

Approved 
March 26, 1990 Date

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Representative Ginger Barr at
Chairperson

1:47 ~~a.m.~~ p.m. on March 12, 1990 in room 526-S of the Capitol.

All members were present except:

Representatives Peterson
Roy
Wagnon - Excused

Committee staff present:

Mary Galligan, Kansas Department of Legislative Research
Lynne Holt, Kansas Department of Legislative Research
Mary Torrence, Revisor of Statutes Office
Juel Bennewitz, Secretary to the Committee

Conferees appearing before the committee:

Representative Betty Jo Charlton
Janet Chubb, Assistant Attorney General, Kansas Racing Commission (KRC)
Representative Elizabeth Baker
John Gaffney, Attorney, Anthony Fair Association
Dan Bird, President, Anthony Fair Association
Jonathan Small, Greenwood County Fair and Rooks County Free Fair
Denny Burgess, Sunflower Racing, Inc.

Chairman Barr recognized Randy Tongier, Legislative Post Audit, present to answer questions. Post Audit has been conducting a financial audit regarding parimutuel though Mr. Tongier could not answer any questions on it as the audit has not yet been presented to the Post Audit Committee.

Representative Charlton explained the purpose of the bill is to ensure that the racing "commission (KRC) received all the information necessary to ascertain whether licensees are in compliance with the statutes and rules and regulations", Attachment No. 1. She stated that 78-82% of the daily handle is returned to the bettors. The remaining 22% is for purses, taxes and the non-profit organizations. The latter's share is used for:

- a. debt service on the millions borrowed to build the track facilities;
- b. track maintenance; and
- c. charity

She restated the importance of auditing concessionaire licenses.

Committee discussion:

1. County fairs were left out to be consistent with other exemptions for the fairs. A compliance audit would not seem appropriate for an operation the size of the fair.
2. Mr. Tongier explained a financial audit reviews financial statements and is an auditor's opinion on whether those statements are fairly presented in accordance with generally accepted accounting principles. Additionally, if the auditor finds material deficiencies in the auditee's way of doing business - there weren't good internal controls - it should be brought to the attention of whoever arranged for the audit.

A financial compliance audit adds the specific requirement for a specific report in the area of internal control identifying what the auditor considers witnesses. A compliance with legal requirements and a separate auditor's report on the auditee's compliance with those requirements.

3. Cost of a compliance audit depends on the number of requirements and the complexity of the auditee's operation. The general guideline for a compliance auditor is the concept of "materiality". It is gauged by its significance when compared with other financial statements. Many times the auditor won't review something in depth, or at all, unless specifically directed by the person arranging for the audit. For example, audits of the state treasurer's office reviewing a daily statement cost \$4,000. Every third year a full audit - covering a full fiscal year and more compliance issues - costs \$10,000.

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4. Staff was unsure whether the KRC, under the Parimutuel Act, had the authority to require an audit or compliance audit if it wished. At the request of a member, Janet Chubb explained the KRC has the authority to request any material it deems necessary for annual review or any other purpose. Though line 36, page 5 of the bill would seem to exempt county fair associations, Ms. Chubb explained the KRC has required audits of all licensees. She gave her personal opinion to be she could see no reason for exempting the county fair associations unless the operation was so small a "less onerous audit" could be required. A financial compliance audit may be in order for larger, more sophisticated organizations. Ms. Chubb stated the KRC has not addressed the particulars of the bill and had not authorized her to testify.

Staff noted that Eureka Downs is the organization licensee as well as the facility owner/manager licensee. Ms. Chubb affirmed that saying it holds one license which allows Eureka to conduct races, manage the facility and sell concessions.

Attachment No. 2 is a memo to the committee from Ms. Chubb re: HB 2905. She explained it was prepared in response to the assumption that a concessionaire licensee is always a large organization such as ARA or Sportservice. The KRC is required to license any group selling goods at a racetrack facility. Ms. Chubb explained that a financial audit may be "too onerous" for a person selling tack to horsemen at the county fair association races or dog food at dog race meets.

Committee discussion:

1. Though Eureka is smaller than the Woodlands or Wichita Greyhound Park (WGP), it is not necessarily smaller in the area of concessions, thus the Class 2. Ms. Chubb explained the concession agreement is normally made between a concession provider and the management entity. Concessions generate a high volume of business and if Eureka would generate over \$100,000 in concession sales and more than 21 race days, it would qualify for a Class 1 license. The KRC seems to consider \$100,000 the threshold for license classifications.
2. Chairman Barr explained the bill is a result of information given during hearings of the interim committee. Information varies between legislators and the KRC. Uniform bookkeeping procedures would enable the legislature to maintain better oversight, especially since it meets during a limited period. Ms. Chubb affirmed the KRC has no position on HB 2905.
3. re: The annual non-track sales. Ms. Chubb gave her understanding to be the \$100,000 is based on the total volume of business on or off the tracks. A concessionaire's license is not limited to food and beverage - it covers any goods sold at a racetrack.
4. Ms. Chubb explained there are many concessionaires that are small family businesses which, e.g., sell shavings for stalls or feed and could probably not afford everyday financial audits. It was requested an auditor or certified public accountant (C.P.A.) discuss the systems with the committee to help it be better informed.
5. The KRC investigates license/applicants. The class of license is determined on volume of business and not by location. Ms. Chubb clarified Attachment No. 2 was taken from the application form sent to concessionaires not from the law or from the regulations and was intended as an illustration.

There were no opponents to the bill.

HB 2906

Representative Baker explained the bill prohibits the use of public funds at any racetrack facility and is the result of Eureka Downs applying for a Community Development Block Grant (CDBG). The grants are Housing and Urban Development (HUD) monies from the federal government. It was determined these funds had never been used at a racetrack facility. Types or groups of CDBGs are:

- a. Community improvement grant awards.
In 1989 such funds were given to mental health centers, senior citizen centers and housing rehabilitation.

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- b. Planning assistance grant awards.
examples: Glen Elder, Kanopolis, Parsons, Pittsburg and Smith Center
- c. Economic development grant awards.
These are given to a number of industries. It is a working capital injection used by a business to strengthen it. e.g. Key Machines in Arcadia; a mushroom farm in Atchison; a forms printer in Girard and a pet food company in Louisburg.

The bill also limits the use of Industrial Revenue Bonds (IRBs) or any other form of local government participating in racing facilities.

In 1989, the Economic Development Committee introduced HB 2440, Attachment No. 3 which would prohibit any federal block grant money being used for racetracks. It passed the House on a vote of 103-21. Representative Baker asserted the committee's challenge was to determine if the use of public funds for gambling facilities is good public policy and whether the voters understood how public funds would be used.

Attachment No. 3A is a letter from Harland Priddle, Secretary, Department of Commerce, denying Eureka's request. Attachment No. 3B is a compilation of Eureka Downs' request for CDBG money. Representative Baker stated part of the \$300,000 was designated for purses.

Representative Baker introduced David Bossemeyer, Department of Commerce, who was present to answer questions.

Committee discussion:

1. Staff advised the language of the bill would seem to include a county commission loaning money to a county fair association.
2. One member explained purses are funded only through the handle and do not affect money going to the track.
3. After its original grant request, Eureka was advised many items did not apply and it would need to reapply. Representative Baker stated she had a large list of problems found at the Eureka track and offered to make it available.

One member expressed concern the committee was being asked to make a policy decision based on one track which has had management difficulties. The provisions of K.S.A. 74-8814 would apply to county fair associations if they are receiving money from counties as they are "subdivisions".

4. Representative Baker explained the intent of the co-sponsors was to decide what policy decisions should be. Certificates of Participation (COPs) are included. She affirmed it does have broad implications across the state, calling it "our job". COPs are issued through a city, sold to individuals and if there is default, the city is not liable.

John Gaffney described the operation at Anthony, located southwest of Wichita and 11 miles from Oklahoma (which has Remington Park) - a five day race meet (8 races per day) held at the end of harvest; the only meet to hold dog and horse races concurrently; the county is less than 8,000 population and the town less than 3,000; and the meet has been held continuously since 1904. He stated the organization is trying to slowly build toward parimutuel - it operates primarily on volunteer labor and contributions. The fair receives no federal aid but receives city and county assistance in the form of mowing or road equipment. Mr. Gaffney opposed the bill saying he believed it would destroy the operation at Anthony and offered some suggested amendments, Attachment No. 4.

Committee discussion:

1. The organization may be amenable to amendment(s), depending what they are.
2. The Anthony Fair Association could not afford to be licensed before July 1, 1990. Extension of the deadline to 1991 or 1992 may not be beneficial due to the length of the application process.

Dan Bird explained improvements planned for the Anthony Fair Association. Local residents are making donations to increase the purses. There are plans to use the tracks for training purposes in addition to the race meets.

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Jonathan Small testified against the bill saying it would eliminate a critical financing component as well as the county fair circuit, Attachment No. 5.

Attachment No. 5A is a letter of opposition from Richard Clasen, The Eureka Herald. Attachment No. 5B is a letter of opposition from Hurley Breech, Manager, Flint Hills Feed and Supply.

Committee discussion:

1. The atmosphere of the small tracks is that of a community social event.
2. Sales tax revenues in Greenwood County are up \$20,000 as a result of racing.
3. Mr. Small stated the language of the bill would affect every facet of potential funding or contributions of cities or counties.
4. There were a number of conditions written for horses entered. It was recognized as a mistake. The program designed and developed by Eureka will accommodate horses that will race there.

Conditions are written by the racing secretary defining the type of horse (e.g. quarter horse); age group (e.g. 2 year olds); length of race (e.g. 400 yards) and speed index (e.g. 95 or greater; or 45 or under). Horsemen prefer to enter under the narrowest condition under which their horse(s) can win.

Attachment No. 6 is a letter from Jon Daveline, Board of Directors, Fairgrounds Pari-Mutuel Racing Association, in opposition to the bill.

HB 2892

Representative Schauf discussed four specific concerns regarding parimutuel provisions, Attachment No. 7. They refer to:

- a. guidelines for hearing appeal officers
- b. KRC input for the new position of director of racing operations
- c. quality and training of stewards (horse races) and racing judges (dog races)
- d. advisory committee members; "hospitality" for KRC and staff

Committee discussion:

1. There was discussion concerning reviewing requirements of other states for the position of executive director rather than creating a new position. There was no disagreement that knowledge of racing would be beneficial and should possibly be a requirement of the executive director.
2. It was clarified the bill makes no attempt to discredit the KRC which appears to have done well in its attempt to become knowledgeable. Concern has been expressed by members of the KRC over the amount of research and background which must be requested due to no staff member having firsthand racing knowledge. The bill would permit the KRC to review the qualifications of the candidates for executive director and make a recommendation to the governor regarding the appointment.
3. In response to a member's question, Ms. Chubb stated the KRC had "not stated to me" any desire for the ability to choose its own executive director.
4. The KRC was notified of the hearings but expressed no desire to testify.
5. At the request of a member, Dan Hamer, Executive Director, KRC explained the KRC had been provided with copies of each of the proposed parimutuel bills but had indicated no desire to attend any of the hearings.

Denny Burgess supported the KRC having input into the appointment of the executive director, Attachment No. 8. He suggested leaving the flexibility for the appointment of a director of racing operations though he did not see it as a necessary position at this time.

Representative Jenkins moved to approve minutes of the February 14, 1990 meeting seconded by Representative Sebelius. The motion was adopted.

The meeting adjourned at 2:27 p.m. The next meeting of the committee is scheduled for March 13, 1990, 1:30 p.m. in Room 526-S.

GUEST LIST

FEDERAL & STATE AFFAIRS COMMITTEE

DATE Feb March 12, 1990

(PLEASE PRINT)

NAME	ADDRESS	WHO YOU REPRESENT
<i>Janis McBride</i>	<i>Topeka</i>	<i>Observer</i>
Dan Hamer	Topeka	KRC
J. Chubb	Topeka	KRC
John Ryker	Tampa KS	Close Up Kansas
<i>Wayne Ryker</i>	Tampa KS	Close Up Kansas
RANDY TONGIBR	TOPEKA	LEGISLATIVE POST AUDIT
J.P. Small	Topeka	EUREKA DOWNS ROOKS CO. FREE FAIR
Dan Bird	Anthony, KS.	Anthony Fair Assoc.
John M Gaffney	Anthony KS	Anthony Fair Assoc
Whitney Dameron	Topeka, KS	Wichita Greyhound Park
<i>Carrie Harris</i>	Ulysses, KS	Close-Up Kansas
Jan Post	Ulysses, KS	Close-up Kansas
<i>Rodney Sred-Vick</i>	Haven	" "
<i>Rita</i>	"	"
<i>Jennifer</i>	<i>Haven</i>	"
Lisa Patu	M. Hope	" "
Becky Epperson	Haven	"
<i>Suzanne Ventraler</i>	Haven	"

STATE OF KANSAS

BETTY JO CHARLTON
REPRESENTATIVE, FORTY-SIXTH DISTRICT
DOUGLAS COUNTY
1624 INDIANA STREET
LAWRENCE, KANSAS 66044
913-843-5024



ROOM 272-W
STATE CAPITOL BUILDING
TOPEKA, KANSAS 66612

TOPEKA

HOUSE OF
REPRESENTATIVES

February 28, 1990

Madam Chairman and Fellow Members of the Committee:

HB 2905 amends the Kansas Parimutual Racing Act by strengthening requirements for auditing of licensees. Changes in present law can be found in the following places in the bill: Page 5, beginning at line 36, "The commission shall require each organization licensee, other than a county fair association, to file annually with the commission a certified financial-compliance audit of the licensee by an independent certified public accountant, which audit shall be performed in accordance with generally accepted audit standards and any other guidelines specified by the commission. Such audit shall be open to inspection by the public." Page 12, beginning at line 23, the same language for facility owner licensees and facility manager licensees. Page 15, at line 33, the same for concessionaire licensees.

As you may read from the minority report of last year's special committee on Federal and State Affairs/Governmental Organization, the sponsors of HB 2905 believe this recommendation goes to the heart of regulation of the racing industry. Upgrading audits of licensees from "financial audits" to "financial compliance audits" should ensure that the commission receives all the information necessary to ascertain whether licensees are in compliance with the statutes and with rules and regulations.

To specify that audits be "performed in accordance with generally accepted audit standards and other guidelines specified by the commission" will establish a minimum standard, understood by all Certified Public Accountants, and at the same time allow the commission to direct auditors' attention to specific issues.

Finally, similar audit requirements are imposed on concessionaire licensees. During the interim hearings, the special committee heard testimony from the members of the Racing Commission, facility owners, facility managers and security personnel that the largest amounts of money at race tracks are handled by concessionaire licensees. The greatest opportunities for covering up illegal activities lie where the largest amounts of money are involved. The sponsors of HB 2905 believe that auditing concessionaire licensees may be more important than auditing organization, owner and manager licensees. Present law provides for no audits of concessionaires.

Betty Jo Charlton

BJC:dr

HOUSE FEDERAL & STATE AFFAIRS
Attachment No. 1
March 12, 1990

TO: House Committee on Federal and State Affairs

FROM: Janet A. Chubb
Assistant Attorney General, Kansas Racing Commission

DATE: February 28, 1990

RE: HB 2905

K.S.A. 74-8817(a) provides:

"No organization licensee or facility manager licensee shall permit any business not owned and operated by the organization licensee to sell goods within a racetrack facility where the organization licensee conducts race meetings unless such business has been issued a concessionaire license by the commission."

As a result of the above language, the commission must license a large concession company, selling all manner of concession items at multiple racetracks; and a small family business, selling tack or dog food at a small fair meet, as concessionaires. Because of the disparities in organization structures and potential income, the commission has developed three classes of concessionaire licenses as follows:

CLASS 3: for businesses with total annual sales (including non-track sales) of less than \$100,000 that will be selling goods at county fair race meets with less than 21 annual race days. This class is intended to be used by very small businesses at the Rooks County Fair Harness Meet.

CLASS 2: for businesses with total annual sales of less than \$100,000 that plan to sell goods at race meets having more than 21 annual race days. This class is intended to be used by very small businesses selling goods at the extended race meets held at Eureka, Kansas City and Wichita.

CLASS 1: for business operations that do not qualify for a Class 2 or Class 3 license. The Class 1 concessionaire license is intended to be used by all business with annual sales in excess of \$100,000.

HOUSE FEDERAL & STATE AFFAIRS
Attachment No. 2
March 12, 1990

HOUSE BILL No. 2440

By Committee on Economic Development

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AN ACT concerning the department of commerce; prohibiting grants of federal community development block grant moneys for purposes relating to horse or dog racing or parimutuel wagering thereon.

Be it enacted by the Legislature of the State of Kansas:

Section 1. The secretary of commerce shall not award any grant of federal community development block grant moneys for any project which is directly related to horse or dog racing or to parimutuel wagering on horse or dog racing.

Sec. 2. This act shall take effect and be in force from and after its publication in the Kansas register.



KANSAS

DEPARTMENT OF COMMERCE
Community Development Division

Don Gragg
Director

Harland E. Priddle
Secretary

March 8, 1990

The Honorable James L. Saunders
Mayor, City of Eureka
309 North Oak
P. O. Box 68
Eureka, Kansas 67404

Dear Mayor Saunders:

Thank you for the timely response to the letter of February 22, 1990.

After thorough review by our staff and myself, two major concerns continue to exist.

- (A) Sufficient working capital does not appear in place to open and operate the track for the 1990 Racing season.
- (B) We continue to be seriously concerned that retirement of short and long term debt has not been adequately addressed.

It is with deep regret Grant offer #89-BF-018 is withdrawn effective the date of this letter.

We sincerely hope the money to provide the required working capital and debt retirement may be obtained from other sources.

Sincerely,

Harland E. Priddle
Secretary of Commerce

HEP:DG:alf

cc: CDBG file

HOUSE FEDERAL & STATE AFFAIRS
Attachment No. 3A
March 12, 1990

ECONOMIC DEVELOPMENT

PROJECT FINANCIAL NEED NARRATIVE FORM

NAME OF APPLICANT: City of Eureka

1. Narrative:

The Greenwood County Fair Association, a non-profit corporation formally incorporated in 1954, is undertaking this ambitious program to expand its facility and establish itself as a principal pari-mutuel facility within the State of Kansas. Through its feasibility study and work with financial consultants and contractors, the Association has determined that some \$1.5 million will be required for financing of fixed assets for the required upscale improvements to our facility. The Fair Association has been advised by its bond underwriters that this money can be raised through placement of Certificates of Participation. However, the means to raise the total \$600,000 in working capital required for the start-up operation of the facility from October 1988 through March 1992 is a source of funds that has not been identified except for local contributions in the amount of \$300,000 and the proceeds of the Small Cities Block Grant/Loan Program. However, the cash flow analysis of the project shows that \$600,000 must be identified and committed for the working capital to start-up the operation and carry it through the crucial promotional period. The total working capital amount of \$600,000 would be invested prior to April of 1992. A working capital requirement of approximately \$300,000 has been identified for the first 18 months of the project, with an additional \$300,000 required for the following 18 months. In March of 1989 the improvements will be completed and cash receipts will be received when the upgraded project becomes operational.

The private lenders are participating in every way they can. The unchartered territory that is pari-mutuel racing in Kansas make it difficult for conventional lenders to prudently provide extensive financing for such a project, though the local lending institutions are extremely supportive of the Eureka Downs project. All sources of public assistance have been exhausted locally and at the Federal agencies. SCKEDD at the present time has no monies to loan through its Revolving Loan Program and has therefore sought assistance through the SBA and the Farmers Home Administration. SCKEDD has been advised that, because of the non-profit nature of the Greenwood County Fair Association and because of the type of project, the funds are not eligible through other sources. As a non-profit corporation, the Association is not eligible to file for a loan through the Small Business Administration (SBA). The Farmers Home Administration has stated that the project is not eligible for consideration through its Community Facilities Loan Program. In fact, there seem to be no other sources of financing available at this time. This has been confirmed further through the research efforts of the South Central Kansas Economic Development District (SCKEDD), Inc., on our behalf. A letter outlining their efforts is enclosed. Because it is a non-profit corporation, the Board of Directors of the Greenwood County Fair Association is not in a position to guarantee the project. However, the assets of the Association, which are presently appraised at \$608,000, would be pledged to the project. Once in operation, the Facility would be worth considerably more, as discussed in the enclosed article on Bluegrass Downs. Expert race track operators, builders, and officials have indicated that the value of the Eureka Downs Race Track would escalate dramatically with the advent of pari-mutuel racing operations. Their estimates, based on a factor of revenues, indicate that the value of the facility would be approximately \$3.5 million within the first year of operations.

(Project Financial Need Narrative continued)

The current assets of the Greenwood County Fair Association include the existing facility, which track professionals estimate to actually be between \$750,000 and \$1 million. Enclosed are cost estimates and plans, as well as an operation plan and marketing and promotional studies for the proposed project, which outline the project's feasibility and method of moving through the development stage and into operation. Time is of the essence in taking advantage of this opportunity. Greenwood County must take advantage of the opportunity for economic development that a pari-mutuel race track represents. As an area struggling for survival in a period of serious economic hardship, this opportunity must not be lost.

Private financing in the amount of \$1.5 million through Certificates of Participation (COP's) has been assured through Stifel, Nicolaus and Company, Incorporated in Wichita. However, COP's can only be utilized to finance fixed assets and all of the assets of the Fair Association have been pledged to secure this commitment. An outline of the COP financing and required commitment letters on that financing are enclosed.

The \$300,000 requested in the grant application is a minimum amount which, when combined with the contributions from local boosters, should be adequate to carry the project until a positive cash flow position can be achieved. The collateral for this loan would be a second position on the fixed assets of the Fair Association through the first 18 months of operation. At that point, the local booster money would be borrowed and the grant/loan position would be converted to a third position on the fixed assets. This \$300,000 would be loaned from the City of Eureka to the Greenwood County Fair Association at 8.0% interest. However, the Association would request that they be allowed to make interest-only payments in the first two years to allow the project to become firmly established. After the initial two year period, annual payments would be made for the next three years to effect a total pay-out. The payment schedule for repayment of these funds is included in the cash flows. The last principal and interest payment would be made in October of 1993.

With the Small Cities Block Grant (CDBG) approval, the finance package would be completed, and the project could be completed and become fully operational by March of 1989. Within 18 months of that time the employment projections can be attained. Jobs Training Partnership Act funds would be used to further enhance the feasibility of the project. It is crucial, however, that the Small Cities Block Grant be made to the community so that it may be loaned to the business if the project is to go forward. Clearly there is a gap to be financed in this project, and without the CDBG funds, the project cannot be completed in Eureka, Kansas.

FSA
30-2
3-12-90

Eureka Downs

May 18, 1988

The Honorable James L. Saunders
Mayor of Eureka
P.O. Box 68
Eureka, Kansas 67045

Reference: City of Eureka/Greenwood County Fair Association CDBG

Dear Mayor Saunders:

Eureka Downs is located in Eureka, Kansas at the eastern edge of the city, north of U.S Highway 54, and presently occupies 80 acres of property. The facility is managed by the Greenwood County Fair Association, a non-profit corporation formed in 1961.

The Greenwood County Fair Association has two facilities: a fair facility and a racing facility. The fair facility is used for fair activities which include an annual County Fair in August and many other county functions throughout the year. Other fair-related facilities accommodate the showing of horses, cattle, swine, sheep and other livestock. The racing facility has been developed into a prominent horse racing track with an excellent reputation and high-speed index. The existing race track facility consists of a dirt track, a grandstand, a beverage/food facility, an office facility and several horse barns which provide 300 stalls. In addition, a community building was recently constructed in conjunction with the City of Eureka and is available for use by the entire community as well as County Fair activities.

As the only horse race track in Kansas, Eureka Downs has the potential, through expansion, to be a profitable asset to the State of Kansas and Greenwood County. The equity of the Greenwood County Fair Association's facilities has an estimated replacement-cost value of between \$750,000 to \$1 million. After the pari-mutuel program is up and running, the value of our total facility will be a minimum of \$4 million, based on an income approach which is considered conservative.

Eureka Downs presently holds 29 days of racing, April thru August. At least 10 races are run each race day, with an average attendance of 900 spectators per day. Until two years ago, the operation of Eureka Downs depended on two people and a Fair Association that met once a year; all work was done on a voluntary basis. With the advent of pari-mutuel racing, a major restructuring of the Association is imperative.

The Greenwood County Fair Association Board Members are outstanding professionals, well trained in their fields, who are establishing a viable business organization which will enable Eureka Downs to generate substantial revenue for the State of Kansas and Greenwood County as well as increase the local employment base. Feasibility studies project the equivalent of 38 full-time jobs (29 of which would be low to moderate income positions) would be created within the first 18 months of full-scale operation. The Fair Association will

A Non-Profit Entity Operated By The Greenwood County Fair Association, Inc.

P.O. Box 228—Eureka, Kansas 67045—(316) 583-5528

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Eureka Downs

Reference: City of Eureka/Greenwood County Fair Association CDBG

work closely with the JTPA/Job Service office in Pittsburg to assure that these positions will be filled by individuals seeking employment through those agencies. Indirect employment will exceed 47 jobs. These employment projections do not include additional employment during the construction phase, which is projected to be 21 jobs.

The membership of the Board has changed substantially from an agriculturally-oriented Board that met once a year to a business/retail oriented Board meeting monthly. The 27-member Board is elected by the stockholders on an annual basis. A committee format is followed to enable us to rotate well informed and prepared Board Members from the stockholder base. Our present Board Members include: the President of the Kansas Quarter Horse Association; an editor/publisher who is President-elect of the Kansas Press Association; several people who are knowledgeable of and active in the horse racing industry; many highly successful owner/operators of pure bred and/or stocker cattle business; and many successful retail businessmen. Former Board members who have been instrumental in restructuring our current organization include the Presidents of two Eureka banks.

A feasibility study has been completed by Larry Prehn, Executive Director of Business & Industrial Planning Associates located in Austin, Texas which supports our proposed program. Mr. Prehn's credentials speak for themselves and were included as part of our application to the State Racing Commission. Mr. Prehn's feasibility study indicates that Eureka Downs has the most advantageous position in the State of Kansas for successful results. Expanding on Mr. Prehn's study, the Association has generated additional cash flows and projections based on the most conservative aspect of the study. Even looking at the "worst case" scenario, the projections provide ample or excess coverage for debt reduction.

The Association's projections include \$1.5 million to be funded for improvements and construction of additions to the existing facility. Substantial improvement to the grandstands would include a glass-enclosed, climate-controlled upper level area for 2,500 to 3,000 patrons. An additional 2,500 to 3,000 spectators would be accommodated on the track apron and in the lower level of the grandstand, providing a total capacity of 6,000. Restaurant and club facilities, closed-circuit television, mobile betting machines, etc. would provide enjoyment to a wide variety of patrons. Improvements to the barns, a paved parking lot, new sewer and water lines, and road improvements are also part of the project. The attached projected cost schedule lists additional improvements. The costs were verified by the Milt Pollitt Co., Inc. of Wichita, who will be the general contractors for the project. Sid Lane Architects of Wichita have been retained as the architect for the construction and improvements.

The aforementioned feasibility study and above projections are based on a 72-day pari-mutuel racing schedule. The Association has requested from the Kansas Racing Commission an 1989 pari-mutuel race schedule of 72 race days beginning April, 1989.

Eureka Downs

Reference: City of Eureka/Greenwood County Fair Association CDBG

The application submitted to the City of Eureka is in the amount of \$300,000 to be repaid over a five-year period with an interest rate of 9.00%. This money is required to ensure adequate working capital to prepare for a full 72-day session in 1989. This ambitious undertaking is predicated upon completing funding for the Association's financial requirements. The Association has received a commitment for the \$1.5 million from the following Wichita, Kansas firms: Stifel, Nicolaus and Company, Inc., First Securities Company of Kansas, Inc., and J.O. Davidson & Associates, Inc. Our marketing research, cash flow projections and feasibility studies indicate that a minimum of \$600,00 will be necessary for working capital. The Association has obtained \$300,000 from various sources at the local level. The Fair Association's Fixed Assets will be provided as collateral for the financing of the improvements and working capital. Because the Greenwood County Fair Association is a non-profit corporation, the Board of Directors is not in a position to offer personal guarantees for this financing.

It must be understood by all that the funding of this request by the City of Eureka is of paramount importance to all residents of Greenwood County. No funds are available to application by the Association through the Small Business Administration, the Farmers Home Administration or the South Central Kansas Economic Development District, Inc. With the award of the requested racing days and Community Development Block Grant funds, the Fair Association is at this time ready to start the project. The construction is projected to start October 1, 1988, with a projected completion date in March of 1989. Parimutuel racing operations will commence in April. All applicable local, State, and Federal laws will be adhered to, as will the regulations of the Community Development Block Grant Program.

The citizens of Eureka, Greenwood County and the State of Kansas have in Eureka Downs a dynamic opportunity to build an economic base which would not only replenish an already declining economic base, but add to all of South-eastern Kansas because of the traffic which will be created through travel to our racing facility. By helping Eureka Downs you have helped many other communities which are experiencing the worst economic climate since the Great Depression. The Association is available for any questions or additional documents you require. Your continued support has been greatly appreciated.

Sincerely yours,



Paul Hendrickson,
President

ECONOMIC DEVELOPMENT

PROJECT SOURCE AND USE FORM

Name of Applicant: City of Eureka

	<u>Amount</u>	<u>Rate</u>	<u>Term</u>	<u>Collateral</u>
1. CDBG Amount Requested:	\$ 300,000.00	8.0 %	5 yrs.	*See below
2. Other Sources of Funds:				
Source				
a. <u>Certificates of Part.</u>	\$1,506,600.00	9.0 %	12 yrs.	1st on fixed assets
b. _____	\$ _____	_____ %	_____ yrs.	_____
c. _____	\$ _____	_____ %	_____ yrs.	_____
d. _____	\$ _____	_____ %	_____ yrs.	_____
3. Total Project Funding:	\$ 1,806,600.00			

4. Use of Funds (in thousands)	TOTAL COST	CDBG	SOURCE A	SOURCE B	SOURCE C	SOURCE D
a. Acquisition						
(1)						
(2)						
b. Water/Sewer						
c. Construction/ Rehabilitation	1,506.6		1,506.6			
d. Working Capital						
(1) 10/88 thru 3/90		300				
(2) (See cash flows)						
(3)						
e. Machinery/Equipment						
(1)						
(2)						
(3)						
(4) Other						
f. Site Improvements						
g. Other (Specify)						
(1)						
(2)						
h. Planning						
i. Administration						
TOTAL PROJECT COST	1,806.6	300	1,506.6			

* The CDBG Grant/Loan will be collateralized with a second position on the fixed assets for the first 18 months of the project, thru March of 1990. At that time, the money from the Page 8 of 14 local boosters will be borrowed and will be secured with a second position on the fixed assets. The CDBG loan collateral position will be converted to a third position on the fixed assets.

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**SIFEL, NICOLAUS
& COMPANY INCORPORATED**

INVESTMENT SERVICES SINCE 1890

111 S. MAIN STREET, WICHITA, KANSAS 67202
316-264-6321 • KS 1-800-362-1167

July 1, 1988

Honorable Jim Saunders
City of Eureka
309 N. Oak
Eureka, Kansas 67045

Re: Greenwood County Fair Association Pari-mutuel facility improvements

Dear Mayor Saunders:

At the city's request I am providing this letter as documentation to be enclosed with the city's application for Community Development Block Grant funds in the amount of \$300,000. These funds along with the \$300,000 that is being raised within the community would be utilized for operating expenses associated with the expansion and operation of the \$1,500,000 pari-mutuel facility which is scheduled to be developed this fall. X

The role of our company is to provide the funds necessary for the expansion of the Greenwood County Fair Association racetrack facilities. We have worked with the Fairground Association and the City of Eureka to develop a finance package of \$1.5 million which will be utilized to upgrade and expand the operations to accommodate the facilities. This commitment is in place for the referenced project subject to the provisions from the attached agreements which include:

1. An executed inducement resolution indicating official action and the governing body's willingness to issue bonds. Eureka City Commission resolution dated, February 11, 1988.

2. A letter from Gilmore and Bell, attorneys-at-law, dated January 14, 1988, which verifies through the opinion of Bond Counsel that the issuer has authority to issue tax exempt bonds for this project through the means specified in the letter.

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Hon. Jim Saunders
July 1, 1988
Page 2

3. Letter to the Eureka City Commissioners, dated January 15th, 1988, which establishes that under the following conditions our company along, with other underwriters listed in the letter, agree to making a purchasing commitment establishing market commitment to buy bonds.

Furthermore, to facilitate the city's effort to obtain the required grant funds for operating capital, we hereby assure the City that the commitment to purchase the bonds and have funds available within 90 days of the Community Development Block Grant award announcement, on or about May 2, is given. This commitment is contingent on the timely issuance of the pari-mutuel racing license by the Kansas Racing Commission. Also please note that though the documents utilized the word "approximate" in referring to the \$1.5 million commitment for Certificates of Participation, this commitment is not meant to exceed plus or minus 10% of the amount stated as a variance. This language was used to accommodate any possible slight overruns associated with construction of the facility improvements. The Certificates of Participation are committed in an amount of **at least** \$1.356 million. The terms of the Certificate financing are estimated to be approximately 8-9% with repayment over a 12 year period.

Sincerely,



Steve Randle
Vice-President

SR:JEA:cwl

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3-12-90

SUMMARY OF OPERATING EXPENSES AND WORKING CAPITAL NEEDS FOR EUREKA DOWNS RACE TRACK
 (October 1988 thru March 1990)

ITEM	18 MONTH REQUIREMENT	% OF TOTAL	WORKING CAPITAL INJECTION REQUIRED
X Purses	\$526,707	23.42%	\$70,259
Wages	\$467,510	20.79%	\$62,363
Admissions Tax	\$15,691	0.70%	\$2,093
Public Relations and Marketing *	\$250,005	11.12%	\$33,349
Totalisator lease	\$143,997	6.40%	\$19,208
Operations and Maintenance	\$59,990	2.67%	\$8,002
Utilities	\$59,990	2.67%	\$8,002
Insurance	\$60,599	2.69%	\$8,084
Miscellaneous	\$110,875	4.93%	\$14,790
State Tax	\$553,617	24.62%	\$73,849
Totals	\$2,248,981	100.00%	\$300,000

*See attached Marketing Budget

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 3-12-90

HEARING ON HOUSE BILL NO. 2906
(Amending Parimutuel Racing Act)
February 28, 1990

Comments from John M. Gaffney, Attorney for The Anthony Fair Association, and from Dan L. Bird, President of The Anthony Fair Association.

Proposed Amendments.

A. K.S.A. 74-8802(g) would be amended to remove "political subdivision (of the state of Kansas)" from the definition of a "facility owner licensee". (page 1, lines 35-36.)

B. K.S.A. 74-8802(q) would be amended to add a definition of "public funds" as funds from any level of government and funds derived from any public source (e.g., taxes, bonds, gifts, grants, etc.). (page 2, lines 39-42.)

C. K.S.A. 74-8813(c)(3)(B) would be amended to add a prohibition against the use of "public funds" in constructing or operating a racetrack facility, unless the organization license is issued before July 1, 1990. (page 4, lines 42-43 and page 5, lines 1-2.)

D. K.S.A. 74-8815(a) would be amended to remove "the state of Kansas or any political subdivision thereof" from the entities permitted to apply for a license to own a racetrack facility, except the state of Kansas could be licensed to own a racetrack facility at the state fairgrounds in Hutchinson. (page 11, line 43 and page 12, lines 4-7.)

E. K.S.A. 74-8815(e) would be amended to add a prohibition against the use of "public funds" in constructing or operating a racetrack facility, unless the facility owner license is issued before July 1, 1990. (page 13, lines 15-18.)

Effects of Proposed Amendments.

A. No county or city can be licensed to own a racetrack. (Under existing law, no county or city can be licensed to conduct a race meet.)

B. No "public funds" can be used to construct or operate a racetrack, unless the owner and operator are licensed before July 1, 1990.

Impact of Proposed Amendments.

A. Would prevent county fair race meets.

1. Rural race meets need cooperative effort, depend on city or county help with labor or material or funding. Proposed amendments would not permit this.

2. Rural cities and counties are major source of economic development incentives. Proposed amendments would not permit this.

3. Anthony Fair Association has just begun preliminary discussions with the KRC concerning an AFA proposal whereby the AFA would exchange all or part of its share of the parimutuel handle for the KRC providing the tote equipment and personnel. The proposed amendments would not permit this.

B. Would limit the number of tracks to Stockton, Eureka, Wichita, Kansas City, Pittsburg and Hutchinson.

C. Would eventually force the Anthony Race Meet, which has conducted race meets every July since 1904, to shut down, because the Anthony Fair Association would never be able to operate a parimutuel race meet without help from Harper County and the City of Anthony.

D. Violates commitment to rural economic development advocated by proponents of the parimutuel constitutional amendment. "Parimutuel racing is an economic development program . . ." Anthony Republican, October 29, 1986. (See attached newspaper articles and advertisements from September and October, 1986.)

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JONATHAN P. SMALL, CHARTERED

Attorney and Counselor at Law
Suite 304, Capitol Tower
400 West Eighth Street
Topeka, Kansas 66603
913/234-3686

February 28, 1990

TESTIMONY BEFORE THE
FEDERAL AND STATE AFFAIRS COMMITTEE
IN OPPOSITION TO HB 2906

I am Jonathan Small appearing here before the Committee today in behalf of the Greenwood County Fair Association, owner and operator of Eureka Downs, the quarter-horse and thoroughbred racing facility located in Eureka, Kansas.

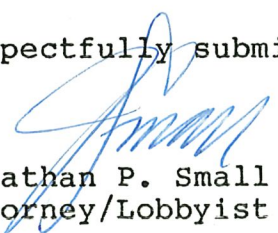
I also represent the Rooks County Free Fair, through the efforts of the Stockton Chamber of Commerce. The Rooks County free Fair owns and operates the harness horse racing facility in Stockton.

These organizations strongly oppose the provisions of HB 2906. The net effect of this bill will be to eliminate an important element of community support for the county fair associations around Kansas who might someday desire to make parimutuel racing a part of their fair programs. It was envisioned at the inception of parimutuel racing that a fair circuit hopefully would one day play a role in Kansas' parimutuel racing efforts.

City and county funding for county fair programs is common. The wording of these amendments to the racing act would eliminate an important, traditional mechanism to pay for capital improvements for racing facilities which might need some assistance. Municipalities frequently contribute to local recreational programs. It does not seem appropriate that parimutuel racing should be singled out for elimination from such programs.

It is our humble opinion that HB 2906 serves no useful purpose. It will definitely hurt a potential county fair circuit in Kansas, if not kill it altogether. We urge you not to approve this bill.

Respectfully submitted,


Jonathan P. Small
Attorney/Lobbyist

RS0228T1

HOUSE FEDERAL & STATE AFFAIRS
Attachment No. 5
March 12, 1990

EUREKA, KANSAS 67045

February 27, 1990

Dear Legislators:

The support of economic development, especially in rural Kansas, continues to be a number one priority for all Kansans. When pari-mutuel wagering was approved by the voters of Kansas, the major emphasis was on benefits through economic development. That continues to be the single most importance issue.

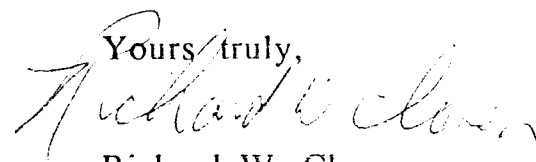
With Eureka Downs now in the off season, there are over 170 horses stabled at the fair grounds. It is conservatively estimated that each horse represents \$10 per day to the economy of all of Greenwood County. That's economic benefit, and does not include many other sideline benefits from that \$10 per day turning approximately five times.

During the racing season the economic benefits have grown throughout the entire area, especially in added income for young families. Some of our weekend employees, six young mothers to be exact, each remarked that the starting of the 1989-90 school year was much easier financially. For the first time in their young family life, their children returned to the classroom without mom and dad needing to borrow money to pay for books, clothing, etc. That's economic benefit at it's best.

Sales tax collected in Greenwood County was up \$20,000 and that must be directed to collections because of Eureka Downs, both directly and indirectly.

Any attempt to stop economic development, whether it be through laws hampering growth by banning the use of tax monies, or added burdens through additional laws singling out a group, should not be passed in the Kansas Legislature. Taxpayers in the individual areas should be the final decision makers. In Greenwood County pari-mutuel was overwhelmingly approved, and continues to receive support from the strong majority. Surrounding counties and communities also benefit from this economic development. In rural Kansas there should be efforts to assist, not hurt what industry is already available. Eureka Downs, and all tracks in Kansas, are growing industries that will continue to benefit the state through more jobs, more tax monies and continued economic development.

Yours truly,



Richard W. Clasen

FLINT HILLS FEED & SUPPLY
100 North Main — Eureka, Kansas 67045

February 27, 1990

Gentlemen:

As a small business manager in Eureka, Kansas, the Pari-Mutuel racing here has been a very good thing for our business. During the racing season of 1988 and 1989 and now with horses starting to come the track for the 1990 season, our business will be booming again.

We are in the tack and feed supply business. We have had a 28 ton increase in horse feed alone in 1989 over 1988 and a 30% increase in tack and health aids in 1989 over 1988.

I think it would be a wrong move to pass a law that would stop the use of any tax monies for race tracks. The program is beneficial for all of Greenwood County.

From talking with several other businessmen in Eureka, they all indicate they notice a decline in business after the race season was over in 1989.

Sincerely



Hurley Breech
Manager

Fairgrounds Pari-Mutuel Racing Association

P.O. Box 519
Hutchinson, KS 67504-0519
(316) 662-3391

February 27, 1990

Representative Ginger Barr
State Capitol
Room 115-S
Topeka, KS 66612

Dear Representative Barr:

The Fairgrounds Pari-Mutuel Racing Association, a non-profit community based organization, in conjunction with the Kansas State Fair did make a formal application for a license for pari-mutuel horse racing on the State Fairgrounds. Although we were not successful in being granted a license from the Racing Commission, our application is being held in a "dormant state" and we plan to reactivate our application in hopes of obtaining a license for pari-mutuel racing on the State Fairgrounds.

HB 2906 refers to the use of public funds as the means and source of financing the construction or operation of such a facility if the organization license is issued on or after July 1, 1990. We do have concerns over this language as it would potentially prohibit us from financing any improvements through the issuance of private placement "Certificates of Participation".

Let me briefly explain how we intend to finance the improvements. A bond underwriting firm did guarantee to underwrite the bonds using "Certificates of Participation". These are tax exempt bonds issued through the City of Hutchinson. The repayment of the bonds comes from the revenue stream from the track operation. Because these are tax exempt to the bond holder, the law requires the bonds to be issued through a municipality. There is no financial obligation on part of the city. The city simply is the conduit to issue the tax exempt bonds. In case of default, the bond holders, who are private investors, assume the financial risk, not the taxpayers.

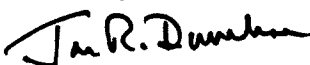
One of the primary reasons we chose this method of financing is because the improvements were to be made on state owned property. Therefore, we could not use the fairgrounds as collateral for the bonds. The financial strength of the project enables the debt to be paid from the net proceeds. We recommend to the committee that you reword the statute ...

"to permit the issuance of bonds for construction of a race track facility as long as the bonds do not impair or encumber any property of the State of Kansas."

This would provide a safeguard to give assurance the State of Kansas is not assuming any financial obligation for the improvements.

We hope you will consider our viewpoint as to conduct hearings on HB 2906. Thank you for your time.

Cordially,



Jon R. Daveline
Board of Directors

FAIRGROUNDS PARI-MUTUEL RACING ASSOCIATION

DEBARA K. SCHAUF
REPRESENTATIVE, EIGHTY-FIRST DISTRICT
SEDGWICK AND SUMNER COUNTIES
P O BOX 68
MULVANE, KANSAS 67110
(316) 777-4608



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: LABOR AND INDUSTRY
FEDERAL AND STATE AFFAIRS
COMMERCIAL AND FINANCIAL
INSTITUTIONS
JOINT COMMITTEE ON ADMINISTRATIVE
RULES AND REGULATIONS

TESTIMONY BEFORE HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

HOUSE BILL 2892

BY REPRESENTATIVE DEBBIE SCHAUF

MARCH 12, 1990

MADAM CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I INTRODUCED HOUSE BILL 2892 TO ADDRESS FOUR SPECIFIC CONCERNS WHICH CAME TO MY ATTENTION THIS PAST SUMMER.

A. SECTION 1, (q) on page 4 lines 3,4,& 5 deals with hearing officers to be appointed to hear matters authorized by the pari-mutuel act when the commission does not wish to hear the entire presentation of evidence. Normally the hearing officers will hear the case and make a recommendation back to the commission. The original wording of the act allowed the commission to appoint hearing officers but yet did not set out any specifications or qualifications for the appointment of such people. Normally when a case is filed, the commission will appoint the chief steward or judge at the track to serve as the hearing officer. From time to time the current commission has also used various others as hearing officers, including attorneys they are familiar with, etc. At one commission meeting I attended there was a discussion about who should be appointed for hearing officer to hear the facts surrounding

HOUSE FEDERAL & STATE AFFAIRS

Attachment No. 7

March 12, 1990

cases involving concealment or failure to disclose felony convictions at the time of license application. A former director of the Kansas Horsemen's Association (that is the association authorized to be created under the act as a breed registry for "Kansas Bred Horses") was considered as a hearing officer at one such meeting, along with an attorney, and a racing steward who was not currently working as there were no races authorized during that time of the year.

I feel both the persons who are the subject of the hearing and the commission would be better served if there were established guidelines and procedures for the selection of these hearing officers in order to better protect the integrity of our racing program.

B. In Section 2 I have proposed two changes dealing with the qualifications and appointment of the executive director of the racing commission.

(a) 1. directs that the person appointed by the governor shall be nominated by the racing commissioners. Our act is quite discretionary in the operation and oversight of the racing commission, however it does not allow for the commission to have any input into the qualifications, experience, or selection of the person on whom they have to depend to see that their decisions are implemented, or that the operation of their agency functions smoothly. There is an obvious, understandable reluctance of the governor's office to intercede in the

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3-12-90

agency when questions or problems arise in the racing industry. I feel that is as it should be, however, I do have great concern when the commissioners are expected to be fully accountable for their actions, yet they have no say in the person hired to direct the operation of the agency.

(a) 2. F: adds to the qualifications for the executive director that the person selected shall have experience in the horse and dog racing industries sufficient to fulfil the duties of the office of executive director. Our act is quite specific that the commissioners shall have no ties to either industry, however they are expected to make decisions on an almost daily basis that effect the economic lifeline of both industries and the people involved in racing for their livelihood. They are also expected to protect the interests of the betting public and insure that the chances for crime and corruption are eliminated. The past practice of the Governors office in the selection of an executive officer has resulted in the appointment of 2 executive directors who have had no ties to the industry, and NO EXPERIENCE in what works and what doesn't work. I believe if you will take a close look at what has happened in the past two years and some of the controversies that have surrounded the commission you will see that the easiest and safest solution to these problems would be the appointment of someone with good managerial skills, and experience in other states which have dealt with greyhound and horse racing to help guide their decisions. This person would then have a base of contacts which would

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be of great value as we form the basis of a successful racing industry for Kansas.

C. The third change I propose is in section 2, (d) (1) on page 5 starting at line 28. Many of the problems that have developed over the past year have been in the area of the actual operation and supervision of the racing. This is an area separate from security, pari-mutuel wagering, or the organizational processes of licensing race tracks. This area deals with the qualifications and training of the stewards and racing judges, the rules and regulations necessary for the orderly licensing of the occupational people in the greyhound and horse industries, and the rules of conduct at races. It has become very apparent to me that we must address this area or we are going to have some real problems, both in the attracting the quality of people and animals we need to insure a quality racing program in Kansas, and to deal with the ultimate goal which is the protection of the betting public with regard to the running of the races.

1. Last race day at Eureka in October, 1989
2. Number of infraction cases appealed to commission
3. Current conflicts in the present rules and regs.

I am sure that one of the concerns in this area will be the expense of an additional position. As you know the operation of the commission is funded out of revenue generated from the state gaming fund by a percentage of the handle at the tracks and other fees, such

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3-12-90

as licensing, admissions tax, etc. I believe the need for this position is great, and if our intention is to provide a clean, quality racing industry for Kansas, we should not be unwilling to use those funds to provide the necessary employees to insure the integrity of the program.

D. Section 3, (4) is the section of the act that deals with the commission, its members, appointees, and employees. Since the time I introduced this bill there has been a situation of which I am sure you are all aware regarding the entertainment or "hospitality" provided for commission members and staff. I would propose that this bill be further amended to allow for the changes which were amended into the Ethics bill last week on the floor of the house. It further specified that hospitality was not to be accepted, and that the commission should provide by rule and regulation for the definition of suitable facilities and services that would be acceptable at the racetrack facility. I would further comment that we should consider amending this section to allow that advisory committee members which are permissive in the act to advise the commission on matters involving racing should be allowed to be people active in the racing communities and not disqualified from occupational licensing, ownership of animals, or wagering. These people serve without compensation and have no vote on commission matters. In the past it has been difficult if not

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impossible to attract and keep knowledgeable and respected members because of the unrealistic restrictions.

I know that the issues in this bill are quite comprehensive and deal with many areas, however I am firmly convinced that if we do not start dealing with these issues in the near future the quality of the racing programs in Kansas will be in real trouble.

Thank you for your attention, and I will be happy to stand for questions.

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TESTIMONY BEFORE THE HOUSE COMMITTEE

ON FEDERAL AND STATE AFFAIRS

March 12 1990

I'm Denny Burgess representing Sunflower Racing Inc. I would like to speak in favor of HB 2892. I think it makes a lot of sense for the Racing Commission to have some input into the selection of an executive director since they have to work very closely with that person.

I think the commission has enjoyed the service of two very fine executive directors in it's short history so far and my support of this bill is no reflection on past or present directors. I think it would be good public policy to give the commission a voice in the selection of future directors.

Thank You