA, KANSAS 67202-4820  
PHONE: (316) 267-2000  
FAX: (316) 264-1518

COMMITTEE SECRETARY

MARY ALLEN  
ROOM 511-S  
STATEHOUSE  
TOPEKA, KANSAS 66612  
PHONE: (913) 296-2713  
FAX: (913) 296-1153

JOINT COMMITTEE ON  
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
(KPERs)  
INVESTMENT PRACTICES

TESTIMONY ON SB 406  
HOUSE APPROPRIATIONS COMMITTEE  
April 5, 1991

Thank you, Mr. Chairman and members of the Committee.

My name is Don Rezac and I am here today in support of SB 406.

As the committee is aware, SB 406 is the \$500,000 appropriation to the Legislative Coordinating Council for the operating expenses of the Joint Committee on KPERs Investment Practices.

The money will be used to pay our counsel and expert witnesses as we go through the process of the investigation of the KPERs fund. I think as legislators, it is very important that as we progress as a committee to make sure that our KPERs investments are as secure as possible.

My intent as Vice Chairman of this special committee is to put public trust back into KPERs investments. As a committee, we have started down this road of investigating, and we will go wherever the road leads us.

This is a very serious business situation that we have with the KPERs investments right now. I think through the committee, we can work through this and make sure something similar to this doesn't happen in the future.

I'll appreciate your support for SB 406, and I'll be happy to answer any questions.

DON REZAC

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Attachment 5