



Campus Box 4001
1200 Commercial Street
Emporia, Kansas 66801-5087
620-341-5551
620-341-5553 fax
www.emporia.edu

Testimony in support of HB 2396
Senate Ways and Means Committee
May 9, 2013

Chairman Masterson and Members of the Committee:

Thank you for allowing Emporia State University to submit testimony in support of HB 2396. As amended by the House, this bill authorizes the University to sell and/or exchange the current property known as the ESU Apartments. Proceeds from this transaction would be utilized to make needed updates or replacements to other on-campus housing options at Emporia State University. Please find some reasoning below regarding the University's interest in selling this property:

Rationale for selling the apartments: To more efficiently deploy University resources in a manner which provides the best housing for ESU students.

- a. The apartments have become less popular with students and did not show positive net revenue during the most recent 3 years.
- b. The apartments are several blocks to the east of the main campus. Students have preferred locations on the main campus or immediately adjacent to campus.
- c. Major updates are necessary to these facilities, which we would do if they were located nearer to campus.
- d. Updates or replacements are necessary to housing on campus, therefore our proposal to sell them and use the revenue to partially finance cost of on-campus updates.
- e. The apartments were constructed with revenue bonds and the debt service was financed from charges to the residents. There were no tax dollars employed in the construction or operation of the ESU Apartments.¹ The University respectfully requests it be allowed to retain revenue from the sale to provide updates to University housing.

Possible exchange with ESU Foundation: The ESU Foundation is acquiring land nearer to the campus, and it may be in the best interest of both the University and the Foundation to simply exchange the apartments for properties the Foundation may be acquiring adjacent to campus.

- a. The ESU Foundation is frequently involved with real estate transactions and may be able to market the property in a more flexible fashion than the University can as a state agency.

- b. The apartment property is in very close proximity to campus, and ESU has vested interest in finding a “good neighbor.” The ESU Foundation would consider the best interests of both the University and community in a sale.
- c. It is conceivable the Foundation could find a cost effective use for the facility, which would be outside the scope of what the University might operate within its mission.
- d. There is some documentation to suggest a portion of the property for the apartments was initially donated by the ESU Foundation.
- e. The possibility of an exchange has been discussed only informally. There is not a formal proposal under consideration for such an exchange by the University or its Foundation. It was inserted as a contingency in HB 2021 (the language of which was amended into HB 2396).

Again, thank you for the opportunity to provide this testimony in support of HB 2021. For more information, please contact Tyler Curtis, Legislative Liaison, at 620.757.1350 or tcurtis@emporia.edu or Ray Hauke, Vice-President of Fiscal Affairs, at 620.341.5173 or rhauke@emporia.edu.

ⁱ Interestingly, we discovered the bond documents that show the ESU Apartments were constructed with revenue bonds, not tax dollars (Kansas Board of Regents Student Housing Revenue Bond, Series 1961 No. CH-Kans 53 (D)). This \$1.3 million issuance was utilized to finance the ESU Apartments. The apartments were constructed with revenue bonds and the debt service was financed from charges to the residents. No tax payer dollars were used in the construction or maintenance of these apartments. Residential life is considered an auxiliary service and is therefore self-funded via student fees.