



2020

State Finance Council



Laura Kelly, *Governor*

AGENDA

STATE FINANCE COUNCIL

October 7, 2020

2:00 p.m.

by Conference Call Only

Approval of State Finance Council minutes of September 24, 2020

Items to be considered:

1. Approval of the sale of the former Kansas Insurance Department building
2. Request of the Governor to extend the state of disaster declaration

STATE FINANCE COUNCIL

MINUTES

September 24, 2020
1:00 p.m.

The Kansas State Finance Council was called to order by Governor Laura Kelly at 1:00 p.m. The following members were present via telephone conference. Senator Denning and Senator McGinn were absent.

Present Via Telephone Conference

Senator Susan Wagle, Senate President
Senator Anthony Hensley, Senate Minority Leader
Representative Ron Ryckman, Jr., Speaker of the House
Representative Dan Hawkins, House Majority Leader
Representative Tom Sawyer, House Minority Leader
Representative Troy Waymaster, House Appropriations Chair
Governor Laura Kelly

Absent

Senator Jim Denning, Senate Majority Leader
Senator Carolyn McGinn, Senate Ways & Means Chair

APPROVAL OF MINUTES

Senator Hensley moved that the Minutes of the September 17, 2020, meeting be approved. Representative Sawyer seconded the motion. Motion was adopted unanimously by those present. Votes were as follows:

Senator Susan Wagle	Yes
Senator Anthony Hensley	Yes
Representative Ron Ryckman, Jr.	Yes
Representative Dan Hawkins	Yes
Representative Tom Sawyer	Yes
Representative Troy Waymaster	Yes
Governor Laura Kelly	Yes

AGENDA ITEM 1

1. Review of Executive Order 20-66: Amended Provisions Related to Drivers' License and Vehicle Registration and Regulation During State of Disaster Emergency

Clay Britton, Chief Counsel to the Governor, presented a review of Executive Order 20-66. He stated that EO 20-66 is an update to the March 12, 2020, Executive Order 20-12, and extends the time for which vehicle registration renewal and drivers' license renewal shall be required to be

completed. It is also related to Executive Order 20-46, which allows people to renew drivers' licenses online by September 15, 2020. Paragraphs 3 and 5 of the order clarify that for licenses that have or will expire between March 12, 2020, and January 26, 2021, and who are not able to renew in person, renewal is extended and must be completed by January 26, 2021. It shall become effective immediately and remain in force until rescinded, until January 26, 2021, or until the statewide State of Disaster Emergency extended by State Finance Council Resolution 20-716 on September 11, 2020, expires, whichever is earlier.

Representative Hawkins asked Governor Kelly how the Department of Motor Vehicles is currently operating, and whether they are open. Governor Kelly stated that offices have reopened, and they are doing renewals by appointment. There were a few cases where the offices opened and COVID was reported and then needed to quarantine before returning.

ADJOURNMENT

Governor Kelly called for a motion to adjourn. Senator Hensley moved for adjournment, and Representative Sawyer seconded the motion. The motion was unanimous by those present by voice vote and the meeting adjourned at 1:06 p.m.

DRAFT

MEMORANDUM

TO: Governor Laura Kelly and State Finance Council

FROM: Larry L. Campbell, Director of the Budget



DATE: October 6, 2020

SUBJECT: State Finance Council Meeting of October 7, 2020

An explanation of the items on the agenda for the State Finance Council meeting on October 7, 2020, are presented below.

1. Approval of the sale of the former Kansas Insurance Department building

After a request by the Kansas Insurance Commissioner, Vicki Schmidt, to declare the property surplus, the Department of Administration determined the property would be sold via public auction. The highest bid from the registered bidders at the public auction held on September 2, 2020, was \$535,000. The auctioneer, the Department of Administration, and Insurance Commissioner Schmidt are in agreement that the sale at this price should be approved. The proceeds of the sale, minus fees paid by the Department of Administration, will be deposited accordingly per KSA 75-6609.

2. Request of the Governor to extend the state of disaster declaration

Under House Bill 2016 passed during the June Special Session, when the Legislature is not in session the Finance Council is authorized to extend the COVID-19 state of disaster emergency for 30 days at a time. Under the provisions of the bill, six of the eight legislative members of this Council must vote to approve the extension. The Governor is now applying for a 30-day extension, through November 15.

State Finance Council
October 7, 2020

Kansas Insurance Department
420 SW 9th St
Topeka, Kansas

Bobby Kosmala
Deputy Director of Leasing & Real Estate
Office of Facilities & Property Management

I am presenting the proposed sale of the property located at 420 SW 9th Street in Topeka, Kansas. This property is owned by the Kansas Insurance Department (KID) and according to agency staff has been occupied since October 1991. After a request by the Kansas Insurance Commissioner, Vicki Schmidt, to declare the property surplus, the Department of Administration determined the property would be sold via public auction. A survey, a Phase 1 environmental assessment, and an appraisal were ordered and completed for the property.

The property built in 1924 formerly known as the Topeka Women's Club contains office, storage, and basement space. The three-story structure zoned O&I-2, office and institutional district, contains approximately 27,507 square feet on a site of 23,845 square feet (0.55 acres).

The property was advertised for sale via the Kansas Register, the Department of Administration Listserv (direct email notification system) to approximately 300 registered participants, by the state contracted auctioneer via various mediums including newspapers, direct mail brochures to 2,900 nationwide prospects, television, and radio, and signage posted on the building grounds. Additionally, two separate open houses were held prior to the auction for potential buyers to view the building and ask questions.

The property was appraised at \$1,160,000 and the highest bid from the 8 registered bidders at the public auction held on September 2, 2020, was \$535,000. The highest bidder, Narwahl Holdings, LLC, presented the auctioneer/State of Kansas with a \$58,850 earnest money check to hold in escrow until the sale is approved. The auctioneer, the Department of Administration, and Insurance Commissioner Schmidt are in agreement that no "money was left on the table." The facts are the building is nearly 100 years old, has only 13 parking spaces, and to convert it into modern office space or an event facility is going to cost hundreds of thousands of dollars, if not a million and the bidders took that into account. The fair market value appraisal completed pre-Covid in January 2020, was only an estimated value of the building in comparison to past sales in the surrounding area.

The Insurance Department is still responsible for upkeep and maintenance until the building is sold. The estimated monthly expenses for utilities (electricity, gas, water & elevator phone line) is \$2,395 or \$28,741 annually. They typically budget \$35,000 for annual repairs, not including capital improvements, so the total annual cost would be approximately \$63,741 or \$5,312 a month. The Department of Administration also maintains the grounds. The approval by this council would also allow the building to be placed back on the tax rolls, as it is currently exempt.

The proceeds, minus fees paid by the Department of Administration, will be deposited accordingly per KSA 75-6609. We plan to close on this property immediately, once we have received your approval.

Thank you

STATE OF KANSAS

State Finance Council Resolution

Dated: October 7, 2020

Resolution No. 20-___

WHEREAS, the former Kansas Insurance Department building, located at 420 SW 9th Street, Topeka, Kansas has been identified as surplus state real estate by the Insurance Commissioner and the Secretary of Administration; and

WHEREAS, the State Finance Council is required to approve the sale of surplus state property pursuant to K.S.A. 75-6609(c); and

WHEREAS, the Secretary of Administration had the property appraised pursuant to K.S.A. 75-3043a and surveyed pursuant to K.S.A. 75-6611; and

WHEREAS, the Secretary of Administration has consulted with the Joint Committee on State Building Construction regarding the sale; and

WHEREAS, the property was appraised at \$1,160,000 and at auction sale a bid of \$535,000 by Narwhal Holdings, LLC, was tentatively accepted; and

WHEREAS, the proceeds from the sale of the above property are to be deposited in the State Treasury pursuant to K.S.A. 75-6609(f); and

WHEREAS, the action of approving the sale of surplus state real estate is characterized as a matter of legislative delegation by K.S.A. 75-6609(c), and subject the guidelines of 75-3711(c); and

WHEREAS, the need for the requested action is characterized as arising from the unforeseeable occurrence, and delay of the requested action would hinder the agency; and

WHEREAS, the requested action is not one that was rejected by the 2020 Legislature and is not contrary to known legislative policy; and

WHEREAS, the action will assist the above state agency in attaining an objective which bears a valid relationship to its powers and functions;

THEREFORE, BE IT RESOLVED that the State Finance Council, by the Governor and a majority of the legislative members, makes the above findings and approves the sale of the above property to Narwhal Holdings, LLC, for the sum of \$535,000.

By: _____
DeAngela Burns-Wallace, Secretary
State Finance Council

STATE OF KANSAS

State Finance Council Resolution

Date: October 7, 2020

Resolution No. 20-__

WHEREAS, during the 2020 Special Legislative Session, the Legislature passed and the Governor signed House Bill 2016, which extended the state of disaster emergency relating to COVID-19 through September 15, 2020; and

WHEREAS, pursuant to K.S.A. 48-924(b)(5), as amended by House Bill 2016, the State Finance Council is authorized to extend that state of disaster emergency for additional periods not to exceed 30 days each and not to extend beyond January 26, 2021; and

WHEREAS, the conditions and circumstances that induced the Legislature to extend the State of Disaster Emergency relating to COVID-19 through September 15, 2020, are still present; and

WHEREAS, the state of disaster emergency must be in place for the government to carry out its emergency response plan, for our state to continue receiving federal emergency assistance, and for other emergency actions required to protect the safety and welfare of Kansans; and

WHEREAS, on September 11, 2020, the State Finance Council extended the state of disaster emergency relating to COVID-19 through October 15, 2020; and

WHEREAS, the Governor has applied to the State Finance Council to extend the state of disaster emergency up to and including November 15, 2020, and at least six legislative members of the State Finance Council have voted to extend the state of disaster emergency by 30 days, up to and including November 15, 2020; and

WHEREAS, any restrictions regarding closure of businesses in the Kansas Emergency Management Act remain in place to the extent described in the Kansas Emergency Management Act, and it is the Governor's intention not to use her authority to close businesses; and

WHEREAS, the requested action is the result of an unforeseeable occurrence, and delay until the next legislative session would be contrary to the best interest of the State; and

WHEREAS, the requested action was not rejected by the 2020 Legislature and is not contrary to known legislative policy.

THEREFORE, BE IT RESOLVED THAT the State Finance Council, on the Governor's application and by a vote of at least six of its legislative members, makes the above findings and

extends the state of disaster emergency relating to COVID-19 to remain in effect from and including October 16, 2020, through November 15, 2020.

By: DeAngela Burns-Wallace, Secretary
State Finance Council