

Approved: 1 - 28 - 93  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Vice-Chairman Mead at 3:35 p.m. on January 25, 1993 in Room 423-S of the Capitol.

All members were present except: Representative Wanda Fuller

Committee staff present: Lynne Holt, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:  
Bill Caton, President, KDFA

Others attending: See attached list

Vice-Chairman Mead called upon Bill Caton to give his testimony on the Overview of Kansas Development Finance Authority. Mr. Caton stated KDFA had three basic goals: 1) to provide the state with optimum financing arrangements for all of its debt financing 2) provide accountability on the use of funds relating to the cost of issuance of bonds 3) provide state agencies expertise in developing programs that require debt financing. (Attachment 1)

Following this presentation Mr. Caton stood for questions from the committee.

Representative Bishop made a motion to approve the committee minutes for January 12, 13, 14, 19, 20 and 21, seconded by Representative Packer and the motion carried.

The meeting was adjourned at 4:14 p.m.

The next meeting is scheduled for January 26, 1993.

## GUEST LIST

COMMITTEE: Economic Development DATE: 1-25-93

[illegible]

**OVERVIEW OF KANSAS DEVELOPMENT FINANCE AUTHORITY**  
**PRESENTED TO THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE**

**JANUARY 25, 1993**

1. Introduction

Presentation by Bill Caton, President, KDFA

2. Identity, Scope, History

- A. KDFA is a corporation created and empowered by statute. Has 5 Board Members - 4 appointed by Governor and 1 statutory (Secretary of Commerce & Housing). Appointees serve 4 year terms. Current Board Members are: Curtis Krizek, Chairman, Secretary of Commerce Bob Knight, Vice-chairman, Ed Flentje, Chris McKenzie and Lowell Miller. President is appointed by the Governor and serves at the pleasure of the Governor and is ex-officio non-voting member and Secretary of the Board.
- B. KDFA was created to provide sophisticated financial services to State agencies and private non-profit entities who plan capital expenditures or have programs that require debt financing. In addition to providing services, KDFA competitively selects the finance team to keep issuance costs to a minimum and insure accountability of State expenditures.
- C. KDFA was created in 1987 by the Legislature. Has steadily increased its activity as new programs and projects are designed and approved.

3. Programs

- A. Beginning Farmer Loan Program - KDFA provides tax exempt financing for beginning farmers through local lenders. Approximately 200 borrowers have borrowed \$12.6 million to date. Private Activity Bond Allocation issued through Dept. of Commerce and Housing.
- B. Community Provider Loan Program - financing local providers of temporary housing and rehabilitation for mentally retarded and substance abusers. Repayment by SRS contract.
- C. Kansas Water Assurance District Program - provide financing for industrial and municipal water users who are members of Water Assurance Districts to enhance availability of water storage in times of drought. Program operated by Kansas Water Office.
- D. Kansas Water Pollution Control Revolving Fund Program - provide financing for community wastewater treatment facilities approved by Dept. of Health and Environment. Grants from EPA allow loan interest rates to be considerably below market rates.
- E. State Equipment Lease Purchase Program - provide State agencies with below market financing on equipment needs. KDFA administers this program for the Dept. of Administration. Examples of equipment: Computers, airplanes, radio transmission tower, sophisticated medical equipment.
- F. State Energy Conservation Improvement Program - provide financing for State agencies for energy conservation improvements as overseen by Dept. of Architectural Services. Repayment is provided by budgeted energy savings.
- G. State of Kansas Investment in Lifelong Learning (SKILL) Program - provide financing for job training related expenditures for new jobs created in the State. Program administered by Dept. of Commerce and Housing. Repayment is from withholding taxes generated by the new jobs.
- H. Housing - KDFA provides financing for public and private non-profit entities. KDFA is limited by statute to low income and elderly housing projects.

4. Projects - KDFA has financed and refinanced numerous projects and programs for various State agencies.
  - A. Kansas Board of Regents - numerous financings for new construction as well as renovation of existing buildings.
  - B. Kansas Highway Patrol - purchase and renovation of Marymount College campus.
  - C. Kansas Water Office - Water assurance program
  - D. Kansas Insurance Department - purchase of existing office building.
  - E. Dept. of Administration - Wichita State Office Building and Equipment Lease Purchase Program.
  - F. Dept. of Corrections - numerous financing and refinancings of various prison facilities.
  - G. Kansas State Fair Board - grandstand renovation at Kansas State Fair Grounds.
  - H. Kansas Bureau of Investigation - purchase of existing office building.
  - I. Dept. of Commerce and Housing - SKILL, Beginning Farmer, refinancing of 1980 & 1982 housing bonds.
  - J. Dept. of Architectural Services - Energy Conservation Improvement Program
  - K. Dept. of Health and Environment - Water Pollution Control Revolving Fund Program.
5. Operations
  - A. Funding - KDFA is supported solely from fee income from operations. KDFA charges approximately 1/2 of 1% of the financing amount for its services, usually included in the cost of issuance. KDFA also receives a small portion of the interest charged on the loan programs for an administration fee.
  - B. Expenditures - KDFA's budget is not submitted to the budget director. It is approved by KDFA Board. Its annual budget is approximately \$350,000 consisting mainly of salaries, rents and operating expenses.
  - C. Staff - Present staff consists of 7 full time employees and 1 part time employee. KDFA is currently recruiting for a new accounting position necessitated by the increase in activity.
  - D. Ongoing operations - each bond issue requires ongoing auditing and accounting functions, such as arbitrage rebate calculations, trust account and reserve fund verifications, and payment verifications. Also, KDFA administers the Equipment Lease Purchase Program and the financial portion of KDHE's Water Pollution Control Loan Program on an ongoing basis.
6. Goals - KDFA has three basic goals
  - A. Provide the State with optimum financing arrangements for all of its debt financing.
  - B. Provide accountability on the use of funds relating to the cost of issuance of bonds.
  - C. Provide State agencies expertise in developing programs that require debt financing.
7. Conclusions