

Approved April 12, 1991

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Senator August "Gus" Bogina, Chairperson at 11:06 a.m. on March 19, 1991, in Room 123-S of the Capitol.

All members were present except:

Committee staff present:

Diane Duffy, Legislative Research Department  
Avis Swartzman, Revisors' Office  
Judy Bromich, Administrative Assistant  
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Dr. James Coffman, Provost, KSU  
Dr. Walt Woods, Dean, College of Agriculture, KSU  
Senator Audrey Langworthy  
Senator Ben Vidricksen  
Don Slawson, Board of Regents  
Tim Rogers, Salina Airport Authority  
Stan Koplik, Executive Director, Board of Regents

SB 362 - Kansas State University, extension and agricultural research programs, budgeted as separate agency

Dr. Jim Coffman distributed and reviewed Attachment 1 in support of SB 362. In answer to a question, Dr. Coffman noted that past problems involved in the shifting of OOE and salary moneys occurred within the extension service but was reflected in the University's conversion rate. He added that SB 362 would clarify how the budgeting process works at KSU and would also dispel the illusion that the extension service is competing with the rest of the University budget when requesting funds for a federal match.

Dr. Walter Woods appeared in support of SB 362 and reviewed Attachment 2.

SB 22 - Kansas College of Technology, merger with Kansas State University. Re Proposal No. 18.

Senator Audrey Langworthy appeared before the Committee in support of SB 22 and reviewed Attachment 3.

Senator Ben Vidricksen reviewed Attachment 4 in support of SB 22.

Attachment 5 was distributed and reviewed by Mr. Donald Slawson, who appeared in support of SB 22. When asked to explain the discrepancy between the amount requested from state general fund for construction of the Aeronautical Center (\$1.5 million, Attachment 5-3 versus \$2. million, Attachment 4-2), it was noted that the original estimate was reduced \$500,000 by using existing space of the pilot training facilities and adding 15,000 square feet of laboratory space onto it.

In answering Senator Gaines' question, Mr. Slawson stated that the baccalaureate program at Salina would be sustained by an annual savings of \$240,000 in administrative reductions at KCT and by more cost-effective use of funding because of increased enrollment.

Mr. Stan Koplik, in answer to Senator Parrish, stated that in 1986 the Board of Regents issued a policy statement discouraging the development of associate degree programs on its campuses.

Mr. James Coffman testified in support of SB 22 and reviewed Attachment 6. He noted that, in an effort to cooperate with Kansas Wesleyan University in

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, March 19, 1991.

Salina, KCT would not offer baccalaureate degrees in any area not associated with technology. In answer to a question, he stated that there would be 1-2 years of overlap in the program as one is initiated at KCT and the other is phased out at KSU. Provost Coffman indicated that new construction would consist of 6500 square feet of laboratory office and library space in addition to the aeronautical center which are part of the capital improvement plan. In answer to a question, he stated that he did not believe it would be wise for KSU to enter into this agreement if funds freed up in basic engineering did not remain in the engineering department.

Mr. Timothy Rogers testified in support of SB 22 and reviewed Attachment 7.

In answer to a question, it was stated that if the merger does not occur, collection of the sales tax would be discontinued and citizens of Salina would be allowed to determine use of the proceeds.

Mr. Ted Ayres, attorney for the Board of Regents, noted that the Board had been working with the revisors' office to amend SB 22 so that the proceeds of the retailers' sales tax could be used only for the purpose of capital improvements (page 2, lines 38 and 39).

Mr. Stan Koplik expressed his support of the Task Force's recommendation and urged the Committee to explore the opportunity to reconfigure KCT rather than leaving it in its present form. In answer to a question, he stated that it was his belief that marketing of the technical programs under KSU's engineering school would be effective, but would not threaten enrollment numbers at existing community colleges and vocational-technical schools. Senator Winter noted that he felt marketing would be fallacious if some KSU staff persons were not relocated in the new facility. The Chairman noted that this issue would be addressed in hearings regarding the institutions' budgets.

The Chairman noted action would be taken on SB 22 and SB 362 at a later date. It was moved by Senator Winter and seconded by Senator Feleciano that bill draft 1 RS 0120 - an act creating the Kansas head and spinal cord injury advisory board - be introduced. The motion carried.

Senator Gaines moved, Senator Winter seconded, that bill draft 1 RS 1373 - an act concerning taxes on parimutuel wagering - be introduced. The motion carried.

Senator Feleciano moved, Senator Parrish seconded that bill draft 1 RS 1310 - an act concerning state officers and employees; relating to salaries and compensation - be introduced. The motion carried.

It was moved by Senator Winter, seconded by Senator Gaines, that the minutes of March 5, 6, and 7, 1991 be approved. The motion carried.

The Chairman adjourned the meeting at 12:25 p.m.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: March 19, 1991

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Lisa Harmon	Bennington	Kansas Close-Up
Robert Murray	Bennington	Kansas Close-Up
Cyndi Morgan	Bennington	Kansas Close-Up
Sharon Ross	Bennington	K.S. Close-Up
Becky McCreedy	Bennington	Kansas Close-Up
(Tiffany Greene)	Bennington	Kansas Close-Up
Trinity F. Rogers	3237 Arnold Ave. Elira, KS	Salina Airport Authority
Pamela K. Chaffee	Rt. 7 Box 102 Lawrence KS <sup>66049</sup>	KS Head Injury Assoc.
Karen M. Dianne	2109 W. 26 <sup>th</sup> St. Apt. 104 <sup>Lawrence, KS 66047</sup>	Lawrence Head Injury Support Gr.
Janie Listerman	4609 Merion Ct. Lawrence KS <sup>66049</sup>	Lawrence Head Injury Support Gr.
Rosemary O'Neil	2005 Buchanan, 66604	KS Head Injury Assoc.
Jeanne Hetherington	3002 Howard, Lawrence <sup>66049</sup>	Kans. Head Injury Assoc. & Survivors
DONOVAN LEE	1504 S.W. 8th <sup>TOPEKA 66606</sup>	KANSAS RETIRED HOST
Michael Redk	SALINA	KCT
JERRY COLE	SALINA	KCT
Bob Kivance	Manhattan	KCT
Jim Coffman	"	KCT
Tom Rawson	"	KCT
Judie Deal	220 E 19th CONCORDIA KS	OCCR
Orville Calhoun	2901 Colt Dr. Lawrence KS 66049	Kansas Head Injury 95500
STEVEN R. KWZE	104 S. OBER Rd. HUTCHINSON, KS 67501	Close-Up KANSAS
Kevin J. Hides	4207 Paradise Hutchinson, KS 67502	Closeup Kansas
Melodie Martin	3301 Amanda Hutchinson, KS 67502	Closeup Kansas
Kimberly Martin	3809 Panorama Hutchinson, KS 67502	Close-Up Kansas
Brenda Wiens	340 W 2nd Ave. Buhler, KS 67522	Close-Up KS
Dina Meredith	PO Box 577 Buhler, KS 67522	Closeup Kansas
Hyde Jacobs	Manhattan, KS	Kansas State University
WARREN CORMAN	TOPEKA	B.D. OF REGENTS
Wm. Wozniak	"	DOB
DIANE GEORGE	WICHITA	GATEWAY
MICHELE SEARS	2140 N. Old Manor Rd. Suite 105 WICHITA KS 67208	GATEWAY / ECPRFK
LARRY A. FARMER	SALINA	KCT
DEAN BARNUM	SALINA	KCT
David G. Monical	Topeka	Washburn Univ



ESTABLISHING A SEPARATELY-BUDGETED SUBAGENCY FOR THE  
AGRICULTURAL EXPERIMENT STATION AND COOPERATIVE  
EXTENSION SERVICE AT KANSAS STATE UNIVERSITY

Background. During the past several years university administrators, legislators and agriculture interest groups have discussed the possibility of combining the Agricultural Experiment Station and Cooperative Extension Service (AES/CES) into a separately-budgeted subagency under the direct control of Kansas State University. Such an arrangement would provide several benefits to the university and the State of Kansas:

It would offer clear recognition of KSU's legal mandate to provide agricultural research and extension services and emphasize the importance of that mandate.

It would facilitate communications with the Regents, Governor and Legislature about agricultural research and extension programs and permit those groups to focus on the differing needs of the main campus and the AES/CES programs.

It would remove the appearance of competition for funding between main campus academic programs and AES/CES programs and permit a clear separation of costs between the main campus and AES/CES programs.

Four of Kansas State's five peer institutions have established subagencies or similar separately-budgeted units for agricultural research and extension activities; the fifth peer, North Carolina State University, maintains a separate line-item appropriation for AES/CES. All five peers include funds for indirect support (e.g., libraries, physical plant) within their subagency budgets. Such funds are either transferred to the main campus in a lump sum at the beginning of each fiscal year or transferred during the year according to some pre-defined schedule.

The Board of Regents authorized KSU to seek approval from the Governor and the 1991 Legislature to establish AES/CES as a separately-budgeted subagency effective July 1, 1992 (i.e., Fiscal Year 1993). The subagency should have the following characteristics:

All activities currently under the jurisdiction of the Dean of Agriculture, except resident instruction, would be budgeted as part of the subagency; Agriculture's resident instruction program would remain as part of the main campus budget.

The Dean of Agriculture as Director of AES and CES respectively, reporting through the Provost to the President, would administer the subagency and Agriculture's resident instruction program.

The subagency would be named "KSU Extension Systems and Agriculture Research Programs."

No additional funding would be needed to establish the subagency; the portion of the university's General Use budget now supporting AES/CES would

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Attachment 1

be transferred to the subagency. General Use funding for the subagency would include the line items now associated with AES/CES as well as funding to support indirect costs associated with the subagency. General Use funding for indirect costs in the areas of Institutional Support and Physical Plant would be determined using cost analysis procedures developed by the Regents Task Force on Funding. Special procedures have been developed for identifying funds to support indirect costs for libraries and computing.

Special language would be included in the subagency appropriations bill to permit a lump sum transfer of funds to support indirect costs for services provided by the main campus.

The appropriations bill for the subagency would include a separate no-limit Restricted Fees Fund that permits revenue from research and sales to be credited to the subagency. The appropriations bill would also include a separate Sponsored Research Overhead fund for the subagency.

Discussion. If the proposal had been in place for FY 1991, the main campus General use budget (including Agriculture's resident instruction program) would have been approximately \$94.8 million and the subagency budget would have been about \$44.3 million. The budget for the subagency would have included \$40.1 million for direct costs and \$4.2 million for indirect costs.

The creation of this separately-budget subagency would not require additional State support and would have little impact on the cost of administering the university.

Conclusion. Kansas State University believes that the consolidation of agricultural research and extension into a separately-budgeted subagency represents a positive step and sharpens the university's focus. Because these activities represent a significant part of K-State's mission as a land grant university, it is highly appropriate and administratively efficient to budget them separately from the main campus.

3/19/91

Presentation to the Senate Committee on Ways and Means  
Concerning Senate Bill No. 362

Walter R. Woods

I am Walter Woods, dean of agriculture and Director of the Agricultural Experiment Station and Cooperative Extension Service at Kansas State University. It is a pleasure to be here to give my support for Senate Bill 362, which would establish separate agency status for Extension systems and agriculture research programs at Kansas State University.

The recommendation to establish a separate agency status for Cooperative Extension Service and Agricultural Experiment Station has been endorsed and approved by both the administration of Kansas State University and the Board of Regents. The separate agency budget would have the following characteristics.

All activities under the jurisdiction of the dean of agriculture except resident instruction would be budgeted as part of the agency. Agriculture resident instruction programs would remain part of the main campus budget.

The dean of agriculture, reporting to the provost and the president, would administer the agency and agriculture resident instruction programs. The agency would be named KSU Extension Systems and Agriculture Research Programs. No additional funding would be needed to establish the separate agency; the portion of the university general use budget now supporting AES and CES would be transferred to this account. General use funding would include the line items now associated with AES/CES as well as funding to support indirect costs. General use funding for indirect costs in the area of institutional support and physical plant would be determined using cost analysis procedures developed by the Regents Task Force on Funding. Special procedures have been developed for identifying funds to support indirect costs for libraries and computing.

The justification for recommending a separate agency is as follows. This action would provide recognition of KSU's legal mandate to provide agriculture research and Extension service and would emphasize the importance of that mandate. It would facilitate communication with the Regents, governor and legislature about agriculture research and Extension programs and permit those groups to focus on different needs of the main campus and the AES/CES programs. It would remove the appearance of competition for funding between the main campus academic programs and AES/CES programs and permit a clear separation of costs between the main campus and AES/CES programs.

*SWAM*

*March 19, 1991*

*Attachment 2*

This is not a new idea in that it has been discussed extensively at Kansas State University. Four of the five Kansas State University peer institutions have established subagencies or similar separately budgeted units for agriculture and Extension activities. It would be the goal to have legislative approval this year so that the separately budgeted subagency would become effective July 1, 1992. In general, my opinion is that the agricultural organizations in the state will be supportive of this recommendation. I endorse these actions and believe they will clearly support the mandated functions we have for the Agricultural Experiment Station and Cooperative Extension Service.



TOPEKA

SENATE CHAMBER

## AUDREY LANGWORTHY

SENATOR, 7TH DISTRICT  
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## COMMITTEE ASSIGNMENTS

CHAIRMAN: CONFIRMATIONS  
CHAIRMAN: LEGISLATIVE EDUCATIONAL PLANNING  
VICE-CHAIRMAN: ASSESSMENT AND TAXATION  
VICE-CHAIRMAN: PUBLIC HEALTH AND WELFARE  
MEMBER: EDUCATION  
ENERGY AND NATURAL RESOURCES  
LOCAL GOVERNMENT  
MEMBER: CHILDREN AND YOUTH ADVISORY COUNCIL

March 19, 1991

## Testimony of Senator Audrey Langworthy

THE CONCEPTS OF SB 22 WERE HEARD AND REVIEWED LAST FALL BY THE LEGISLATIVE EDUCATIONAL PLANNING COMMITTEE. LEPC'S STATUTORY CHARGE IS TO "PLAN FOR POSTSECONDARY EDUCATION IN KANSAS, INCLUDING BOTH PUBLIC AND PRIVATE INSTITUTIONS AND VOCATIONAL-TECHNICAL EDUCATION".

THE BOARD OF REGENTS OUTLINED THE HISTORY OF THE KANSAS COLLEGE OF TECHNOLOGY TO THE COMMITTEE INCLUDING THE PROBLEMS WITH THE PROGRAM, THE CAMPUS, AND THE ENROLLMENT. THEY ALSO PRESENTED TO THE COMMITTEE THE NEEDS FOR SUCH PROGRAMS. LEPC HAD ALREADY HEARD TESTIMONY ON THE NECESSITY FOR INCREASED WORKFORCE TRAINING. HANDS ON TRAINING IS IN SHORT SUPPLY. OUR TECHNICAL PROFESSIONALS ARE UNPREPARED FOR THE MORE PRACTICAL ASPECTS OF THEIR CAREER--THEY ARE ANALYSTS AND NOT DESIGNERS.

THUS, THIS PROPOSED MERGER COMES AT AN OPPORTUNE TIME. IT PROVIDES FOR EFFICIENCIES WHILE AT THE SAME TIME ALLOWING FOR A COMBINATION OF EXISTING STRENGTHS IN PRACTICAL ENGINEERING AND THEORY. IN OTHER WORDS, THE MERGER WILL STRENGTHEN BOTH PROGRAMS AT K-STATE AND THE KANSAS COLLEGE OF TECHNOLOGY. THE LONG-TERM BENEFIT WILL BE A BETTER TRAINED WORKFORCE INITIATED BY THIS UNIQUE PUBLIC/PRIVATE PARTNERSHIP. THERE IS STRONG NEED FOR THESE PROGRAMS--THE GRADUATES FROM KANSAS COLLEGE OF TECHNOLOGY ARE IN GREAT DEMAND.

THE COMMITTEE WAS ADVISED THAT THE REGENTS EXPECT EFFICIENCIES IN REDUCED ADMINISTRATION AND THOSE DOLLARS COULD THEN FLOW TO FACULTY SALARIES. THE COMMITTEE CONCURRED THAT A STRENGTHENED PROGRAM WOULD ATTRACT AN INCREASED NUMBER OF STUDENTS IN MUCH-NEEDED DISCIPLINES.

THE MISSION OF LEPC DOES NOT INVOLVE EVALUATING THE FINANCIAL ASPECTS OF THIS MERGER. OUR CONCLUSION TO INTRODUCE THE BILL RESTED SOLELY ON THE DESIRE TO STRENGTHEN THE KANSAS COLLEGE OF TECHNOLOGY BECAUSE THE PROGRAMS MEET CURRENT DEMANDS. THE BLEND HELPS K-STATE'S NEED FOR APPLIED TECHNOLOGY. THIS PROPOSAL SEEMED TO LEVERAGE RESOURCES AND ENHANCE ACADEMIC PROGRAMS--IN AN AREA OF PROVEN WORKFORCE OPPORTUNITY.

SWAM

march 19, 1991

Attachment 3

BEN E. VIDRICKSEN  
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TOPEKA  
SENATE CHAMBER

## Assistant Majority Leader

COMMITTEE ASSIGNMENT  
CHAIRMAN: LEGISLATIVE, JUDICIAL AND  
CONGRESSIONAL APPORTIONMENT  
MEMBER: ECONOMIC DEVELOPMENT  
FEDERAL AND STATE AFFAIRS  
GOVERNMENTAL ORGANIZATION  
PUBLIC HEALTH AND WELFARE  
TRANSPORTATION AND UTILITIES  
LEGISLATIVE POST AUDIT  
JOINT COMMITTEE ON STATE  
BUILDING CONSTRUCTION  
MEMBER: GOVERNOR'S COMMISSION ON TRAVEL  
AND TOURISM  
MEMBER: NATIONAL CONFERENCE OF STATE  
LEGISLATURES

PRESENTATION TO SENATE WAYS & MEANS COMMITTEE  
SENATOR GUS BOGINA, CHAIRMAN  
SENATOR WINT WINTER, VICE CHAIRMAN  
TUESDAY, MARCH 19, 1991  
BY SENATOR BEN VIDRICKSEN

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

MY REMARKS WILL BE IN THE FORM OF THE BACKGROUND THAT PUT US WHERE WE ARE TODAY AND THE CHALLENGE WE IN SALINA UNDERTOOK TO PROVIDE ASSISTANCE TO THE RECOMMENDATIONS BY THE SPECIAL TASK FORCE THAT STUDIED THE FUTURE OF HIGHER EDUCATION IN SALINA AND THE KANSAS COLLEGE OF TECHNOLOGY.

1. BACKGROUND

- \* MARYMOUNT CLOSED IN EARLY 1989 - EXPLORED POSSIBILITIES FOR RE-USE.
- \* KANSAS COLLEGE OF TECHNOLOGY A POSSIBILITY
- \* AS IT WAS EXPLORED, THE COST WOULD HAVE BEEN PROHIBITIVE BECAUSE OF COSTS OF LABORATORIES, OFFICE SPACE, CLASS-ROOMS AND SO FORTH AT MARYMOUNT.
- \* IN OCTOBER OF 1989 - A SPECIAL TASK FORCE APPOINTED BY REGENTS (WITH SALINA REPRESENTATION) EXPLORED ALL POSSIBILITIES RELATING TO KCT'S FUTURE
- \* ON MAY 30, 1990 - THE TASK FORCE PRESENTED ITS REPORT WHICH RECOMMENDED A MERGER WITH KANSAS STATE MANHATTAN

... One must become involved in the accomplishments of his time, lest he be judged not to have lived ... SWAM

March 19, 1991  
Attachment 4

THIS REPORT RECOMMENDED A COMPREHENSIVE PLAN WHICH INCLUDED SUPPORT BY THE STATE, 2.0 MILLION FOR ~~AREA~~ <sup>Aero</sup> CENTER, K-STATE FOR 4.6 MILLION, SALE OF SOUTH CAMPUS OF 1.0 MILLION AND SALINA BEARING 4.5 MILLION OF THE 12.1 MILLION DOLLAR MERGER/DEVELOPMENT PLAN FOR THE CAMPUS.

2. SALINA UNDERTOOK ITS CHALLENGE TO NOT ONLY SAVE KCT BUT TO BUILD AND DEVELOP KSU-SALINA.

\* WE IN SALINA DEVELOPED A MASSIVE EDUCATION EFFORT TO PROMOTE THE IDEA OF A SPECIAL SALES TAX TO PROVIDE THE 4.5 MILLION LOCAL FUNDING REQUIREMENT. ~~5.25%~~ INCREASED TO 5.75%) (INVOLVED SEVERAL HUNDRED VOLUNTEERS)

\* WE DRAFTED THE BALLOT QUESTION TO READ:  
SHALL THE CITY OF SALINA, KANSAS, IMPOSE AN ADDITIONAL ONE-HALF CENT (1/2¢) RETAILERS' SALES TAX BEGINNING JANUARY 1, 1991, AND ENDING DECEMBER 31, 1992, WITH THE MERGER OF THE KANSAS COLLEGE OF TECHNOLOGY WITH KANSAS STATE UNIVERSITY AS THE KANSAS STATE UNIVERSITY COLLEGE OF TECHNOLOGY SALINA CAMPUS.

\* SOME KEY POINTS

1. TEMPORARY SALES TAX BEGINNING JANUARY 1, 1991, ENDING DECEMBER 31, 1992
2. PROCEEDS TO BE USED AND ADMINISTERED LOCALLY FOR THIS MERGER WITHIN AN INTERLOCAL AGREEMENT
3. PROCEEDS TO BE USED SPECIFICALLY FOR CAPITAL EXPENDITURES ON BUILDINGS, CAMPUS IMPROVEMENTS AND CAPITAL EQUIPMENT.

4. NO 4 YEAR LIBERAL ARTS/GENERAL EDUCATION SCHOOL WILL BE ALLOWED BECAUSE OF KANSAS WESLEYAN UNIVERSITY. KWU AND KSU HAVE DISCUSSED THE POINT AND HAVE AN UNDERSTANDING
  - \* CALLED THE ELECTION BY PETITION - (1800 NEEDED, 3000 SIGNATURES RECEIVED)
  - \* ELECTION HELD SEPTEMBER 25, 1990 - SINGLE ISSUE ELECTION
  - \* LARGEST TURN-OUT FOR ANY TAX ELECTION IN SALINA HISTORY (8793) VOTES
  - \* THERE WAS NO ORGANIZED OPPOSITION - MET WITH TAXPAYER GROUPS AND HAD AN UNDERSTANDING OF SUPPORT
  - \* THE ISSUE WAS PASSED WITH A 67% SHARE OF THE VOTE (5910 TO 2883)
  
3. WE FEEL THAT NOT ONLY WILL OUR CITY BENEFIT, THE STATE WILL BENEFIT BECAUSE KANSAS DESPERATELY NEEDS THE KIND OF 2 YEAR AND 4 YEAR APPLIED TECHNOLOGY EDUCATION AND TRAINING THAT THIS RE-DEVELOPED SCHOOL CAN PROVIDE.
  
4. WE HAVE BEEN INCLUDED IN THE CAMPUS PLANNING AND ARE A PARTNER IN THE INTERLOCAL AGREEMENT ON THE USE OF THE FUNDS FROM SALINA.
  
5. WE FEEL WE HAVE TAKEN A GIANT STEP - A FIRST STEP. WE HAVE PUT OUR MONEY ON THE LINE BECAUSE WE BELIEVE IN THE REGENTS' AND KANSAS STATE'S VISION OF THE FUTURE OF THIS CAMPUS AND TECHNOLOGY EDUCATION IN KANSAS.

6. WE ASK NOW FOR THE STATE TO JOIN US IN DEVELOPING A COLLEGE THAT WILL BENEFIT ALL KANSANS.
  
7. I WOULD APPRECIATE YOUR SUPPORT FOR THIS IMPORTANT PROJECT. WE NEED A CAMPUS TYPE SETTING THAT WILL ALLOW STUDENTS TO ATTEND CLASS WITHOUT TRAVELING 2 MILES IN SOME CASES.

THANK YOU

**Testimony to Senate Ways and Means Committee  
KCT - KSU Merger**

**Donald C. Slawson, Member  
Kansas Board of Regents**

**March 19, 1991**

Mr. Chairman and Members of the Committee, my name is Donald C. Slawson. I am a member of the Kansas Board of Regents and I served as chairman of the Task Force which developed the recommendation to merge Kansas College of Technology with Kansas State University. I am pleased to have the opportunity to provide you with information on the background of this recommendation. I want to discuss with you the circumstances giving rise to the appointment of the Task Force, the sequence of the work of the Task Force, and the rationale for its recommendation.

**Background**

The Board of Regents appointed the eleven member Task Force in November, 1989 and charged it with the responsibility of a comprehensive review of the mission, role and scope of Kansas College of Technology. Furthermore, the Task Force was asked to develop a plan permitting the institution to realize its potential.

Since the Board of Regents became KCT's governing body in 1976, Regents and legislators have noted three persistent problems with the institution. KCT has been unable to:

- \* attract and recruit a sufficient number of students,
- \* enroll a sufficient number of students in those programs central to its mission, and
- \* achieve a favorable level of cost-efficiency.

These problems prompted the Regents to study the mission of KCT previously in 1978, 1985, 1986 and 1989. On each of these occasions the recommendations failed to produce any consensus or improvements in the institution's performance.

The Task Force I chaired was different in several respects. First, the Task Force was asked to review the entire array of options for KCT's future. Second, the Task Force grounded its work in a data-based analysis of KCT's problems. Third, the Board of Regents told the Task Force at the outset that the status quo was unacceptable, thus indicating that some form of reorganization must occur. Finally, the Task Force was given the resources and staff support needed to fulfill its charge.

*SWAM  
March 19, 1991  
Attachment 5*

### Development of the Recommendation

In order to respond to the Board's charge, the Task Force studied the academic programs, the history and projections of enrollments at KCT, state needs in engineering technology, the institution's physical plant, and the extent of program duplication and overlap with the community colleges and area vocational-technical schools.

The Task Force met four times between January 11, 1990 and May 30, 1990. It reviewed over 500 pages of documentation and considered testimony by seven conferees. Seven options for KCT's future were scrutinized, ranging from enhancing the existing mission as a free-standing institution to developing KCT as a community college to merging the school with another educational entity. We also considered closing the institution.

The various recommendations for KCT's future were reviewed according to a number of observations the Task Force made about KCT and engineering technology in the State. These observations enabled the Task Force to dismiss quickly a number of options as unrealistic or unworkable. Eventually, the Task Force refined the possible options for KCT's future to a merger with either Pittsburg State University or Kansas State University. Both institutions were invited to develop proposals for a merger with Kansas College of Technology.

At its May 30, 1990 meeting, the Task Force voted 10 - 1 to recommend a merger of Kansas College of Technology into Kansas State University under the general plan of the proposal submitted by Kansas State. While both proposals had significant merits, the Task Force concluded that the proposal from Kansas State presented a superior blending of existing baccalaureate and associate degree programs and contained a preferred method of financing. Also critical was the fact that the Kansas State proposal would consolidate engineering technology at two campus sites instead of maintaining three.

The proposal submitted by Kansas State University detailed changes in the academic, fiscal and administrative spheres of KCT. Additionally, Kansas State proposed important capital construction on the Salina campus. According to Kansas State's original proposal, the cost of the merger would be \$11.7 million. This figure was reduced by the Task Force and the Board of Regents to approximately \$9 million. Of this, \$1.5 million would be provided by the State for the Aeronautical Center. Most of the new funds would be provided by the City of Salina through a self-imposed increase in sales tax.

The Task Force recommended several emphases or additions:

- \* The campus will be known as "Kansas State University, Salina - College of Technology."
- \* The current base budget for the Salina campus will be retained with a reasonable formula for the support of enrollment growth.
- \* Through marketing and recruitment, KSU will increase student FTE to 800 over a 5 to 7 year period.

- \* The recommended merger, as suggested by the Task Force, will cost about \$9.0 million. Salina will provide \$4.5 million of these funds for enhancements to the campus. \$1.5 million will be provided by the State for the construction of the approved Aeronautical Center. Two million dollars will be obtained from the KSU Foundation for scholarships for KSU-Salina students. The sale of the south campus should yield \$1 million designated for enhancements to the physical plant. Kansas State will use revenue bonds to retire costs incurred in the construction of a residence hall.

The Board of Regents adopted the recommendations of the Task Force at its June, 1990 meeting. The Board concurred with the Task Force that a merger of KCT into KSU will strengthen both institutions and provide a number of benefits to the State.

- \* The affiliation of the College of Technology with Kansas State University will provide the prestige and name recognition of a major university needed to increase enrollments to a meaningful level.
- \* The mesh of both baccalaureate and associate degree programs in engineering technology will enable the Regents system to respond more effectively to the industrial and student demands for technology education in Kansas, particularly in Wichita and Kansas City.
- \* Kansas State will reorganize the administration of the Salina campus yielding a reduction of administrative positions and an increase in faculty positions.
- \* The cost-efficiency of the Salina campus will be further enhanced by the economies of scale made possible by the association with a larger institution.

The Kansas Board of Regents was assigned governing control of Kansas College of Technology in 1976. Although the academic quality of the institution's programs is extremely high, the Board has been very dissatisfied with the administration and performance of the institution. It is the reasoned judgement of the Board that a merger with Kansas State University is the most appropriate approach to resolving the problem. Most importantly, the Board believes that this is the most advantageous time to do so. We urge the Kansas legislature to act favorably on all pieces of legislation pertaining to this merger.

Thank you for your consideration.



**Office of the Provost**

Anderson Hall  
Manhattan, Kansas 66506  
913-532-6224

February 6, 1991

TO: Senate Education Committee  
FROM: James R. Coffman *James R. Coffman*  
RE: Merger of Kansas College of Technology with Kansas State University

**Leveraging Resources and Enhancing Academic Programs**

K-State appreciates the opportunity to address the committee on this matter; I will summarize briefly the means by which resources will be better utilized and academic programs improved at the same time.

As the committee is aware, this is a unique undertaking - and an excellent example - involving the collaboration of the Board of Regents, a progressive municipality, state government and two Regents institutions.

The five basic objectives of the merger are:

- (1) Consolidate the campus and provide at least \$9.1 million in capital improvements.
- (2) Increase F.T.E. enrollment from 400 to 800 students by 1995.
- (3) Develop the private capacity to award at least \$200,000 per year in scholarships by 1995.
- (4) Identify at least \$450,000 from existing budget to augment funding for equipment and library.
- (5) Continue to emphasize two-year technology programs and develop a four-year degree program in engineering technology, funding necessary for new faculty positions from existing resources.

From a programmatic point of view, the project is predicated on several facts:

*SWAM  
March 19, 1991  
Attachment 6*

- (1) The technology programs at the Kansas College of Technology (KCT) are seriously undersubscribed with at least 100% capacity above current enrollments. This relates, in part, to the cost of student recruitment.
- (2) The program as it now exists at KCT is not sustainable due to unacceptable quality and distribution of physical facilities and equipment - the worst of which is student housing.
- (3) In attempting to fulfill the role of a free-standing campus, KCT is heavily over-administrated.
- (4) K-State has an excellent Engineering program, which includes a four year degree in Engineering Technology with options in electronics and mechanical. The sustainability of quality engineering programs at K-State is threatened due to lack of funding. Specific deficiencies include low faculty salaries, an inadequate number of graduate teaching assistants and inadequate replacement and maintenance of equipment.
- (5) K-State also has a proven track record in administrative areas where KCT needs support. For example, when recruitment of students into the very excellent opportunities provided by KCT's technology programs is incorporated into K-State's existing pre-admission program the per student cost is vastly reduced.

These problems and opportunities will be addressed through a strategy which:

- (1) Addresses the deficiencies in KCT's physical plant and equipment through municipal funding, revenue bonds and \$2M in state funds for the aeronautical building approved several years ago by the Board of Regents.
- (2) Markedly reduces administrative costs at KCT.
- (3) Reduces administration and released funds will be used to address equipment shortfalls and to hire teaching faculty in place of administrators.
- (4) The four year Engineering Technology program at K-State in Manhattan will be phased out over four years. The resources in this program will remain in the College of

Engineering at K-State-Manhattan, to address existing shortfalls, primarily in electrical and mechanical engineering.

- (5) A 2+2 (four year) Engineering Technology degree will be established at KSU-Salina, using current existing capacity and new faculty paid for with funds currently spent on administration.

These events will result in a high quality technology program - emphasizing areas of key importance to the diversification of the Kansas economy, which will be adequately housed. It will do as originally intended; enhance a well trained technology work force, based first and foremost on two year degree programs, enhanced by a 2+2 bachelor's program. At the same time, existing engineering programs at K-State will be enhanced.

Testimony Before the Kansas Senate  
Ways and Means Committee  
The Honorable Gus Bogina, Chairman  
Senate Bill 22

March 19, 1991

By:

Timothy F. Rogers, Executive Director  
Salina Airport Authority



Salina Airport Authority  
SALINA MUNICIPAL AIRPORT/INDUSTRIAL CENTER

SWAM  
March 19, 1991  
Attachment 7

The Salina Airport Authority has been asked to provide a new classroom and laboratory building for the future K-State, Salina Aeronautical Department. It had been initially anticipated that the Airport Authority would construct a new \$2,000,000 classroom and laboratory aeronautical center and lease the facility to the State over a 20-year lease term. Lease payments were initially estimated to be \$250,000 per year. Recent developments with the International Pilot Training Center located on the KCT campus presents an alternative to the construction of a new \$2,000,000 aeronautical center.

AST/Bricom, the operators of the International Pilot Training Center, have notified KCT and the Board of Regents of their intent to terminate their agreement to operate the international pilot training facility at KCT. The international pilot training program was an economic casualty of the Persian Gulf War.

As a result, the 14,300 sq. ft. classroom building constructed for the international pilot training program is now available for use by the future K-State, Salina Aeronautical Department. The classroom building can accommodate the aeronautical department's need for improved office and classroom space. A 15,048 sq. ft. addition to the existing classroom building will be needed in order to accommodate the requirement for new aviation technology laboratories. The cost to lease with the option to purchase the existing 14,300 sq. ft. classroom building and 15,048 laboratory addition is summarized as follows:

	Monthly	Annual
<u>K-State Salina Aeronautical Center</u>	<u>Rental</u>	<u>Rental</u>
14,300 sq. ft. Existing Classroom Bldg.	\$8,250	\$99,000
15,048 sq. ft. Laboratory Addition	<u>7,537</u>	<u>90,446</u>
<b>TOTAL RENTAL</b>	<b>\$15,787</b>	<b>\$189,446</b>

At the end of each annual lease term, the State would have the option to purchase the aeronautical center.

Upon receipt of Legislative approval, the Airport Authority will proceed with the design of the laboratory addition. A design team composed of representatives of the Airport Authority, K-State, the Board of Regents, and the State Architect's office will work with the project architect to insure that the laboratory addition meets the Aeronautical Department's needs. The laboratory addition would be ready for occupancy in time for the 1992 fall semester at K-State, Salina.

In the meantime, the Aeronautical Department can move into the existing 14,300 sq. ft. classroom building. Having this facility available for the 1991 fall semester will aid in the recruitment of new students to the K-State, Salina campus. The increased capacity the building offers will enable K-State, Salina to move ahead in providing needed aviation technicians to our State's aviation industry.

A complete copy of the proposed lease agreement for the K-State, Salina Aeronautical Center is attached as Appendix A. Please note that the agreement provides that the State will receive title to the K-State Aeronautical Center at no additional cost at the end of the lease agreement's 20-year term.

The Salina Airport Authority is looking forward to assisting the State of Kansas to provide the best possible classroom and laboratory facility for the teaching of aviation technology at the K-State, Salina College of Technology. The Salina Airport Authority respectfully requests your support for this portion of the K-State, Salina campus development.

LEASE AGREEMENT

This Lease Agreement, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1991, by and between the SALINA AIRPORT AUTHORITY of Salina, Saline County, Kansas, herein the "Authority or "Lessor", and KANSAS BOARD OF REGENTS, 400 S.W. 8th, Suite 609, Capitol Tower, Topeka, Kansas 66603, herein "Board", and KANSAS STATE UNIVERSITY, 110 Anderson Hall, Manhattan, Kansas 67502, herein "KSU", herein collectively referred to as the "Lessee", WITNESSETH:

WHEREAS, KSU is in need of a facility for use in aeronautical education at its Salina campus; and,

WHEREAS, the Authority is willing to lease an existing building located at 2425 Hein Avenue, Salina, Kansas (referred to as the "Classroom Building") and to construct an addition to the Classroom Building (referred to as the "Laboratory Addition") and to lease the Classroom Building and the Laboratory Addition (collectively referred to as the "Premises Improvements") to KSU on the terms and conditions herein outlined.

NOW, THEREFORE, the Authority, in consideration of the rents, covenants, agreements and conditions hereinafter stipulated to be paid and performed by the Lessee, does hereby let and lease unto said Lessee the following described premises, to wit:

The Classroom Building and Laboratory Addition [as described in Section (6)] located on a tract of land located in Part 16B of Block 16, lying in the Southeast Quarter (SE/4) of Section Twenty-Seven (27), Township Fourteen (14) South, Range Three (3) West of the Sixth (6th) Principal Meridian and in the Northeast Quarter (NE/4) of Section Thirty-Four (34), Township Fourteen (14) South, Range Three (3) West of the Sixth (6th) Principal Meridian in the Schilling Subdivision to the City of Salina, Saline County, Kansas more particularly described as follows:

Commencing at the Northwest corner of the Southeast Quarter (SE/4) of Section Twenty-Seven (27), Township Fourteen (14) South, Range Three (3) West; thence S89°49'04"E along the north line of said Southeast Quarter (SE/4) a distance of 1187.93 feet; thence S00°06'24"E a distance of 2323.20 feet; thence S89°53'36"W a distance of 50.00 feet to the northeast corner of Block Sixteen (16)B of Schilling Subdivision, Saline County, Kansas; thence S00°06'24"E a distance of 316.12 feet to a point on the east boundary of Block 16B, on the south line of the Southeast Quarter (SE/4) of Section Twenty-Seven (27), Township Fourteen (14)

South, Range Three (3) West and on the north line of the Northeast quarter (NE/4) of Section Thirty-Four (34), Township Fourteen (14) South, Range Three (3) West; thence S00°06'24"E a distance of 511.41 feet to the southeast corner of Block 16B; thence S89°53'36"W a distance of 555.01 feet to the true point of beginning; thence S89°53'36"W a distance of 410.00 feet to the southwest corner of Block 16B; thence N00°06'24"W a distance of 264.38 feet; thence N89°53'36"E a distance of 410.00 feet; thence S00°06'24"E a distance of 264.38 feet to the true point of beginning and containing 2.49 acres, more or less,

together with the appurtenances thereunto belonging, hereinafter referred to as the "Premises."

(1). Term of Lease. To have and to hold the Premises for a term of twenty years commencing on the 1st day of July, 1992, and expiring on the 31st day of June, 2012, subject to the provisions for termination and purchase hereinafter set forth. Upon expiration of the lease term, the Authority will convey the Premises, by general warranty deed, to the Kansas Board of Regents on behalf of the State of Kansas.

(2). Basic Rentals.

2.1 Classroom Building. Lessee agrees to pay the Authority a basic rental for the leasing of the Classroom Building the sum of One Million Nine Hundred Eighty Thousand Dollars and No/100 (\$1,980,000.00) for the term of said lease, which sum shall be payable monthly in two hundred forty (240) installments of Eight Thousand Two Hundred Fifty Dollars (\$8,250.00) each, the first of which shall be due on July 1, 1992, and a like sum on the 1st day of each month thereafter during the term of this lease.

2.2 Laboratory Addition. Lessee agrees to pay the Authority a basic rental for the leasing of the Laboratory Addition the sum of One Million Eight Hundred Eight Thousand Nine Hundred Twenty Dollars and 80/100 (\$1,808,920.80) for the term of said lease, which sum shall be payable monthly in two hundred forty (240) installments of Seven Thousand Five Hundred Thirty Seven Dollars and 17/100 (\$7,537.17) each, the first of which shall be due on July 1, 1992, and a like sum on the 1st day of each month thereafter during the term of this lease. This rental is subject to adjustment as set forth in paragraph 6.3.

(3). Fire and Extended Insurance Coverage. The Authority shall maintain fire and extended coverage insurance on the

Premises with limits sufficient to cover the replacement value of the Premises Improvements, and to have same further endorsed to provide that said policy of insurance will not be cancelled or altered until after then (10) days written notice to the Board and KSU. The Authority shall provide the Board and KSU with a "certificate of insurance" evidencing said endorsement. The cost of such insurance shall be additional rental payable annually by the Lessee. Lessee agrees that it will reimburse the Authority for the cost of such insurance within thirty (30) calendar days of receipt of invoice from the Authority.

(4). Liability Insurance. The Authority shall provide liability insurance coverage on the Premises with limits of not less than the maximum liability for claims which could be asserted against the Authority for any number of claims arising out of a single occurrence or accident under the Kansas Tort Claims Act, as it now exists and may hereafter be amended. The Authority will name the Board and KSU as named insureds and will have said policy endorsed to provide that Authority's liability insurance policy will not be cancelled or altered until after ten (10) days written notice to the Board and KSU. The Authority shall provide the Board and KSU with a "certificate of insurance" evidencing said endorsement. The cost of such insurance shall be additional rental payable annually by the Lessee. Lessee agrees that it will reimburse the Authority for the cost of such insurance within thirty (30) calendar days of receipt of invoice from the Authority.

(5). Use of Premises. Lessee agrees to use the Premises for the sole purpose of educational classrooms and/or other activities normally associated with aeronautical education or the operation of a college of technology.

Lessee agrees that Premises shall not be used or occupied for any purpose that constitutes a nuisance or may be objectionable to the current uses of the adjacent property. Authority agrees that normal operation of aircraft, aircraft engines, or testing equipment shall not constitute a nuisance. Lessee agrees not to allow the escape from said Premises: any fumes, odors, smoke, obnoxious gas or substances, excessive noise, vibrations, or electromagnetic emissions other than those normally associated with the study, operation, testing, and maintenance of aircraft.

(6). Construction of Laboratory Addition. Authority agrees that it will construct a Laboratory Addition and associated auto parking on the Premises in accordance with plans and specifications mutually acceptable to and agreed upon by Authority and Lessee, said plans and specifications being specifically incorporated in and made a part of this lease by reference. The total project cost for the improvements shall not

exceed Eight Hundred Fifty Two Thousand Nine Hundred Dollars (\$852,900.00).

6.1 Completion Date. Authority agrees to complete the Laboratory Addition prior to the commencement date of the lease term so that Lessee can secure a timely Certificate of Occupancy for use of the Laboratory Addition as of July 1, 1992.

6.2 Project Costs. The Authority's cost of construction for these improvements shall include the following:

A. Contract price for work specified in plans and specifications.

B. Any change orders approved by the Lessee and the Authority.

C. Cost of builder's risk insurance, performance and statutory bonds.

D. Architect's and engineer's fees for preparation of plans and specifications and inspections.

E. Interest at the rate of 8.75% on money paid by Authority to the contractor for construction from date of payment to July 1, 1992.

F. All expenses incurred by the Authority in connection with its interim financing for the Project.

G. All expenses incurred by the Authority in connection with the issuance of bonds for the permanent financing of the Project.

H. All other actual and necessary expenses incurred by Lessor arising out of and directly related to the work involved.

6.3 Rental Adjustment. The rental specified in Section 2.2 is based upon a project cost of \$852,900.00 for the Laboratory Addition specified in Section (6). In the event the project costs are less than \$852,900.00, the basic rental specified in Section 2.2 shall be reduced accordingly. The basic monthly rental specified in Section 2.2 is the amount necessary to amortize \$852,900.00 at 8.75% interest over a period of 20 years. In the event the project costs as defined

in Section 6.2 are less than \$852,900.00, then the basic monthly rental shall be the reduced project cost amortized over 20 years at 8.75% interest.

(7). Destruction of Premises Improvements. In the event the Premises Improvements are totally destroyed by fire, wind, explosion or other casualties, not caused by Lessee's negligence, then this lease may be terminated at the option of either the Authority or Lessee by giving to the other party written notice within thirty (30) days after such destruction. In the event of termination, any unearned rent paid in advance by Lessee shall be apportioned and refunded.

Should the Premises Improvements be partially destroyed or rendered untenable by fire, windstorm or other casualty not caused by the negligence of the Lessee, the rental shall abate in the proportion which the injured part bears to the whole leased Premises and such part so injured shall be restored by the Authority as soon as possible after which the full rental shall recommence and the lease continue according to its terms.

In the event of a partial destruction of the Premises Improvements by fire, windstorm or other casualty, parties agree that prior to commencement of said repairs that the parties shall mutually agree as to the manner in which the repairs and restoration of the Premises Improvements shall be accomplished.

(8). Repairs to Premises Improvements. The Authority agrees to maintain in a good repair the exterior walls and windows, roof, structural floors, elevators, and furnish repairs to heating, air conditioning, plumbing and electrical system. Interior repairs and decoration shall be the responsibility of the Lessee. If the interior of the Premises Improvements is damaged as a result of failure to the roof, plumbing, or other utilities or items under the control of the Authority, the Authority agrees to make resulting repairs to the interior.

Authority warrants that all repairs shall be done in a timely manner and to the extent reasonably possible schedule to avoid disruption of Lessee's use of the Premises Improvements.

The parties agree that on or about the 1st day of July, 1997, or any subsequent annual anniversary thereafter, the Authority may request that representatives of Lessee meet with representatives of the Authority to discuss maintenance and repair issues and whether the cost of maintenance and repair to the Authority warrants a mutually agreeable increase in the basic rental payable under Section (2) of this Lease Agreement.

(9). Improvements of Lease Premises. Lessee may, with the written consent of the Authority, at its own expense, enlarge, improve or remodel the Premises Improvements, or may build and

construct additional buildings on the Premises; provided, however, that prior to commencement of any such work the Lessee shall submit detailed construction and site plans thereof to the Authority for its approval.

In the event that Lessee desires that the Authority enlarge, improve or remodel the Premises Improvements or to construct additional buildings thereon, Lessee shall notify the Authority of such desires and the Authority and Lessee shall negotiate and mutually agree upon the construction of such improvements and the additional rentals to be paid in connection therewith. Such additional rentals shall be subject to the approval of the Secretary of Administration.

(10). Ownership of Fixtures. It is understood and agreed by and between the parties hereto that any additions, improvements or fixtures attached to the Premises or placed on or about said Premises by Lessee shall be considered as personal property and shall remain the property of Lessee, who shall have the right to remove the same from the Premises upon the termination or expiration of this lease so long as such removal does not impair the structural feature of the improvements presently on the leased premises and Lessee restores the Premises to the conditions existing at the commencement of the lease.

(11). Removal of Fixtures. On or before the date of any expiration or termination of this lease, the Lessee shall vacate the demised premises, remove its property therefrom and restore the Premises to as good order and condition as that existing upon the commencement of the term of this lease, damages beyond the control of the Lessee and due to normal wear and tear excepted. If, however, the lease is revoked as a result of a breach thereof by the Lessee, then, unless said property is removed by lessee within thirty (30) days from date of revocation, then at the option of the Authority, the said property shall either become the property of the Authority without compensation therefor, or the Authority may cause it to be removed and the Premises to be restored at the expense of the Lessee and no claims for damages against the Authority shall be created or made on account of such removal and restoration work.

(12). Waiver. Waiver by either party of any breach of this lease shall not be construed as a continuing waiver of a subsequent breach nor imply further indulgence.

(13). Breach of lease. In the event either party shall fail to comply with any substantial term, condition or covenant of this lease within thirty (30) days after written notice so to do has been mailed to it by the other party, such lack of compliance shall be considered an immediate breach and forfeiture of this lease. In the event said Lessee abandons said Premises before the end of the term, or in the event said Lessee is

adjudged bankrupt or insolvent or makes and assignment for the benefit of creditors or commits any act of bankruptcy, any of such events shall be deemed an immediate breach and forfeiture of this lease and all unpaid installments of rent and other expenses herein provided for shall immediately become due and payable.

(14). Termination of Lease by Lessee. The Lessee shall have the option to terminate this lease without penalty to it or the State of Kansas for the following reasons:

14.1 Fiscal Necessity. Notwithstanding any other provision of this lease, if funds anticipated for the continued fulfillment of this lease agreement are at any time not forthcoming, either through failure of the legislature to appropriate funds or the discontinuance or material alteration of the program under which funds were provided, then Lessee shall have the right to terminate this lease by giving Authority a reasonable notice for such necessary termination.

(15). Utilities. Lessee shall pay for all electricity, water, gas, sewer use fees, or other utilities used by it during the term of this lease or any extensions thereof.

(16). Liens. Lessee shall pay, satisfy and discharge all liens and obligations of any nature and kind whatsoever created by or the obligations of the Lessee which shall attach to or be imposed upon said Premises.

(17). Assignment of Lease. Neither party shall assign this lease or any interest therein. Lease shall not sublet the Premises or any part thereof, or allow any person to occupy or use said Premises or any portion thereof, without the prior written consent of the other party. A consent to one assignment or subletting for use by any other person shall not be deemed to be a consent to any subsequent assignment.

(18). Notices. All notices to be given pursuant to this lease shall be addressed to the Salina Airport Authority, 3237 Arnold, Salina, Kansas 67401, and to the Lessee at 400 S.W. 8th, Suite 609, Capitol Tower, Topeka, Kansas 66603, ATTENTION: General Counsel, and to President, Kansas State University, 110 Anderson Hall, Manhattan, Kansas 67502, or as may from time to time be directed by the parties. Notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope or wrapper addressed as aforesaid and mailed by registered or certified mail with postage prepaid.

(19). Option to Purchase. If the Lessee is not in default of any of the terms of this lease, then the Authority grants the Lessee the option to purchase the leased Premises on any annual anniversary date of this Lease Agreement. The option price shall

be negotiated by and between the parties; provided, however, that the purchase price shall in no event be more than the unamortized balance of the Project costs on the date of election to purchase as shown on Schedule "A" attached hereto.

The option prices indicated on Schedule "A" are based upon a project cost of \$852,900.00 for the Laboratory Addition specified in Section (6). In the event the project costs are less than \$852,900.00, then the option price shall be reduced accordingly.

If the Lessee elects to exercise its option to purchase hereunder, it shall notify the Authority thereof at least six months prior to the election date.

(20). General Clauses.

(a). Both parties agree to comply with all applicable laws, ordinances, rules and regulations of the federal, state, county and municipality wherein the demised premises are located, including compliance with future laws and regulations, i.e., those passed after the date of this agreement; provided, however, if future amendment to current laws pose a compliance burden for either party, either party may cancel this lease.

(b). Lessee shall pay to the proper governmental agencies and as they become due and payable all fees, assessments, licenses and similar charges which at any time during the term of this lease may be assessed or imposed upon the Lessee with respect to the leased premises except those which the Authority has in this lease agreed to pay.

(c). Any property of the Authority damaged or destroyed by the Lessee, incident to the Lessee's use and occupation of said Premises, shall be promptly repaired or replaced by the Lessee to the satisfaction of said Authority or in lieu of said repair or replacement, the Lessee shall, if so required by the said Authority, pay to the Authority money in an amount sufficient to compensation for the loss sustained by the authority by reason of damage or destruction of said property.

(d). Lessee shall not use, or permit to be used, any portion of this property under its control for signs, billboards or displays, other than those connected with its own operations thereon. Advertising signs must be located on the buildings on the premises and shall not contain more than 120 square feet in area. Flashing illuminated signs in which the light is

not maintained constant and stationary in intensity and color shall be prohibited.

(e). Lessee shall not be the agent of the Authority in making repairs or other improvements to the above Premises and no mechanics liens or claims thereunder shall be valid against the Authority or against the interest of the Authority in said property.

(f). No materials, supplies or equipment (excluding aircraft) shall be stored or be permitted to remain on any part of the property outside of the buildings constructed thereon, unless such storage shall be sight-screened from the street. Such storage shall be confined to the rear and sides of the buildings and in no instance be permitted on that side of the buildings paralleling an existing or proposed street.

(g). The Lessee must at all times keep the Premises and buildings in a safe, clean, wholesome condition and comply in all respects to all applicable government, health and police requirements and the Lessee will remove at its own expense any rubbish which may accumulate on said property.

(h). Lessee shall keep grass and landscaping reasonably mowed and trimmed.

(i). Authority shall maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, consistent with FAA standards.

(j). Authority reserved the right further to develop or improve the landing area and all publicly owned air navigation facilities of the airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.

(k). Authority reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the airport which in the opinion of the authority would limit the usefulness of the airport or constitute a hazard to aircraft.

(l). It is understood and agreed that the rights granted by this agreement will not be exercised in such

a way to interfere with or adversely affect the use, operation, maintenance or development of the airport.

(m). There is hereby reserved to the Salina Airport Authority, its successors and assigns, for the use and benefit of the public, a free and unrestricted right of flight for the passage of aircraft in the airspace above the surface of the premises herein conveyed, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace or landing at, taking off from, or operating on or about the airport.

(n.) This lease shall become subordinate to provisions of any existing or future agreement between the Authority and the United States of America or any agency thereof relative to the operation, development or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the airport.

(o). Lessee may terminate this agreement if any actions taken by Authority pursuant to subsections (j), (k), or (n) adversely affect the use of the Premises for classroom purposes; provided, however, that prior to any termination hereunder Lessee shall give the Authority written notice of the condition or conditions which it fees adversely affect the use of the Premises for classroom purposes and the Authority shall have a reasonable time thereafter in which to correct any such conditions.

(21). Nondiscrimination Assurances.

(a). The Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained or otherwise operated on the said property described in this lease, for a purpose for which Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said regulations may be amended.

(b). The Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (i) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (ii) that in construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (iii) that the Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR, Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation, and as said regulations may be amended.

(c). The Lessee assures that it will undertake an affirmative action program as required by 14 CFR, Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR, Part 152, Subpart E, to the same effect.

(d). It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958.

(22). Each individual executing this Agreement does hereby represent and warrant to each other so signing (and each other entity for which another person may be so signing) that he has been duly authorized to deliver this Agreement in the capacity and for the entity set forth where he signs.

(23). In the event that any condition, covenant or other provision herein contained is held to be invalid or void by any court or competent jurisdiction, the same shall be deemed

severable from the remainder of this Agreement and shall in no way affect any other conditions, covenant or other provision herein contained. If such condition, covenant or other provision shall be deemed invalid due to its scope or breadth, such condition, covenant or other provision shall be deemed valid to the extent of the scope or breadth permitted by law.

(24). This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and supersedes all prior agreements and understandings pertaining thereto, whether written or oral. No covenant, representation or condition not expressed in this Agreement shall affect or be deemed to interpret, change or restrict the express provisions hereof.

(25). No member, individual or collectively, or officer of the Board of Regents incurs or assumes any individual or personal liability for the execution of this contract or by reason of default of KSU in the performance of any of the terms hereof. All such liability of members or officers of the Board of Regents, as such, is hereby released by the Authority as a condition of and in consideration of the execution of this contract.

(26). The provisions found in Contractual Provision Attachment (form DA-146a), which is attached hereto and executed by the parties to this agreement, are hereby incorporated in this contract and made a part hereof.

(27. Binding Effect. This agreement shall be binding upon the successors and assigns of the respective parties to this agreement.

IN WITNESS WHEREOF, the respective parties have hereunto caused this instrument to be executed on its behalf by its duly authorized officers all on the date and year first above mentioned.

SALINA AIRPORT AUTHORITY

By \_\_\_\_\_  
Chairman of Board of Directors -  
"Authority"

ATTEST:

\_\_\_\_\_  
Timothy F. Rogers  
Executive Director

KANSAS BOARD OF REGENTS

By \_\_\_\_\_  
Chairman of Board of Regents -  
"Board"

ATTEST:

\_\_\_\_\_  
Stanley Z. Koplik  
Executive Director

Approved:

\_\_\_\_\_  
Jon Wefald, President  
Kansas State University  
"KSU"

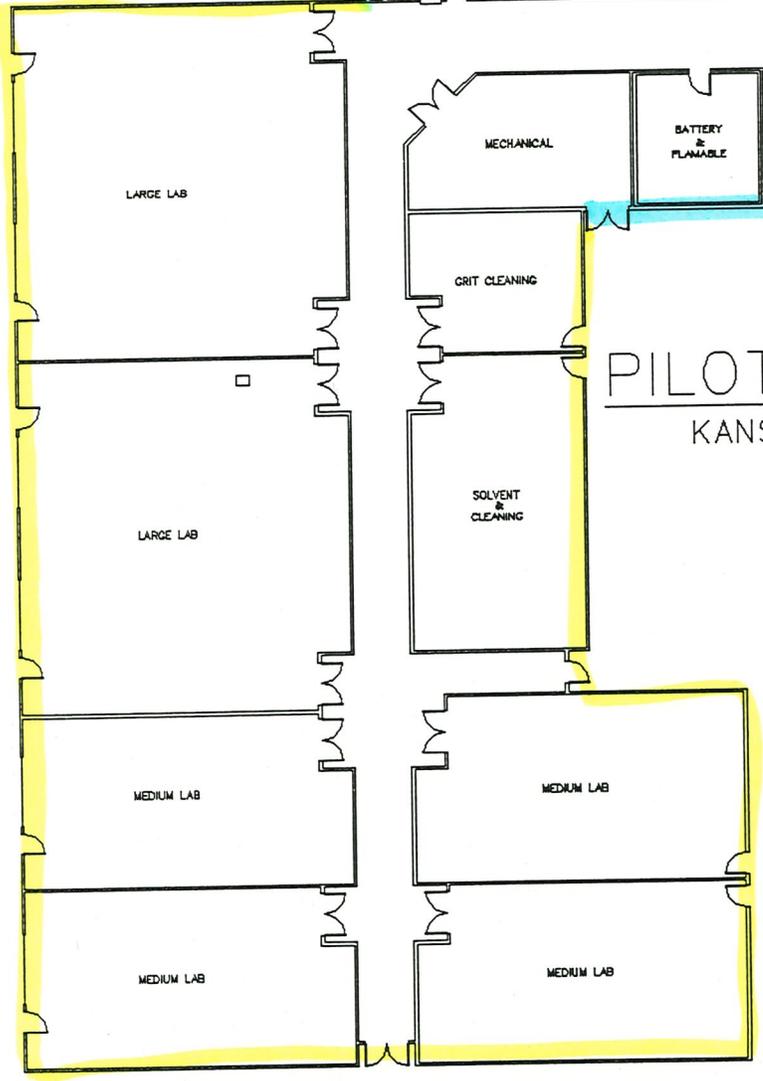
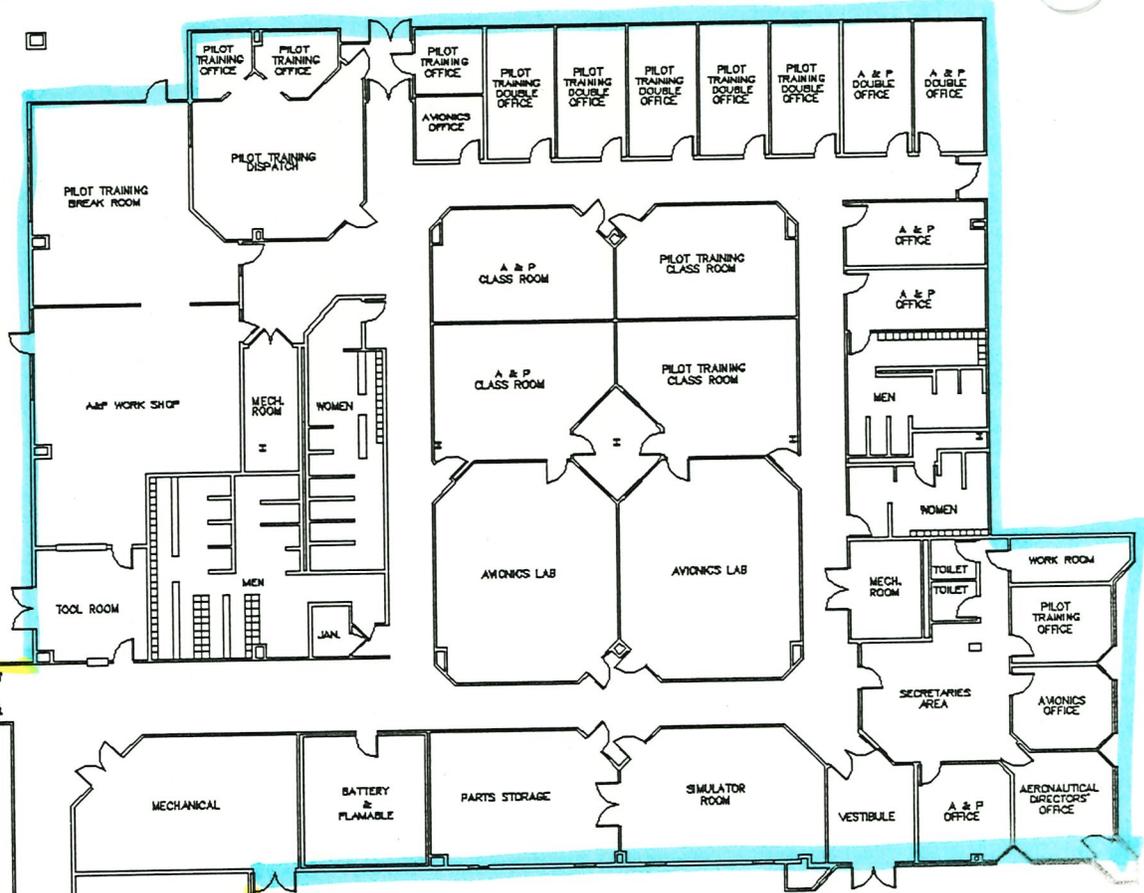
Approved as to Legal Form:

\_\_\_\_\_  
Ted Ayres, General Counsel  
Kansas Board of Regents

7-17

K-STATE AERONAUTICAL CENTER LEASE AGREEMENT  
14,300 Sq. Ft. Existing Classroom Building  
15,048 Sq. Ft. Lab Addition  
Schedule A  
Option Prices

<u>Option Date</u>	<u>Option Price</u>
6-30-92	\$1,590,068
6-30-93	1,553,558
6-30-94	1,513,981
6-30-95	1,471,080
6-30-96	1,424,572
6-30-97	1,374,152
6-30-98	1,319,491
6-30-99	1,260,228
6-30-00	1,195,973
6-30-01	1,126,305
6-30-02	1,050,764
6-30-03	968,853
6-30-04	880,030
6-30-05	783,710
6-30-06	679,257
6-30-07	565,978
6-30-08	443,123
6-30-09	309,881
6-30-10	165,396
6-30-11	86,300
6-30-12	0



**PILOT TRAINING CENTER**  
 KANSAS STATE UNIVERSITY at SALINA

- = Existing 14,300 sq. ft. Classroom Building
- = 15,000 sq. ft. Laboratory Addition

**DRAFT**