

Approved: April 3, 1997
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairman Bill Mason at 3:30 p.m. on March 24, 1997 in Room 423-S of the Capitol.

All members were present except: Barbara Allen (Excused)

Committee staff present: Lynne Holt, Legislative Research Department
Renae Jefferies, Revisor of Statutes
Beverly Renner, Committee Secretary

Conferees appearing before the committee: Senator Ben Vidricksen
Senator Chris Steineger
Skip Palmer, President and Project Manager, Wonderful World of Oz
Jim Kaup, Attorney on behalf of City of Topeka
Steve Kelly, Department of Commerce and Housing
Teresa Sittenauer, Attorney, International Speedway

Others attending: See attached list

Chairman Mason opened the hearing on SB 280 - an act concerning ownership of tax increment financing structures by developers.

Lynne Holt, Legislative Research Department explained that the bill would authorize the use of transient guest, sales and use tax proceeds to retire special obligation bonds issued to finance the construction of building or other structures to be owned by, or to be leased to, developers.

Senators Ben Vidricksen and Chris Steineger spoke to the importance of approving this legislation to provide a financing mechanism for the development of the Wonderful World of Oz theme park/resort area in Kansas City.

Skip Palmer, President and Project Manager, Wonderful World of Oz spoke in support of **SB 280** (Attachment 1). Mr. Palmer explained that investment bankers for the Company suggested the need for this legislation in that certain financial institutions are hesitant to finance developments not owned by the developer.

Jim Kaup, Attorney on behalf of the City of Topeka proposed an amendment to **SB 280**. To benefit the cities of Topeka and Winfield, this amendment would allow tax increment financing (TIF) bond proceeds to be used to construct buildings and other structures to be owned by or leased to a developer in a TIF redevelopment district which comprises some or all of the land and buildings at the State Hospitals currently scheduled to close (Attachment 2).

Steve Kelly, Business Development Division Director, Department of Commerce and Housing spoke in support of **SB 280**. He described this bill as a positive move that provides economic incentive.

Teresa Sittenauer, Legal Counsel for International Speedway proposed an amendment to **SB 280** to satisfy the bond attorney review by adding clarification to strengthen the provisions of buildings and other structures.

Chairman Mason closed the hearing on SB 280.

Representative Tomlinson moved to amend SB 280 to add HB 2179. Representative Benlon seconded the motion. The motion failed.

Representative Kuether moved to add the proposed amendment by the City of Topeka to SB 280.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, Room 423-S
Statehouse, at 3:30 p.m. on March 24, 1997.

Representative Peterson seconded the motion. The motion carried.

Representative Beggs moved to amend **SB 280** to change from statute book to the register. Representative Compton seconded the motion. The motion carried.

Representative Vickrey moved to pass **SB 280** favorably as amended. Representative Sharp seconded the motion. The motion carried.

Representative Tomlinson moved to amend **SB 18** by adding the contents of **SB 79**. Representative Benlon seconded the motion. The motion carried.

Representative Benlon moved to amend **SB 18** with a balloon to clarify the language of the bill. Representative Tomlinson seconded. The Motion carried.

Representative Benlon moved that the committee pass out **SB 18** favorably as amended. Representative Tomlinson seconded the motion and the motion carried.

Chairman Mason adjourned the meeting at 4:50 p.m.

The next meeting is scheduled for Legislative session, 1998.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE
COMMITTEE GUEST LIST

DATE: March 24, 1997

NAME	REPRESENTING
SKIP PALMER	OEC
Sen. Ben Vidricher	
Roger Frawley	Nationsbk
Art Brown	Mid Am. Lumbermen
Heather Randall	Whitney Young P.A.
Teresa S. Senauer	Int'l Speedway

THE WONDERFUL WORLD OF OZ

AN OZ ENTERTAINMENT COMPANY

"Follow the Yellow Brick Road™"

F A C S I M I L E

TO: 
Lynne Holt
Legislative Research

FROM: Skip Palmer 

DATE: March 14, 1997

SUBJ: Project Update

Sen. Chris Steiner

The City of Kansas City and our company executed a Development Agreement that is essentially the "road map" for the project. The initial components include the 55 acre theme park, The Wonderful World of Oz, a 300 room hotel and conference center, an 18 hole golf course, a 600 site recreation vehicle park and all of the essential supporting service and infrastructure. The total investment on opening day is projected to be \$465,000,000. These components will utilize approximately 1,200 acres. We have initiated a voluntary land acquisition program.

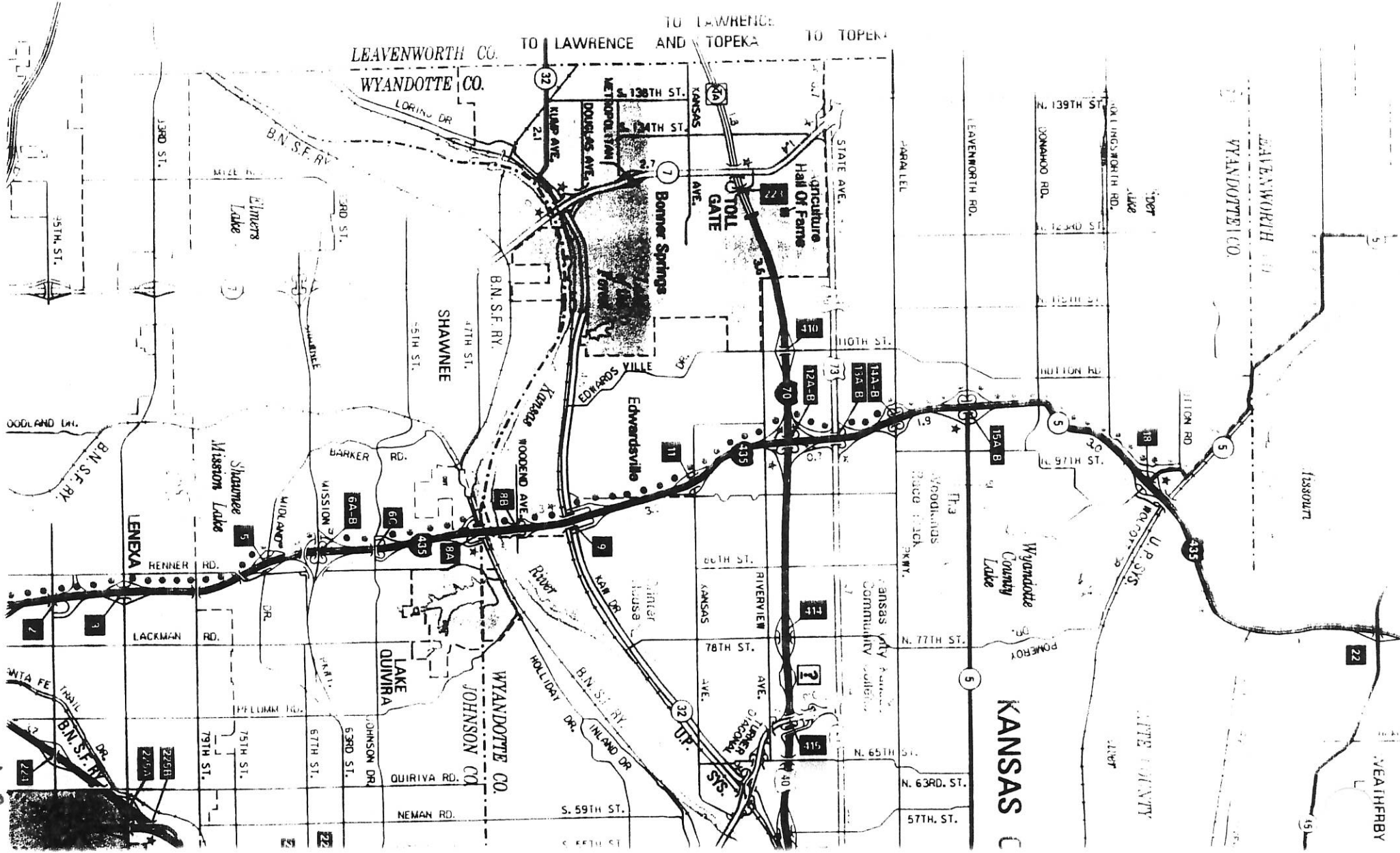
The City of Kansas City has adopted a resolution expanding the existing I-435 Corridor Enterprise Zone to include the area of principle development. It is bounded by 110 Street on the east, State Avenue on the South, K-7 on the west and Parallel Parkway to the north. The next phase of negotiation with the City will result in the establishment of a Re-development Agreement for the first elements of the project. It will include the Concept Plan and the Financing Plan. The latter will specify the specific use of the proceeds from the STAR Bonds to be issued by the City.

The current project schedule provides for the commencement of construction in the Spring of 1998 with an opening date of May 20, 2000. A draft impact study prepared by the Mid-America Regional Council estimates that almost 8,000 jobs will be created, in the metropolitan region, during the two years of construction and the first year of operation.

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HOUSE ECONOMIC DEVELOPMENT
March 24, 1997
Attachment 1

TO LAWRENCE



LEAVENWORTH CO.
WYANDOTTE CO.

TO LAWRENCE AND TOPEKA

TO LAWRENCE

TO TOPEKA

TO LAWRENCE

1-2

WEATHERBY

The Management Team

Robert B. Kory (45), J.D., is a founder of the Company. He has served as President and CEO since April 1993 and he previously served as Executive Vice President, Secretary and Chief Operating Officer of OREI since its formation in August 1991. He has been principally responsible from inception of the Project for assembling and managing the entire Project team, obtaining venture capital financing, creating and managing the passage of economic development legislation, and for defining the Project's strategic direction. For two years prior to commencing the Project, he headed a law practice specializing in entertainment finance. From 1983 through late 1989, he practiced law with Gibon, Dunn & Crutcher, Lawyers, where he developed expertise in corporate entertainment, intellectual property and securities law. Prior to attending law school, Mr. Kory was a writer and published six books. He is a summa cum laude and Phi Beta Kappa graduate of Yale College and a graduate of the University of Chicago Law School.

Harold B. (Skip) Palmer, II (50), recently joined the Project as Vice President - Attractions and President of The Wonderful World of OZ, Inc., the wholly owned theme park operating subsidiary of the Company. Mr. Palmer has 25 years experience in the themed entertainment industry as an operations executive, including almost ten years with The Walt Disney Company, where he rose to Director (operations) at Disneyland. After leaving Disney at the end of 1979, he spent three years in Australia with the Grundy Organization where he opened the country's first family entertainment center and water park. From 1984 to 1989, he was a principal at Management Resources. From 1990 to the present, he has served as President of The Palmer Company which has focused on operations consulting for theme park developers. His distinguished career includes military service in Vietnam where he rose to the rank of Captain, was awarded the Silver Star, and ended his tour of duty on General Westmoreland's staff in the United States and an official spokesman for the United States Army.



Trust puts its trust in 'Oz' park

By Kirk Honeycutt

The L. Frank Baum Trust has given its OK to bring Dorothy back to K.C. from OZ.

Robert Baum, managing trustee of the Baum Trust and great-grandson of L. Frank Baum, author of "The Wizard of Oz" and 13 other Oz books, announced Monday that the trust has signed a comprehensive agreement with Landmark Entertainment Group and OZ Resorts & Entertainment Inc. to support development of "The Wonderful World of Oz" theme park in Kansas City, Kan.

Design has been under way since December, when Landmark, a creator of several major theme parks, reached an agreement with Turner Home Entertainment to use images and characters from the 1939 MGM film musical starring Judy Garland, Bert Lahr, Jack Haley and Ray Bolger.

"After reviewing Landmark's imaginative concept design and master plan and OZ Resorts' comprehensive development plans, we could not be more enthusiastic about this project," said Baum.

"This new agreement with the Baum family for us to use all the Oz books will allow us to fully

develop the park as a true representation of the world that L. Frank Baum created," said Landmark CEO Gary Goddard.

Goddard, who founded Landmark in 1980 with Tony Christopher, noted, "We're ex-Disney guys, so the appeal (of this project)

is to a theme park in the Disney tradition with rides, shows and attractions that represent the best of the Oz stories."

"The Wonderful World of Oz" will include in its first phase a 50-acre theme park, a hotel and a championship golf course. Robert Kory, one of the principals in OZ Resorts & Entertainment Inc., a privately held Kansas corporation, said the opening for the park is tentatively scheduled for spring 1996, with the hotel probably opening a year earlier.

"This is a destination resort for the Midwest," said Kory. "Sixty-eight million people live within a day's drive of Kansas City."

Future plans call for a 900-acre development with additional hotels, a water park, a recreational vehicle park and an Oz museum to house Oz memorabilia. □



CITY OF TOPEKA

Harry "Butch" Felker, Mayor
215 E. 7th Street Room 352
Topeka, Kansas 66603
Phone 913-295-3895
Fax Number 913-295-3850

MEMORANDUM

TO: House Committee on Economic Development
FROM: Jim Kaup, on behalf of the City of Topeka
RE: **SB 280, Tax Increment Financing; Amendment for TIF Districts Comprising Topeka State Hospital Property**
DATE: March 24, 1997

The City of Topeka asks this Committee's consideration of what we hope to be a "friendly" amendment to SB 280.

The State has scheduled May 17, 1997 as the date for closure of the Topeka State Hospital. For the past 18 months the City of Topeka has worked on a plan for the redevelopment of the land and buildings comprising Topeka State Hospital. The City formed a community task force on mental health services and needs in 1995 while the Commission on State Hospital Closure (created by action of the 1995 Legislature) evaluated all state mental hospitals, ultimately recommending closure of Winfield State Hospital and Topeka State Hospital. Following the State Commission's recommendation, the City then created the "Mayor's Task Force on the Future of Topeka State Hospital". That Task Force worked hard to develop a plan for reuse and redevelopment of the Hospital buildings and grounds and submitted it to the Legislature and to Governor Graves in February 1996.

Last fall the State chose to put out a request for proposals, in order to identify all public and private parties interested in acquisition and redevelopment of the Hospital property. In response to the State's request, the City, in conjunction with nine community service organizations, submitted on January 24, 1997, a "Proposal for the Establishment of the Topeka-Shawnee County Service Campus for Families, Youth and Adults". This proposal, in a nutshell, calls for the development of a Human Services Campus comprised of 18 buildings in the eastern portion of the Hospital grounds. The proposal also has requested several hundred acres of open space at the Hospital. Acquisition is being sought not only to position the City to better influence the private redevelopment of that property, but also to serve as a source of funds for necessary rehabilitation and renovation of Hospital buildings to be used as the Service Campus. A two-page "Fact Sheet", dated February 26, 1997, has been attached for additional information regarding the community's proposal.

Topeka State Hospital, property which has never been on the City's property tax rolls, presents an ideal opportunity for the use of tax increment financing. The City needs to be armed with as many redevelopment tools as possible when the time comes for the State's disposition of the Hospital -- whether disposition is to private parties or to the City of Topeka. We believe our amendment to the TIF law, similar to that proposed for the Wizard of Oz theme park, could be of great value to this community.

The attached amendment to line 19 of page 2 of SB 280 would allow TIF bond proceeds to be used to construct buildings and other structures to be owned by or leased to a developer in a TIF redevelopment district which comprises some or all of the land and buildings at Topeka State Hospital. Be advised that this amendment would also encompass TIF projects at Winfield State Hospital. While the City of Winfield did not request the City of Topeka's amendment, the City has been advised of our proposed amendment. The Winfield City Manager has asked that if we go forward with our amendment, to include Winfield as well.

The City regrets raising this amendment at this point in the legislative session. However, we have been patiently waiting for the State's processing of the Phase I proposals for acquisition and redevelopment of Topeka State Hospital. We would prefer to err on the side of caution, at this point in the Session, and request this "enhanced" TIF law in anticipation that a decision will be made yet this legislative session as to the disposition of the property.

Topeka has advised Kansas City of our desire to amend SB 280 in this manner.

- 1 ing and surfacing;
- 2 (7) street lighting fixtures, connection and facilities;
- 3 (8) underground gas, water, heating, and electrical services and con-
- 4 nections located within the public right-of-way;
- 5 (9) sidewalks and pedestrian underpasses or overpasses;
- 6 (10) drives and driveway approaches located within public right-of-
- 7 way;
- 8 (11) water mains and extensions;
- 9 (12) plazas and arcades;
- 10 (13) parking facilities;
- 11 (14) landscaping and plantings; fountains, shelters, benches, sculp-
- 12 tures, lighting, decorations and similar amenities; and
- 13 (15) all related expenses to redevelop and finance the redevelopment
- 14 project.
- 15 None of the proceeds from the sale of such bonds shall be used for the
- 16 construction of buildings or other structures to be owned by *or to be*
- 17 *leased to* such developer, *except for proceeds of such bonds as may be*
- 18 *issued under subsection (a)(1)(D) of K.S.A. 12-1774, and amendments*
- 19 *thereto*.
- 20 Sec. 2. K.S.A. 1996 Supp. 12-1773 is hereby repealed.
- 21 Sec. 3. This act shall take effect and be in force from and after its
- 22 publication in the statute book.

and except for proceeds of such bonds as may be issued for a redevelopment district including some or all of the land and buildings comprising a state mental institution closed pursuant to L.1995, Ch. 219, sec. 2.