

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on February 6, 1996 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Laura Howard, Legislative Research Department
Russell Mills, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

SB 466: Appropriations for FY 97, for state board of regents and higher education institutions

Before reviewing the regents' systemwide subcommittee report (Attachment 1), Chairman Kerr commented that the report continues the present method of funding in FY 96 for the regents' institutions, but reflects a funding change in FY 97 to tuition accountability for Kansas University and Kansas State University which coincide with the Governor's recommendations for the budgeting process in FY 97. He reviewed the FY 96 and FY 97 subcommittee reports for regents' systemwide issues and opened the floor for questions.

In regard to the servicing of new buildings, Senator Rock commented that testimony presented to him indicates that additional manpower is required to adequately service old buildings.

In answer to Senator Rock, Chairman Kerr stated that the subcommittee's recommendation regarding utilities is not intended to provide relief for rate changes. He added that the appropriation for FY 96 provides a good base for meeting utility expenses, and it is the goal of the subcommittee that the regents' institutions initiate savings measures to reduce expenditures for utilities.

Senator Vancrum inquired about the status of the independent evaluation of the regents' bonding proposal as requested by the Committee on January 29, 1996. Mr. Ted Ayres, Legal Counsel for the Board of Regents, testified that the K DFA has taken steps to retain the services of an independent law firm to provide an opinion on the bonding proposal and that opinion may become available in seven to ten days for a cost of approximately \$4,000. There was lengthy discussion about whether K DFA should contract for the opinion. Mr. Ayres told members that, in his opinion, there was no conflict of interest with the K DFA contracting for the independent opinion, and added that the decision was made to go with K DFA because of the time and cost constraints. He informed members that the firm which has been contacted to provide the legal opinion (Kutak Rock) has been asked to not become a bidder and not to take part in the bonding proposal if it should materialize. Concern was expressed about paying fees for the opinion out of the bond issue. Senator Petty commented that she believed the Legislature should contract for the opinion and inquired whether the contract had been awarded. She said that she had shared her concerns with the Chairman in a memorandum (Attachment 2). Mr. Ayres stated that the questions raised by Senator Petty would be shared with the law firm providing the legal opinion.

A representative from the minority leader's office was asked by Senator Petty to call K DFA to ascertain if the contract had already been awarded. When the representative returned, she stated that the contract had been awarded.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 6, 1996.

Senator Petty moved, Senator Brady seconded that the subcommittee report for regents' systemwide issues be amended to include language that the members of the Senate Ways and Means Committee be provided copies of the actual contract and that they be given the opportunity to make additional suggestions. The motion carried on a voice vote.

Senator Burke moved, Senator Karr seconded, that subcommittee report as amended be adopted.

It was noted that the salary adjustments for state employees were included in the appropriations bill, and that the Governor's recommendations regarding longevity are in a separate House bill. It was the consensus of the Committee that the pay plan for state employees should be in a separate bill.

With Senator Karr's permission, Senator Burke withdrew his motion.

It was moved by Senator Burke and seconded by Senator Brady that the FY 97 subcommittee report be amended by deletion of monies for salary adjustments. The motion carried on a voice vote.

Senator Burke renewed his motion to adopt the subcommittee report as amended. The motion was seconded by Senator Karr and carried on a voice vote.

Chairman Kerr assigned **SB 587** to the subcommittee on the University of Kansas Medical Center for consideration and possible recommendations and adjourned the meeting at 11:50 A.M.

The next meeting is scheduled for February 7, 1996.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: February 6, 1996

NAME	REPRESENTING
Elaine Frisbie	Division of The Budget
David J. Monical	Washburn University
DENISE MUSSER	Board of Regents
Gene Sexto	WSU
Debbie Douglass	Classified Senate - KU
Nancy J. McKee	ESU
JEFFREY ODOM	KU
Thelma Simons	KU Classified Senate
Kirk W. Binkman	KU Classified Senate
Jancy Stroud	Washburn University
Amy Scott	WU
Colin Lamb	WU
Craig Grant	ITNEA
Tom Peterson	FHSU
SUE PETERSON	KANSAS STATE
Jon Sosseland	KU

SUBCOMMITTEE REPORT

Agency: Regents Systemwide Issues

Bill No. 488

Bill Sec. –

Analyst: Howard/Mills

Analysis Pg. No. 41

Budget Page No. –

Expenditure	Agency Est. FY 96	Gov. Rec. FY 96	Senate Subc. Adj.
Operating Expenditures:			
State General Fund	\$ 457,454,559	\$ 451,891,090	\$ –
General Fees Fund	166,241,396	166,069,130	–
Other Funds	<u>25,774,939</u>	<u>25,652,303</u>	–
Subtotal General Use	\$ 649,470,894	\$ 643,612,523	\$ –
Restricted Use Funds	<u>360,083,914</u>	<u>360,502,599</u>	–
TOTAL – Oper. Exp.	<u>\$ 1,009,554,808</u>	<u>\$ 1,004,115,122</u>	<u>\$ –</u>
Capital Improvements:			
State General Fund	\$ 189,466	\$ 189,466	\$ –
Educational Bldg. Fund	26,743,658	24,643,658	–
Other Funds	<u>28,239,370</u>	<u>28,239,370</u>	–
TOTAL – Cap. Impr.	<u>\$ 55,172,494</u>	<u>\$ 53,072,494</u>	<u>\$ –</u>
GRAND TOTAL	\$ 1,064,727,302	\$ 1,057,187,616	\$ –
 FTE Positions	 15,796.9	 15,796.9	 –

Agency Estimate/Governor's Recommendation

The Regents institutions requested supplemental appropriations from the State General Fund in FY 1996 totaling \$5.6 million, including \$3.4 million associated with tuition shortfalls and \$1.9 million associated with utilities. The remainder of the request related to institution-specific items. The request assumed that general use expenditures would increase by \$2.6 million from the approved budget.

The Governor's FY 1996 recommendation for the Regents institutions is a **net increase of \$82,321 in State General Fund dollars from the approved budget**, with a net General Use budget reduction of \$3.3 million from the approved budget. Included within this recommendation are the following adjustments:

- ▶ **Shift of \$3.6 million from the General Fees Funds (tuition) to the State General Fund based on fall enrollments and lower tuition estimates.** The majority of the shortfall is at the University of Kansas (\$1.9 million) and Wichita State University (\$1.2 million). A primary contributing factor to the shortfall at both institutions was a decline in attendance by nonresident students in Fall 1995.

*Senate Ways & Means
February 6, 1996
Attachment 1*

- ▶ **Increase of \$1.9 million from the State General Fund for utilities** to bring approved utilities funding in FY 1996 to the same level as approved in FY 1995.
- ▶ **Reduction of \$5.3 million in salaries and wages** based on reductions in group health insurance rates.

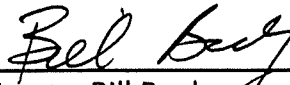
Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor with the following comment:

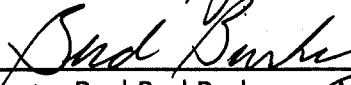
1. **Utilities.** The Subcommittee would note that the Governor's recommendation for FY 1996 includes additional funding of \$1.9 million from the State General Fund for utilities to bring approved utilities funding in FY 1996 to the same level as approved in FY 1995. The Subcommittee would expect that the institutions will be requesting additional supplemental appropriations for utilities in the current year prior to the Omnibus Session, based on actual costs and experience. The Subcommittee believes that the current practice of funding utilities at actual cost based on the latest available estimates should remain the policy in FY 1996. Additional discussion regarding this policy is included in the FY 1997 report.



Senator Dave Kerr
Subcommittee Chair



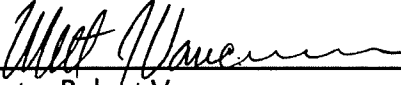
Senator Bill Brady



Senator Paul Bud Burke



Senator Gerald Karr



Senator Robert Vancrum

SUBCOMMITTEE REPORT

Agency: Regents Systemwide Issues

Bill No. 466

Bill Sec. –

Analyst: Howard/Mills

Analysis Pg. No. 41

Budget Page No. –

Expenditure	Agency Req. FY 97	Gov. Rec. FY 97	Senate Subc. Adj.
Operating Expenditures:			
State General Fund	\$ 478,564,061	\$ 458,749,351	\$ (965,836)
General Fees Fund	170,604,572	170,864,285	887,570
Other Funds	25,224,022	24,859,488	0
Subtotal General Use	\$ 674,392,655	\$ 654,473,124	\$ (78,266)
Restricted Use Funds	365,632,301	365,496,491	0
TOTAL – Oper. Exp.	\$ 1,040,024,956	\$ 1,019,969,615	\$ (78,266)
Capital Improvements:			
State General Fund	\$ 15,189,456	\$ 189,466	\$ 0
Educational Bldg. Fund	4,405,000	4,430,000	0
Other Funds	27,338,104	27,338,104	0
TOTAL – Cap. Impr.	\$ 46,932,560	\$ 31,957,570	\$ 0
 GRAND TOTAL	 \$ 1,086,957,516	 \$ 1,051,927,185	 \$ (78,266)
 FTE Positions	 15,868.5	 15,819.5	 (4.7)

Agency Request/Governor's Recommendation

The Regents institutions request a total general use budget increase of \$24.9 million, or **3.8 percent** in FY 1997. The Governor recommends an increase of \$10.9 million, or **1.7 percent** in FY 1997. State General Fund expenditures increase by **1.5 percent** in the Governor's FY 1997 recommendation.

The Governor's recommended budget includes:

- ▶ **Step Movement** for Classified employees (\$2.7 million), and an **unclassified merit increase** for faculty and other unclassified employees (including students) for **six months** in FY 1997 (\$4.8 million). The recommendation **deletes longevity funding** except for employees at the end of the pay range or who would otherwise have a salary reduction in FY 1997.

- ▶ **No increase in other operating expenditures (OOE) was recommended by the Governor.** The Regents institutions had requested an increase of 2.0 percent except for libraries, where the requested increase was 8.0 percent.
- ▶ The Governor recommends an increase of \$1.1 million and 29.1 FTE positions in FY 1997 for operating costs associated with servicing new buildings at the University of Kansas, Kansas State University, the University of Kansas Medical Center, and Fort Hays State University.
- ▶ The Universities requested a total of \$6.6 million in program enhancements in FY 1997, based on a request for one percent of each institution's State General Fund base, plus certain tuition-funded items. No funding for program enhancements is recommended except for those items funded through tuition or dedicated fees. **The Governor recommends a total of \$1.1 million in tuition-funded program enhancements**, including: funding of \$747,900 for KU (\$470,960) and KSU (\$276,940) associated with the **tuition accountability proposal**. The Governor recommends that these two institutions be permitted to maintain tuition totaling 25 percent of the requested tuition rate increase in FY 1997 to address priority equipment and OOE needs in their instructional programs. Under this recommendation, the enrollment adjustment is also eliminated.

Senate Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor except in the following areas:

A. TUITION ACCOUNTABILITY

Governor's Recommendation. The Governor recommends tuition accountability at the University of Kansas and Kansas State University beginning in FY 1997. Under this recommendation, the two institutions would retain all tuition revenues related to enrollment growth but would no longer be eligible for enrollment adjustment funding. In the event that enrollments decline, the two institutions would absorb the revenue loss through reductions in their operating budgets. The Governor's recommendation also includes an equity piece, which would allow KU and KSU to retain 25 percent of the tuition revenue generated from the base tuition rate increase of 3.0 percent to address OOE and equipment deficiencies. This equity funding equals \$470,960 at KU and \$276,940 at KSU. As a part of the Governor's recommendation, KU and KSU will convert to a linear (per credit hour) tuition structure. Under the Governor's recommendations, current budgeting practices regarding tuition and enrollment adjustments would be applied to the remaining institutions in FY 1997. However, appropriations for all Regents institutions from the State General Fund would be made as a single line-item "performance grant" to each Regents institution.

Senate Subcommittee Recommendation. The Subcommittee endorses the shift to tuition accountability for the University of Kansas and Kansas State University, as recommended by the Governor as well as the Governor's recommendations regarding State General Fund performance grants for all the Regents institutions. In addition:

- The Subcommittee recommends that Wichita State University be included in tuition accountability in FY 1997. However, the Subcommittee recommends that WSU not be included in the equity portion of tuition accountability. Under the Subcommittee's recommendation, WSU would retain tuition collected as a result of enrollment growth, but would not be allowed to retain any portion of the amount generated through tuition rate increases to address funding deficiencies. WSU is currently on a linear tuition system but will lift its cap (currently set at 15 hours) as a part of participation in tuition accountability.
 - ▶ The Subcommittee recommends that WSU not be included in the equity portion because WSU's standing relative to its peer institutions in both salaries and other operating expenditures is higher than the relative standing of KU and KSU to their peers. Since the equity piece is designed to address funding deficiencies, the Subcommittee believes it is appropriate to apply that component of tuition accountability only to KU and KSU.
 - ▶ Wichita State University will generate additional revenue through lifting of its linear tuition cap (currently set at 15 hours). The Subcommittee recommends that the WSU subcommittee specifically discuss the disposition of this additional tuition revenue in FY 1997.

- The Subcommittee notes that a definition for the tuition base to be used as a starting point to implement tuition accountability at all three institutions has not yet been defined. The Subcommittee recommends that the final estimate for FY 1996 tuition be used as the base for implementation of the tuition accountability proposal at all three participating institutions. The Subcommittee would note that consensus tuition estimates for FY 1996 and FY 1997 which include the Spring 1996 semester will be developed prior to the Omnibus Session. The Subcommittee recommends that these estimates (reflecting Summer 1995, Fall 1995 and Spring 1996 enrollment and tuition) serve as the basis for development of this funding base. Proviso language to fully implement tuition accountability and allow expenditure of additional receipts could then be incorporated later in the Session.

B. SERVICING NEW BUILDINGS

Governor's Recommendations. The Governor recommends a total \$1,072,916 and 29.1 FTE positions in FY 1997 associated with servicing new buildings. The recommendation funds servicing costs at the current formula which provides for 1.0 FTE position for each 10,500 gross square feet (gsf) of space; other operating expenditures (OOE) at \$0.50 per square foot (based on a systemwide average); and utilities based on the institution's average rate of consumption and the type and intended use of the facility. The Governor's recommendation includes \$571,805 for salaries for 29.1 FTE positions, \$364,882 for utilities, and \$136,229 for OOE.

Senate Subcommittee Recommendation. The Senate Subcommittee recommends that the servicing new buildings staffing ratio be increased to 1.0 FTE for each 12,500 gsf of new space, excluding the University of Kansas Medical Center, which would remain on the existing formula. The recommendation results in a reduction of 4.7 FTE positions and \$78,266 in State General Fund dollars from the Governor's recommendation.

Servicing New Buildings				
Institution	Governor's Rec.	Gov. Rec. FTE	Senate Subc. Adjustments	Senate Subc. FTE Adj.
KU	\$ 239,841	5.6	\$ (18,417)	(0.9)
KSU	407,108	14.6	(25,037)	(2.4)
FHSU	185,510	5.5	(34,812)	(1.4)
KUMC	240,457	3.4	-	-
Total	<u>\$ 1,072,916</u>	<u>29.1</u>	<u>\$ (78,266)</u>	<u>(4.7)</u>

C. UTILITIES

Governor's Recommendation. The Governor recommends that utility expenditures in FY 1997 be appropriated as a part of the State General Fund performance grant rather than as a separate line-item. The Governor's recommendation does not appear to alter the practice of funding utilities at actual costs. The Governor's recommendations for utilities in FY 1997 maintain funding at the FY 1996 level, with the addition of utilities associated with servicing new buildings, for a total estimate of \$26.7 million in FY 1997. The recommendation does not yet adjust utilities in FY 1996 or FY 1997 for actual experience in FY 1996, but assumes such adjustments would be made later in the fiscal year.

Senate Subcommittee Recommendation. The Subcommittee recommends that the practice of funding utility costs at the Regents institutions at actual cost be ended beginning in FY 1997. Specifically, the Subcommittee recommends:

- FY 1996 utilities should be funded at actual cost, based on the latest estimates available to the 1996 Legislature. Supplemental appropriations would likely be made during the Omnibus Session.
- The Subcommittee recommends that FY 1996 utilities funding become the base for FY 1997, and that the FY 1997 budget also be adjusted to reflect final estimates for FY 1996.
- Beginning in FY 1997, the Subcommittee recommends that the Regents manage utility expenditures as a part of their total State General Fund appropriation. If savings accrue, the Regents would retain those savings for expenditure on other priorities. Additional expenses due to weather or rate changes would be absorbed by the institutions within their operating budgets. The Subcommittee

encourages the institutions to establish reserve funds in order to manage in years where weather is severe or rate changes occur.

The Subcommittee believes that based on the weather patterns in the current fiscal year, that use of FY 1996 as a base funding year will provide sufficient flexibility to the Regents institutions to make this funding transition without adjustments by the Legislature in future years. The Subcommittee recommends that the Regents institutions be prepared to report to the Legislature in future years regarding their utility costs so that the transition to and the impact of the new system can be monitored.

D. BANK CARD FEES

Governor's Recommendation. The Governor's Budget Report noted that "the State General Fund is paying for the cost of students' use of credit cards when paying tuition and other fees. The Governor leaves these funds in the universities' budgets [in FY 1997], but recommends that this fee not be borne by the state's taxpayers in the future." The Governor's recommendation assumes that the estimated tuition available to finance the institutional operating budgets will be reduced by the amount of bank card fees paid by the universities in connection with use by students of credit cards to make tuition and fee payments at a cost of \$858,037 in FY 1996 and \$887,570 in FY 1997.

Senate Subcommittee Recommendation. Delete \$887,570 from the State General Fund in FY 1997 to eliminate state replacement funding for bank card fees. The recommendation has the effect of reducing expenditures from the State General Fund by \$887,570 and increasing budgeted expenditures from the institutional general fees funds (tuition) by a like amount. The amount of reduction, by institution, is detailed below:

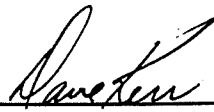
Bank Card Fees – FY 1997	
Institution	Bank Card Fees
University of Kansas	\$ 450,000
Kansas State University	207,370
KSU - Salina	1,400
KSU - Veterinary Medical Center	13,000
Wichita State University	113,000
Emporia State University	37,800
Fort Hays State University	30,000
Pittsburg State University	35,000
Total	<u>\$ 887,570</u>

E. TUITION WAIVERS

The Governor's Budget Report, Volume 1, noted that "the Board of Regents, through statutes and rules and regulations, have the authority to grant tuition waivers to a variety of individuals. While the Governor [did] not recommend specific changes to these programs, he recommends that the Board review this issue and establish criteria on which waivers should continue to be granted." The Subcommittee would note that in FY 1995 the Regents institutions waived \$27.8 million in tuition. The Subcommittee shares the concerns raised by the Governor in this regard and expects to receive a report and recommendations for change from the Board of Regents for review by the 1997 Legislature.

F. PERFORMANCE MEASURES

The Subcommittee believes that tuition accountability could provide an incentive for institutions to seek out-of-state students due to the additional revenue associated with such students. The Subcommittee therefore believes it is important to incorporate into the performance measures developed by the universities information which will allow review of the mix of resident and nonresident students. The Subcommittee believes that inclusion of this information into the performance review process will serve to counter such incentives. The Subcommittee recommends that the Legislature continue to review historical trends and monitor future changes regarding the mix of resident and nonresident students.



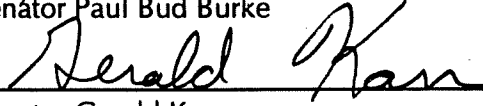
Senator Dave Kerr
Subcommittee Chair



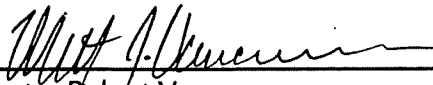
Senator Bill Brady



Senator Paul Bud Burke



Senator Gerald Karr



Senator Robert Vancrum

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TOPEKA

SENATE CHAMBER

DEMOCRATIC CAUCUS: POLICY CHAIR
MEMBER: JUDICIARY-RANKING MINORITY
WAYS AND MEANS
COMMERCE
FINANCIAL INSTITUTIONS AND INSURANCE
KANSAS FILM COMMISSION
CAPITOL AREA PLAZA PLANNING AUTHORITY
JOINT COMMITTEE MEMBER: INVESTMENTS, PENSIONS,
AND BENEFITS
COMPUTERS AND
TELECOMMUNICATIONS
BOARD MEMBER: MID AMERICA MANUFACTURING
TECHNOLOGY CENTER

Memorandum

TO: Senator Dave Kerr, Chairperson Ways and Means Committee
FROM: Senator Marge Petty
DATE: February 1, 1996
RE: Legality Of Regents' Bonding, "Crumbling Classrooms"

Dave, I want to summarize for you my concerns regarding the importance of checking the legality of the Regents' bonding plan.

The proposal is basically to justify financing of the Regents' plan through revenue bonds by taking a portion of general property tax money, previously assumed to be a general obligation, and dedicate the "revenue" from that tax to make payments on a revenue bond.

There has apparently been no official legal opinion rendered. I contacted K DFA, who reported they had not requested a legal opinion on this plan.

There is a Kansas Constitutional prohibition to dedicating a property tax to pay a debt. (Art. XI Sec.6 Debt payable by General Property Tax).

Historically, the prohibition was the result of the collapse of the Railroad Commissions because of soft funding.

*Senate Ways & Means
February 6, 1996
Attachment 2*

The following are issues which should be answered by a legal opinion:

IF IT IS ALLOWABLE TO CIRCUMVENT THIS PROHIBITION, WHY HAS THIS METHOD NEVER BEEN USED BEFORE? ElDorado and Ellsworth were not financed in this way. They were financed by lease-purchase agreement. This method has never been used since statehood, whether for Regents' institutions or any other purpose.

IF IT IS LAWFUL FOR THE STATE TO UNDERTAKE FINANCING IN THIS WAY, WOULD IT NOT BE POSSIBLE FOR CITIES AND COUNTIES TO PLEDGE A PORTION OF AD VALOREM TAXES, CALL IT REVENUE AND THEREBY TRANSFORM A GENERAL OBLIGATION TO A REVENUE BOND? It is conceivable that if the State authorized such financing, the precedent would allow cities and counties to do the same. They could get around the bonded indebtedness limits by calling a portion of the property tax "revenue" and dedicating it to repay a so-called revenue bond. Such a move would circumvent the public referendum requirement and the cash-basis law.

IF A PORTION OF THE PROPERTY TAX IS DEEMED REVENUE AND DEDICATED TO REPAY REVENUE BONDS, CAN THE STATE CALL A PORTION OF SALES TAX OR INCOME TAX "REVENUE" AND HAVE AN "UNLIMITED" RESOURCE TO BOND PROJECTS, NOT WITHSTANDING ART XI. SEC.6. There has undoubtedly been case law speaking to the issue of dedicating taxes for a certain purpose. (State v Board of Regents. 167 KS 587)

Ted Ayres, Regents' legal counsel, contacted me on Monday, 1-29-96, and made the following points:

There is "some" legal opinion which K DFA says it has in their hands regarding this proposal, but it is not with the Regents. He was uncertain whether it pertained directly to this project or whether it was the 1991 letter relating to the School for the Deaf.

K DFA REPORTED TO ME THERE WAS NO FORMAL LEGAL OPINION.

He discussed using instate bond counsel for an opinion. We discussed the problem of having an opinion offered by someone who would also compete for handling the issue. K DFA reported to me that in most instances a legal opinion is rendered at the same time the bonds are issued.

SINCE THERE ARE CONSTITUTIONAL QUESTIONS REGARDING THIS PLAN, I WOULD SUGGEST AN OPINION BE WRITTEN PRIOR TO ANY DECISION ON A REVENUE BOND PLAN. I understand from testimony in Ways & Means that Gilmore & Bell advised K DFA and the Regents' on this project, up to this point. THE ATTACHED SHEET SHOWS GILMORE & BELL RECEIVING 38 OF THE 62 (61%) ISSUES SINCE THE INCEPTION OF K DFA BONDING.

He suggested if a legal opinion was wrong, the question was litigated or there was a default on the bonds, the State could go against the malpractice insurance of the attorney.

WE BOTH AGREED THAT THE AMOUNT OF INSURANCE WOULD BE GROSSLY INADEQUATE TO COVER THE STATE'S LIABILITY.

Ted stated that the only way to get an objective opinion from bond counsel was to get a Chicago or New York firm which would take time and would be expensive.

I DISAGREE. WHY WOULD WE GO OUT OF STATE ON A QUESTION OF KANSAS LAW? COULD A FIRM OF ATTORNEYS NOT ADMITTED IN KANSAS BE QUALIFIED TO GIVE AN OPINION INTERPRETING THE KANSAS CONSTITUTION? Re: Attached list of bond firms handling bonds since the inception of KDFA. I inquired of one firm not appearing on this list. I understand this firm, in the last few years, has done more issues for local governments than any Kansas firm other than Gilmore & Bell. They suggested turn around time for a bond opinion is 7-10 days for approximately \$4,000.

Ted suggested getting an Attorney General's opinion.

THIS IS A VERY TECHNICAL AND SPECIALIZED FIELD. GIVEN \$163M IS AT STAKE, CAUTION IS IMPORTANT. THE ASSISTANT GENERAL CERTIFIES BOND TRANSACTIONS BUT HISTORICALLY HASN'T OFFERED "BOND OPINIONS".

KANSAS DEVELOPMENT FINANCE AUTHORITY
STATE OF KANSAS
Inception through December 31, 1995

2-5

PROJECT NAME	ISSUE SIZE	CLOSING DATE	TYPE OF SALE	BOND COUNSEL	UNDERWRITER/BOND PURCHASER
1993 Series J, University of Kansas Medical Center Refunding	\$6,550,000	20-Jul-93	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	Pooled Money Investment Board Topeka, Kansas
1993 Series L, Energy Conservation Improvements	\$3,975,000	05-Oct-93	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Piper Jaffray, Inc. Kansas City, Missouri
1993 Series M, Energy Conservation Improvements, Taxable	\$395,000	05-Oct-93	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Piper Jaffray, Inc. Kansas City, Missouri
1993 Series SK-3, Department of Commerce & Housing, SKILL Program (BAN)	\$5,000,000	03-Dec-93	Private Placement	Dorsey & Whitney Des Moines, Iowa	Pooled Money Investment Board Topeka, Kansas
1994 Series A, University of Kansas Bioscience Research Center	\$4,035,000	10-Mar-94	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	A.G. Edwards & Sons, Inc. St. Louis, Missouri
1994 Series C, State of Kansas Pooled Refunding	\$10,320,000	08-Sep-94	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Dain Bosworth, Inc. Minneapolis, Minnesota
1994 Series D, 1994, Pittsburg State University Overman Student Center Renovation	\$2,000,000	29-Nov-94	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	A.G. Edwards & Sons, Inc. St. Louis, Missouri
1994 Series E, 1994, Fort Hays State University Housing System Refunding and Renovation	\$2,155,000	29-Nov-94	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	A.G. Edwards & Sons, Inc. St. Louis, Missouri
1995 Series D, 1995, University of Kansas Watkins Memorial Health Center	\$4,085,000	25-May-95	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Kansas City, Missouri
1995 Series E, Energy Conservation Improvements	\$2,734,000	08-Aug-95	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Piper Jaffray, Inc. Kansas City, Missouri
1995 Series F, Wichita State University Housing System Renovation	\$14,055,000	09-Aug-95	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	A.G. Edwards & Sons, Inc. St. Louis, Missouri
1995 SRF Series I, Kansas Water Pollution Control Revolving Fund	\$6,915,000	25-Aug-95	Negotiated	Gilmore & Bell, P.C. Wichita, Kansas	Prudential Securities Inc. and George K. Baum & Co. Dallas, Texas and Kansas City, Missouri
1995 Series K, Kansas State University Farrell Library Expansion	\$3,835,000	30-Nov-95	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	A.G. Edwards & Sons, Inc. St. Louis, Missouri
1995 Series G, Kansas State University Parking System Refunding	\$2,095,000	30-Nov-95	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	A.G. Edwards & Sons, Inc. St. Louis, Missouri

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PROJECT NAME	ISSUE SIZE	CLOSING DATE	TYPE OF SALE	BOND COUNSEL	UNDERWRITER/BOND PURCHASER
1992 Series J, University of Kansas Medical Center Comprehensive Cancer Center (BAN)	\$610,000	26-Aug-92	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	First State Bank Elkhart, Kansas
1992 Series X-7, Kansas Water Pollution Control Revolving Fund	\$1,355,000	27-Aug-92	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
1992 Series L, Department of Corrections El Dorado and Larned Projects	\$75,370,000	05-Nov-92	Competitive	Gilmore & Bell, P.C. Overland Park, Kansas	Smith Barney, Harris Upham & Co., Inc. New York, New York
1992 Series Q, University of Kansas Bioscience Research Center (BAN)	\$400,000	10-Nov-92	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	Security State Bank Auburn, Kansas
1992 Series H, Juvenile Detention Facilities	\$8,000,000	02-Dec-92	Competitive	Burke, Williams, Sorensen, & Gaar Overland Park, Kansas	George K. Baum & Co. Kansas City, Missouri
1992 Series T, Kansas Highway Patrol Central Training Facility	\$5,585,000	21-Dec-92	Competitive	Hinkle, Eberhart & Elkouri Wichita, Kansas	Prudential Securities, Inc. Dallas, Texas
1993 Series SK-1, Department of Commerce & Housing, SKILL Program	\$1,185,000	12-Jan-93	Negotiated	Dorsey & Whitney Des Moines, Iowa	Piper Jaffray, Inc. Kansas City, Missouri
1993 SRF Series I, Kansas Water Pollution Control Revolving Fund	\$17,195,000	27-Jan-93	Negotiated	Gilmore & Bell, P.C. Wichita, Kansas	Prudential Securities Inc. and George K. Baum & Co. Dallas, Texas and Kansas City, Missouri
1993 SRF Series II, Kansas Water Pollution Control Revolving Fund	\$54,005,000	27-Jan-93	Negotiated	Gilmore & Bell, P.C. Wichita, Kansas	Prudential Securities Inc. and George K. Baum & Co. Dallas, Texas and Kansas City, Missouri
1993 Series C, Fort Hays State University Lewis Field Stadium Renovation	\$1,200,000	25-Mar-93	Negotiated	Gilmore & Bell, P.C. Wichita, Kansas	George K. Baum & Co. Kansas City, Missouri
1993 Series G, University of Kansas Lawrence Campus Parking Facilities	\$4,850,000	07-Apr-93	Competitive	Perry & Hamill Overland Park, Kansas	Chiles Heider/Lehman Brothers Omaha, Nebraska
1993 Series D, Kansas State University Recreation Complex Expansion	\$8,665,000	03-Jun-93	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Piper Jaffray, Inc. Kansas City, Missouri
1993 Series SK-2, Department of Commerce & Housing, SKILL Program	\$2,720,000	15-Jun-93	Negotiated	Dorsey & Whitney Des Moines, Iowa	Piper Jaffray, Inc. Kansas City, Missouri
1993 Series H, Kansas State University - Salina, College of Technology, Housing System	\$1,065,000	17-Jun-93	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Piper Jaffray, Inc. Kansas City, Missouri
1993 Series I, Emporia State University Residence Hall	\$2,815,000	19-Jul-93	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Edward D. Jones & Co. St. Louis, Missouri

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PROJECT NAME	ISSUE SIZE	CLOSING DATE	TYPE OF SALE	BOND COUNSEL	UNDERWRITER/BOND PURCHASER
1990 Series A, Wichita Work Release Center (BAN)	\$1,500,000	08-Jun-90	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	Bank IV Wichita, N.A. Wichita, Kansas
1990 Series C, Emporia State University Street and Parking Improvements	\$365,000	29-Jun-90	Private Placement	Hinkle, Eberhart & Elkouri Wichita, Kansas	Bank IV Wichita, N.A. Wichita, Kansas
1990 Series X-3, Kansas Water Pollution Control Revolving Fund	\$475,000	19-Jul-90	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
1990 Series E, Department of Administration Capital Improvements	\$1,340,000	23-Aug-90	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	A.G. Edwards & Sons, Inc. St. Louis, Missouri
1990 Series F, Wichita Work Release Center	\$1,740,000	23-Aug-90	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Kansas City, Missouri
1990 Series H, Energy Conservation Improvements	\$4,415,000	29-Nov-90	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Zahner and Company Kansas City, Missouri
1990 Series D, Univeristy of Kansas Regents Center	\$4,000,000	10-Jan-91	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Piper, Jaffray & Hopwood, Inc. and Investment Bankers of Kansas City Kansas City, Missouri
1990 Series X-4, Kansas Water Pollution Control Revolving Fund	\$907,500	23-Jan-91	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
1991 Series X-5, Kansas Water Pollution Control Revolving Fund	\$885,000	25-Jul-91	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
1991 Series D, Insurance Department Building	\$1,795,000	10-Oct-91	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Lehman Brothers/Chiles Heider Division Omaha, Nebraska
1991 Series E, Fort Hays State University Cafeteria Renovation	\$200,000	06-Nov-91	Private Placement	Jonathan P. Small, Chtd. Topeka, Kansas	Piper, Jaffray & Hopwood Kansas City, Missouri
1991 Series X-6, Kansas Water Pollution Control Revolving Fund	\$820,000	19-Dec-91	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
1992 Series C, University of Kansas Student Union Renovation - Phase II	\$3,400,000	10-Mar-92	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Kansas City, Missouri
1992 Series G, Energy Conservation Improvements	\$3,600,000	29-Jun-92	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Piper Jaffray, Inc. Kansas City, Missouri
1992 Series I, Certificates of Participation Master Lease Purchase Program Refinancing	\$20,075,000	29-Jul-92	Competitive	Gilmore & Bell, P.C. Overland Park, Kansas	Prudential Securities, Inc. Dallas, Texas
1992 Series SK-1, Department of Commerce & Housing, SKILL Program	\$2,630,000	12-Aug-92	Negotiated	Dorsey & Whitney Des Moines, Iowa	Piper Jaffray, Inc. and Investment Bankers of Kansas City Kansas City, Missouri

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87 Series, Certificates of Participation Equipment Master Lease Program	\$16,280,000	03-Dec-87	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Wichita, Kansas
87 Series A, Wichita State Office Building	\$4,535,000	30-Dec-87	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Wichita, Kansas
88 Series A, University of Kansas Lawrence Campus Parking Facilities	\$5,000,000	25-Aug-88	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Edward D. Jones & Co. St. Louis, Missouri
88 Series B, Ellsworth Correctional Facility Funding	\$10,025,000	13-Sep-88	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Stifel, Nicolaus & Company, Inc. Wichita, Kansas
88 Series C, Ellsworth Correctional Facility Expansion	\$10,135,000	14-Sep-88	Negotiated	Nichols & Wolfe, Chartered Topeka, Kansas	Stifel, Nicolaus & Company, Inc. Wichita, Kansas
88 Series D, Kansas State University Museum Parking	\$345,000	13-Oct-88	Negotiated	Hinkle, Eberhart & Elkouri Wichita, Kansas	Zahner and Company Kansas City, Missouri
88 Series E, Kansas State University Landon Hall	\$440,000	13-Oct-88	Negotiated	Hinkle, Eberhart & Elkouri Wichita, Kansas	Zahner and Company Kansas City, Missouri
88 Series F, University of Kansas Medical Center Parking Facilities	\$3,500,146	21-Dec-88	Negotiated	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Wichita, Kansas
89 Series A, Kansas State Fair Grandstand Renovation	\$840,000	30-Mar-89	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	First Securities Company Wichita, Kansas
89 Series B, Kansas State University Parking Maintenance	\$3,000,000	14-Jun-89	Competitive	Hinkle, Eberhart & Elkouri Wichita, Kansas	Chiles Heider St. Louis, Missouri
89 Series D, Kansas State University Dormitory Renovation	\$5,324,914	28-Sep-89	Negotiated	Hinkle, Eberhart & Elkouri Wichita, Kansas	Kirchner Moore & Company Wichita, Kansas
89 Series F, Kansas Bureau of Investigation Office Building	\$3,855,000	28-Sep-89	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Stern Brothers & Co. Kansas City, Missouri
89 Series E, Emporia State University Memorial Union Renovation	\$1,401,332	12-Nov-89	Competitive	Gilmore & Bell, P.C. Wichita, Kansas	Edward D. Jones & Co. Maryland Heights, Missouri
89 Series C, El Dorado Correctional Facility	\$34,940,000	14-Dec-89	Competitive	Stinson, Mag & Fizzell Kansas City, Missouri	Prudential-Bache Capital Funding New York, New York
89 Series X-1, Kansas Water Pollution Control Revolving Fund	\$565,000	20-Dec-89	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	GELCO Financial Corporation Eden Prairie, Minnesota
90 Series X-2, Kansas Water Pollution Control Revolving Fund	\$408,000	23-Mar-90	Private Placement	Gilmore & Bell, P.C. Wichita, Kansas	G.E. Capital Public Finance, Inc. Eden Prairie, Minnesota
90 Series B, Larned Mental Health Correctional Facility	\$14,500,000	31-May-90	Competitive	Thomson, Langworthy Kohn & VanDyke Kansas City, Missouri	George K. Baum & Company Kansas City, Missouri

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