

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Senator Lana Oleen at 11:45 a.m. on March 31, 2000 in Room 356-E of the Capitol.

All members were present.

Committee staff present: Mary Galligan, Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Russell Mills, Legislative Research Department
Judy Glasgow, Committee Secretary

Conferees appearing before the committee: Dr. Thomas Burke, Kansas City Community College
Senator Sherman Jones
Rebecca Floyd, Kansas Development Finance Authority

Others attending: See Attached Sheet

Chairman Oleen opened the hearing on

HB 3019—Authorizing KDFFA to issue STAR bonds to finance a multi-sport athletic complex

Chairman Oleen recognized Senator Sherman Jones, as a proponent to **HB 3019**. Senator Jones stated that this bill would authorize the use of tax increment financing for the purpose of financing a multi-sport athletic project for Kansas City Kansas Community College (KCKCC). He stated that the bill would give the Kansas Development Finance Authority the authority to issue bonds for the purpose of financing the facility. Under the bill, KCKCC or the Kansas Multi-Sport and Recreation Foundation would first be required to obtain a certification from the Secretary of the Kansas Department of Commerce and Housing that the project will have a major economic impact upon the economy of the state or the surrounding region.

Chairman Oleen recognized Dr. Thomas Burke, President of Kansas City Community College, as a proponent of **HB 3019**. Dr. Burke stated that the concept for this project came from the father of Maurice Greene. (Attachment 1) Maurice Greene had attended Kansas City Community College, but had to leave the Kansas City area to further his track career and his father envisioned having an indoor 400 meter tract for professional track athletes in the Kansas City Area. Dr. Burke stated a presentation was made to the Kansas City Community College Board of Trustee, who expressed interest in the concept. There is space on campus; the campus is centrally located and accessible by major thoroughfares and it was felt this was an ideal location. The complex could include an indoor professional field and track facility, and Olympic swimming facilities.

Chairman Oleen recognized Rebecca Floyd, Kansas Development Finance Authority, who proposed some clarifications to the bill. Ms. Floyd stated that the changes proposed by KDFFA were directed toward procedural issues. She believe that there should be published notice for public commit and if the facility were located entirely on the college campus there would not be property tax revenue available to finance the bonds. Ms. Floyd stated that state sales tax alone would not be sufficient to pay back the bonds.

Conferees responded to questions from committee members concerning the total amount of bonds that would be needed, and how much of the cost would be pledged from private donations. Dr. Burke stated that several private donations had been pledged; with one private donor pledging five million dollars. Dr. Burke stated that this facility would be the future home of the National Field and Track Hall of Fame which is now housed in Indianapolis, Indiana. Ms. Floyd provided ideas on different ways to structure the tax basis.

Chairman Oleen closed the hearing on **HB 3019**.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 356-E Statehouse, at 11:45 a.m. on March 31, 2000.

Chairman Oleen ask the committee to look at **SB 669 acquiring state office space**, which had a hearing before the committee on March 28. Senator Oleen stated that information had been provided by the Department of Administration on a request from the committee concerning space over 10,000 square feet and outside of Shawnee County. (Attachment 2). She recognized Joe Fritton, Department of Administration and ask him to explain the balloon that had been proposed by the department. He stated that this amendment would provide that those using these services would be charged a fee based on the size of the space being leased. Chairman Oleen thought all leases over 24 months should to go before the Joint Building Committee for approval. Senator Becker moved to amend the bill showing that all leases over 24 months go before the Joint Building Committee, Senator Vidricksen seconded the motion. The motion carried. Senator Gooch moved to include the Amendment proposed by the Department of Administration, Senator Vratil seconded the motion. The motion carried.

Senator Vidricksen moved to pass SB 669 as amended favorably to the full Senate. Senator Biggs seconded the motion. The motion carried.

Chairman Oleen announced that the meeting would continued after adjournment of the Senate in room 245-N to discuss the sub-committee report on **Sub HB 2013**.

Chairman Oleen reconvened the meeting at 1:40 p.m. and reviewed the sub-committee report on **Sub HB 2013**. (Attachment 3). Senator Oleen explained the basic components in the bill including a) mini-bingo, b) instant bingo, c) taxes, d) Native American tribes and e) problem gamblers programs. After discussion by the committee Senator Harrington moved to accept the subcommittee report, Senator Jones seconded the motion. The motion carried. Senator Harrington moved to pass the bill as amended favorable to the full Senate. Senator Becker seconded the motion. The motion carried.

The meeting adjourned at 2: 15 p.m. The next meeting will be held April 4, 2000 at 11:00 a.m.

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST

DATE: MARCH 24, 2000

NAME	REPRESENTING
Tom BURKE	Kansas City KS Comm College
Ron Heid	Hein & Weir, CH+L
John Peterson	ICC STW
E. J. Pappas	Inwood Assoc.
M. J. [unclear]	KS. Gov't Const. [unclear]



Prudential Securities Incorporated
One New York Plaza, New York, NY 10292
(212) 778-1000

March 9, 2000

Mr. Dan R. Pratt
Director of Athletics
Kansas City Kansas Community College
7250 State Avenue
Kansas City, KS 66112

Re: *Kansas City Multi-Sport and Recreation Foundation Project*

Dear Mr. Pratt:

On behalf of **Prudential Securities** we would like to express our interest in serving as senior managing underwriter for the bonds to be issued by the Kansas Development Finance Authority (KDFA) to finance this important project. Prudential Securities currently serves on the KDFA underwriting team, having been co-senior manager for its recent \$83 million Water Pollution Control Revolving Fund bonds. The firm is committed to providing the College, the Foundation and KDFA with the highest quality of investment banking and underwriting services.

We believe that Prudential Securities' specialized investment banking expertise in financing stadiums and arenas, and its unparalleled bond distribution resources, provide resources which will be valuable to the success of the project.

The firm's steadfast presence in the municipal market, is reflected by our investment bankers and underwriters, all of whom are seasoned professionals. The team of bankers has been chosen based on their experience in stadium finance and in Kansas finance. In addition, with one of the largest retail networks and a municipal institutional salesforce larger than most of our competitors, ***Prudential Securities is extremely well-positioned to market and distribute the project's bonds*** to retail clients, especially in Kansas. This capability can help lower the overall cost of borrowing.

Prudential Securities has consistently been an active participant in the Kansas markets, both competitive and negotiated. The firm's success in buying competitively bid issues demonstrates Prudential Securities' ability to aggressively price bonds and its willingness to commit capital when necessary.

Another strength that Prudential Securities brings to the team is its current total broker-dealer capital position in excess of \$1.5 billion. Our retail sales force of more than 6,900 Financial Advisors in 278 offices nationwide makes us the *fifth largest retail firm in the industry*. ***Prudential Securities is especially well-positioned to market the KDFA's bonds to Kansas investors. Prudential Securities has very strong distribution capabilities throughout Kansas and Missouri with 5 retail offices staffed by 242 Financial Advisors***

We appreciate the opportunity to present our qualifications to you. I would like to emphasize our

m. Sen. Federal & State Affairs Comm.
Date: 3-31-00
Attachment: # 1-1



Mr. Dan R. Pratt
March 9, 2000 - Page Two

interest in learning more about the project as it progresses. Please call on us if we can provide information or analysis which may be helpful. If we are chosen as the senior underwriter for the *Kansas City Multi-Sport and Recreation Foundation Project* I can assure you that we will commit the full resources of the firm to ensure its success. If we can provide any additional information, please call either one of us.

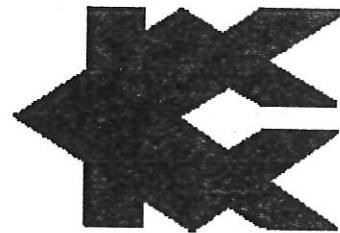
Yours truly,

Arthur Schankler
Director
Prudential Securities Incorporated
Public Finance Department
(212) 778-6183

Christine D. Costigan
Director
Prudential Securities Incorporated
Public Finance Department
(212) 778-4980

KANSAS CITY KANSAS ATHLETICS FACILITY

Proposal to Serve as Senior Underwriter



March 9, 2000

 **Prudential**
Securities

INTRODUCTION TO PRUDENTIAL SECURITIES

Founded in 1879 as J. S. Bache & Co., Prudential Securities Incorporated is a fully-diversified, global securities firm headquartered at One New York Plaza in New York County. It has approximately 6,300 professional salespeople in 250 offices nationwide, making it among the five largest full-service brokerage concerns in the United States.

The foundation of the firm's business is advising and serving the investment needs of individuals and institutions, including state and local governments and public corporations.

CAPITAL STRENGTH

Prudential Securities Incorporated is a wholly-owned and independently-managed subsidiary of The Prudential Insurance Company of America (The Prudential), the largest non-bank financial institution in the United States.



Prudential Securities ranks among the most highly-capitalized investment banking firms on Wall Street with a total capital position in excess of \$1.9 billion.

STADIUM/ARENA FINANCE EXPERIENCE

The Prudential Securities senior-managed stadium experience spans the entire spectrum of credits for sports facilities; from general obligation issues to those secured by dedicated taxes and pledges of facility revenues. The chart below illustrates the depth of experience the firm has in this area. *The firm has served as senior manager, financial advisor or lead placement agent for 18 major sports facilities totaling approximately \$1.17 billion.* In addition, Prudential Securities served as sole placement agent for the \$45.1 million taxable Meadowlands issue which benefited Giants Stadium, the Continental Arena and the Meadowlands Racetrack in New Jersey.

PRUDENTIAL SECURITIES SPORTS FACILITIES EXPERIENCE 1989 to present

Date	Client	Project Description	Size (\$Mils)	Role
8/99	Metropolitan Football Stadium Dist CO	New Football Stadium; secured by sales tax; permanent financing	140.47	Sr-Mgr
7/99	Metropolitan Football Stadium Dist CO	New Football Stadium; secured by sales tax	104.52	Sr-Mgr
4/98	Basketball Properties (Miami Heat)	Sr. Constr and Term Notes	180.00	Sole-MGR
2/98	BP Finance, Inc. (Miami Heat)	FL Sales Tax Rev Bonds	26.28	Sole-MGR
3/97	Football Northwest Inc.	New Football Stadium	325.00	FA
3/97	New Jersey Sports & Exhibition Auth	Lease Financing (football)	45.10	Placm'nt Ag't
1/97	Atlanta & Fulton Co Rec Auth	Car Rental Tax Bonds (basketball)	70.70	FA

(Continued on the following page)

PRUDENTIAL SECURITIES SPORTS FACILITIES EXPERIENCE *(continued)*
1989 to present

<i>Date</i>	<i>Client</i>	<i>Project Description</i>	<i>Size (\$Mils)</i>	<i>Role</i>
12/96	Air Canada (Toronto Raptors)	Construction Loan (Basketball/hockey)	200.00	FA
4/96	Maryland Stadium (Baltimore Ravens)	Facilities Lease Rev Bonds	87.56	Sr-Mgr
6/93	Oregon Arena Corporation	1 st Mtg Constr Loan Notes1	155.00	Placm'nt Ag't
12/92	St. Louis Land Clear Redev Auth	Lease Revenue Bonds	12.50	Sr-Mgr
11/92	St. Louis Industrial Dev Auth	Industrial Rev Ref Bonds	62.40	Sr-Mgr
1991	Ohio Expositions Commission	Lease Revenue Bonds	6.10	Sr-Mgr
1990	City of St. Louis	Industrial Rev. Ref Bonds	85.00	Sr-Mgr
1990	St. Louis Land Clear. Redev Auth	Lease Revenue Bonds	10.00	Placm'nt Ag't/Fa
1990	Maricopa County Industrial Dev Auth (Phoenix Suns)	Var Rate Rev Bonds	44.00	Sr-Mgr
1989	Sacramento Sports Association (Sacramento Kings)	Remarketable Adj Maturity Put Bonds	65.00	Sr-Mgr
1989	Lee County, Florida (Minor League Baseball)	Stadium Rev Bonds	11.25	Sr-Mgr

Set forth below are several case studies to illustrate the diversity of Prudential Securities' sports facility financing expertise:

METROPOLITAN FOOTBALL STADIUM DISTRICT, COLORADO.

Prudential Securities recently served as senior manager on the \$245 million Metropolitan Football Stadium District Sales Tax Revenue Bond Series 1999A and 1999B issues. The proceeds of the Bonds were used to finance a portion of the costs of building a new stadium in Denver, Colorado. The stadium will be owned by the District and serve as the home of the Denver Broncos football team. The team will occupy the stadium pursuant to a lease and management agreement between the District and the team's Stadium Management Company. The Bonds are secured by a 1/10th of 1% sales tax to be imposed in a six-county area around Denver. Because the tax will only be imposed after the Denver baseball district bonds are fully repaid and defeased, the Football District bonds were structured as serial capital appreciation bonds with annual maturities.

Under the District's legislation the Broncos team is to provide at least 25% of the project costs from its own sources. Prudential worked with the District to achieve the most beneficial and cost-effective lease agreement, which provides for continued payments by the team to the District within the limits imposed by the IRS for tax-exempt bonds. We also worked to receive bond insurance on the Bonds at attractive rates. The financing was unique to some degree in that the debt service payments were structured to reflect a growth in anticipated sales tax revenues and thereby maximize the District's financing capacity. (Historical Baseball District revenues were actually less than the first year of debt service.)

BASKETBALL PROPERTIES, LTD., AMERICAN AIRLINES ARENA (MIAMI HEAT), FL

Prudential Securities recently served as financial advisor and investment banker on a \$170 million financing to provide a new arena for the Miami Heat. Prudential Securities was instrumental in

negotiating with Dade County in the developing a public/private partnership with limited public funding for a sports and entertainment complex. Prudential Securities formulated a plan of finance for the American Airlines Arena, a proposed 21,000 seat multi-purpose arena and entertainment complex to be constructed in downtown Miami, Florida. The County and Basketball Properties, Limited (BPL, the conduit issuer), pursuant to a Memorandum of Understanding, agreed to a 100% private financing for the facility, with the County agreeing to guarantee the sale of naming rights (for \$2 million per year) for 20 years and \$6.5 million annual municipal operating guarantee for 30 years, funded with the hotel-motel tax.

As financial advisor to the franchise development company, the firm provided BPL the following services: (i) analyzed the project's pro-forma in order to advise BPL on a suitable debt structure; (ii) reviewed and analyzed the project's economic feasibility; (iii) identified issues material to the implementation of a plan of finance; (iv) recommended construction assurances of completion and security for the bonds prior to receipt of a certificate of occupancy; (v) reviewed and analyzed all financing issues with the Miami Heat License Agreement, Assurance, Operations Management, and Development Agreements between BPL and Dade County, Florida; (vi) prepared a financing appendix that outlined the basic principles of Dade County's financial obligations with respect to the project that was adopted by the County, and (vii) advised on securing appropriate ratings for the bonds.

BP FINANCE, INC., FLORIDA.

The BP Finance issue was characterized by several unique aspects. First, because it was a corporate entity in order to issue bonds by a bankruptcy-remote issuer, BP Finance was formed solely for the purpose of receiving payments from the State and paying bondholders. BP Finance, Inc. (BPI) is owned by Basketball Properties Limited (BPL), the management company for the proposed new arena. (The Miami Heat NBA team owns BPL.) The issue was secured by monthly payments of \$166,667 for 30 years from the State of Florida, funded by sales taxes.

The goal of BPI was to maximize net proceeds since they will be used as equity in the larger portion of financing for the arena. As a result of the issuer being a corporation, the bonds were offered via private placement under Rule 144A of the Securities Act of 1933. This private placement successfully met the objective of avoiding the costly and lengthy process of registration with the Securities and Exchange Commission. Yet another unique aspect was that the bonds were structured with *monthly* principal and interest payments issued in penny denominations (as opposed to multiples of \$5,000) in order to leverage as much monthly revenue as possible. With this structure, Prudential Securities was able to reduce interest costs by 10 basis points by addressing institutional investors' needs.

Additionally, the bonds were offered on a non-callable basis in order to lock in historically low interest rates and to reduce interest costs by 20 basis points relative to a standard call option of 10 years at 102% of par. The financing was structured with three term bonds. The call structure was unique because mandatory sinking fund payments for each of the term bonds were structured such that each payment was made on a pro-rata basis and was applied to one term bond at a time. This was done to ensure that investors in each term bond were guaranteed the average life they invested in. This feature addressed the shortcomings of a standard municipal sinking fund redemption whereby maturities within a term bond redeemed by lot. The overall effect of this unique structure was the ability to raise an additional five percent of net proceeds.

NEW JERSEY SPORTS AND EXHIBITION AUTHORITY - MEADOWLANDS

Prudential Securities, as sole placement agent, structured and placed a \$45.1 million taxable lease revenue securities issue in March 1997 on the Meadowlands sports facilities. The financing was for the retrofit of the HVAC and lighting equipment of Giants Stadium, the Continental Arena and the Meadowlands Racetrack. These limited recourse notes were secured by a first priority lien on the equipment and an assignment of the lease. Though the notes were not rated, the underlying lessor was rated "Aa3" by Moody's Investors Service Inc. and "AA" by Standard and Poor's Corporation. These notes, due on January 10, 2012 with an average life of approximately 10.78 years, were placed with sophisticated institutional investors at a spread to Treasuries based on the weighted average life to maturity of the financing.

EXPERIENCE FINANCING CONVENTION/ARENA FACILITIES

While planning and developing a world-class athletics facility the Foundation and the College must simultaneously look forward and anticipate the ancillary facilities that will grow as a result of the success of the original project. The full use of the athletics facility will demand additional hotel and visitor facilities, including restaurants, tourist facilities and medical and supply services. For this reason, the selected investment banker/underwriter must also have experience in funding these other types of public facilities. As the underwriter for the College and the Foundation we offer a depth of experience in underwriting convention centers and similar public facilities that have been successfully developed across the country as adjunct to sports facilities.

Prudential Securities extensive experience financing convention/arena facilities is listed on the chart, below and on the following page. In just the past five years, the firm has served as senior manager or co-manager for \$1.572 billion in civic and convention center bonds Most of these successes involved developing innovative financing programs that were responsive to the very different concerns of public issuers and private users. Particularly, finance solutions had to satisfy our convention center borrowers' diverse requirements, assure timely and cost-efficient project completion, and project revenues adequate to service the support facilities and the overall debt in the future.

PRUDENTIAL SECURITIES'
CONVENTION CENTER FACILITIES FINANCE EXPERIENCE
1994 to present

Date	State	Client	Security	Amt. (\$Mil)	Role
1/00*	NV	Reno-Sparks Conv & Vistors Auth	Ltd GO Tax & Pledged Rev Bond	105.00	Sr-Mgr
3/99	NV	Reno-Sparks Conv & Vistors Auth	GO Recreational Ref Bonds	5.95	Co-Mgr
3/99	NJ	New Jersey Sports & Expo Auth	Convention Center Ref Bonds	128.27	Sr Mgr
9/98	CA	San Diego Conv Ctr Exp Fin Auth	Lease Revenue Bonds	205.00	Co-Mgr
7/98	FL	Miami Beach Redev Agcy	Tax Increment Rev Bonds	9.13	Co-Mgr
7/98	FL	Miami Beach Redev Agcy	Tax Increment Rev Bonds	29.10	Co-Mgr
6/98	MI	Dearborn	Civic Center Bonds	23.86	Co-Mgr
4/98	TX	Dallas	Revenue Ref & Improv Bonds	326.23	Co-Mgr
11/97	MS	Mississippi Development Bank	Special Obligation Bonds	27.00	Co-Mgr
4/97	CA	West Covina	Ref Certificates of Participation	23.53	Sr Mgr
12/96	WA	Washington	GO Refunding Bonds	25.03	Co-Mgr

Continues on the next page.



Prudential
Securities

Date	State	Client	Security	Amt. (\$Mil)	Role
12/96	IN	Evansville Building Authority	Excise & Inc. Tax Lease Bonds	35.00	Sr Mgr
8/96	TX	Taylor Co-Texas	General Obligation Bonds	7.94	Sr Mgr
7/96	SC	Greenville Mem'l Auditorium Dist	General Obligation Bonds	12.00	Co-Mgr
6/96	FL	Dade Co-Florida	Special Obligation & Ref Bonds	5.12	Co-Mgr
6/96	FL	Dade Co-Florida	Special Obligation & Refunding	175.27	Co-Mgr
1/96	LA	New Orleans Exhibition Hall Auth	Special Tax Bonds	12.88	Co-Mgr
1/96	LA	New Orleans Exhibition Hall Auth	Special Tax Bonds	167.12	Co-Mgr
1/95	TX	Mesquite-Texas	Comb Tax & Rev Certs of Oblig	7.07	Co-Mgr
9/95	NY	Empire State Development Corp	Project Revenue Refund Bonds	47.38	Co-Mgr
8/94	AZ	Phoenix Civic Plaza Bldg Corp	Senior Lien Exise Tax Ref Bds	24.39	Co-Mgr
5/94	TN	Greeneville-Tennessee	Public Improvement Bonds	1.18	Co-Mgr
5/94	NV	Reno-Sparks Conv & Vistors Auth	Recreational Facilities Bds	4.00	Co-Mgr
5/94	FL	Orange Co-Florida	Tourist Devel Tax Rev Bonds	165.08	Co-Mgr

24 Financings totaling

\$1,572.5

The following case study illustrates a successful project financed in a poor market:

\$91,970,000

Municipal Building Authority of Salt Lake County, Utah Lease Revenue Bonds, Series 1999. On June 23, 1999, Prudential Securities underwrote these bonds as senior manager. The proceeds of the bonds were used to build a satellite convention center -- the South Towne Exposition Center -- located in Sandy, Utah and an emergency operations center and to purchase a golf course. The bonds are subject to annual appropriation by the County and cross-collateralized and secured by a lien on the Salt Palace Convention Center as well as two other County golf courses. The bonds were sold uninsured with underlying ratings of Aa3/AA-p/AA.

The marketing of the financing was a critical component to its success. *Prudential Securities was given two weeks between its selection as senior manager and the pricing date of the issue to execute a successful financing.* Given that the financing was uninsured and all of the County's previous Lease Revenue Bond issues had been insured, there was a premium on the ability of the senior manager to lead the financing team in finding an entire new class of buyers for the County's issue and to convey the many important sales points of the issue to that new class of buyers. The bonds were offered in a market environment when the bulk of lease revenue/COP investors were demanding insured bonds. In spite of the fact that the County's bonds were not insured, we were able aggressively price the issue at a TIC of 5.39%. The County was extremely pleased with the outcome.

SERVICES FOR THE ISSUER, THE COLLEGE AND THE FOUNDATION

We believe the hallmark of Prudential Securities is the high level of **service** it delivers. A partial list of services routinely provided by Prudential Securities and included in its basic fees includes the following:

- Identify the goals of each project participant for the project and the level of resources it wants to commit to it;



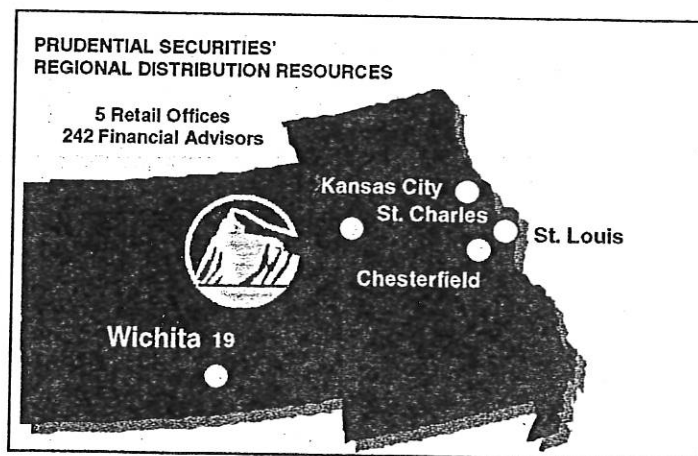
- Originate a finance plan which incorporates public and private revenues;
- Explain the cost and implications of all options to project team;
- Participate in presentations to the City, College, Authority and the public;
- Assist in drafting and revising loan and bond documents;
- Negotiate with project participants on behalf of the Issuer;
- Script and participate in the rating agency presentation;
- Conduct marketing studies;
- Coordinate bond pre-marketing and marketing;
- Inform the issuer of rates and make recommendations regarding the pre-pricing and pricing;
- Conduct the sale and organize the reinvestment of proceeds and the Closing;

PUBLIC FINANCE TEAM

The banking team for Prudential Securities would be led by **Arthur Schankler**. Mr. Schankler recently served as senior banker for the Colorado Metropolitan Football Stadium District's \$245 million Sales Tax Revenue bonds. He has also served as the senior banker for several of the Kansas Development Finance Authority issues, along with **Christine D. Costigan**, another member of the team, both of whom are *Directors*, with over 11 years of experience in public facility finance. Together, Mr. Schankler and Ms. Costigan have served as the Financial Advisor to the New York City Municipal Water Finance Authority, for 7 years, during its issuance of over \$8 billion of revenue bonds. In addition, the Prudential Securities team would include **Jon Forbes**, Vice President, who would be responsible for quantitative analysis of the project finance options; **Michael Solan**, Analyst, would also work on the team, providing back-up quantitative input and all support services.

KANSAS PRESENCE

Our extensive national retail distribution network includes more than 6,900 professional salespeople in 278 retail offices nationwide, including a full-service office in Wichita staffed by 19 sales professionals, who sell municipal bonds and notes directly to individuals and high-net worth investors.



Prudential Securities has extensive experience in bringing Kansas issues to market. The firm has compiled a long and consistent track record as an active underwriter of the bonds of the Kansas Development Finance Authority (KDFA) for both its competitive and negotiated bond issues. Most recently, the firm served as co-senior manager for the KDFA's \$83 million Wastewater Revolving Loan Fund bonds. Prudential Securities actively buys and sells all State of Kansas and affiliated authorities' debt in the primary and secondary markets.

In just the past four years, Prudential Securities has senior-managed 25 financings in Kansas totaling \$270.4 million and served as a co-manager on 29 issues having a total par value of \$590.7million. These

underwritings demonstrate our ability to structure and market issues under applicable Kansas law. Moreover, the sales results illustrate the ability of Prudential Securities to reach all market segments, especially Kansas retail buyers who generate a healthy demand for both revenue and general obligation bonds from Kansas issuers.

Kansas is a "specialty state," one in which there is a distinct after-tax advantage for residents to purchase tax-exempt Kansas bonds. Therefore, the College should insure that its underwriter can provide access across the board, particularly to individual Kansas (retail) investors. This is what our firm does best.

In addition, the firm boasts a large and experienced institutional sales force of 25 professionals who target bond funds, banks, trusts, property and casualty insurers and other buyers of mid-to-long term maturity securities. It is this blanket investor coverage keeps us in touch with the demands of the market and enables us to deliver the lowest borrowing costs to our clients.

Within the State of Kansas, PSI and its corporate parent, Prudential Insurance, have a total of 253 employees with a combined annual payroll of over \$10 million. As such, Prudential Securities is a proud corporate citizen of the State of Kansas, paying more than \$4.2 million in taxes annually. Prudential Securities' office in Wichita, staffed by 19 sales professionals, serves investors in the state of Kansas, as do our 4 offices in Missouri. In the Kansas/Missouri Area, these five full-service retail offices are staffed with a total of 242 sales professionals.

SUMMARY

As a corporate citizen of Kansas, Prudential Securities values the opportunity to serve the Authority, the College and KDFA. As the Underwriter, Prudential Securities would pledge to devote its powerful resources of both talent and capital to achieving the optimum result for this vital project.

Please direct any questions to **Art Schankler** (212-778-6183) or **Christine. D. Costigan** (212-778-4980.)

Dated: March 9, 2000



DEPARTMENT OF ADMINISTRATION

Division of Facilities Management

PM-00-348

BILL GRAVES
Governor

DAN STANLEY
Secretary of Administration

JOE FRITTON, P.E.
Acting Director of Facilities Management
900 S.W. Jackson, Room 653
Landon State Office Building
Topeka, KS 66612-2210
(785) 296-4142
FAX (785) 296-3456
www.da.state.ks.us/fm

March 29, 2000

Senator Rich Becker
Federal and State Affairs Committee
Room 136-N, Statehouse
BUILDING MAIL

Dear Senator Becker:

Re: SB 669 – Leases Outside Shawnee County Over 10,000 Square Feet

During the Federal and State Affairs Committee hearing on Tuesday, March 28, 2000, you inquired of the number of leases outside Shawnee County which were over 10,000 square feet. I have attached a listing which details the 34 leases outside Shawnee County. As I indicated in my testimony, most of these leases are in regional hub cities.

Additionally, the question was raised about this legislation prematurely terminating lease contracts. The intent of consolidated leasing is not to renegotiate existing leasing contracts, but rather to ensure that when contracts are negotiated, all factors are considered. For example, four large agencies recently contracted for space but failed to include special needs into the lease including parking, security and special air conditioning for computers. In these cases the cost to the agency after the contract is signed is higher since the landlord knows there is a captive tenant. It is the intent of this legislation that a dedicated staff would address these issues during negotiations so the State could receive the best lease space value.

Please contact me at (785) 296-4142 if you have any questions in this matter.

Sincerely,

J.M. Fritton, P.E.
Acting Director

JMF:hr

Attachment

pc: Danielle Noe

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nm. Sen. Federal & State Affairs Com
Date: 3-31-00
Attachment: # 2-1

Leases Over 10,000 Square Feet Outside Shawnee County

<i>COUNTY</i>	<i>AGENCY</i>	<i>ADDRESS</i>	<i>CITY</i>	<i>OFFICE SQ. FT.</i>	<i>LEASE END DATE</i>
<i>Atchison</i>	Social & Rehabilitation Svcs, Dept	410 Commercial	Atchison	11327	06/30/2002
<i>Barton</i>	Kansas Bureau Of Investigation	625 Washington	Great Bend	10624	06/30/2009
	Social and Rehabilitation Services	North Patton & Eisenhower St.	Great Bend	14855	10/14/2014
<i>Butler</i>	Social & Rehabilitation Svcs, Dept	410 N Haverhill Road	El Dorado	23796	08/31/2009
<i>Cherokee</i>	Social & Rehabilitation Svcs, Dept	237 E Maple	Columbus	21632	06/30/2009
<i>Crawford</i>	Social & Rehabilitation Svcs, Dept	20th And 69 By-Pass	Pittsburg	11048	06/30/2001
<i>Douglas</i>	Social & Rehabilitation Svcs, Dept	1900-1901 Delaware	Lawrence	29500	12/19/2006
	University Of Kansas	1950 Constant Ave	Lawrence	14500	12/31/2999
<i>Ellis</i>	Social & Rehabilitation Svcs, Dept	3000 Broadway	Hays	11440	06/30/2000
<i>Finney</i>	Social & Rehabilitation Svcs, Dept	1710 Palace Drive	Garden City	27825	02/28/2014
<i>Ford</i>	Social & Rehabilitation Svcs, Dept	1509 Avenue P	Dodge City	15840	12/31/2013

Wednesday, March 29, 2000

* The lease date 2999 represents a month to month or year to year lease.

<i>COUNTY</i>	<i>AGENCY</i>	<i>ADDRESS</i>	<i>CITY</i>	<i>OFFICE SQ. FT.</i>	<i>LEASE END DATE</i>
<i>Franklin</i>	Social & Rehabilitation Svcs, Dept	2215 S. Main	Ottawa	12800	07/31/2013
<i>Johnson</i>	Human Resources, Dept Of	8417 Santa Fe Dr	Overland Park	12480	03/31/2005
	Social & Rehabilitation Svcs, Dept	401 West Frontier Lane	Olathe	39490	04/30/2009
	Social and Rehabilitation Services, D	8915 Lenexa Drive	Overland Park	50425	06/30/2001
<i>Leavenworth</i>	Social & Rehabilitation Svcs, Dept	109 Delaware	Leavenworth	18142	06/30/2999
<i>Lyon</i>	Social & Rehabilitation Svcs, Dept	18th and Wheeler Street	Emporia	16200	08/31/2013
<i>Reno</i>	Social & Rehabilitation Svcs, Dept	600 Andrew Ave	Hutchinson (South)	32346	02/28/2014
<i>Riley</i>	Kansas State University	1615 Anderson Ave	Manhattan	24600	06/30/2004
	Social & Rehabilitation Svcs, Dept	Amherst Avenue	Manhattan	26220	02/28/2014
<i>Saline</i>	Social & Rehabilitation Svcs, Dept	901 Westchester	Salina	33110	10/31/2008

Wednesday, March 29, 2000

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* The lease date 2999 represents a month to month or year to year lease.

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<i>COUNTY</i>	<i>AGENCY</i>	<i>ADDRESS</i>	<i>CITY</i>	<i>OFFICE SQ. FT.</i>	<i>LEASE END DATE</i>
<i>Sedgwick</i>					
	Administration, Dept Of	230 E William Street 2nd Floor	Wichita	222693	09/30/2014
	Corrections, Dept Of	230 E William Street	Wichita	14208	09/30/2014
	Health & Environment, Dept	230 E William Street 6th Floor	Wichita	12529	09/30/2014
	Kansas Corporation Commission	230 E William Street 2nd Floor	Wichita	16434	09/30/2014
	Revenue, Dept Of	230 E William Street 7th Floor	Wichita	12345	09/30/2014
	Social & Rehabilitation Svcs, Dept	230 E William Street	Wichita	145722	09/30/2014
	Wichita State University	127 N Market	Wichita	10985	07/31/2004
	Wichita State University	1845 Fairmount, WSU Campus	Wichita	18158	06/30/2000
<i>Seward</i>					
	Social & Rehabilitation Svcs, Dept	615 North Kansas	Liberal	15725	09/30/2002
<i>Wyandotte</i>					
	Social & Rehabilitation Svcs, Dept	4th & State	Kansas City	78908	06/30/2005
	University Of Kansas Medical Center	2002 West 39th Street	Kansas City	24150	02/01/2000
	University Of Kansas Medical Center	4125 Rainbow Boulevard	Kansas City	37500	12/31/2999
	University Of Kansas Medical Center	2100 W 36th Avenue	Kansas City	54500	03/31/2011

* The lease date 2999 represents a month to month or year to year lease.

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March 31, 2000

To: Senate Committee on Federal and State Affairs

From: Bingo Subcommittee

Re: Additional amendments to 1999 Sub. HB 2013, as amended by Senate Committee

The Subcommittee recommends the following changes to the bill as amended by this committee during the 1999 Session (see attached supplemental note for description of bill in its current form)

Games

The 1999 version of the bill, would have authorized one new call bingo game, progressive bingo. The subcommittee recommends two additional new games, mini-bingo which is a new form of call bingo and "gator" bingo, a new instant bingo game. In addition, the subcommittee recommends an amendment to existing law to permit licensees to conduct one drawing per session for a merchandise prize. Thus, the bill would authorize two new call bingo games, one new instant bingo game, and a drawing for non-monetary prizes.

Mini-bingo

1. Those games could be conducted only during the hour prior to the beginning of regular/special games. No more than 12 mini games could be conducted during that hour.
2. Prizes would be the lesser of 50% of gross receipts for the game, or \$50.
3. Mini-bingo would not counted toward the existing 25 game per session limit.

Instant bingo

Expand instant bingo to allow awarding a single prize per session by matching a letter and numbers under a tab of the instant bingo ticket with the winning number in a call bingo game during that session ("gator bingo").

Drawings

1. Licensees could conduct one drawing per session.
2. The value of the prize for the drawing could not exceed \$25 (non-cash prizes only).
3. No charge could be made for participation in the drawing. Lessors and their employees and persons conducting the drawing would be prohibited from participating.
4. Lessors would continue to be prohibited from conducting any games of chance.

n. Sen. Federal & State Affairs Comm
Date: 3-31-00
Attachment: # 3-1

Taxes

As the bill left Committee last session, bingo would have been exempt from sales tax and the current 3% gross receipts tax would have been replaced by a 0.3¢ per face tax for call bingo. The bill would allow licensees to continue using hard cards and paying the gross receipts tax until July 1, 2002. The instant bingo tax would not have been changed by the bill.

The Subcommittee recommends:

1. 4.9% state sales tax on all forms of bingo (current law); no local sales tax on those sales (1999 bill).
2. 0.2¢ per face tax on call bingo paper collected by distributors at the time bingo paper is sold to licensees. As in the current version of the bill, all proceeds from that tax would all go into the bingo regulation fund. The bill as amended by the Committee last year provided that monies in that fund would be used to finance the Department of Revenue's bingo regulation activities with any excess amount transferred to the State General Fund. (See problem gambling section below for other designation of these funds.)
3. Amend the bill to allow use of hard cards and to continue the gross receipts tax for licensees using those card until July 1, 2003 to give licensees the same length of time to make the transition to paper faces.

Native American tribes

The 1999 bill as passed by the House would have imposed the "face" tax on all players of bingo, even those playing in Native American bingo halls which are not regulated by the state.

The Subcommittee recommends removing provisions of the bill that would impose the tax on bingo players at Native American facilities.

Problem Gamblers Program

As the bill left the Committee last year, it included a funding mechanism for a problem gambling grant program. The program would have been supported by a minimum of \$60,000 from unclaimed Lottery prizes and would have been administered by the Director of the Lottery.

The Subcommittee recommends changing the financing as follows:

1. \$60,000 from unclaimed Lottery prizes
2. \$20,000 from the bingo regulation fund (proceeds from the "face" tax)
3. \$20,000 from the state racing fund

The Subcommittee also recommends moving the responsibility for establishment and administration of the program from the Lottery to the Department of Social and Rehabilitation Services.

*CORRECTED
SESSION OF 1999*

**SUPPLEMENTAL NOTE ON
SUBSTITUTE FOR HOUSE BILL NO. 2013**

As Amended by Senate Committee on
Federal and State Affairs

Brief*

The bill would make a number of amendments to the state's bingo laws. The major changes include:

- Eliminating the retail sales tax from sales of bingo cards and faces (disposable paper cards). Any other retail sales of bingo cards or faces would continue to be subject to the sales tax.
- Requiring bingo distributors, rather than nonprofit licensees, to remit the state bingo tax.
- Making the bingo tax 0.3¢ per bingo face instead of the current 3 percent of gross bingo income. The per-face bingo tax would be collected on all bingo faces sold by distributors to anyone conducting bingo games in the state. The bill would clarify that the tax is a player tax and not a tax imposed on the operator.
- Eliminating the general use of hard (reusable) bingo cards after July 1, 2002.
- Eliminating allocation of bingo tax revenue to local units of government for bingo law enforcement purposes.
- Authorizing progressive bingo games. The initial prize in such games would be a maximum of \$250. The maximum progressive game prize would be \$2,250. Progressive game prizes would not be counted in the general daily prize limit.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at http://www.ink.org/public/legislative/bill_search.html

- Reducing the amount of prize money to \$200 that can be awarded in cash by a bingo licensee. Larger monetary prizes would have to be paid by check.
- Creating the unclassified position of Administrator of Charitable Gaming in the Department of Revenue. The person would be responsible for implementing the Bingo Act, would be appointed by and responsible to the Secretary of Revenue.
- Requiring a performance audit of the effectiveness and efficiency of the Department of Revenue's implementation and enforcement of the bingo laws during the first year the new laws are in effect. The audit results would be reported to the Post Audit Committee and the Legislature before the start of the 2001 Session.
- Setting aside the greater of \$60,000 or 2 percent of unclaimed lottery prize money to fund treatment of problem or compulsive gambling or to conduct studies of the effects of gambling. Grants would be awarded on a competitive basis in accordance with criteria developed by the Executive Director of the Lottery. Each grant proposal would have to demonstrate that it was developed with substantial and effective coordination with public and private organizations that are directly involved or recognized as interested in the treatment of problem or compulsive gamblers or the study of problem gambling.
- Changing the transfer to the State Gaming Revenue Fund from pull tab sales from a minimum of 30 percent to a minimum of 20 percent of total sales (provisions of 1999 H.B. 2535).
- Allow the Lottery to award non-monetary prizes (provisions of 1999 H.B. 2536).
- Remove the statutory limitations on the takeout from parimutuel wagers on simulcast races (provisions of 1999 H.B. 2537).
- Making numerous amendments as requested by the Department of Revenue to clarify the bingo tax collection provisions of the bill as passed by the House.

2-2013

Background

The bill was introduced at the end of the 1998 interim by the Special Committee on Federal and State Affairs as a means of addressing a number of concerns about collection and use of bingo tax revenue.

The Senate Committee amended the bill to:

- Return to 0.3¢ the bingo face tax, as in the introduced version of the bill.
- Reduce the amount of prize money that can be awarded in cash by a bingo licensee to \$200.
- Create the position of Administrator of Charitable Gaming.
- Require a performance audit of the effectiveness and efficiency of the Department of Revenue's implementation and enforcement of the bingo laws during the first year the new laws are in effect.
- Make numerous amendments as requested by the Department of Revenue to clarify the bingo tax collection provisions of the bill as passed by the House.
- Set aside the greater of \$60,000 or 2 percent of unclaimed lottery prize money to fund treatment of and research about problem gambling.
- Change the transfer to the State Gaming Revenue Fund from pull tab sales.
- Allow the Lottery to award non-monetary prizes.
- Remove the statutory limitations on the takeout from parimutuel wagers on simulcast races.

Conferees who presented testimony in support of the bill at the hearing before the House Committee on Federal and State Affairs included representatives of the: Kansas American Legion; Kansas Sunflower Club Association; Kansas Charities Cooperative; Elks Lodge #427, Wichita; American Legion Post 282, Wetmore; American Legion Post 5, Emporia; and two bingo distributors. Opposition to the bill was expressed by a representative of American Legion Post 17 in Manhattan.

A number of amendments to the bill were suggested by the representative of the Office of the Adjutant of the American Legion. Those suggestions were incorporated by the House Committee in the substitute bill.

The introduced version of the substitute bill contained the following major differences from the original bill.

- Regulation would remain with the Department of Revenue. In the introduced version of the bill, regulation of bingo would have been moved to the Racing and Gaming Commission.
- The tax rate for call bingo paper faces would be reduced from 0.3¢ per face to 0.2¢ per face.
- The per-face bingo tax would be collected on all bingo faces sold by distributors to anyone conducting bingo games in the state. The bill would clarify that the tax is a player tax, not a tax imposed on the operator.
- As an exception to the general prohibition against the use of hard cards after July 1, 2002, the Secretary of Revenue would be authorized to adopt rules and regulations allowing the use of hard cards. Games conducted using hard cards would continue to be subject to the 3 percent gross receipts tax.
- Progressive games would be authorized and requirements for those games would be enumerated in the bill.
- The sales tax exemption would apply only to sales of bingo faces and cards by licensees.

The Division of the Budget's fiscal note on the introduced version of the bill stated that enactment of the bill would have reduced state revenue by \$1.6 million in FY 2000 and \$1.75 million in FY 2001. According to the fiscal note, the introduced version of the bill also would have reduced revenue to local units of government in which bingo games are conducted by approximately \$275,000 statewide. The fiscal note only included analysis of the sales tax reduction. The fiscal note did not estimate any improvement in bingo tax collection as a result of enactment of the bill. The fiscal note did not address any change in expenditures that might have resulted from moving the bingo enforcement from the Department of Revenue to the Racing and Gaming Commission. The changes made in the substitute bill that could have an impact on revenue could not have been addressed in the fiscal note.

The interim Committee's complete report is available in *Committee Reports to the 1999 Kansas Legislature: Part I--Special Committees*, pg. 2-10. The report also can be accessed on the Internet at <http://skyways.lib.ks.us/ksleg/KLRD/genres.html>

The interim Committee's work included review of two performance audits: *Reviewing the Regulatory Activities of the Division of Alcoholic Beverage Control* (March 1998 No. 98-41) and *Examining Bingo Tax Revenue Spending Levels By State and Local Units of Government* (October 1998 No. 99-06) The Executive Summary of the former report and the full text of the latter report can be accessed on the Internet at http://skyways.lib.ks.us/kansas/ksleg/PAUD/perf_audit/rptlist.html#TAXATION and REVENUE