

Approved: 3-13-07

Date

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Chairman Lana Gordon at 3:30 P.M. on March 5, 2007 in Room 519-S of the Capitol.

All members were present except:

Judy Morrison- excused

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department

Hank Avila, Kansas Legislative Research Department

Jason Long, Revisor of Statutes

Ann Deitcher, Committee Assistant

Conferees appearing before the committee:

Bob North, Dept. Of Commerce

Others attending:

See attached list.

The Chair reminded the Committee of the minutes for the meetings of February 28 and March 1 that had been emailed to them on Friday, March 2. She asked for their approval.

A motion was made by Representative Olson and seconded by Representative Tietze that these minutes be approved. The motion passed on a voice vote.

The Chair introduced Kathie Sparks who offered a briefing on STAR Bonds. (Attachment 1). She also referred to the memorandum on the history of Tax Increment Financing (TIF) as well as the Sales Tax and Revenue (STAR) Bonds and the legislative changes that had been made. (Attachment 2).

Questions and answers followed.

Copies of the Wyandotte County Performance Audit Report were distributed. (Attachment 3).

Bob North presented the Department of Commerce's annual report on STAR Bond. (Attachment 4).

Questions and answers followed.

The meeting was adjourned at 4:40 p.m. The next meeting is scheduled for Tuesday, March 6, 2007.

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March 2, 2007

To: House Committee on Economic Development and Tourism
From: Kathie Sparks, Principal Analyst
Re: Sales Tax and Revenue (STAR) Bonds

The following memorandum will outline Sales Tax and Revenue (STAR) Bonds.

- ***What is a STAR Bond?***

A state financing program that allows city governments to issue bonds that are repaid by all of the revenues received by the city or county from any transient guest, local sales and use taxes which are collected from taxpayers doing business within that portion of the city's redevelopment district to retire special obligation bonds. In other words, a STAR Bond is a Sales Tax Revenue Bond with a 20-year repayment period. The exception to this is the auto racetrack facility which was granted a 30-year repayment period.

- ***What type of project can use STAR Bond financing?***

- A project with at least a \$50,000,000 capital investment and \$50,000,000 in projected gross annual sales revenues.
- A project located outside of a metropolitan statistical area which has been found by the Secretary of Commerce to be in an eligible area under Tax Increment Financing law and of regional or statewide importance.
- A major commercial entertainment and tourism area as determined by the Secretary of Commerce.
- Auto race track facilities, multi-sport athletic complexes, river walk canal facilities, historic theaters, bioscience development projects with the approval of the Kansas Bioscience Authority, or a major motorsports complex in Shawnee County.

- ***Is any project specifically excluded from use of STAR Bonds?***

Any project including a gambling casino is specifically excluded from use of STAR bonds.

- **How does the STAR Bond Project work?**

The law allows the governing body of a city to establish one or more special bond projects in any area in the city or outside of a city's boundaries with the written approval of the county commission. However, each special bond project must be approved by the Secretary of Commerce, based on the required feasibility study, prior to utilizing STAR bonds.

The city also is required to prepare a project plan, hold a hearing on the plan, and adopt the project plan. One mandated component of the project plan is a marketing study conducted to examine the impact of the special bond project on similar businesses in the projected market area. A city that exercises eminent domain to acquire property must compensate the property owner with at least 200 percent of the appraised valuation according to the eminent domain statute and an addition 25 percent of the highest appraised valuation based on the prior three years evaluation.

Finally, the city must do an extensive feasibility study which will include:

- Whether a project's revenue and tax increment revenue and other available revenues are expected to exceed or be sufficient to pay for the project costs;
- The effect, if any, the project will have on any outstanding special obligation bonds payable from the revenues used to fund the project;
- A statement of how the jobs and taxes obtained from the project will contribute significantly to the economic development of the state and region;
- Visitation expectations; the unique quality of the project; economic impact study; integration and collaboration with other resources or businesses;
- The quality of service and experience provided, as measured against national consumer standards for the specific target market;
- Project accountability, measured according to best industry practices;
- The expected return on state and local investment that the project is anticipated to produce;
- A statement concerning whether a portion of the local sales and use taxes are pledged to other uses and are unavailable as revenue for the project and if the revenues are so committed a detailed explanation of the commitment and the effect; and
- An anticipated principal and interest payment schedule on the bond issue.

The Secretary of Commerce is required to set a limit on the total amount of STAR bonds that may be issued for any project. A city also is required to have an annual certified public accountant audit of each project.

- ***What are the constraints placed on the developer?***

The developer of a special bond project is required to commence work on the project within two years from the date of adoption of the project plan. If the developer does not commence work on the project within the two-year period, funding for the project ceases and the developer has one year to appeal to the Secretary of Commerce for re-approval of the project. If the project is re-approved, the two-year period for commencement applies.

Also, the law requires that Kansas resident employees be given priority consideration for employment in construction projects located in a special bond project area.

- ***What are eligible uses for STAR bond proceeds?***

Property acquisition
Relocation Assistance for property owners moving out of the project district
Site Preparation including utility relocations
Drainage conduits, channels, levees and river walk canal facilities
Parking facilities
Street improvements
Street light fixtures, connection and facilities
Utilities located within the public right-of-way
Landscaping, fountains, decorations
Sidewalks and pedestrian underpasses or overpasses
Drives and driveway approaches located within the public right-of-way

- ***What are ineligible uses for the proceeds?***

Constructing buildings or other structures to be owned by private entities is considered ineligible uses for STAR bonds; however, a city is allowed to engage a manager to manage such building or structure and the contractual relationship would not be deemed as a lease to a developer as defined in the law. In addition, proceeds are not available for fees and commissions paid to real estate agents, financial advisors, or any other consultants who represent the business considering locating in a redevelopment district; salaries for local government employees; moving expenses for employees of the businesses locating with the redevelopment district; property taxes for businesses that locate in the redevelopment district; lobbying costs; or bond origination fees paid to the city and any personal property as defined in KSA 79-102.

- ***Other important information!***

- All cities that have projects financed with STAR bonds are to prepare and submit an annual report to the Governor; the Secretary of Commerce; Kansas, Inc.; and the Legislature by October 1 of each year that describes the status of any projects within the redevelopment area.
- The STAR bond authority will sunset on July 1, 2007.

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January 23, 2007

History of Tax Increment Financing (TIF) and Sales Tax and Revenue (STAR) Bonds

The following memorandum will look at all of the legislative changes made to the Tax Increment Financing (pages 1-7) and Sales Tax and Revenue Bond statutes (pages 7-17).

Tax Increment Financing (TIF)

During the **1976** Session, HB 2666, authorized cities to acquire property in downtown commercial areas by eminent domain, if necessary, for redevelopment purposes. Cities were authorized to issue special obligation bonds to pay for the cost of the acquisition and clearing of the redevelopment site, the cost of relocation assistance, necessary related street and municipal utility costs, and other related project expenses. The special obligation bonds were to be paid by the tax increment produced due to the increase in assessed value over the old assessed value of the project area or by private or other governmental assistance. The bonds would not be a general obligation of the city. The increment would apply only to the city, the county, and the school district involved. All other taxing subdivisions would continue to receive taxes as under current law.

Procedures a city must follow to implement a downtown redevelopment project under HB 2666 include:

- A city must adopt a resolution finding that the downtown area to be redeveloped is blighted and its redevelopment is necessary to promote the economic and general welfare of the city. A majority of 10 factors must be found before an area can be found to be blighted.
- Before any project shall be undertaken the city must be provided with a feasibility study which shows the benefits will exceed the costs and the income will be sufficient to pay for the cost of the project.
- The city is required to prepare a redevelopment plan in consultation with the planning commission of the city. This plan must include: (1) a summary of the feasibility study; (2) a description and map of the area to be redeveloped; (3) the relocation assistance plan; and (4) a description of what is to be constructed. The planning commission must find the redevelopment plan is consistent with the comprehensive general plan of the city.
- The city must then adopt a resolution stating it is considering adopting the redevelopment plan. This resolution must fix a time and place for a public

hearing and describe the boundaries of the downtown commercial area of the city and the specific area to be included in the proposed project. A copy of this resolution must be mailed to each owner and occupant of the land in the project area and to the county and school district involved. The resolution must be published for three consecutive weeks.

- Following the hearing, the city may adopt the redevelopment plan by adoption of an ordinance by a 2/3 vote. Any substantial changes in the redevelopment plan must be subject to another public hearing procedure.
- The county commission and the board of education of the school district levying taxes on the property have 30 days following the public hearing to determine if the project will have an adverse effect on them. Their finding of an adverse effect must be done by passage of a resolution which would halt the project. They need not approve the project if no adverse effect is found.
- Any city which has adopted a redevelopment plan may purchase or acquire real property. A 2/3 vote of the city's governing body is required, however, to acquire land by eminent domain.
- Relocation assistance includes payments to persons, families, and businesses who have to move. No person or families residing in the downtown project area will be displaced until suitable housing is available. Retailers shall be entitled to damages sustained due to liquidating inventories.
- The use of industrial revenue bonds in connection with this act is prohibited.

In **1979**, the law was changed by Substitute for SB 454, which amended approximately 200 statutes authorizing various ad valorem property tax levies for cities, counties, and school districts to specify that a portion of these tax moneys may be used to pay the principal and interest on bonds issued under the tax increment act. The bill requires that ad valorem property taxes levied by cities and counties under home rule must allow a portion of these taxes to be used to pay principal and interest on bonds issued under the tax increment law. It struck the term "downtown commercial areas" from tax increment law and replaced it with the term "central business district" and made various cleanup amendments. The bill was in response to a Kansas District Court decision which held the city tax increment financing law to be unconstitutional. The tax increment financing law allowed cities to acquire rundown property in their central business districts by eminent domain, if necessary, for redevelopment purposes. Cities were authorized to issue special obligation bonds to pay for the cost of the acquisition and clearing of necessary related street and municipal utility costs and other related project expenses. Developers then must buy the land and build the improvements thereon. The special obligation bonds are to be paid by the tax increment produced by the increase of assessed value over the old assessed value in the project area.

In **1982**, the law was amended by HB 3121, which authorized the creation of enterprise zones in cities to aid economically distressed areas by providing tax and other incentives for business and industrial development therein. Business and industrial development incentives available for areas designated as enterprise zones include preferences for state programs, funds and services which impact on the economic viability of the area, as well as a relaxation of state agency rules and regulations. Tax increment financing, which was available only for use in central business districts, is made available also in areas designated as enterprise zones. Eminent domain, however, can only be exercised in central business districts.

In **1984**, the law was amended by Substitute for SB 631 to authorize a second category of bonds which may be issued under the act— full faith and credit tax increment bonds. Under prior law, only special obligation bonds could be issued and the full faith and credit of the city could not have been pledged as backing for the bonds.

The bill requires that the resolution, which a city must publish giving public notice of its plans to undertake a redevelopment project, must include notice of the city's intent to issue full faith and credit tax increment bonds. A protest petition procedure was established whereby 3 percent of the qualified electors may protest the issuance of full faith and credit tax increment bonds within 60 days of the date of the public hearing thereby requiring an election on the issue. No election shall be held if either the board of county commissioners or the school board vetoes the proposed project, as either may do under the law. Failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds. The amount of full faith and credit tax increment bonds outstanding which exceed 3 percent of the assessed value of the city shall be within the bonded debt limits applicable to the city.

The bill also contained a special procedure for cities (*e.g.*, Manhattan) which had already adopted a redevelopment plan under this act but had not commenced the acquisition of property. This provision permits the cities to issue full faith and credit tax increment bonds subject to a mandatory vote on the issue.

The bill also permitted cities to issue temporary notes during the progress of any redevelopment project if the city's costs would be financed in whole or in part by full faith and credit tax increment bonds.

The **1988** change to the Act occurred in HB 2670, which made major changes to the law. The areas of cities where the tax increment law can be used were expanded to include any blighted area. Prior law was limited to central business districts and enterprise zones.

The tax increment proceeds may be obtained from all real property in a redevelopment district designated by the city governing body. Prior law limited the tax increment proceeds to real property within the redevelopment project area only.

The bill also extended the time frame under which projects must be completed to 15 years and authorized separate development stages for projects. Prior law required projects to be commenced within one year of the acquisition of property and completed within five years of the adoption of the redevelopment plan. Excess tax increment proceeds from one project within a district may be used for other projects within the district subject to the 15-year time limitation.

The bill created a two-step approval process – one for the initial establishment of the redevelopment district and the other for each specific redevelopment project to be undertaken. Both stages require notice and a public hearing. The bill also clarified and expanded the purposes for which tax increment bonds could be issued.

The **1991** changes to the Act occurred in HB 2124, which allowed for environmental remediation. The governing body of any city, which has entered into contracts with the Kansas Department of Health and Environment (KDHE) or the United States Environmental Protection Agency (EPA), may pledge tax increments receivable in future years to pay costs directly related to the investigation and remediation of environmentally contaminated areas. Contract provisions dealing with the pledging of the tax increment are exempted from requirements of the cash basis and budget laws. Projects must be completed within 20 years from the date the city enters into a consent decree with either KDHE or EPA.

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A provision was added to the definition of "blighted area" to permit a tax increment financing district to be created whenever an area has been identified as being environmentally contaminated to an extent that requires further investigation or remediation. The bill also outlined four preconditions for the establishment by the city of tax increments for remediation projects in blighted areas.

Regular appraisal procedures must be used to establish fair market values of all property within the district and such values are subject to annual review as is any other property. The city is authorized to establish the increment, adjustable each year, as a percentage of not to exceed 20 percent of the amount of taxes that are produced in the redevelopment district in the year the district is established. The increment must be in an amount sufficient to pay costs anticipated to be incurred each year, including the principal and interest of any increment bonds.

The city is required to create a special fund and an annual budget for these tax increment moneys. Any moneys collected from responsible parties will either be paid into this fund, plus interest, or be distributed to parties who have entered into a contract with the city to pay part of the costs if the contract provides for their reimbursement from other third parties responsible for the contamination. Any moneys remaining after the project is completed must be returned to the city, the county, and the school district which had agreed to forego a portion of their ad valorem taxes for this project.

During 1992, Substitute for HB 2681 created the Enterprise Zone Act, which stated that areas designated by cities as enterprise zones prior to July 1, 1992, may include redevelopment districts.

The 1996 Legislature made substantial changes to the TIF law in HB 2878 as follows:

- Expanded the definition of eligible redevelopment areas to include conservation areas; a "conservation area" is defined as any improved area within city limits in which 50 percent or more of the structures in the area are 35 years or older and which is not yet blighted but may become blighted because of a combination of two or more factors specified in the bill; however, the conservation area may not exceed 15 percent of the land area of the city;
- Extended the time frame for project completion of a redevelopment project using TIF from a maximum of 15 years to a maximum of 20 years (this is the same time frame that applies to increment financing for projects relating to environmental investigation and remediation);
- Required that increases in ad valorem taxes collected by *all* taxing subdivisions on real property located within any currently existing or subsequently created redevelopment district areas be included in the increment used to retire the bonds (under prior law, the "taxing subdivision" included only the county, the city, and the unified school district in which the redevelopment district was located);
- Permitted the use of a portion or all of the revenue received by the city from local sales tax to secure special obligation bonds for any redevelopment project (under existing law, local sales tax may only be used for the project of the magnitude identified above);
- Permitted the use of a portion or all of the increased revenue received by the city from retailers' sales tax and from franchise fees collected from utilities and other

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businesses using public right-of-way within the redevelopment district to secure the special obligation bonds for any redevelopment project;

- Permitted cities and school districts to negotiate a redevelopment project in which only a portion of the increment arising from the 35 mills school levy (which is now 20 mills) is pledged to the project (under prior law, the entire increment or no increment had to be applied to such project);
- Prohibited cities from exercising the power of eminent domain to acquire real property in a conservation area.

HB 2878 also amended the Kansas Neighborhood Revitalization Act to allow the use of tax increment financing for a dilapidated structure (defined in the bill), which is located outside of a designated revitalization area.

The act was amended during **1998** with enactment of SB 672 which caused the 20-year period allowed for the financing of a tax increment financing project to be triggered by transmittal of a redevelopment plan, or revised plan submitted under conditions specified below, to the county in which the redevelopment district is located. Under prior law, the 20-year period was triggered by the creation of a redevelopment district.

The bill authorized the City of Topeka to adopt an ordinance to revise a previously approved but dormant redevelopment plan for an area, which includes a portion of the land under the jurisdiction of the Capitol Area Plaza Authority. The bill required the city's ordinance to: revise the project areas of the previously adopted plan into one or more separate stages; fix a date of completion for each stage; and adopt, by reference, a revised plan containing specified information, including a summary of a new comprehensive feasibility study.

The **2001** Legislature made several changes to the Act in Substitute for HB 2005. Under prior law, the TIF statutes required the city to: adopt a resolution and give notice that a redevelopment district will be established; hold a public hearing on the establishment of development district; pass a resolution making appropriate findings and pass an ordinance establishing the redevelopment district; develop a redevelopment plan for the redevelopment project area, including a feasibility study, map, relocation matters, details about the buildings and facilities, and other items; have the planning commission find that the redevelopment plan is consistent with the comprehensive general plan of the city; adopt a resolution and give 30-70 days' notice that a redevelopment plan will be adopted and, if full faith and credit bonds will be issued, state that intent in the resolution; hold a hearing on the redevelopment plan; and pass an ordinance with at least a two-thirds vote adopting the redevelopment plan. Once the redevelopment plan has been adopted, the city may purchase or otherwise acquire real property. Eminent domain proceedings may be pursued (except in conservation areas) upon two-thirds vote of the governing body of the city. The redevelopment plan may be undertaken in separate stages. Projects within the redevelopment district must be completed within 20 years after the transmittal of a redevelopment plan to the county and, for environmentally-related projects, within 20 years from the date of a consent decree agreement with environmental regulators.

Most of the amendments to the TIF statutes involved reorganization or clarification. The most notable of such amendments are listed below:

- **New Definition Section.** A new definition section consolidated many of the specialized terms used in the TIF statutes which are, for the most part, spread throughout the statutes.

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- Provisions—No Longer Relevant. Several provisions were deleted because they were no longer relevant. Specifically, these provision referring to the Topeka Capitol Complex project which was under construction.
- Consolidations. The bill consolidated the provisions related to a city's procedures for establishing a redevelopment district. The bill also consolidated the provisions related to project plans for proposed redevelopment projects, the resolution requirements, hearing requirements, post hearing procedures, and the disposition of the project once it has been approved.
- Clarification Concerning Substantial Changes to the Project Plan. The TIF statutes required notice and a public hearing if a change was made to a project plan and if that change deviated substantially from the intent of a city's comprehensive plan. The bill amended that provision to clarify that notice and hearing will be required if a proposed change causes the redevelopment district plan or project plan to deviate substantially from the approved district or project plan and not from the city's comprehensive plan.

The bill included several substantive policy amendments:

- Starting Point for Tax Increments. Under prior law, the collection of tax increments was triggered by the transmittal of a redevelopment plan. The bill made the trigger point the establishment date of the redevelopment district. The definition of the terms "tax increment" and "base year assessed valuation" in the bill clarify that intent.
- Treatment of Changes to Property Within Redevelopment Districts. The bill included procedures for treating the valuation of property that is added to or removed from a redevelopment district, or that is divided within a redevelopment district into more than one redevelopment district. The existing statute is silent concerning the valuation of remaining property within the redevelopment district when such modifications occur. Moreover, the bill defined the term *de minimus* as an amount of less than 15 percent of the land area within a redevelopment district. If the city wished to remove more than the *de minimus* amount of property from the redevelopment district or if the city wished to divide property within the redevelopment district into more than one district, a feasibility study would be required as a precondition for such action. Public notice and hearing were required if property is divided within a district into separate redevelopment districts. (Public notice and hearing is required in current law for property added to a redevelopment district and for substantial changes to the comprehensive plan.)
- Completion of TIF Project. Under prior law, the deadline for completion of a project within the redevelopment district was within 20 years from the date the redevelopment project plan was transmitted to the county. The bill amended the law to tie the completion of the TIF project to within 20 years of approval by the city of the project plan.

Again, in **2004**, with enactment of SB 235, changes were made to the TIF Act. The bill allowed a city to extend the amount of time for remediation of an environmentally contaminated area to 30 years after receiving the approval of the board of county commissioners and the local board of education. Prior law limited the amount of time to 20 years.

The final amendments were made in **2005** HB 2140, which changed the definition of "blighted area" within the TIF statutes to include property that has "a majority of the property" in a 100-year flood plain. In addition, both a Kansas certified engineer and the United States Federal Emergency Management Agency were required to identify the majority of the property as existing in the 100-year flood plain.

Also in **2005**, HB 2144 amended TIF statutes to clarify TIF statutes and amended the law so that a city may pledge all or a portion of the revenue received from local sales taxes for a local tax increment financing project.

Sales Tax and Revenue (STAR) Bonds

The first STAR bond legislation occurred in 1993 with the enactment of SB 421, commonly known as "The Wonderful World of Oz" Theme Park and Resort Sales Tax Increment Financing legislation. The bill permitted a pledge of a portion or all of revenues from sales, use, and transient guest taxes collected within that portion of a city's redevelopment district occupied by a redevelopment project to the repayment of special obligation bonds and interest thereon for the proposed redevelopment project. Such revenues must be generated from sales occurring within that portion of the redevelopment district. The bond issue was conditional upon a finding by the Secretary of Commerce and Housing that the project is of statewide as well as of local importance. This finding was based on two conclusions:

- Capital improvements costing not less than \$300 million will be built in the state for the redevelopment project; and
- Not less than 1,500 permanent and seasonal positions will be created in the state by the redevelopment project.

The city is prohibited from issuing full faith and credit tax increment bonds for the proposed redevelopment project.

The bill authorized the city to enlarge enterprise zones established prior to July 1, 1992 (the date the old enterprise zone law was repealed) to encompass the proposed redevelopment project. Before such authorization is granted, the Secretary of Commerce and Housing must conclude that the project is of statewide importance and will meet the investment and job creation criteria addressed above.

The City Bond Finance Fund was established. All state sales and use taxes from sales within the redevelopment project will be credited to the fund and will be distributed to the city to pay the interest and principal of the bonds. In addition, the city will pledge all or any portion of its revenue from local sales tax and transient guest tax for that purpose.

The establishment or operation of a lottery is prohibited within the redevelopment district.

Public funds may not be used to pay the holders of special obligation bonds issued for purposes of this act in the event that there is a default in the payment of such bonds.

Finally, no assessment against a property may be made for any infrastructure construction unless that property abuts the site of the proposed redevelopment project or supporting infrastructure and it has been determined that the abutting property specifically benefits from the construction.

During 1997, the law was amended with enactment of SB 280. Specifically, the bill authorized the use of transient guest, sales, and use tax proceeds to retire special obligation bonds issued to finance the construction of buildings or other structures to be owned by, or to be leased to, developers. (Special obligation bonds backed by this type of revenue stream often are referred to as STAR bonds.) In addition, the bill authorizes the use of proceeds of special obligation bonds (which may be backed by various revenue sources, such as property tax increments) for construction of buildings to be owned by, or to be leased to, developers. Such construction projects must occur within redevelopment districts that will include some or all of the land and buildings of Topeka State Hospital and Winfield State Hospital. (The redevelopment districts must be established as a precondition for such financing.)

Under prior law, proceeds from the sale of special obligation bonds could only be used for: property acquisition; relocation assistance payments; site preparation; specified infrastructure improvements; and all related redevelopment project expenditures. The bill has the effect of expanding the type of projects that may be financed from special obligation bond proceeds.

During 1998, Substitute for SB 675 provided an alternative site for the Oz Theme Park and Resort and amended the STAR bond statutes. The bill established a mechanism for creating a redevelopment district within federal enclaves in which STAR bonds may be used to finance "projects of statewide as well as local importance." Specifically, the federal enclaves in the bill refer to the Sunflower Ammunition site in Johnson County and the Parsons Ammunition site in Labette County. The U.S. Army would like to dispose of both these sites.

The Sunflower Ammunition site would be considered an alternative site to an area under consideration in Wyandotte County for the development of the Oz Theme Park and Resort. The bill authorized the Kansas Development Finance Authority (KDFA) to issue bonds to finance the project at the Sunflower Ammunition site because the project would be developed within a federal enclave outside city limits. Although cities are authorized under STAR bonds statute to issue bonds for projects of statewide as well as local importance (*e.g.*, the Oz project), the KDFA is authorized in the bill to issue bonds for the Oz project if the developer decides to select Wyandotte County as the project site. Therefore, the Unified Government of Wyandotte County/Kansas City, Kansas now has two options: bonds for the Oz project may be issued by Kansas City or the KDFA.

As is required in the law, the Secretary of Commerce and Housing must designate the redevelopment project as being of statewide as well as local importance as a precondition for any bond issues. To be designated as being of statewide as well as of local importance, a project at the Sunflower Ammunition site would be subject to the same capital improvement commitments (at least \$300 million) and employment commitments (at least 1,500 positions) as would be required of a project within the redevelopment district of a city under TIF law. For a project at the Parsons Ammunition site, developers would have to commit to at least \$5 million in capital improvements and employment of at least 150 positions.

The procedures for establishing the redevelopment district and redevelopment plan are essentially the same for projects within federal enclaves as for any project that may be

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developed within a city under TIF law. Moreover, as is authorized in law, this bill allows local transient guest tax, local sales tax, and state sales and use tax revenues from the redevelopment district to be pledged to repay any bonds (sales tax and revenue or STAR Bonds) that finance a project of statewide and local importance. Bonds for this type of project could be issued for no more than 20 years (the same as in TIF law). For purposes of redevelopment projects in federal enclaves (Johnson County or Labette County), the following taxes would be levied or collected within the redevelopment district to repay the bonds issued by the KDFA for the project:

- State sales and use tax at the rate of 5.9 percent (the 1.0 percent increase over the existing state sales tax rate corresponds to the 1.0 percent city sales tax rate that would be captured if the Oz project were located in Kansas City);
- Transient guest tax at the rate of 5.0 percent; and
- Countywide sales tax at the rate of 0.5 percent, and an additional county sales tax at a rate of 0.5 percent only within the redevelopment district.

The revenues could only be levied or collected for the duration of the bond repayment but could not exceed 20 years after establishment of the redevelopment district (whichever occurs earlier).

The bill authorized the enlargement of an enterprise zone by the Unified Government of Wyandotte County/Kansas City, Kansas for the Oz project even if the enlargement extends beyond Kansas City's boundary. Under prior law, the original location for the Oz project was an enterprise zone located completely in Kansas City. The bill also requires the developer of the Oz project to reimburse, within one year of the commencement of project construction, the Unified Government of Wyandotte County/Kansas City, Kansas for cash investments in the project and for the use of the local government's employees and other resources during the course of negotiations with the developer if the developer elects to construct the project in Johnson County. The Secretary of Commerce and Housing must determine the amount of reimbursement based on documentation.

Finally, the bill clarified that the state, local units of government, and the KDFA will not assume responsibility for any environmental remediation required to be performed in any redevelopment district within a federal enclave.

Also in **1998**, the Legislature enacted HB 2631 for the Auto Race Track Facility. The bill authorized the unified government of Wyandotte County/Kansas City, Kansas to utilize 30-year special obligation bonds to finance an auto race track facility rather than the 20-year bonds otherwise authorized. However, STAR bonds, paid from sales and other excise taxes, may be issued for 30 years only if the Governor makes a finding that the longer term is necessary for the economic feasibility of the track's funding. All of the payments in lieu of taxes made by the track will go toward the bonds, financed from payments in lieu of property taxes, rather than only the increment. Further development of the major tourism area is limited to a 400-acre parcel described in the bill and would be eligible for 20-year STAR bonds, but not for TIF bonds. Qualified competitive bidding is required for the underwriting services for the bonds.

"Race track facility" is defined to include grandstands, suites and viewing areas, concessions and souvenir facilities, catering facilities, visitor and retail centers, signage, and temporary hospitality facilities, but excludes hotels, motels, restaurants, and retail facilities not included above.

Owners of property condemned for the track will receive an additional award equal to 25 percent of the compensation or damage amount otherwise determined. In condemnation proceedings for redevelopment projects other than for the auto race track, a city will be required to offer at least the highest appraised valuation determined for property tax purposes within the last three years by the county appraiser, unless the property had been damaged or destroyed by a catastrophic event. The minimum payment for relocation will be \$500.

S.B. 76, enacted by the **1999** Legislature, expanded the application of STAR Bond financing, to buildings designated as historic theaters. The bill defines "historic theater" as a building constructed prior to 1940, which was constructed for the purpose of staging entertainment, including motion pictures, vaudeville shows, or operas. The building must be owned and operated by a nonprofit corporation. Moreover, the building must be designated by the State Historical Preservation Officer as eligible to be enrolled on the Kansas Register of Historic Places or it must be a member of the Kansas Historic Theatre Association.

The bill authorized a city to designate a building to be an historic theater if the city and the Secretary of Commerce and Housing agree that the building satisfies the definition of "historic theater" and will have a significant impact on the city and surrounding area.

H.B. 2166, also enacted by the **1999** Legislature, amended the Oz Theme Park and Resort legislation enacted in 1998, which established a mechanism for creating development districts within federal enclaves. In those enclaves (Johnson County and Labette County), tax increment financing may be used to finance "projects of statewide as well as local importance." Although not explicitly stated anywhere in the bill, the intended "project of statewide as well as local importance" is the proposed Oz Theme Park and Resort to be developed on the Sunflower Ammunition site in Johnson County. Most of the same provisions in this bill applied to any future project developed on a federal enclave in Labette County that meets certain capital improvement and employment commitments. As authorized in the 1998 legislation, STAR Bonds may be issued by the KDFA for the Oz project. H.B. 2166:

- Extended the maximum maturity of bonds associated with projects of statewide as well as local importance (hereafter referred to as the Oz project) from 20 to 30 years from the issuance of the first series of bonds to finance the project. Under prior law, the duration of the bonds was tied to the establishment of the redevelopment district.
- Excluded the proceeds from the mandatory school finance tax levy, including local property tax levies issued by or on behalf of school districts, as revenue sources to repay the bonds to be issued by the KDFA.
- Prohibited any economic development property tax abatement granted to the Oz project developer from capturing revenue from the DeSoto school district.
- Increased the state sales and compensating use tax rate within a redevelopment district containing the Oz project from the previously authorized rate of 5.9 percent to 6.9 percent. The term of the additional tax will be limited until the earlier of two dates—when the bonds have been fully paid or the date of the final scheduled maturity of the first series of bonds issued for the project. The same limitation will be applied to the 5.0 percent transient guest tax authorized in the 1998 legislation as one of the revenue sources to repay the bonds.

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- Authorized K DFA to form a subsidiary corporation—the Kansas Statewide Projects Development Corporation—for the purpose of acquiring or conveying property, issuing bonds, or otherwise financing the Oz project on behalf of the state.
- Conditioned establishment of the redevelopment district in which the Oz project would be located upon approval by the Johnson County Board of Commissioners of the redevelopment agreement between the Oz Entertainment Company and the K DFA.
- Required the developer, as a precondition for taking legal title to the land for the development of the Oz project, to enter into a consent decree agreement with the Kansas Department of Health and Environment or the Environmental Protection Agency. In this agreement, the developer must consent to be responsible for and complete the remediation of all environmental contamination on the land according to established standards and levels for appropriate property uses. Any portion of the land which the federal government has agreed to remediate, subject to an agreement approved by the Governor, will not have to be remediated by the developer. The agreement also must include prepaid third-party financial guarantees to the state or K DFA. These guarantees must be sufficient in form and amount to ensure that the developer will complete the remediation of all the land as required in the agreement.
- Required, as a precondition for taking title to the land, that the state or K DFA obtain the written opinion of a competent attorney specializing in environmental law regarding the state's potential liability resulting from taking title, possession, or otherwise exercising control over the land. The 1998 legislation already expressly precludes the state, any of its political subdivisions, K DFA, or any local governmental unit from assuming responsibility for any environmental remediation to be performed within the redevelopment district in which the Oz project would be located.
- Required that any redevelopment plan for the Oz project must be adopted prior to July 1, 2001.
- Limited the use of bond proceeds for payment or reimbursement of project costs, if bonds have been paid before completion of the project, to any purpose identified in the redevelopment agreement between the Oz Entertainment Company and K DFA.
- Provided that any revenues not needed or committed for the payment of bonds or other project costs, as authorized by the redevelopment agreement, must be remitted by the State Treasurer to the appropriate taxing authorities. K DFA must approve those remittances.
- Amended the 1998 legislation to accurately reflect legislative intent concerning compensation by the Oz developers to the Unified Government of Wyandotte County for expenses incurred by the county for the project.

During **2001**, the Legislature enacted HB 2005, which allowed bond financing for the OZ, NASCAR, and multi-sport facility projects financed up to 30 years. The bill deleted the OZ provision

which placed the project in Wyandotte County (at that time the project had moved to DeSoto in Johnson County); and consolidated existing provisions relating to the NASCAR project.

Also enacted during **2001** was HB 2573, which amended two statutes related to requirements governing the developer of the Oz Entertainment Company, Inc. As a precondition for issuing STAR bonds, the Kansas Development Finance Authority must adopt a redevelopment plan of the proposed Oz Theme Park project. The statutorily-prescribed deadline for adoption was July 1, 2001. The bill extended that deadline to July 1, 2002, if the developer of the Oz Entertainment Company, Inc. had reimbursed the Unified Government of Wyandotte County for cash investments in the project within 120 days after July 1, 2001. The developer was required under prior law to reimburse the Unified Government within one-year of commencement of project construction.

During **2003**, Substitute for HB 2208 was enacted that provided for statewide STAR bond authority for special bond projects of regional or statewide importance. The bill defined a special bond project as a project with at least a \$50,000,000 capital investment and \$50,000,000 in projected gross annual sales revenues. The bill includes in this definition projects located outside of metropolitan statistical areas, which have been found by the Secretary of Commerce to be in an eligible area under TIF law and of regional or statewide importance. The bill specifically excluded a project including a gambling casino from the definition of special bond project.

The bill modified prior law as it relates to areas eligible for STAR bond financing to include a major commercial entertainment and tourism area as determined by the Secretary of Commerce. The bill also included a major multi-sport athletic complex in the definition of major commercial entertainment and tourism area.

Under the bill, river walk canal facilities are included in the list of redevelopment project costs which may be financed by STAR bonds.

The bill allowed the governing body of a city to establish one or more special bond projects in any area in the city. Under the bill, special bond projects are eligible for financing by special obligation STAR bonds. However, each special bond project must be approved by the Secretary of Commerce, based on the required feasibility study, prior to utilizing STAR bond financing. This includes a special bond project located in a redevelopment district established by a city prior to the effective date of the act. If the project plan involves a redevelopment project in Wichita including an arena, a vote of the citizens of Wichita is necessary before the Secretary may approve the special bond project for STAR bond eligibility. A special bond project may not be approved by the Secretary if the required marketing study indicates a substantial negative impact on existing businesses in the projected market area or if granting the special bond project would cause a default in the payment of any outstanding STAR bonds.

The bill requires that 100 percent of local sales taxes be pledged to fund the special obligation bonds except for those amounts committed to other use by election of voters prior to the effective date of the act.

A provision was included in the bill which prohibited a business from benefitting from STAR bond legislation if it relocated from an area in Kansas and within 50 miles of the major commercial, entertainment, and tourism area.

Under the bill, the maximum maturity of special obligation STAR bonds may not exceed 20 years.

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The bill set out procedures for undertaking a special bond project, including the requirements for preparing a project plan, holding a hearing on the plan, and the adoption of the project plan. Under the bill, any project was required to be completed within 20 years from the date of the approval of the project plan. One of the required components of the project plan is a feasibility study showing whether a special bond project's benefits and tax increment revenue and other financing are expected to be sufficient to pay for the special bond and the effect, if any, the special bond project will have on any outstanding STAR bonds. Another component of the project plan was a marketing study conducted to examine the impact of the special bond project upon similar businesses in the projected market area.

The developer of a special bond project is required to commence work on the project within two years from the date of adoption of the project plan. If the developer does not commence work on the project within the two-year period, funding for the project ceases and the developer has one year to appeal to the Secretary of Commerce for reapproval of the project. If the project is reapproved, the two-year period for commencement applies.

The bill required that Kansas resident employees be given priority consideration for employment in construction projects located in a special bond project area.

The bill allowed the State Treasurer to place state sales tax increment moneys from taxpayers doing business with entities financed by a special bond project into the City Bond Finance Fund.

The bill required Kansas, Inc. to include an analysis of STAR bonds in that agency's annual report on the cost effectiveness of economic development tax exemptions and credits.

The STAR bond authority provided for special bond projects under the bill will sunset on July 1, 2007.

SB 395, enacted by the **2004** Legislature, amended the law to allow any redevelopment district established prior to January 1, 2003, to continue to receive transient guest, sales and use taxes from taxpayers, whether or not revenues from such taxes are received by the city.

In addition, the bill included the following components:

- STAR bonds could not be used to finance personal property as defined in the state's property tax laws after the effective date of the act.
- Redevelopment districts could be established wholly outside of a city's boundaries with the written approval of the county commission.
- The Department of Commerce is given the authority to adopt rules and regulations.
- Tax increment financing bonds are made payable from all of the revenues received by the city or county from any transient guest, local sales and use taxes which are collected from taxpayers doing business within that portion of the city's redevelopment district.
- A city that owns a building or structure that was financed in whole or in part by STAR bonds is allowed to engage a manager to manage such building or

structure and the contractual relationship will not be deemed as a lease to a developer as defined in the tax increment financing laws.

- A city that exercises eminent domain to acquire property must compensate the property owner at least 125 percent of the highest appraised valuation based on the prior three years' evaluation.
- All cities that have projects financed with STAR bonds are to prepare and submit an annual report to the Governor; the Secretary of Commerce; Kansas, Inc.; and the Legislature by October 1 of each year that describes the status of any projects within the redevelopment area.

During the 2005 Session Substitute for HB 2144 amended STAR bonds law. The changes are as follows.

- The bill amended the STAR bond statutes to add "major motorsports complex" to the list of projects eligible for STAR bonds. The definition of "major motorsports complex" specifies that it is a project located in Shawnee County. In addition, STAR bonds for the major motorsports complex could be used to finance a maximum of 50 percent of the redevelopment project costs.
- The feasibility study for STAR bonds requires the following information:
 - Description of the project;
 - A statement of how the jobs and taxes obtained from the project will contribute significantly to the economic development of the state and region;
 - A statement concerning whether a portion of the local sales and use taxes is pledged to other uses and unavailable as revenue for the redevelopment project. If a portion of local sales and use taxes is committed, the applicant will describe the following:
 - The percentage of sales and use taxes collected that are committed; and
 - The date or dates on which the local sales and uses taxes pledged to other uses can be pledged for repayment of STAR bonds;
- An anticipated principal and interest payment schedule on the bonds;
- Following approval of the redevelopment plan, the feasibility study will be supplemented to include a copy of the minutes of the governing body meeting or meetings of the city whose bonding authority will be utilized in the project, to show that the redevelopment plan has been created, discussed, and adopted by the city in a regularly scheduled open public meeting.
- For a proposed major commercial entertainment and tourism area applying for STAR bonds, the feasibility study will be required to also include:
 - Visitation expectations;

- Economic impact;
 - The unique quality of the project;
 - The ability of the project to gain sufficient market share to remain profitable past the term of repayment and maintain status as a significant factor for travel decisions;
 - Integration and collaboration with other resources or businesses;
 - The quality of service and experience provided, as measured against national consumer standards for the specific target market;
 - Project accountability, measured according to best industry practices; and
 - The expected return on state and local investment that the project is anticipated to produce.
-
- The failure to include all information required in the feasibility study for a redevelopment project will not affect the validity of the bonds issued pursuant to the Act.
 - The definition of redevelopment project costs is amended to mean those costs necessary to implement a redevelopment project plan or a bioscience development project plan including costs incurred for:
 - Acquisition of property within the redevelopment project area;
 - Payment of relocation assistance for persons dispossessed of ownership of property in a redevelopment district;
 - Site preparation including utility relocations;
 - Sanitary and storm sewers and lift stations;
 - Drainage conduits, channels, levees, and river walk canal facilities;
 - Street grading, paving, graveling, macadamizing, curbing, guttering, and surfacing;
 - Street light fixtures, connections, and facilities;
 - Underground gas, water, heating and electrical services and connections located within the public right-of-way;
 - Sidewalks and pedestrian underpasses or overpasses;
 - Drives and driveway approaches located within the public right-of-way;
 - Water mains and extensions;

- Plazas and arcades;
 - Parking facilities;
 - Landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities; and
 - Related expenses to redevelop and finance the redevelopment project, except that for a redevelopment project financed with STAR bonds, such expenses will require prior approval by the Secretary of Commerce.
- The bill prohibited the use of STAR bond proceeds from being spent on the construction of buildings or other structures to be owned by or leased to a developer; however, the "redevelopment project costs" could include costs incurred in connection with the construction of buildings or other structures to be owned or leased to a developer which includes an auto race track facility. In addition, proceeds could not be available for:
 - Fees and commissions paid to real estate agents, financial advisors, or any other consultants who represent the businesses considering locating in a redevelopment district;
 - Salaries for local government employees;
 - Moving expenses for employees of the businesses locating within the redevelopment district;
 - Property taxes for businesses that locate in the redevelopment district;
 - Lobbying costs; and
 - Bond origination fees paid to the city.
- The auto race track facility and the 400-acre area were limited to no more than \$308,000,000 of STAR bonds. However, bonds issued solely for the purpose of refunding STAR bonds required approval of both the Secretary of the Department of Commerce and the Secretary of the Department of Revenue prior to issuance. If the project required additional STAR bond funding, the Unified Government of Wyandotte County was required to reapply to the Secretary of Commerce. Under prior law, the auto race track facility had no limit on issuing STAR bonds.
 - Any city approved for a STAR bond project is required to prepare and submit an annual report of the status of any STAR bond project, describing the status of the project and any expenditures of the proceeds of the bonds that have occurred since the last annual report and any expenditures of the proceeds expected to occur in the future, to the Department of Commerce on October 1. The Department of Commerce was required to compile the information and submit a report annually to the Governor; Kansas, Inc.; and the Legislature by February 1 of each year about all STAR bond projects. The reporting requirement also applied to the auto race track project.

- Relocation payments⁵ made to persons, families, and businesses who move from real property located in the redevelopment district or who move personal property from real property located in the redevelopment district due to the acquisition of the real property by the city is considered relocation assistance.
- The Secretary of Commerce was required to set a limit on the total amount of STAR bonds that may be issued for any redevelopment project.
- The bill also required an independent certified public accountant annually audit each project at the expense of the city. Any unauthorized payments will be repaid to the bond fund through an agreement with the Department of Revenue.

Finally, during the **2006** Legislative Session, SB 324 was enacted which changed the eminent domain requirements for STAR bond statutes. The bill required that:

- Any property acquired by use of eminent domain that is sold, transferred, or leased to a developer for a specific redevelopment project could only be used for the specific approved redevelopment project.
- If the developer does not utilize the entire tract of the property acquired, that portion of property not used could not be sold, transferred, or leased by the developer to another developer or party, but only deeded back to the city.
 - If the developer paid the city for the land, a percentage of the original purchase price paid to the city which represents the percentage of the entire tract being deeded back would be reimbursed to the developer.
- Any transfer by the redevelopment project developer of property acquired by eminent domain would require a two-thirds majority vote of the elected governing body of the city.



LEGISLATURE OF KANSAS

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February 10, 2005

To: Members, Legislative Post Audit Committee

Representative John Edmonds, Chair
Representative Tom Burroughs
Representative Peggy Mast
Representative Bill McCreary
Representative Tom Sawyer

Senator Les Donovan, Vice-Chair
Senator Anthony Hensley
Senator Nick Jordan
Senator Derek Schmidt
Senator Chris Steineger

This report contains the findings, conclusions, and recommendations from our completed performance audit, Wyandotte County: Reviewing the Use of STAR Bond Moneys Associated With the Kansas Speedway and the Village West Tourism District.

This report includes several recommendations for the Legislature and the Unified Government of Wyandotte County and Kansas City, Kansas. We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

Barbara J. Hinton
Legislative Post Auditor

Economic Development & Tourism
Date: 3-5-07
Attachment # 3-1

Get the Big Picture

Read these Sections and Features:

1. **Executive Summary** - an overview of the questions we asked and the answers we found.
2. **Conclusion and Recommendations** - are referenced in the Executive Summary and appear in a box after each question in the report.
3. **Agency Response** - also referenced in the Executive Summary and is the last Appendix.

Helpful Tools for Getting to the Detail

- In most cases, an “**At a Glance**” description of the agency or department appears within the first few pages of the main report.
- **Side Headings** point out key issues and findings.
- **Charts/Tables** may be found throughout the report, and help provide a picture of what we found.
- **Narrative text boxes** can highlight interesting information, or provide detailed examples of problems we found.
- **Appendices** may include additional supporting documentation, along with the audit **Scope Statement** and **Agency Response(s)**.

EXECUTIVE SUMMARY

LEGISLATIVE DIVISION OF POST AUDIT

Overview of STAR Bonds and the Wyandotte County Redevelopment Projects

Sales Tax and Revenue (STAR) bonds let local governments use future sales tax revenues to pay current redevelopment costs. page 3
STAR bonds are repaid with sales, use and transient guest taxes generated within a redevelopment district. Approximately two-thirds of the taxes used to repay STAR bonds are State taxes. The bonds can be used to pay for certain redevelopment project costs including property acquisition, site preparation, and bond issuance and financing costs. To use STAR bonds, a local government must establish a redevelopment district with one or more redevelopment projects, and submit a redevelopment plan to the Secretary of Commerce for approval.

The Wyandotte County redevelopment includes the Kansas Speedway and Village West retail and tourism area. As of December 2004, the Unified Government had authorized \$305 million in STAR bonds for the redevelopment area. page 6
The Speedway and Village West have generated more than \$40 million in sales tax revenue in the redevelopment area. Within Village West, under a provision called "waterfall financing", excess sales tax revenues from one project can be used to repay bonds for other projects. The redevelopment has successfully promoted economic development in Wyandotte County and the State, increasing property taxes, sales tax revenues, and creating new jobs.

Question 1: Were the Issuance Costs Reasonable for the Bonds That Financed the Development of the Kansas Speedway and the Village West Tourism District?

Local governments enlist the services of bond counsel, bond underwriters, financial advisors, and trustees or escrow agents when issuing bonds. Fees paid to these professionals are referred to as the "cost of issuance."

Overall, the cost of issuing the bonds for the Kansas Speedway and Village West was in-line with other bonds we looked at. page 13
Compared to similarly-sized economic development bonds from other states, the issuance costs for most of the STAR bonds were among the lowest of the bonds we reviewed. Because the bonds lacked an established revenue history, there was uncertainty about their marketability. As a result, almost 80% of the Speedway and Village West STAR bonds were sold privately to businesses within the redevelopment district. Issuing agents were competitively selected when required by law.

The Unified Government paid itself \$450,000 in bond origination fees. *Under State law, local governments are allowed to charge bond origination fees when they issue bonds on someone else's behalf, in order to raise moneys to support local economic development. Because about two-thirds of the revenues that will pay back the fees will be State sales tax revenues, and because STAR bonds already raise funds for local economic development, charging bond origination fees appears to us to be unnecessary and redundant.* page 16

Question 1 Conclusion. page 16

Question 1 Recommendations. page 16

Question 2: Were the Bond Proceeds Spent for Allowable Purposes, and Were the Costs Associated With the Items Purchased Reasonable?

State law allows STAR bond moneys to be used primarily for acquiring property and making infrastructure-related improvements. *The law cites 15 allowable uses of STAR bond moneys. Most of those allowed uses are "infrastructure-related" items, such as streets, street lights, sewers, and utility connections. However, STAR bonds can be used for other things such as paying relocation costs for home and business owners who are displaced because of the development, or costs associated with financing the redevelopment project. The law specifically prohibits using STAR bonds to pay for a building that will be owned by or leased to a developer or to acquire personal property.* page 17

As of December 2004, \$176 million in STAR bond moneys had been spent on the Kansas Speedway and Village West. *Almost \$150 million (85%) of this amount had been spent for Village West. Construction costs accounted for the largest share of the STAR bond moneys spent (\$129 million), followed by fees and commissions (\$24 million).* page 18

We identified about \$1.5 million in uses of STAR bond moneys that aren't allowable. *Almost \$1.1 million of this total were funds withdrawn by the Unified Government but never spent. Most of the remaining expenditures were for costs associated with building the Nebraska Furniture Mart store that were charged in error to the STAR bond accounts. Unified Government officials have acknowledged that these payments were made in error and all amounts have been, or will be, transferred back to the bond trustee.* page 20

Another \$28 million in expenditures appear to go beyond what legislators envisioned when they passed the law. *The law primarily addresses using STAR bonds to buy property and make infrastructure-related improvements, but also includes more ambiguous phrases like "including, but not limited to" and "all related expenses" that have been* page 21

interpreted to allow many types of expenditures that legislators may not have envisioned. These expenditures include \$15 million to build and furnish various wildlife exhibits within Cabela's, plans to spend \$8.5 million for robotic dinosaurs for a prehistoric themed restaurant, and using STAR bond moneys to pay consultants hired by the businesses locating within the redevelopment.

We also identified a number of questionable agreements associated with the Village West redevelopment. *The Unified Government has entered into a complicated land lease agreement that will pay Cabela's \$14 million (plus interest) over the next 24 years. The Unified Government also gave two developers—RED Development and Cabela's—excess land, which they've sold for almost \$10 million. As a result of various agreements, Cabela's essentially will have its store paid for directly or indirectly by the Unified Government.* page 21

The Unified Government's oversight of RED Development's expenditures has been inadequate. *Three of the Unified Government's venture partners (Cabela's, Nebraska Furniture Mart, and Beaumont) submit their STAR bond payment requests to the Unified Government's master developer for review prior to payment. However, the Unified Government allowed one venture partner, RED Development, to submit more than \$7 million in requests directly to the bond trustee for payment without any review.* page 27

The State's oversight of both the Kansas Speedway and Village West redevelopments has been inadequate. *Although the Secretary of Commerce formally approved the Speedway and Village West projects, the State has no other formal involvement with those projects. We perceive several problems with the lack of State oversight including: no formal limit on the amount of STAR bonds that can be issued, an ambiguous definition of what STAR bonds can pay for, no formal role for the State in major agreements, no requirement for an independent audit, and no specific consequences for misusing STAR bond proceeds.* page 27

Question 2 Conclusion. page 28

Question 2 Recommendations. page 29

Question 3: What Types of Discounts or Other Benefits Have the Kansas Speedway or Other Businesses in the Tourism District Made Available to Unified Government or Board of Public Utilities Employees?

The most frequently identified benefits were discounts on food, merchandise, and hotel rooms. *To determine what benefits had been made available, we contacted management officials from the* page 31

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businesses in Village West, interviewed Unified Government and Board of Public Utilities officials, and surveyed their employees. The most common benefits were discounts on food, merchandise, and hotel stays. According to officials from the Kansas Governmental Ethics Commission, since none of these benefits were offered to specific officials or employees, it's unlikely they were offered to influence a particular person.

Unified Government officials have access to suites and other facilities at the Speedway and T-Bones ballpark at no cost. Speedway officials told us they provide a 32- seat luxury suite under an agreement with the Kansas City Chamber of Commerce and a group called Wyandotte Development, Inc. They told us the suite is provided at no cost, and is a pass-through benefit to the Unified Government because of economic development efforts the Unified Government undertakes with the Chamber and Wyandotte Development, Inc.

..... page 32

The Speedway also granted the Chamber of Commerce and a group called New Century Partnership the use of a hospitality tent for two race weekends each year. That arrangement includes 100 free grandstand tickets. Unified Government officials told us the Chamber allows them to use the tent, and also provides the Mayor and each Commissioner with two free grandstand tickets to each of those events.

In addition, the Kansas City T-Bones Community America Ballpark has provided a 25-seat suite at the Ballpark directly to the Unified Government at no cost.

The Board of Public Utilities paid for its use of facilities at the Speedway and the ballpark. In 2001, 2002, and 2003 the Board paid to sponsor a race called the "BPU 200." That sponsorship included access to a 32-person suite at the Speedway, 200 general admission tickets to the race event, and 200 tickets to the qualifying event. The Board also acquired access to a 20-seat Ballpark suite as part of an agreement in which they paid \$35,000 to become an advertising sponsor for a scoreboard.

..... page 33

The Unified Government's and Board of Public Utilities' ethics policies address the acceptance of gifts. Both entities have adopted similar ethics policies governing their officials and employees. Under these policies, an official or employee can accept free meals and tickets to sporting events. Both entities have a contract with a part-time ethics administrator to develop policies, handle complaints, offer advisory opinions, and provide ethics training.

..... page 34

The ethics administrator advised the Unified Government officials that the suites, tickets, and hotel discounts were allowable. Unified Government officials consulted their ethics administrator for advice on accepting suite and grandstand tickets at the Speedway and Ballpark, as well as free hotel rooms at the Great Wolf Lodge and Chateau Avalon. The ethics administrator wasn't consulted regarding the on-going hotel and restaurant discounts.

..... page 35

Question 4: Do the Costs Associated With a Movie Theater Project Being Built In the Tourism District Exceed Industry Standards?

The Unified Government is building a theater in Village West and will have a management company operate it. *Unified Government officials told us that because Kansas City is the only city of its size without a movie theater, they wanted to incorporate one in the Village West redevelopment district. Because attempts to attract a private theater were unsuccessful, the Unified Government decided to build its own theater and have a private company manage it. The total budgeted cost to build the theater is \$20 million.* page 36

The costs of constructing the movie theater are higher than industry experts suggest are typical. *Rough estimates provided by theater experts suggested a theater of this size should typically cost about \$13 million to \$15 million to construct and equip. Unified Government officials told us the theater is expensive because it will include a number of special amenities, including more spacious seating and a special balcony level.* page 36

The preliminary financial projections for the theater don't include the full cost of the building. The financial projections show the theater's building costs as \$1 million a year—equal to the theater lease payment to Cabela's, but only about one-third the true cost of building the theater. Understating the building costs leaves the impression the theater will be making a "profit" when, in fact, it might never be profitable from a normal business point of view. page 37

The theater management agreement offers the management company substantial benefit without financial risks. The 20-year management agreement specifies that Phoenix Theatres will receive a \$225,000 consulting fee, a management fee equal to 5% of the gross revenues, and a 50% share of any net income. Two theater consultants told us sharing profits with Phoenix Theatres was unusual since Phoenix has only a minimal financial commitment. page 38

Question 4 Conclusion. page 38

APPENDIX A: Scope Statement page 39

APPENDIX B: Bonds Issued, Sales Tax Revenues, and Debt Service Payments page 41

APPENDIX C: Agency Response page 42

This audit was conducted by Scott Frank, Laurel Murdie, Amy Thompson, Ivan Williams, and Chris Clarke. Leo Hafner was the audit manager. If you need any additional information about the audit's findings, please contact Mr. Frank at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.

Wyandotte County: Reviewing the Use of STAR Bond Moneys Associated With the Kansas Speedway and the Village West Tourism District

The Legislature passed legislation allowing cities to create redevelopment districts and sell special revenue bonds (commonly referred to as STAR bonds) to raise money for acquiring property and paying for the redevelopment projects. The bonds then are paid off over a period of time with the revenues generated from sales taxes, transient guest taxes, and other taxes collected from the businesses located within those districts.

Special provisions were made by the 1997 and 1998 Legislatures that allowed Wyandotte County to use STAR bonds to develop the Kansas Speedway and the Village West tourism district which houses businesses such as Nebraska Furniture Mart, Cabela's, and the Great Wolf Lodge.

Recently legislators expressed concerns about the use of bond moneys related to these projects. In particular, they are concerned about the reasonableness of prices, fees, and commissions paid in conjunction with land acquisition, property appraisal, property development, marketing, engineering, architectural services, and bond counsel and issuance costs. A second area of concern relates to perks, such as merchandise discounts or free and reduced-price admission to events, that have been provided to employees of the Unified Government of Wyandotte County and Kansas City, Kansas and the Kansas City Board of Public Utilities by the businesses located in these development districts. Finally, concerns have been expressed that costs for a movie theater project to be built and owned by the Unified Government may exceed industry standards.

This performance audit answers the following questions:

- 1. Were the issuance costs reasonable for the bonds that financed the development of the Kansas Speedway and the Village West tourism district?**
- 2. Were the bond proceeds spent for allowable purposes, and were the costs associated with the items purchased reasonable?**
- 3. What types of discounts or other perks have the Kansas Speedway or other businesses in the tourism district made available to Unified Government and Board of Public Utilities employees?**

4. Do the costs associated with a movie theater project being built in the tourism district exceed industry standards?

To answer these questions, we became familiar with the acceptable uses of STAR bond moneys as spelled out in the law. We reviewed various bond documents, expenditure records, contracts, requests for proposals, and other documents to determine what the money was spent on and to assess whether those expenditures were reasonable and complied with the law. We also interviewed and obtained records from a number of people during the audit, including officials from the Unified Government and Board of Public Utilities, the Bond Trustee, the Unified Government's financial advisor, and representatives for the master developer and the venture partners. We contacted experts in the movie theater business to determine what the typical costs of building a theater of the size proposed by the Unified Government would be. In addition, we surveyed employees of the Unified Government and the Board of Public Utilities to gather information about benefits made available by the Speedway or businesses connected with the Village West development.

Because the project budget for the movie theater wasn't finalized in time for us to do the type of review contemplated by Question 4 of the scope statement, we did a more limited review of the theater's cost.

In conducting this audit, we followed the applicable government auditing standards set forth by the U.S. Government Accountability Office.

Our findings begin on page 13, following the overview.

Overview of STAR Bonds and the Wyandotte County Redevelopment Projects

Sales Tax and Revenue (STAR) bonds were first authorized by the 1993 Legislature to help finance the proposed Wizard of Oz theme park in the Kansas City area. Although the theme park never materialized, the 1997 Legislature revised the statutes to allow the use of STAR bonds to help finance the creation of a “major tourism area.” In 1998, the Legislature specifically authorized STAR bonds for a racetrack in Wyandotte County and to develop an additional 400 acres as part of the major tourism area.

USING STAR BONDS IN KANSAS

STAR Bonds Let Local Governments Use Future Sales Tax Revenues To Pay Current Redevelopment Costs

In Kansas, STAR bonds are a way for local governments to finance a redevelopment that will create a major entertainment and tourism area or restore a historic theater. This Overview only addresses using STAR bonds for entertainment and tourism. Two important points about STAR bonds:

- **STAR bonds are repaid solely with sales, use, and transient guest taxes generated within the redevelopment.** By contrast, general obligation bonds are backed by the overall taxing authority of a local government.
- **Approximately two-thirds of the money used to pay back STAR bonds comes from State sales taxes.** That’s because the State’s sales tax rate is about twice the local tax rates. The Legislature authorized using State sales taxes to pay back STAR bonds for major tourism areas to create jobs and generate additional income tax in the near term, and create new sales tax revenues once the bonds were repaid.

STAR bonds can be used to pay for certain costs of the redevelopment project, including property acquisition, site preparation, and bond issuance and financing costs. State law specifically authorizes the use of STAR bonds for a number of costs related to infrastructure, such as streets, sidewalks, sewers, and street lighting.

In addition to infrastructure construction costs, this likely would include some “soft costs” such as architectural and engineering design, as well as some legal work. STAR bonds also can be used to pay the costs of financing the redevelopment.

State law specifically prohibits using STAR bonds to pay for a building that will be owned by or leased to a developer. However, the bonds can be used for a building that will be owned by the local government. A specific provision in State law authorized the use of STAR bonds to construct the Kansas Speedway. The box on the next page provides information about the use of STAR bonds in other states.

**Other States Tended To Be More Restrictive
In Allowing State Sales Taxes To Be Used For STAR Bonds**

In Kansas, STAR bonds that are used for redevelopment are paid back with State and local sales taxes. For the Wyandotte County redevelopment, there is no formal limit on the amount of STAR bonds that can be issued. For subsequent projects, the Secretary of Commerce plans to set a limit on the amount of bonds that can be issued, thus limiting the amount of State sales taxes that will be used.

We contacted economic development officials from 11 other states to find out how STAR bonds work in those states. Only four states (Arkansas, Colorado, Oklahoma, Tennessee) allow the use of STAR bonds.

- Arkansas and Colorado don't allow state sales taxes to be used to pay back STAR bonds. In these states, the bonds are exclusively paid back using local sales taxes.
- Oklahoma and Tennessee allow state sales taxes to be used to pay back STAR bonds, but are more restrictive than Kansas on how much state revenue can be used. In Tennessee, state sales taxes can be used to pay no more than 50% of the total debt service on the bonds. In Oklahoma, the maximum amount of state sales taxes that can be used statewide is \$200,000.

***Since 2003, STAR Bond
Projects Must Be
Approved By the
Secretary of Commerce***

As noted earlier, STAR bonds allow local governments to finance projects that create major entertainment and tourism areas. Such projects must include at least \$50 million of capital investment and be projected to generate at least \$50 million in annual revenues.

Projects are developed at the local level, then submitted to the Secretary of Commerce. For a redevelopment area to be approved, the Secretary must determine that it is eligible for STAR bonds and that the proposed projects are viable.

The local government first must establish a redevelopment district that is eligible for STAR bond funding. A redevelopment district is an area identified by the local government that will include one or more redevelopment projects. To establish a redevelopment district, the local government must do the following:

- Adopt a resolution that specifies the district's boundaries and describes the overall redevelopment plan
- Hold a public hearing on the district and the plan
- Pass an ordinance that establishes the district

The Secretary then decides if the district is eligible for STAR bonds. According to guidelines issued by the Department of Commerce, this means the proposed district and redevelopment plan must:

- Include a Statewide and regional tourist attraction
- Generate economic benefits that will be sustained over time
- Result in public benefits that exceed the public costs
- Use STAR bonds for less than 50% of the total costs

There may be one or more proposed redevelopment projects within a redevelopment district, each of which must be approved by the Secretary. As with the redevelopment district, the local government must adopt a resolution, hold a hearing, and pass an ordinance that establishes each redevelopment project. Each project also must have a project plan that includes:

- A description and map of the project area
- A plan for relocating current residents and property owners
- A detailed description of the proposed buildings and facilities
- A feasibility study showing that the project will have a significant economic impact, generate enough sales tax revenues to pay off the bonds, and not adversely affect existing businesses or other STAR bonds that have already been issued

If the Secretary decides the redevelopment project is viable, he issues a formal letter authorizing the use of STAR bonds to finance the project. Although it isn't required by law, the Secretary's project approval letter now includes a limit on the amount of STAR bonds that may be issued for the project. It's important to note that this limit was not in place when the Kansas Speedway and Village West projects were authorized for Wyandotte County.

As of January 2005, local governments had submitted seven additional STAR bond projects to the Secretary for approval. Here's a summary of where those projects are in the approval process:

- **Approval Granted for the Redevelopment District and the Project**
 - ▶ Olathe (Arena and Retail District) – Contingent approval for \$50 million in STAR bond funds was granted in September 2004. Olathe has until March 15, 2005, to meet the Secretary's conditions for final approval.
 - ▶ Overland Park (Entertainment District and Events Center) – Contingent approval for \$49.4 million in STAR bond funds was granted in December 2004. Overland Park has until April 28, 2005, to meet the Secretary's conditions for final approval.
- **Approval Granted for the Redevelopment District Only; Specific Project Not Yet Approved by the Secretary**
 - ▶ Abilene (Redevelopment of Old Town Abilene)
 - ▶ Edwardsville (Athletic Theme Tourist Attraction)
 - ▶ Wichita (Water Walk Redevelopment)
- **Redevelopment District Not Yet Approved by the Secretary**
 - ▶ Edwardsville (Tornado Tower Landmark)
 - ▶ Manhattan (Prairie Discovery Center and Downtown Redevelopment)

For new projects, construction must be completed within 20 years of the Secretary's approval, although the Speedway and Village West have 30 years. The law authorizing STAR bond projects sunsets in July 2007.

**List of Key Players in the Kansas Speedway
and Village West Redevelopment Projects**

- ★ Unified Government of Wyandotte County and Kansas City, Kansas – Local government that obtained STAR bond funding for the redevelopments
- ★ Kansas International Speedway Corporation – Built, owns, and operates the Kansas Speedway
- ★ Zimmer Management Company – The Unified Government's master developer for Village West
- ★ Nebraska Furniture Mart – Venture partner with the Unified Government for Village West. Built, owns, and operates a 720,000-square-foot retail furniture and appliance store
- ★ Cabela's – Venture partner with the Unified Government for Village West. Built, owns, and operates a 190,000-square-foot retail outdoor sporting goods store
- ★ RED Development – Venture partner with the Unified Government for Village West. Developer of the Legends Shopping Center
- ★ Beaumont Enterprises – Venture partner with the Unified Government for Village West. Built, owns, and operates the Chateau Avalon, a 62-room theme hotel

WYANDOTTE COUNTY'S STAR BOND PROJECTS

***The Wyandotte County
Redevelopment Includes
The Kansas Speedway
And Village West Retail
And Tourism Area***

The redevelopment consists of 1,500 acres in western Wyandotte County and includes the Kansas Speedway (an 83,000 seat auto race facility) and Village West (a retail and tourism district). The Speedway and its adjacent parking are located on approximately 1,100 acres of the redevelopment.

Because Wyandotte County lacked the hotels and restaurants to take advantage of the crowds that at the Speedway during race weekends, the Legislature authorized the development of an additional 400 acres—Village West. Village West includes a variety of retail and entertainment businesses, such as Nebraska Furniture Mart, Cabela's, the Great Wolf Lodge hotel and water park, the Legends Shopping Center, and Community America Ballpark. *Figure OV-1* shows a map of the entire redevelopment area.

***Current Plans Call for
About \$300 Million in
STAR Bonds To Be
Issued To Pay for the
Wyandotte County
Redevelopment***

As of December 2004, the Unified Government had authorized \$305 million in STAR bonds. Not all of these bonds have been issued. The sale of one set of bonds hasn't been finalized, another set of bonds won't be issued because there isn't enough sales tax revenue to support them, and the sale of many of the bonds isn't finalized until actual costs are incurred (i.e., when a construction contract actually

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**Figure OV-1
KANSAS SPEEDWAY
and VILLAGE WEST Projects**

KANSAS SPEEDWAY AND VILLAGE WEST TOTAL INVESTMENT	
FINANCING	
STAR Bonds	\$ 268.0 mil
Other Public Funds	\$ 140.9 mil
Private Investment	\$ 434.2 mil
TOTAL	\$ 843.1 mil

RED Development (Legends Shopping Center, Baseball Park)	
FINANCING	
STAR Bonds	\$ 79.8 mil
Other Public Funds	\$ 0.3 mil
Private Investment	\$ 138.8 mil
TOTAL	\$ 218.9 mil

Movie Theater	
FINANCING	
STAR Bonds	\$ 25.0 mil
TOTAL	\$ 25.0 mil

General Village West Improvements	
FINANCING	
STAR Bonds	\$ 55.1 mil
Other Public Funds	\$ 13.9 mil
Private Investment	\$ 40.0 mil
TOTAL	\$ 109.9 mil

Nebraska Furniture Mart	
FINANCING	
STAR Bonds	\$ 44.7 mil
Private Investment	\$ 70.4 mil
TOTAL	\$ 115.1 mil

Cabela's (includes Great Wolf Lodge)	
FINANCING	
STAR Bonds	\$ 35.4 mil
Private Investment	\$ 57.7 mil
TOTAL	\$ 93.1 mil

Kansas Speedway	
FINANCING	
STAR Bonds	\$ 26.9 mil
Other Public Funds	\$ 126.8 mil
Private Investment	\$ 116.0 mil
TOTAL	\$ 269.7 mil

Chateau Avalon	
FINANCING	
STAR Bonds	\$ 1.1 mil
Private Investment	\$ 4.2 mil
TOTAL	\$ 5.3 mil

Beaumont (Chateau Avalon)	
FINANCING	
STAR Bonds	\$ 1.1 mil
Private Investment	\$ 4.2 mil
TOTAL	\$ 5.3 mil

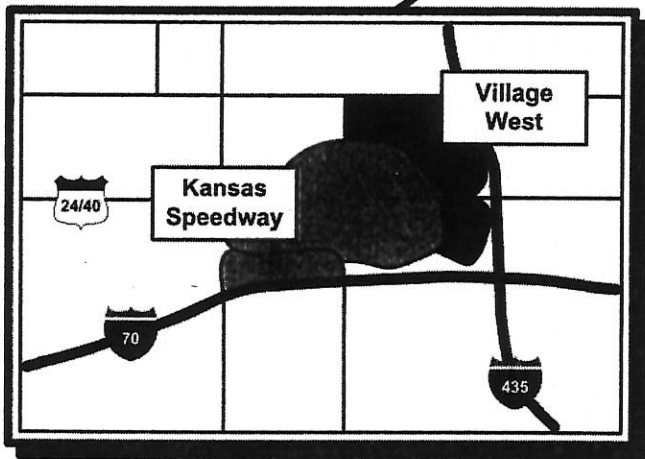


Figure OV-2
Summary of STAR Bonds Authorized
for the Kansas Speedway and Village West
As of December 2004

Bond Issuance	Year	Amount Authorized (\$)	Amount Drawn Down (\$)	Interest Rate (%)	Tax Status	Use of Bonds
Kansas Speedway						
Speedway 1	1999	\$24,300,413	\$24,300,413	4.2%-5.25%	Tax Exempt Interest	Speedway construction
Speedway 2	2002	\$6,320,000	\$6,320,000	5.0%-8.0%	Taxable Interest	Speedway expansion
Possible Speedway (a)	unknown	\$11,880,000	\$0	n/a	n/a	Speedway expansion (unlikely to be used)
Total Speedway		\$42,500,413	\$30,620,413			
Village West						
General Bonds	2001	\$28,665,000	\$28,665,000	4.0%-5.1%	Tax Exempt Interest	Village West improvements
Nebraska Furniture Mart	2001	\$64,305,000	\$64,305,000	7.266%	Taxable Interest	Nebraska Furniture Mart site Movie Theater (b) Village West improvements
Cabela's	2001	\$65,000,000	\$63,474,869	Variable	Taxable Interest	Cabela's site Museum within Cabela's Movie Theater Village West improvements
RED 1	2003	\$54,045,000	\$38,861,515	Variable	Taxable Interest	RED site (Legends Shopping Center, Baseball Park) Movie Theater Village West improvements
Beaumont	2003	\$3,000,000	\$1,786,134	Variable	Taxable Interest	Beaumont site (Chateau Avalon) Village West improvements
RED 2 (c)	2005	\$47,200,000	\$0	n/a	n/a	RED site (Legends Shopping Center) Village West improvements
Total Village West		\$262,215,000	\$197,092,518			
GRAND TOTAL		\$304,715,413	\$227,712,931			
Refinancing						
General Bond Refunding	2004	\$5,460,000	\$5,460,000	3.2%-5.54%	Taxable Interest	Used to convert \$5.46 million of the General Bonds (2001) to taxable interest bonds.
<p>(a) The bond agreement for the Speedway includes provisions for an additional \$11.9 million in STAR bonds for future expansion. Unified Government officials told us these are contingent on certain revenue requirements <u>that are unlikely to be met.</u></p> <p>(b) There was \$5.9 million in STAR bond moneys that wasn't used for the Nebraska Furniture Mart site. The Unified Government has decided to use these funds to help pay for the movie theater.</p> <p>(c) The second set of RED bonds will be issued in February 2005.</p>						
Source: Bond Transcripts						

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gets paid). As a result, only \$228 million in bonds had been drawn down at the time of this report. Until the bonds are actually drawn down, there is no interest charged nor are there any debt service payments to make.

Figure OV-2 shows all of the bonds authorized and drawn down to date. As the figure shows, the Speedway bonds represent a fairly small portion of the total bonds issued.

The figure also shows that \$5.4 million in bonds for Village West were refinanced in 2004, and Unified Government officials told us they planned to refinance all the Village West bonds in 2005. Some reasons why bonds are refinanced: to obtain a better interest rate, to consolidate several groups of bonds, to change the taxable nature of the bonds, or to shorten the life of the bonds.

Because the Speedway and Village West projects were approved before the Secretary of Commerce began setting limits on STAR bond funding, there are no legal or regulatory limits on the amount of STAR bonds that can be issued to finance the redevelopment.

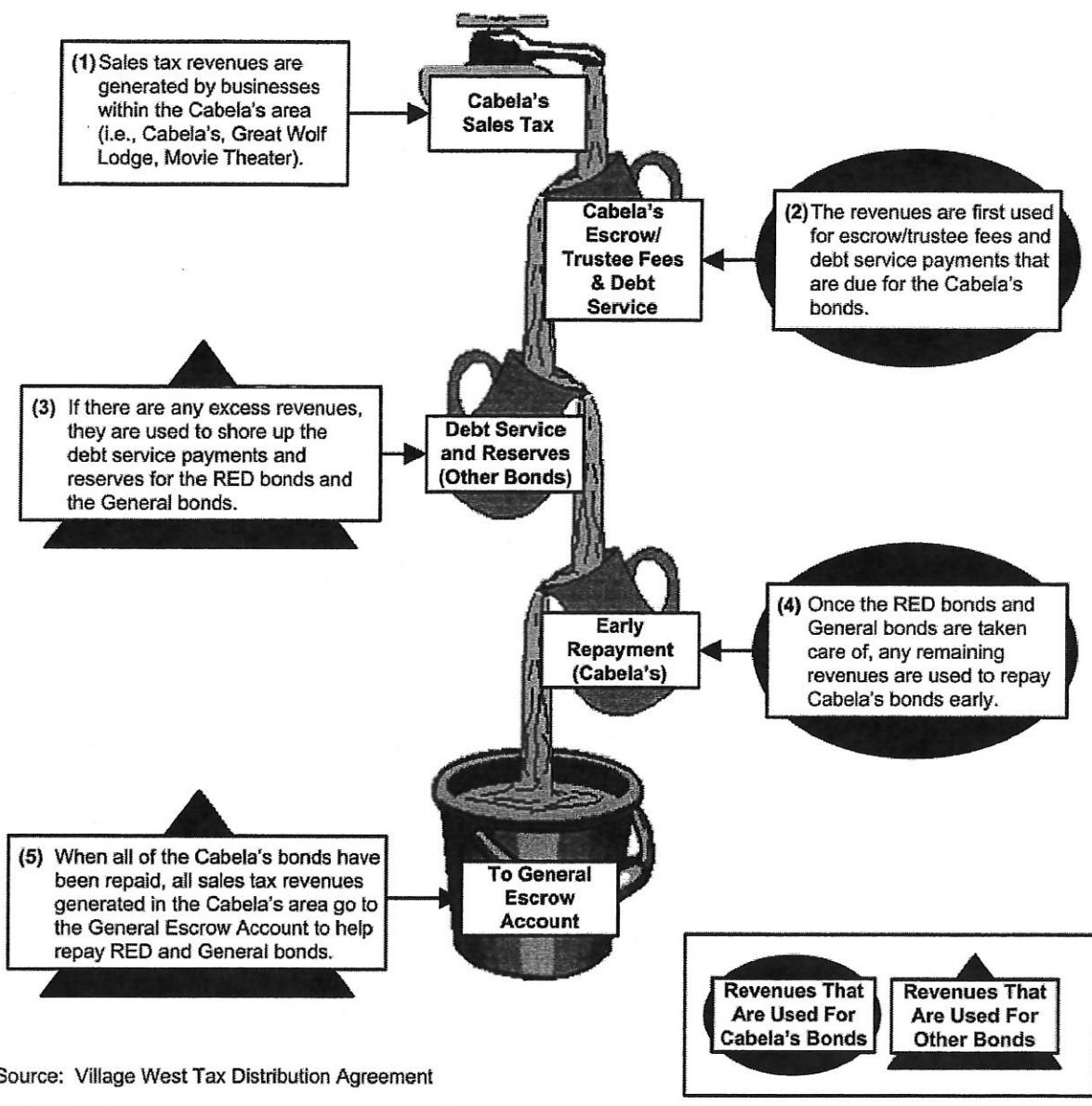
***Provisions for
Repaying the
Wyandotte County
STAR Bonds
Vary by Project***

STAR bonds are repaid with sales taxes collected by the Department of Revenue from businesses in the redevelopment district. The Department sends the local share of these taxes to the Unified Government, and sends the State's share to the State Treasurer for deposit into the City Bond Fund. Sales tax revenues generated at the Speedway are used to repay the Speedway bonds, while taxes generated within Village West are used to repay Village West bonds.

Within Village West, sales tax revenues from more profitable projects can be used to subsidize bond repayments for less profitable projects. Village West is divided into four sales tax areas that correspond to the four major redevelopment areas (Cabela's, Nebraska Furniture Mart, the Legends Shopping Center/RED development, and the Chateau Avalon/Beaumont development).

In general, the sales taxes generated within an area will be used to pay principal and interest on that area's bonds. However, under a provision called "waterfall financing," if more sales taxes are generated in an area than are needed to repay that area's bonds, the "excess" can be used to pay other Village West bonds. *Figure OV-3* on the next page illustrates how this works, using Cabela's as an example.

**Figure OV-3
Example of "Waterfall Financing"
Cabela's Bonds and Sales Tax Revenues**



As of December 2004, More Than \$40 Million in Sales Taxes Had Been Generated by the Speedway and Village West

The sales taxes collected and debt service payments made for the Speedway and Village West as of December 2004 are shown in Figure OV-4. As the figure shows, more than \$40 million in sales taxes had been collected to make debt service payments by the end of the year. That included more than \$7 million in principal payments on the bonds and \$33 million in interest. More detailed information about sales tax revenues and bond payments is shown in Appendix B.

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**Figure OV-4
Bonds Issued, Sales Tax Revenues, and Debt Service Payments
Kansas Speedway and Village West Bonds
As of December 2004**

	Kansas Speedway	Village West	Total
Bonds Authorized	\$42,500,413	\$262,215,000	\$304,715,413
Bonds Drawn Down	\$30,620,413	\$197,092,518	\$227,712,931
Unissued Bonds	\$11,880,000	\$65,122,482	\$77,002,482
Total Sales Tax Revenues Generated	\$9,221,743	\$31,562,767	\$40,784,510
Debt Service Payments			
Principal	\$1,245,000	\$5,929,739	\$7,174,739
Interest	\$5,103,097	\$27,607,736	\$32,710,833
Total	\$6,348,097	\$33,537,475	\$39,885,572
Principal Remaining	\$29,375,413	\$191,162,779	\$220,538,192

Source: Bond account summaries; Kansas Department of Revenue

***The Redevelopment Has
Successfully Promoted
Economic Development
In Wyandotte County
And the State***

Unified Government officials told us that, before the redevelopment, Kansas City had been a dying community for about 20 years. The City had few restaurants, limited shopping, and no movie theaters. It also had a reputation as a poor place to live, with high property taxes and low real estate values.

Since the redevelopment, Cabela's has become one of the top tourist attractions in the State, and an estimated 600,000 people attended races at the Speedway in 2004. Recent newspaper articles also indicate that the Speedway and Village West are attracting new residents. Real estate brokers and developers directly attribute recent growth in the number of housing permits issued in Wyandotte County to the redevelopment. All this development has the following impact:

- **Property tax collections have increased by more than \$5 million. Unified Government officials estimate that the entire redevelopment area generated only about \$191,000 in property taxes in 1999—the year before the redevelopment started.** For 2004, they estimate that property taxes in Village West alone will be about \$5.6 million. (By statute, the Speedway isn't required to pay property taxes for 30 years, but is making "payments in lieu of taxes" to pay off certain bonds.)
- **Sales tax revenues, which currently are used to pay back the STAR bonds, have increased to more than \$24 million in 2004.** According to the Department of Revenue, minimal sales tax revenues were generated in this area of Kansas City before the redevelopment. Sales tax revenues for 2004 were more than \$24 million. Since

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the redevelopment began, the sales tax revenues generated at the Speedway and in Village West have exceeded initial projections by an average of \$5 million per year.

- **As the redevelopment creates new jobs, new State income taxes are likely to be generated.** Unified Government officials predict the Speedway and Village West will create approximately 4,000 new jobs in Wyandotte County. According to rough estimates by officials from the Department of Revenue, this would bring in approximately \$2.8 million in new income taxes to the State each year.

Question 1: Were the Issuance Costs Reasonable for the Bonds That Financed the Development of the Kansas Speedway and the Village West Tourism District?

ANSWER IN BRIEF Issuance costs are fees paid to professionals who draft bond documents and are involved in the sale of the bonds. Overall, the Unified Government's cost of issuing the STAR bonds was in-line with other bond issues we looked at, and it followed statutory requirements for competitively selecting certain bond professionals. However, we question the necessity of \$450,000 in bond origination fees the Unified Government charged for issuing these bonds. These findings are discussed in more detail in the sections that follow.

Issuance Costs Were Incurred by the Unified Government To Bring The Bonds to Market

Local governments enlist the services of a number of professionals to help them issue bonds. Among those are bond counsel, bond underwriters, financial advisors, and trustees or escrow agents. The fees paid to these professionals are known as the "cost of issuance."

The services performed by the professionals who helped issue the Kansas Speedway and Village West STAR bonds—and the fees they received—are described and summarized in *Figure I-1* on the next page.

Overall, the Cost of Issuing the Bonds for The Kansas Speedway And Village West Was In-Line With Other Bonds We Looked At

To determine whether issuance costs were reasonable, we compared the costs of each of the Speedway and Village West STAR bond issues to economic development bonds from other states that were about the same amount and issued around the same time. Because detailed information about issuance costs wasn't available for the comparison bonds, our analysis only looks at overall issuance costs. The results are summarized in the bar charts in *Figure I-2* on page 15.

As *Figure I-2* shows, the costs for most of the STAR bonds were among the lowest of the bonds we looked at.

Almost 80% of the Speedway and Village West STAR bonds were privately sold to businesses within the redevelopment district.

Bonds generally are sold in one of three ways:

- **Competitive Sale (Public)** – The issuer sells the bonds itself on the open market. For less complex bonds, this type of sale is likely to yield the lowest interest rates.
- **Negotiated Sale (Public)** – The issuer hires an underwriter to market the bonds for it. The terms of the purchase, such as the sale date, the price of the bonds, and the underwriter's fee, are negotiated between the issuer and underwriter.
- **Private Sale (Private)** – The issuer sells the bonds directly to a buyer in a closed transaction.

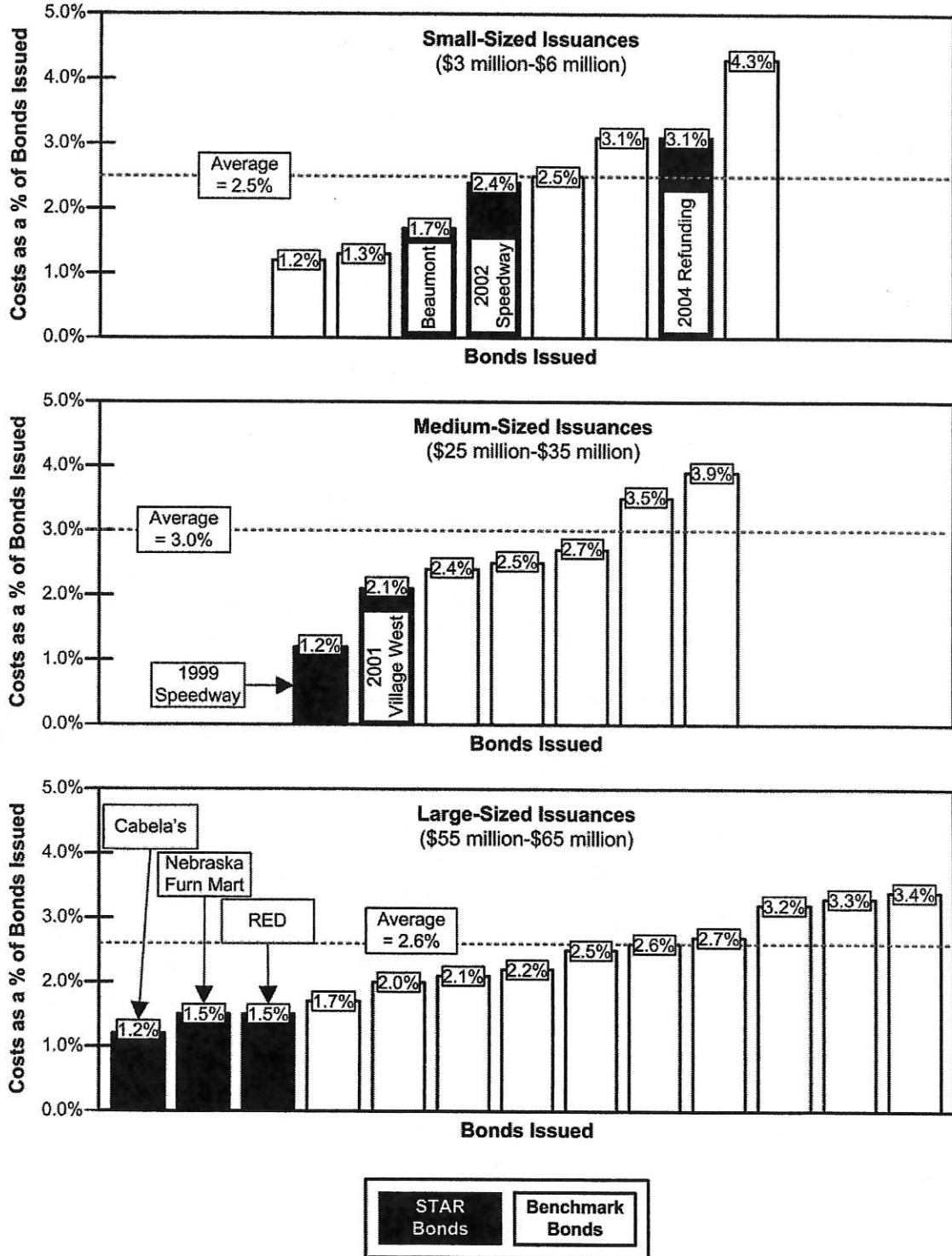
Figure I-1
Cost of Issuance
Kansas Speedway and Village West STAR Bonds
As of December 2004

	Kansas Speedway		Village West					Refinancing
	Speedway #1 (1999)	Speedway #2 (2002)	General Bonds (2001)	Nebraska Furn Mart (2001)	Cabela's (2001)	RED (2003)	Beaumont (2003)	Gen Bond Refunding (2004)
Bonds Issued	\$24,300,413	\$6,320,000	\$28,665,000	\$64,305,000	\$65,000,000	\$54,045,000	\$3,000,000	\$5,460,000
Type of Sale	Negotiated	Private	Negotiated	Private	Private	Private	Private	Negotiated
ISSUANCING AGENTS								
Underwriter (Salomon Smith Barney) - Finds potential buyers for the bonds in a negotiated public sale.	\$142,902	\$0	\$429,975	\$0	\$0	\$0	\$0	\$100,000
Structuring Agent (Salomon Smith Barney) - Facilitates the sale of bonds in a private sale.	\$0	\$37,920	\$0	\$483,169	\$397,879	\$324,270	\$0	\$0
Bond Counsel (Gilmore & Bell) - Certifies that the bonds comply with all laws and regulations.	\$70,745	\$30,000	\$65,000	\$175,500	\$146,250	\$300,000	\$20,000	\$25,000
Bond Issuer (Unified Government) - The Unified Government paid itself the bond origination fees that are usually paid to the issuer of a bond.	\$0	\$25,280	\$0	\$145,269	\$159,375	\$113,806	\$12,000	\$0
Financial Advisor (Springsted) - Advised the Unified Government on such things as when and how the bonds should be sold.	\$12,883	\$8,057	\$55,482	\$78,000	\$54,500	\$45,000	\$0	\$29,500
Bond Trustee/Escrow Agent (Security Bank) - Trustee ensures the Unified Government complies with the bond agreement. Escrow Agent makes the principal and interest payments.	\$0	\$2,000	\$4,000	\$22,146	\$24,750	\$19,125	\$10,500	\$6,000
Other - Includes expenses such as various legal fees, bond printing costs, and payments to bond rating agencies.	\$68,023	\$46,000	\$39,144	\$45,160	\$456	\$268	\$8,001	\$7,310
TOTAL	\$294,553	\$149,257	\$593,601	\$949,244	\$783,210	\$802,469	\$50,501	\$167,810
As a % of Bonds Issued	1.2%	2.4%	2.1%	1.5%	1.2%	1.5%	1.7%	3.1%
Source: Bond Transcripts								

As Figure I-1 shows, five of the eight sets of STAR bonds were privately sold, accounting for \$192 million of the \$250 million total. Because these bonds aren't sold in the marketplace, there's no need for an underwriter to market them. Instead, a structuring agent helps establish the terms of the deal between the two parties. For the STAR bonds issued by the Unified Government, Salomon Smith Barney served as either the underwriter or structuring agent on all bond issues.

A Unified Government official told us the bonds were sold privately because of uncertainty about how marketable the bonds would be without an established revenue history. In addition, Unified Government officials told us that having Village West businesses buy their own bonds would increase their investment in the projects and give them a greater incentive for making their site profitable.

Figure I-2
Comparing the Issuance Costs for Kansas Speedway and
Village West Bonds to Similar-Sized Bond Issuances



Source: Official Bond Statements

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Issuing agents were competitively selected when required by law. Salomon Smith Barney was selected as the underwriter for the Speedway and Village West STAR bonds through competitive processes in 1998 and 2000. Although State law requires a competitive selection only for the underwriter, the Unified Government's bond counsel (Gilmore and Bell) also was selected this way.

***The Unified Government
Paid Itself \$450,000 in
Bond Origination Fees***

In some cases, local governments will issue bonds on a private business' behalf because the government may be able to get a lower interest rate in the bond market than the business can. For example, a local government might issue industrial revenue bonds to help a business build or expand its facilities. In such cases, Kansas law allows the local government to charge the business a bond origination fee for issuing the bond. That fee must be used on economic development.

When it issued the STAR bonds for the Speedway and Village West, the Unified Government paid itself \$450,000 in bond origination fees. Those fees were paid out of the STAR bond proceeds—about two-thirds of which are paid back with State sales tax revenues. The Unified Government in essence charged itself about \$150,000 and the State about \$300,000 for issuing the bonds.

Because the whole concept behind STAR bonds is to use sales tax revenues to spur local economic development, charging these origination fees appeared to be unnecessary and redundant.

CONCLUSION As we've described, the Unified Government charged \$450,000 in bond origination fees when it issued the STAR bonds for the Kansas Speedway and Village West projects. The State authorized such fees in order to support economic development at the local level. However, with the STAR bonds, the State already agreed to forgo future sales tax revenues to encourage economic development in Wyandotte County. In this case, rather than being for economic development, the bond origination fees represent an unnecessary transfer of money from the State to the Unified Government.

RECOMMENDATIONS To ensure that the State doesn't incur unnecessary costs for STAR bond projects, the Joint Committee on Economic Development should introduce legislation to amend State law to eliminate local governments' authority to charge bond origination fees when they issue STAR bonds for their own redevelopment projects.

Question 2: Were the Bond Proceeds Spent for Allowable Purposes, and Were The Costs Associated With the Items Purchased Reasonable?

ANSWER IN BRIEF *The law allows STAR bond moneys to be used for property acquisition and infrastructure-related improvements such as utilities, streets, and sewers. As of December 2004, \$176 million from STAR bonds had been spent on the Kansas Speedway and Village West projects, including more than \$24 million on various fees and commissions. We found about \$1.5 million in expenditures that aren't eligible for STAR bond funding, and another \$28 million that appears to go beyond what legislators envisioned, including various wildlife exhibits within Cabela's, robotic dinosaurs in a restaurant, and consultants hired by businesses locating in the development.*

We also found that the Unified Government had entered into a number of questionable agreements, including a complicated land lease that will provide \$14 million to Cabela's, and providing developers with "excess" land that they have sold for almost \$10 million in profits. Through various agreements, Cabela's essentially will have its store paid for by the Unified Government. Finally, oversight of the use of STAR bond moneys by both the Unified Government and the State has been inadequate. These and other findings are discussed in more detail in the sections that follow.

The Law Allows STAR Bond Moneys To Be Used Primarily for Acquiring Property and Making Infrastructure-Related Improvements

Under section (q) of K.S.A. 12-1770a, moneys generated from the sale of STAR bonds can be used to pay for redevelopment project costs necessary to implement a redevelopment plan. This includes, but is not limited to the following:

1. acquiring property within the redevelopment project area
2. paying relocation assistance
3. preparing the site, including relocating utilities
4. sanitary and storm sewers and lift stations
5. drainage conduits, channels, levies and river walk canal facilities
6. street grading, paving, graveling, macadamizing, curbing, guttering and surfacing
7. street light fixtures, connection and facilities
8. underground gas, water, heating and electrical services and connections located within the public right-of-way
9. sidewalks and pedestrian underpasses or overpasses
10. drives and driveway approaches located within the public right-of-way
11. water mains and extensions
12. plazas and arcades
13. parking facilities
14. landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities
15. all related expenses to redevelop and finance the redevelopment project

These allowed purposes generally focus on acquiring property and making “infrastructure-related” improvements. State law also specifically prohibits the use of STAR bond moneys for the following costs:

- the costs of constructing a building that will be owned by or leased to a developer (any person, firm, corporation, partnership or limited liability company other than a city)
- personal property as defined in K.S.A. 79-102

***As of December 2004,
\$176 Million in STAR
Bond Moneys Had Been
Spent on The Kansas
Speedway and
Village West***

To determine how STAR bond proceeds have been spent, we reviewed account statements, payment applications, and invoices for all payments made through December 1, 2004.

We grouped expenditures into four broad categories:

- **Land Acquisition** – Costs associated with acquiring land, including the purchase price, property appraisals, and negotiation services
- **Construction** – “Hard” costs for construction including streets, utilities, lighting, signs, and buildings
- **Fees and Commissions** – “Soft” costs for professional services, including architects, engineers, real estate brokers, lawyers, and consultants
- **Miscellaneous** – A variety of other items such as taxes, permits, travel, food, office supplies, shipping, and insurance

Figure II-1 summarizes the amounts spent in each of the four categories. As the figure shows, almost \$27 million in STAR bonds (15% of the total) had been spent on the Speedway, and almost \$150 million (85%) had been spent on Village West. Construction costs accounted for the largest share of the STAR bond moneys spent, followed by fees and commissions.

Figure II-1 Summary of STAR Bond Expenditures Kansas Speedway and Village West To-Date As of December 1, 2004						
Type of Expenditure	Kansas Speedway		Village West		Total To-Date	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Land Acquisition	\$ - (a)	0%	\$ 19,802,499	13%	\$ 19,802,499	11%
Construction	\$ 26,094,149	98%	\$ 103,545,692	69%	\$ 129,639,841	74%
Fees and Commissions	\$ 49,755	<0%	\$ 24,139,040	16%	\$ 24,188,795	14%
Miscellaneous	\$ 504,000	2%	\$ 2,195,374	1%	\$ 2,699,374	2%
TOTAL	\$ 26,647,903	100%	\$ 149,682,606	100%	\$ 176,330,509 (b)	100%

(a) Land for the Kansas Speedway was acquired with property tax increment financing (TIF) bonds. These are separate from STAR bonds and don't involve State funds.
(b) This total doesn't match the total amount of bonds drawn down (\$227.8 million on page 8) because it doesn't include issuance costs, proceeds used to make interest payments, or unspent balances.

Source: LPA Review of bond payment applications

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About \$10 million of the \$24 million spent on fees and commissions was for developers and real estate brokers. Architects, engineers, and legal counsel were the other largest recipients. Companies that had earned more than \$400,000 each in fees and commissions as of December 2004—and the roles they played in the redevelopment—are summarized in *Figure II-2*.

Finally, it's important for the reader to remember two things in reviewing this cost information:

- As noted earlier, the total amount of STAR bonds issued will increase in the future because the development is not yet complete.

Figure II-2 Largest Recipients of Fees and Commissions Kansas Speedway and Village West As of December 2004		
Company	Role In the Redevelopment	Total Paid To Date
DEVELOPERS AND UNIFIED GOVERNMENT REAL ESTATE BROKERS		\$10,219,776
Zimmer Management Company	Master Developer for Village West. Provides services in three basic areas: (1) <i>Advisor to the Unified Government</i> (2) <i>Project Manager for Village West</i> (3) <i>Real Estate Broker</i>	\$4,265,747
Integra Realty Resources (a)	Real estate broker for Village West	\$2,234,054
Nebraska Furniture Mart	Venture partner for Village West	\$1,196,538
Cabela's	Venture partner for Village West	\$1,155,000
RED Development	Venture partner for Village West	\$1,368,436
ARCHITECTS		\$3,177,358
Design Forum	Design architects for the Nebraska Furniture Mart store	\$1,327,262
The Hillier Group	Design architects for the Village West area	\$1,214,878
Gould, Evans, Goodman	Design architects for the Village West movie theater (also did some work on the general Village West area)	\$635,218
ENGINEERS		\$2,807,020
Continental Consulting	Design engineers for the Village West area	\$2,341,171
Olsson & Assoc.	Design engineers for the Legends Shopping Center	\$465,849
FINANCIAL ADVISORS		\$2,414,501
KPMG	Team of consultants hired by Nebraska Furniture Mart to help select the Village West site and maximize its use of STAR bond funding	\$833,200
Fahnestock (Oppenheimer)		\$656,145
Rossitto & Assoc.		\$465,156
Key Bank	Financial advisor and lender for RED Development	\$460,000
PURCHASERS' REAL ESTATE BROKERS		\$434,885
J.P. Weigand & Sons	Real estate broker for Cabela's	\$434,885
LEGAL COUNSEL		\$2,053,340
Stinson, Morrison, Hecker	Legal counsel for the Unified Government	\$1,506,392
Katz Law Firm	Legal counsel for RED Development	\$546,948
ALL OTHER SOFT COSTS (82 firms paid less than \$400,000 each)		\$3,081,915
TOTAL		\$24,188,795
(a) Also does business as Nunnink & Associates and First Realty.		
Source: LPA Review of Vendor Contracts and Bond Payment Applications		

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- About two-thirds of the money used to repay these bonds (including both principal and interest) will come from future State sales taxes generated by the redevelopment.

The remainder of this question describes our findings and conclusions regarding the use of STAR bonds in three broad areas:

- expenditures that aren't eligible for STAR bond funding
- questionable expenditures that go beyond what it appears legislators envisioned when they authorized STAR bonds
- questionable agreements related to the Village West development

We Identified About \$1.5 Million in Uses of STAR Bond Moneys That Aren't Allowable

During our review of how STAR bond moneys had been spent, we identified about \$1.5 million in uses that aren't allowed under State law. These expenditures are shown in *Figure II-3*. Unified Government officials have acknowledged that these payments were made in error, and all amounts either have been, or will be, transferred back to the bond trustee.

Figure II-3 Summary of Expenditures That Aren't Eligible for STAR Bond Funding		
Ineligible Use of STAR Bond Funding	Amount	Basis for concluding the expenditure is not eligible for STAR bond funding
1. Withdrawing STAR bond moneys before they are to be spent.		
In 2001, the Unified Government withdrew almost \$21 million from the first Village West STAR bonds for planning and land acquisition costs. As of January 2005, \$1.1 million of these funds had not been spent. <i>The Unified Government has transferred this money with interest with interest back to the bond trustee.</i>	\$1.1 million	STAR bond moneys are for redevelopment project costs and should remain in the bond accounts until they are needed.
2. Using STAR bond moneys to pay for building construction costs.		
In allocating its costs, Nebraska Furniture Mart incorrectly charged the following costs for constructing its building to STAR bonds: ➤ \$322,000-\$480,000 in contractor fees for building the store (we could only verify \$322,000) ➤ \$38,000 in construction security costs related to the store <i>Nebraska Furniture Mart representatives indicated this was a clerical error and have repaid \$360,000.</i>	At least \$360,000	State law specifically prohibits the use of STAR bond moneys for any costs connected with constructing a building that will be <u>owned</u> by a developer.
3. Using STAR bond moneys for other unallowable purposes.		
➤ \$6,000 for lobbying fees ➤ \$15 to deliver copies of financial statements to Legislative Post Audit for an unrelated audit <i>Unified Government officials indicated they will recoup these payments.</i>	\$6,000	These aren't costs that are necessary to implement the redevelopment plan.
GRAND TOTAL	\$1.5 million	
Source: LPA review of Venture Partner Agreements, Vendor Contracts, and Bond Payment Applications		

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Another \$28 Million in Expenditures Appear To Go Beyond What Legislators Envisioned When They Passed the Law

As noted earlier, the language in the STAR bonds legislation primarily addresses using STAR bonds to buy property and make infrastructure-related improvements (such as site preparation, streets, sewers, utilities, parking lots, and landscaping) in the redevelopment area. However, the law also includes these provisions:

- K.S.A. 12-1770a(q), which specifies that allowable uses include “but are not limited to” the items outlined in the statute
- K.S.A. 12-1770a(q)(15), the last allowable use on the list, which refers to “all related expenses necessary to redevelop and finance the redevelopment project.”

Such statutory language often is used to make it clear that related expenditures not specifically mentioned in the law are allowable. However, these provisions also could be read as allowing many types of expenditures legislators may not have envisioned. For example, after learning that STAR bond moneys had been used to buy furnishings for some businesses in Village West, the 2004 Legislature amended the law to make it more restrictive—specifically prohibiting the use of STAR bond moneys to buy personal property.

Figure II-4 on pages 22-24 summarizes the STAR bond expenditures we identified that go beyond what we think legislators contemplated when they passed the STAR bonds laws. Most of those expenditures were for personal property, and were made before the Legislature amended the law to prohibit them.

We Also Identified a Number of Questionable Agreements Associated With the Village West Redevelopment

In addition to the direct expenditures of STAR bond moneys that aren’t allowed or are questionable, we also identified several agreements entered into by the Unified Government that indirectly use STAR bonds for purposes we don’t think the Legislature envisioned.

The Unified Government has entered into a lease agreement that will pay Cabela’s \$14 million (plus interest) over the next 24 years. The Unified Government plans to spend \$20 million in STAR bond moneys to build an upscale movie theater in Village West (this theater is discussed in greater detail in Question 4). It has signed a contract to lease the land upon which the theater will be built to Cabela’s for \$1. It also signed a second contract to lease the land back from Cabela’s for \$14 million over 24 years.

Of the \$14 million in lease payments, \$7.5 million (plus interest) will come from future theater revenues, and \$6.5 million (plus interest) will come from the Board of Public Utilities as part of its incentive package to get businesses in the Village West district to go all-electric.

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Figure II-4
Summary of Questionable Expenditures of STAR Bond Moneys

Questionable Expenditure	Amount	Basis for questioning the expenditure
1. Using STAR bonds for space or furnishings owned by the Unified Government but located inside a private business		
<p>a. The Unified Government used STAR bonds to build and furnish an aquarium, mountain display, and other wildlife exhibits within Cabela's. Although these exhibits are inside Cabela's, they are owned by the Unified Government. Once the Cabela's bonds are paid off, Cabela's will be able to purchase the exhibits for fair market value, less any amounts Cabela's has charged to maintain the exhibits.</p>	\$15.0 million	<p>While they are legally owned by the Unified Government, these displays are essentially a part of Cabela's store—something it appears that legislators never intended to have STAR bonds pay for.</p> <p>An amendment by the 2004 Legislature, after these expenditures were made, would prohibit using STAR bond funds for the furnishings in the future.</p>
<p>b. The Unified Government plans to purchase robotic dinosaurs for T-Rex, a new restaurant-retail business with a prehistoric theme.</p>	\$8.5 million (planned)	<p>After the 2004 amendment was passed, but just before the law went into effect, the Unified Government issued the bonds to pay for the dinosaurs.</p>
2. Using STAR bonds to pay for certain professional fees		
<p>a. Almost \$2 million from STAR bonds were used to pay consultants that helped Nebraska Furniture Mart select the Village West site and maximize its use of STAR bond funding.</p> <ul style="list-style-type: none"> ➤ \$833,000 to KPMG ➤ \$656,000 to Fahnestock (Oppenheimer) ➤ \$465,000 to Rositto and Associates 	\$2.0 million	<p>We think legislators intended to have STAR bonds used to help <u>local governments</u> acquire and develop property. We don't think they envisioned using STAR bonds to help <u>developers</u> select a site and figure out how to maximize their use of public funding.</p> <p>In addition, Fahnestock was paid even though its contract said it would only be paid if STAR bonds were issued to pay for substantially all of Nebraska Furniture Mart's construction and pre-opening costs—a condition that was never met. Nebraska Furniture Mart representatives told us regardless of the contract wording, they always intended to pay Fahnestock as long as a deal involving STAR bond financing was finalized.</p>
<p>b. \$1.2 million in commissions were paid to developers' real estate agents when the developers were given property in Village West. The Unified Government has two of its own real estate brokers to market the Village West property. However, it also agreed to pay additional fees to the venture partners' real estate agents when it gave them the Village West property. These include:</p> <ul style="list-style-type: none"> ➤ \$726,000 to a sister company of RED Development when it was given the property for the Legends Shopping Center ➤ \$434,000 to a real estate agent for Cabela's ➤ \$32,000 to a real estate agent for Applebee's 	\$1.2 million	<p>First, we question whether legislators envisioned having STAR bond moneys used to pay for the <u>developers'</u> real estate agents.</p> <p>Second, experts told us that when several agents are involved, they generally split the total commissions in commercial real estate transactions. That didn't happen in this case. The commissions paid to the developers' agents were <u>added</u> to what the Unified Government already was paying its own agents. As a result, the total commissions exceeded normal rates.</p>

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Figure II-4 Summary of Questionable Expenditures of STAR Bond Moneys		
Questionable Expenditure	Amount	Basis for questioning the expenditure
<p>c. \$460,000 in financial advisory and administrative fees were paid to RED Development's lender. As a venture partner, RED Development was responsible for purchasing its own STAR bonds. Because it didn't have enough of its own funds, it needed funding from a lender. The lender charged RED Development a number of fees, including:</p> <ul style="list-style-type: none"> ➤ A one-time \$315,000 bank advisory fee ➤ \$105,000 in financial advisory fees for research on STAR bonds ➤ \$40,000 for an annual administration fee 	\$460,000	<p>STAR bonds were intended to pay for the Unified Government's borrowing costs, including bond issuance costs, trustee fees, and bond interest. Using STAR bond moneys to pay for RED Development's borrowing costs because it didn't have enough money to buy the STAR bonds appears to go beyond what was envisioned.</p>
3. Using STAR bonds to pay local government salaries		
<p>a. The Unified Government used STAR bond proceeds to reimburse itself for time staff spent on the Speedway and Village West projects.</p> <p>According to Unified Government officials, two positions were created to work on the Village West project full-time. Because these positions were created in the middle of a management downsizing, there was no net increase in the number of positions or total salaries.</p>	\$440,000	<p>We question whether legislators envisioned using STAR bond moneys to reimburse the Unified Government for its employees' salaries when it incurred no additional out-of-pocket costs.</p>
4. Using STAR bond moneys to pay property taxes		
<p>a. STAR bonds were used to pay Nebraska Furniture Mart's property taxes while its store was under construction.</p>	\$161,000	<p>For accounting purposes, property taxes paid while a building is being constructed are considered a cost of acquiring the property. They were paid with STAR bond moneys because of provisions in the law that allow property acquisition costs to be paid.</p> <p>We think legislators intended to have STAR bonds used to help <u>local governments</u> acquire property, not <u>developers</u>. In addition, paying property taxes with STAR bonds runs counter to a primary objective of the redevelopment—preserving and enhancing the Unified Government's tax base</p>

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Figure II-4
Summary of Questionable Expenditures of STAR Bond Moneys

Questionable Expenditure	Amount	Basis for questioning the expenditure
5. Using STAR bond moneys to pay employees' moving expenses		
a. In 2002 and 2003, moving expenses for 19 Nebraska Furniture Mart employees were paid using STAR bond moneys.	\$143,000	State law allows STAR bonds to be used for relocation assistance, but doesn't say who that assistance is to be provided to. Because the cost of relocating employees is an operational expense, and doesn't constitute a cost of redevelopment, we question whether the Legislature intended for STAR bond moneys to be used for this purpose. We think the law is referring to relocation assistance <i>for property owners whose property was purchased for the redevelopment area.</i>
6. Using STAR bond moneys for other purposes that weren't envisioned		
a. \$18,000 in STAR bond moneys were used for various food expenditures, including \$5,000 for a single barbecue order by one of the construction contractors for a safety meeting.	\$18,000	While it would make sense to pay for food in some cases, such as entertaining potential tenants in the redevelopment, there's no reason to use STAR bonds to pay for barbecue at a safety meeting.
GRAND TOTAL	\$27.9 million	
Source: LPA Review of Venture Partner Agreements, Vendor Contracts, and Bond Payment Applications		

Unified Government officials told us this lease-back arrangement was part of an economic incentive package designed to help Cabela's recoup much of the cost of constructing its own store. This lease agreement is structured like a loan, so the Unified Government will pay Cabela's an estimated \$31 million in principal and interest over the 24 years of the lease.

The lease-back arrangement appears to circumvent the law that prohibits using STAR bonds to construct Cabela's building. Although no STAR bond moneys are directly used to make the lease payments to Cabela's, more than half the \$14 million in lease payments to Cabela's will come from future theater revenues—revenues that wouldn't exist if STAR bonds hadn't been used to build the theater.

Figure II-5
Summary of Property Re-Sold
By Developers at Village West
As of December 2004

Business	Acres	Purchase Price
Property Re-Sold by Cabela's		
Lone Star Steakhouse	2.2	\$1,400,000
Hampton Inn	3.7	\$725,000
Famous Dave's Bar-B-Que	1.8	\$591,336
W.J. McBride's Irish Pub Restaurant	2.2	\$565,089
Russell Stover Candies	1.5	\$431,781
Cracker Barrel	2.7	\$407,721
Great Wolf Lodge	16.5	--- (a)
Total (Cabela's)	30.5	\$4,120,927
Property Re-Sold by RED Development		
Holiday Inn Express	2.6	\$1,129,110
Longhorn Steakhouse	1.9	\$1,062,500
Sonic	1.3	\$937,500
Ted's Montana Grill	0.5	\$925,000
Bob Evans Restaurant	2.3	\$850,000
Amini's Galleria	1.4	\$522,720
Arthur Bryant's	1.4	\$250,000
International House of Pancakes	1.0	--- (b)
Total (RED Development)	12.4	\$5,676,830
GRAND TOTAL	42.9	\$9,797,757

(a) This property was traded to the Great Wolf Lodge in exchange for an ownership interest in the business.
 (b) The purchase price wasn't independently verified by the county appraiser's office and is therefore confidential under K.S.A. 79-1437(f).

Source: Wyandotte County Appraiser's Office

RED Development and Cabela's were given excess land, which they've sold for almost \$10 million. The Unified Government used STAR bond moneys to buy the property for Village West and gave it to the venture partners to develop. Both Cabela's and RED Development negotiated to receive more land than they needed for their developments. Cabela's received approximately 80 acres, only 50 of which it needed for the Cabela's store. RED Development received about 75 acres, only 50 of which were for the Legends Shopping Center. Both have sold much of the excess land to other businesses or developers for more than \$300,000 per acre. *Figure II-5* summarizes the parcels that have been resold and the purchase prices.

Through various agreements, Cabela's essentially will have its store costs paid for by the Unified Government. So far in this report, we have talked about three agreements that will subsidize Cabela's:

- **Museum exhibits** (\$15 million) – STAR bond moneys were used to pay for part of Cabela's store (as discussed in *Figure II-4*).

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- **Movie theater lease** (\$14 million) – STAR bond moneys will be used to build the movie theater and proceeds from that theater will be paid to Cabela's. In addition, Cabela's will receive payments from the Board of Public Utilities (as discussed earlier).
- **Land re-sales** (\$4 million) – Land that was acquired with STAR bond moneys was given to Cabela's for resale (as discussed earlier).

**Figure II-6
Sources of Funding for Cabela's Store**

	<u>Budgeted Funding</u>	<u>Effective Funding</u>
Public Funds		
Aquarium, Mountain Display	\$14,960,620	\$14,960,620
Theater Lease	\$0	\$14,000,000
Land Resales	\$0	\$4,120,927 (a)
Total Public Funds	<u>\$14,960,620</u>	<u>\$33,081,547</u>
Cabela's Private Investment (estimated)	\$19,212,681	\$1,091,754
TOTAL FUNDING	<u>\$34,173,301</u>	<u>\$34,173,301</u>

(a) In addition, Cabela's traded 16.5 acres of land to the Great Wolf Lodge, in exchange for an ownership interest in the business. The value of this exchange wasn't available and isn't included in the table.

Source: Cabela's Bond Transcripts; LPA Review of bond payment applications; Wyandotte County Appraiser's Office

The net effect of all these transactions is that instead of Cabela's contributing more than \$19 million in private funds as was outlined in project budget documents, it actually will be getting its \$34 million store for a little over \$1 million, as shown in *Figure II-6*.

In addition, Cabela's traded 16.5 acres of land to the Great Wolf Lodge, in exchange for an ownership interest in the resort hotel. Because this was a private transaction and we weren't able to find out the value of the ownership interest, this exchange isn't included in the figure.

There were a number of areas of concern we were unable to fully review. Because of time constraints or difficulties finding documentation, we weren't able to do the following:

- **Determine if amounts paid for property appraisals were reasonable.** The property for the Speedway and Village West was purchased more than five years ago. Neither the Unified Government, nor the appraiser who appraised the property, could provide invoices or other records documenting the actual appraisals. As a result, we were only able to review budgeted appraisal costs. We sent a schedule of the budgeted appraisal fees to two independent appraisers. Both indicated the proposed fees were generally reasonable, although they did note that the proposed fees for land-only appraisals were higher than what is typical, costing the Unified Government an additional \$6,500.
- **Conduct a detailed review of construction invoices** – Because of the volume of documents involved, we were only able to do a limited review of the supporting documentation behind construction invoices. Even with the limitations, our review did find some questionable expenditures, such as the \$18,000 for food noted in *Figure II-4* on page 24.
- **Assess the reasonability of land purchase prices** – The land for Village West was acquired for about \$15,000 per acre. According to records provided by the Unified Government, the land had been appraised at about \$2,500 per acre before the redevelopment projects were started. Unified Government officials told us land prices in what became Village West escalated tremendously after the Speedway project became a reality, making the prior appraised values obsolete. Because of time constraints, we were unable to fully assess the land acquisition costs and determine if the prices were reasonable.

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The Unified Government's Oversight Of RED Development's Expenditures Has Been Inadequate

The Unified Government and Zimmer (the master developer) directly manage some Village West projects, such as the general Village West improvements and the movie theater. The venture partners (RED Development, Cabela's, Nebraska Furniture Mart, and Beaumont) manage other projects. We found no problems with the Unified Government's oversight of the projects it manages directly.

Most of the venture partners send their payment requests to Zimmer, which determines whether they fit within the project budget and are eligible for reimbursement with STAR bonds. Zimmer sends payment requests it approves to the bond trustee (Security Bank), which makes the payments. During our reviews, we noted several instances in which Zimmer adjusted payment amounts or requested additional information before authorizing a payment.

RED Development has submitted more than \$7 million in requests for payment directly to the bond trustee, without any review. RED Development is the venture partner that's developing the Legends Shopping Center. It has spent more than \$7 million in STAR bond moneys on that project to-date.

The Unified Government hasn't required RED Development to send its payment requests to Zimmer. So, unlike the other venture partners whose requests were reviewed by Zimmer, RED Development has sent its requests directly to the bond trustee for payment. As a result, none of the 25 payment requests RED Development had submitted as of December 2004 (totaling more than \$7 million) had been reviewed by anyone at the Unified Government or Zimmer before the bond trustee paid them.

An official from Zimmer told us it has now reviewed all the past payment requests, and plans to review all new requests in the future. In addition, Unified Government officials told us it will conduct an audit of the expenditure of all bond proceeds when the Speedway and Village West redevelopments are completed.

The State's Oversight of The Kansas Speedway and Village West Redevelopments Has Been Inadequate As Well

The majority of the funds that will be used to pay back the Speedway and Village West STAR bonds will come from State sales taxes generated in the redevelopment district. With principal and interest, those payments will total several hundred million dollars over the next 20 years.

Although the Secretary of Commerce formally approved Speedway and Village West redevelopment projects, the State has no other formal involvement in—or oversight of—those projects. As a

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result, the Unified Government and its agents and representatives are able to make decisions that commit significant amounts of State resources without the State having a formal role to protect its interests.

The following sections summarize some of the problems we perceive with the lack of State oversight of the Speedway and Village West redevelopments:

- **There's no formal limit on the amount of STAR bonds that can be issued.** The Unified Government can issue STAR bonds to pay for the redevelopment as long as there are enough sales tax revenues to pay back the bonds. That means there's no formal limit on the State's financial obligation. (Although it isn't authorized in statute, the Secretary of Commerce has since adopted a policy where, as part of his approval of STAR bond projects, he sets a limit on the amount of bonds that can be issued.)
- **The definition of what STAR bonds can pay for is ambiguous.** As described earlier, the open-ended provision in the law that states STAR bonds can be used for "all related expenses necessary to redevelop and finance the redevelopment project" can, and has been interpreted to allow any number of other costs besides land acquisition, site preparation, and bond issuance and financing costs to be paid for.
- **The State isn't a formal party to the major agreements.** The State approved the overall redevelopment plan, but doesn't sign off on the bond agreements or the major venture partner agreements. These are the documents that contain such arrangements as the lease-back provision to Cabela's for the movie theater project.
- **The law doesn't require any independent audits to ensure that STAR bonds are being used only for allowable purposes.** This audit was the result of an ad hoc request by legislators.
- **The law doesn't include specific consequences for misusing STAR bond proceeds.** Such a provision would give the State the authority to disallow the use of future State sales tax revenues for unallowable payments.

CONCLUSION No one can argue that the Kansas Speedway and Village West redevelopment projects haven't been enormously successful at bringing significant development to western Wyandotte County. When the STAR bonds used to help finance them are paid off, these projects are likely to provide significant amounts of sales tax revenues for the County and the State.

This success doesn't mean that good judgment, decision making, and oversight shouldn't be exercised to ensure that STAR bond moneys—and the State and local tax dollars that ultimately will be used to pay them off—are spent wisely, reasonably, and only for the purposes allowed and intended. As this audit has shown, that hasn't always happened.

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Further, although some have portrayed STAR bonds as an economic development tool with no cost to the State—because the sales taxes that will be generated are all new revenues that otherwise wouldn't have existed—that's not always true. To the extent that purchases are made in a redevelopment district that would have been made anyway at other local retailers, the State is giving up sales tax revenues it otherwise would have received.

As more and more Kansas communities look to use STAR bonds as a way to spur local economic development, the risk that STAR bond moneys will be used in ways that weren't envisioned or intended will increase unless changes are made to clarify the law and improve the oversight process.

- RECOMMENDATIONS**
1. To help ensure that STAR bond moneys are used only for the purposes intended by the Legislature, the appropriate committees of the 2005 Legislature should amend K.S.A. 12-1770(a) to do the following:
 - a. clarify the Legislature's intent regarding the use of STAR bond moneys for expenses that aren't direct land acquisition or site-improvement costs. Among other things, that clarification should address K.S.A. 12-1770(a)(15) regarding which types of "related expenses to redevelop and finance the redevelopment project" the Legislature intends to fund with STAR bonds. The types of expenses to be considered include, but may not be limited to the following:
 - i. fees and commissions paid to real estate agents, financial advisors, and consultants who are employed by and represent the businesses considering locating in a development
 - ii. salaries for local government employees who work on redevelopment projects if the local government doesn't incur any out-of-pocket costs
 - iii. moving expenses for employees of the businesses locating in the redevelopment district
 - iv. property taxes for businesses that locate in the redevelopment district
 - v. lobbying costs
 - b. require the Secretary of Commerce to set limits on the total amount of STAR bonds that can be issued for a particular redevelopment.

- c. establish a formal mechanism that makes a State official responsible for reviewing and approving the terms of major agreements—such as leases, bond agreements, and land deals connected with a STAR bond project—that exceed a certain dollar amount. In doing so, the Legislature should consult with bond professionals to insure that any actions taken don't have a detrimental effect on the State's bond rating.
 - d. require periodic audits for all STAR bond projects to determine whether STAR bond moneys are being used only for authorized purposes, and aren't being used for purposes that are ineligible or questionable.
 - e. include statutory provisions for recouping moneys that aren't spent in accordance with the law.
 - f. consider placing limits on the total amount of additional STAR bonds that can be issued for the Village West redevelopment project, based on an amount the Unified Government thinks will be needed to complete the project. This action would eliminate the "open checkbook" that currently exists for this project.
2. To help ensure that STAR bond expenditures for the Village West project are being made in accordance with the law and are being reviewed in accordance with its contract with the master developer, the Unified Government of Wyandotte County and Kansas City, Kansas, should require RED Development to submit all payment requests to Zimmer Real Estate Services (the master developer) for review and approval before they are sent to the bond trustee for payment.
3. To ensure that STAR bond moneys are spent only for things that are allowable under the law, officials from the Unified Government should review the items pointed out in this report as being unallowable, and report back to the Legislative Post Audit Committee by May 1, 2005, regarding the actions it has taken to address each item or recoup moneys that may have been misspent.
4. To help ensure that STAR bond moneys for future projects aren't spent for unallowed or questionable purposes, the Legislature should consider directing the Secretary of Commerce not to issue final approval of any additional STAR bond projects until it has had an opportunity to clarify the STAR bond law.

Question 3: What Types of Discounts Or Other Benefits Have The Kansas Speedway or Other Businesses in the Tourism District Made Available to Unified Government or Board of Public Utilities Employees?

ANSWER IN BRIEF *The most frequent benefits made available to Unified Government and Board of Public Utilities employees and officials were discounts on food, merchandise, and hotel rooms. Also, both the Unified Government and the Board of Public Utilities have the use of suites and hospitality tents at the Kansas Speedway and of suites at the T-Bones' Community America Ballpark. The Unified Government hasn't paid for its use of these facilities, but the Board of Public Utilities has.*

Unified Government and the Board of Public Utilities employees aren't governed by State ethics laws, but both have adopted a code of ethics to govern their employees' behavior and have contracted with an ethics administrator to provide advice and training. These findings are discussed in more detail in the sections that follow.

The Most Frequently Identified Benefits Were Discounts on Food, Merchandise, and Hotel Rooms

To determine what benefits had been made available, we contacted management officials for the businesses in the Village West district, interviewed Unified Government and Board of Public Utilities officials and surveyed their employees. Of the 1,550 Unified Government staff surveyed, 368 or 24% responded. Of the 357 Board of Public Utilities staff surveyed, 128 or 36% responded. Survey responses reported a few things that we were unable to confirm or dispel. The following sections discuss only those items that we were able to corroborate.

The most common benefits were discounts on food, merchandise, and hotel stays. No information was available on how often management officials and employees took advantage of these benefits.

Here's a summary of the food, merchandise and hotel stay discounts offered:

Benefits businesses made available to Unified Government and to Board of Public Utilities employees:

- Great Wolf Lodge—discounted family rate for stay: \$119 per night Sunday - Thursday (regular cost is \$209); \$169 per night Friday - Saturday (regular cost is \$259).

Benefits businesses made available to Unified Government employees:

- Applebees—30% discount on food for police and firefighters; A \$10 gift certificate for one employee selected by the Unified Government for its employee appreciation program.
- Arthur Bryants—10% discount on food for police and firefighters.
- Great Wolf Lodge—Free one-night stay during pre-opening; Free one-night stay to one employee selected by the Unified Government for its employee appreciation program.
- Chateau Avalon—Free one-night stay during pre-opening; Free one-night stay to one employee for appreciation program before public opening.
- Nebraska Furniture Mart—Special employee-level discount pricing on merchandise sold during the store’s “soft,” non-public opening. Store officials told us the discount amount varies depending on the merchandise bought.

Officials from the Kansas Governmental Ethics Commission told us the real question regarding these types of discounts and benefits is whether they were given to influence a particular person. In the case of employees accepting food or hotel room discounts, businesses don’t necessarily know which employees will take advantage of the offer, so it’s likely those discounts were given to drum up business rather than to try to influence someone in a decision-making capacity.

Unified Government officials pointed out that some of the discounts made available—discounted rooms at Great Wolf Lodge and discounts on merchandise at Nebraska Furniture Mart also were offered to other groups—such as employees of other businesses located in the Kansas City area. Nebraska Furniture Mart officials confirmed that their Kansas City store had a “soft,” non-public opening during August 2003 and that they invited employees of several companies with whom they had business relationships. Great Wolf Lodge officials also confirmed that during their soft opening week, they invited various people from the Kansas City community.

Unified Government Officials Have Access To Suites And Other Facilities At the Speedway and T-Bones Ballpark At No Cost

Unified Government officials have access to a suite and hospitality tent at the Speedway and a suite at the Kansas City T-Bones Community America Ball Park. A 32-seat luxury suite at the Speedway rents for about \$37,000 per year. A 100-person hospitality tent rents for about \$15,000 per year. Suites at the Ballpark stadium seat about 20-25 people each and rent for about \$17,000 per year. None of these rental rates include catering costs.

The Unified Government has had free use of facilities at the Speedway through its association with other economic development groups. The following sections describe how the Unified Government acquired access to facilities at the Speedway.

- Speedway luxury suite – Speedway officials told us they have a contract to provide this suite to the Kansas City, Kansas, Chamber of Commerce and an entity called Wyandotte Development, Inc.

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In addition, Speedway officials told us that although the contract calls for the Chamber to pay a total fee of \$165,500 for use of the suite for five years, the suite is provided at no cost and is a "pass-through" benefit to the Unified Government because of the economic development efforts made by the Unified Government, Wyandotte Development, Inc., and the Chamber of Commerce.

Unified Government officials told us they use the suite for economic development purposes and they invite guests who may have an interest in locating a business in Wyandotte County. In addition, they contend that any Unified Government employees using the suite are doing so as part of their job duties. Our review of the guests lists for this suite for two Speedway event weekends in 2004 showed that in some cases, the spouses of Unified Government employees attended the events as well.

Officials with the Kansas Governmental Ethics Commission told us that if a State employee or elected official had to attend such an event as part of his or her job duties, the cost of that ticket wouldn't be considered a gift. However, they also said the spouse's ticket would be considered a "gift" and, if valued at more than \$40 (Speedway officials said it's difficult to assign a value to a suite ticket) State ethics guidelines would prohibit a State employee or State elected official from accepting it.

- Hospitality Tent at the Speedway - Chamber of Commerce officials told us the Speedway gave the Chamber and the New Century Partnership a \$180,000 contribution and the use of a 100-person hospitality tent for two motorsports event weekends each year for a four-year period. Along with the tent, the Chamber was given 100 grandstand tickets. Unified Government officials told us that the Chamber provides two free grandstand tickets to the Mayor and each commissioner, as well as free access to the hospitality tent, for these motorsports event weekends. If these same tickets (valued at \$100 each) had been given to a State elected official, he or she couldn't accept them because they would be considered a gift under the State ethics guidelines.

The Kansas City T-Bones Community America Ballpark has provided a 25-seat suite at the Ballpark directly to the Unified Government at no cost. Unified Government officials told us the suite primarily is used to reward their employees for effectiveness. Each suite ticket is worth about \$18. The use of the suite does not include catering costs.

The Board of Public Utilities Paid for Its Use of Facilities At the Speedway and The Ballpark

During the audit, people pointed out to us that the Board also had access to suites and hospitality tents. Our review showed that in 2001, 2002, and 2003, the Board paid between \$150,000 and \$185,000 to sponsor a race called the "BPU 200." That sponsorship included access to a 32-person suite at the Speedway, 200 general

admission tickets to the race event, and 200 tickets to the qualifying event the night before.

The Board also has purchased access to a 100-person hospitality tent at the Speedway for \$15,000 during each of the past 4 years, and 400 race tickets (100 tickets each for 4 separate races) for slightly more than \$20,000.

According to Board officials, they also acquired access to a 20-seat Ballpark suite for every other home game as part of an agreement in which they paid \$35,000 to become an advertising sponsor for a scoreboard at the Ballpark. The Board provided us with proof of payment for these facilities.

***The Unified
Government's and
Board of Public Utilities'
Ethics Policies Address
The Acceptance of Gifts***

Both entities have adopted similar ethics policies governing their officials and employees. The provisions related to the acceptance of gifts are summarized below:

- An official or employee shall not solicit any gift or knowingly accept any gift, directly or indirectly, from any person that he or she knows or has reason to know:
 - ▶ *Is doing business with the Unified Government or Board of Public Utilities.*
 - ▶ *Has a financial interest that may be substantially and materially affected by the performance or nonperformance of the official's or employee's duty.*
- However, an official or employee can accept meals and free tickets to sporting events, unless:
 - ▶ *it would compromise the impartiality and the independence of judgment of the official or employee receiving it, or,*
 - ▶ *if of significant value, would give the appearance of doing so, or,*
 - ▶ *if of significant value, the recipient official or employee believes, or has reason to believe, that it is designed to do so.*

These policies define a "gift" as "the transfer of anything of economic value regardless of the form without adequate and lawful consideration." However, those definitions specifically exclude "complimentary admissions to special events, including dinners, athletic, charitable, cultural or political events, or any other occasion or entertainment, when furnished or available to be furnished to all similarly situated elected officials, officials and employees."

Both entities also contract with a part-time ethics administrator. The ethics administrator, who is a University of Kansas professor in Public Administration, is appointed for the Unified Government

by its Legislative Auditor. The Board of Public Utilities has also contracted with the same professor. The ethics administrator helps develop policies, receives complaints and suggestions, offers advisory opinions, and provides ethics training for all employees. At the direction of the Unified Government's Ethics Commission, the ethics administrator conducts investigations of alleged violations of the ethics code.

***The Ethics
Administrator
Advised Unified
Government Officials
That the Suites, Tickets,
And Hotel Discounts
Were Allowable***

According to the information we were provided, Unified Government officials asked their ethics administrator for advice on accepting the following specific benefits:

- the suite and grandstand tickets/hospitality tent access at the Speedway and suite at the Ballpark.
- free hotel rooms at the Great Wolf Lodge and Chateau Avalon before each hotel's grand opening. The rooms were given to specific Unified Government officials and employees.

The ethics administrator indicated the ticket benefits were allowable under the Government's code of ethics because the code excludes complementary admissions from its definition of gifts. He also concluded the free hotel rooms given during grand openings were allowable because accepting them would be "in the spirit of cooperation and is in no way intended to influence Commissioners or staff members in their policymaking roles."

The ethics administrator apparently wasn't asked for advice about the on-going hotel and restaurant discounts that survey respondents mentioned. In addition, Board of Public Utilities officials told us they just recently contracted with the ethics administrator, and thus far there haven't been any instances where they've needed to consult the ethics administrator for advice.

Question 4: Do the Costs Associated With a Movie Theater Project Being Built In the Tourism District Exceed Industry Standards?

ANSWER IN BRIEF *The costs of constructing the proposed theater in Village West are greater than what industry experts told us were typical. We also noted that profitability projections for the theater don't include the full cost of the theater building in the projected expenses. That has the effect of understating losses in the early years, and showing the theater will be profitable much earlier than would be the case if all costs were considered. In reviewing the operating agreement with Phoenix Theatres we noted that the Unified Government appears to be bearing the financial risk, but the management company could reap significant financial rewards if the theater is successful. These and related findings are discussed in more detail in the sections that follow.*

The Unified Government Is Building a Theater in Village West and Will Have a Management Company Operate It

Unified Government officials told us that Kansas City was the only city of its size without a movie theater. Because its citizens had expressed a desire for a theater, officials told us they wanted to incorporate one within the Village West development adjacent to the Kansas Speedway. Attempts to induce private theater operators to build a theater in this area were unsuccessful, so the Unified Government decided to build its own theater and have a private company manage the day-to-day operations.

The theater, which will be located within the Legends Shopping Center, will have 14 screens and have a total seating capacity of slightly more than 3,000 seats. The largest of the theaters will seat 635 moviegoers; the smallest will seat 126.

The daily operations of the theater will be managed by Phoenix Theaters of Knoxville, Tennessee, under an agreement with the Unified Government. That agreement is discussed in more detail later in this section of the report. The total budgeted cost to build the theater is \$20 million--this doesn't include land or site preparation costs. Construction began in August 2004 and plans call for the theater to open in July 2005.

The Costs of Constructing The Movie Theater Are Higher Than Industry Experts Suggest Are Typical

We originally intended to have the plans, specifications, and costs for the theater reviewed by consulting engineers, so they could give us a professional opinion about those costs. However, at the time the audit was being conducted, the Unified Government and the contractor for the theater hadn't finalized the costs. Consequently, we conducted a more limited review of the theater project.

To assess how the costs of this theater compared with typical construction costs in the theater industry, we contacted five consultants from companies that build or operate movie theaters.

Rough estimates provided by theater experts suggested a theater of this size typically costs about \$13 million to \$15 million to construct and equip. The consensus of the consultants we contacted was that, in the Midwest, construction costs for a theater generally should be between \$110 and \$120 per square foot. They indicated that it would cost an additional \$120,000 to \$180,000 per screen for furniture, fixtures, and equipment.

Applying those rates to the square footage information contained in the plans for the theater (105,000 square feet) results in estimated building costs between \$11.6 million and \$12.6 million, with an additional \$1.7 million to \$2.5 million for furniture, fixtures, and equipment. This brings the total to about \$13 million to \$15 million.

Unified Government officials told us this won't be a typical theater. In order to make the theater a destination attraction, it will include special amenities, such as more spacious seating and a special balcony level where alcoholic beverages will be served.

***The Preliminary
Financial Projections
For the Theater Don't
Include the Full Cost of
the Building***

The Unified Government's financial projections for the theater show it will lose money in the first three years, and then turn small profits in the fourth and fifth year. The financial projections show building expenses of \$1 million a year—the annual payment due under a lease-back arrangement with Cabela's (this lease is described more fully on page 21).

This \$7.5 million lease-back arrangement will result in the Unified Government paying Cabela's an estimated \$18 million in principal and interest over 24 years (because the lease is structured as a loan). However, the building actually was paid for with \$20 million worth of STAR bonds—almost three times the lease amount. As a result, the cost of the building is understated in the financial projections.

Excluding the true building costs from the financial projections leaves the impression the theater will be making a "profit" when, in fact, it might never be profitable from a normal business point of view (where the theater's revenues have to cover all of its costs).

In addition, the theater won't have to generate enough in sales taxes to pay off the STAR bonds used to pay for the building. Under the "waterfall" financing arrangement for Village West that we described in the Overview, "excess" sales taxes from higher-volume businesses in Village West (like Cabela's and Nebraska Furniture Mart) can be used to subsidize lower-volume businesses, like the theater.

The Theater Management Agreement Offers the Management Company Substantial Benefit Without Financial Risks

Phoenix Theatres of Knoxville, Tennessee, has agreed to manage the daily operations of the movie theater. The 20-year agreement specifies that Phoenix Theatres will receive the following:

- A \$225,000 consulting fee during construction
- A management fee equal to 5% of the gross theater revenues
- A 50% share of any net income from the Theater

According to the contract, its only financial commitment is to advance up to \$275,000 for some pre-opening costs. All the theater's expenses (salaries, film rental, concessions, maintenance, etc.) are paid out of the theater's revenues.

Two of the theater consultants we talked with told us the management fee the Unified Government agreed to pay Phoenix Theatres was not out of line, but they questioned having a management company share in the profits without being financially at risk.

Unified Government officials told us they couldn't require an investment by the management company, because that would make it part owner of the theater—and violate the law that prevents using STAR bonds to construct a building that will be owned by a developer. In addition, they told us the agreement had to be potentially lucrative to attract a management company. Finally, they said they believed having the management company share in the profits would serve as an effective incentive to ensure the theater was well-run.

CONCLUSION

Because the Unified Government wasn't able to attract a private company to locate and operate a theater in the Village West development district, it has committed to spend \$20 million in STAR bond moneys to build an upscale movie theater itself. That decision has raised questions about the appropriateness of competing with private theaters in the region, the cost and profitability of the theater, the lease-back arrangement that will help Cabela's recoup the cost of building its store, and the management agreement that gives Phoenix Theatres a significant share of the profits without assuming any significant financial risk. These questions again highlight the need for improved State oversight to ensure that the deals being made with STAR bond moneys are allowable and reasonable, and that the State's interests are adequately represented.

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APPENDIX A

Scope Statement

This appendix contains the scope statement approved by the Legislative Post Audit Committee for this audit on August 23, 2004. The audit was requested by Senator Chris Steineger.

Wyandotte County: Reviewing The Use of STAR Bond Moneys Associated With the Kansas Speedway and the Village West Tourism District

The Legislature has passed legislation allowing cities to create redevelopment districts, sell bonds (commonly referred to as STAR bonds) to generate money to be used for acquiring land and paying for redevelopment project costs, and then pay off the bonds over a period of time with the revenues generated from sales taxes, transient guest taxes, and other taxes generated by businesses that located within those districts.

Special provisions were made by the 1997 Legislature allowing Wyandotte County to use this financing method to develop the Kansas Speedway and the Village West tourism district which houses businesses such as Nebraska Furniture Mart, Cabelas, and the Great Wolf Lodge.

Recently legislators have heard a number of concerns expressed about the use of bond moneys related to these projects. In particular, they are concerned about the reasonableness of prices, fees, and commissions paid in conjunction with land acquisition, property appraisal, property development, marketing, engineering, architectural services, and bond counsel and issuance costs. A second area of concern relates to perks, such as merchandise discounts or free and reduced-price admission to events, provided to Wyandotte County Unified Government and Board of Public Utilities employees by the businesses located in these development districts. Finally, concerns have been expressed that costs for a movie theater project to be built and owned by the Unified Government exceed industry standards.

A performance audit of this topic would answer the following questions:

- 1. Were costs associated with issuing the bonds used to finance the development of the Kansas Speedway and the Village West tourism district reasonable?** To answer this question, we would review the process that was used to award contracts to the bond counsel and the bond underwriters, to determine whether it was competitive and should have resulted in the lowest overall cost. If these bond issuances were negotiated rather than competitively bid, we would review the fees, expenses, and any other costs for bond counsel, and bond underwriters for the bonds issued to finance these 2 projects and compare them to costs for other projects of a similar type and magnitude. We would look at any other costs or conduct additional work as needed.
- 2. Were the bond proceeds spent for allowable purposes, and were the costs associated with the items purchased reasonable?** To answer this question, we would determine what the law allows bond proceeds to be spent for. We would review the purchases made

with bond proceeds to determine whether they were allowable. Also, we would review the reasonableness of fees commissions and other payments related to property acquisition and development zone marketing, such as appraisal fees, architectural and engineering fees, consultants, and developer retainer fees. In addition, we would compare per acre or per square foot prices for acquiring the land to subsequent sale prices for the same land by the Unified Government or the Developer. We would review other types of purchases as needed.

3. **What types of discounts or other perks have the Kansas Speedway or other businesses in the tourism district made available to Unified Government and Board of Public Utilities employees?** To answer this question, we would interview officials from the Unified Government and Board of Public Utilities and review memos or other correspondence to determine what types of perks have been made available to their employees by the Kansas Speedway or businesses located in the Village West tourism district. We also would contact officials from the Speedway and those businesses to confirm the types of perks being offered, and gather any information that may be available about the use of those perks by employees of the Unified Government or the Board of Public Utilities.

4. **Do the costs associated with a movie theater project being built in the tourism district exceed industry standards?** To answer this question we would review the details of a movie theater project to be built and owned by the Unified Government. We would determine individual costs of the complex such as engineering, architectural, and construction costs or on a per-square foot or other appropriate basis, and compare them to industry averages for this part of the country. If the costs exceed industry standards we would report by how much.

Estimated time to complete: 12-14 weeks

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APPENDIX B
Bonds Issued, Sales Tax Revenues, and Debt Service Payments
Kansas Speedway and Village West Bonds
As of December 2004

Bond Issuance	Year	Total Amount			Sales Taxes Generated (a)	Debt Service Payments			Principal Remaining
		Authorized	Drawn Down	Unissued		Principal	Interest	Total	
Kansas Speedway									
Speedway 1	1999	\$24,300,413	\$24,300,413	\$0	---	\$0	\$4,299,255	\$4,299,255	\$24,300,413
Speedway 2	2002	\$6,320,000	\$6,320,000	\$0	---	\$1,245,000	\$803,842	\$2,048,842	\$5,075,000
Possible Speedway (b)	unknown	\$11,880,000	\$0	\$11,880,000	---	\$0	\$0	\$0	\$0
Total Speedway		\$42,500,413	\$30,620,413	\$11,880,000	\$9,221,743	\$1,245,000	\$5,103,097	\$6,348,097	\$29,375,413
Village West									
General Bonds	2001	\$28,665,000	\$28,665,000	\$0	---	\$0	\$5,335,319	\$5,335,319	\$28,665,000
Nebraska Furniture Mart	2001	\$64,305,000	\$64,305,000	\$0	---	\$610,000	\$10,744,632	\$11,354,632	\$63,695,000
Cabela's	2001	\$65,000,000	\$63,474,869	\$1,525,131	---	\$4,169,739	\$9,102,127	\$13,271,866	\$59,305,130
RED 1	2003	\$54,045,000	\$38,861,515	\$15,183,485	---	\$1,150,000	\$2,285,600	\$3,435,600	\$37,711,515
Beaumont	2003	\$3,000,000	\$1,786,134	\$1,213,866	---	\$0	\$140,058	\$140,058	\$1,786,134
RED 2 (c)	2005	\$47,200,000	\$0	\$47,200,000	---	\$0	\$0	\$0	\$0
Total Village West		\$262,215,000	\$197,092,518	\$65,122,482	\$31,562,767	\$5,929,739	\$27,607,736	\$33,537,475	\$191,162,779
GRAND TOTAL		\$304,715,413	\$227,712,931	\$77,002,482	\$40,784,510	\$7,174,739	\$32,710,833	\$39,885,572	\$220,538,192

(a) Reporting sales taxes generated for individual bonds would disclose confidential taxpayer information.
 (b) The bond agreement for the Speedway includes provisions for an additional \$11.9 million in STAR bonds for future expansion. Unified Government officials told us these are contingent on certain revenue requirements that are unlikely to be met.
 (c) The second set of RED bonds will be issued in February 2005.

Source: Bond Account Summaries; Kansas Department of Revenue

APPENDIX C

Agency Response

On February 1, 2005 we provided a draft copy of the audit report to the Unified Government of Wyandotte County and Kansas City, Kansas, and the Department of Commerce. Their responses are included in this Appendix. We also provided the Kansas City Board of Public Utilities with a draft of Question 3. The Board chose not to respond.

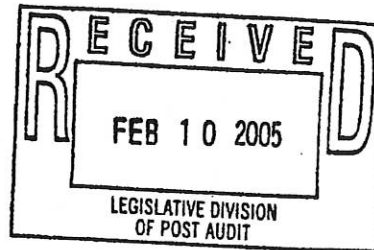
The Department of Commerce questioned the appropriateness of our recommendation to make a State official responsible for reviewing and approving the terms of major agreements in STAR bond projects, and our recommendation not to issue final approval of additional STAR bond projects until the Legislature has had an opportunity to clarify the STAR bond law. In response to these concerns, we made minor modifications to those recommendations.



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February 14, 2005

To: Barbara Hinton, Director, Division of Legislative Post Audit

From: Dennis Hays, County Administrator, Unified Government of Wyandotte County/Kansas City, KS

RE: Use of STAR Bond Moneys Associated with Kansas Speedway and Village West Tourism District

The Unified Government appreciates this opportunity to respond to the Legislative Post Audit regarding STAR Bond Use in Wyandotte County. We believe this audit validates that the Kansas Speedway and Village West developments are, in fact, an enormous success and have done exactly what the Kansas Legislature intended: promote economic development and make Kansas a major tourism area.

We thank the Legislative Post Audit team for its professionalism and diligent efforts to learn about one of the most complex and sophisticated private/public partnerships anywhere in the nation.

Finally, we extend our appreciation to the Kansas Legislature for granting communities the opportunity to utilize such a powerful tool as STAR Bonds. We stand willing and ready to assist the State of Kansas as it continues the evolution of STAR Bonds and other economic development tools.

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Cost of Issuance

STAR Bond Cost of Issuance Found to be Below Average

We are pleased the Legislative Post Auditors acknowledge that the cost of issuance of the STAR bonds is well below the average of bonds similar in size. In fact, the auditors find that even the large Village West bonds were nearly half the cost of issuance compared to other bonds of the same size.

As the audit points out, local governments are allowed by law to charge a bond origination fee for the issuance of bonds the government issues on behalf of a business. In this case, the Unified Government has charged a \$450,000 bond origination fee to Village West. The Unified Government has charged similar bond origination fees on all bond issues where a private developer benefits from local government access to low interest rates in the bond market, such as General Motors and KC Southern Railway,

Fees and Commissions

Less Than 3% Attributable to Necessary Fees and Commissions

The audit report demonstrates the sheer size of the overall development at \$843 million in private/public investments. The audit also illustrates with Figure II-2 that less than 3% of that investment was spent on necessary fees and commissions for the Kansas Speedway and Village West.

Specific STAR Bond Expenditures

99.8% Accuracy Rate in Expending STAR Bonds

Of the \$176 million in STAR Bonds expended, the audit states that only 0.2% (two-tenths of one-percent) was charged inaccurately. As noted in the report, some Nebraska Furniture Mart expenditures were clerical errors. Those moneys have been repaid. In addition, \$1.1 million in funds were being held by the Unified Government for specific future expenditures related exclusively to Village West. Based upon the recommendation of Legislative Post Audit, we have transferred the funds back to the Unified Government bond trustee where it is still planned to be used for future Village West expenditures.

The audit goes on to point out that the only unallowable cost attributable directly to the Unified Government is a charge of \$15 for delivery of financial reports to Legislative Post Audit.

Museum and Other Personal Property

Cabela's and Unified Government Owned Museum Listed as the Number 1 Tourist Attraction in Kansas

The audit report states that in the auditor's opinion, legislators never envisioned having STAR bonds pay for the Museum owned by the Unified Government contained within the Cabela's store. The Unified Government, with full cooperation of the Kansas Department of Commerce, Governor's office and the Kansas Legislature, has undertaken a comprehensive project in Village West which does ***precisely what the Legislature specified*** in the 1998 Amendments – ***"to enhance the major tourism area,"*** by using STAR Bond financing to develop the 400 acre Village West development.

Since its opening, Cabela's retail store and the Unified Government owned museum at Cabela's, has been ***the number one tourist destination in Kansas***, thus ***enhancing the major tourism area***, by drawing tourists and customers from hundreds of miles and many states. More than half of these tourists come from over 100 miles away.

Furthermore, since the start of the project in 2000, the Unified Government has continually disclosed public investment and ownership to the news media and public. The Unified Government understood that disclosing the details of the project was essential to winning and keeping community support for the development.

Theater Project

Destination Theater Will Enhance the Major Tourism Area

The Unified Government agrees that we are not building a ***typical*** theater in Village West. Therefore, Legislative Post Audit comparisons to the cost of constructing a typical theater are inappropriate. The Legends Theater is being designed and built ***to enhance the major tourism area***, as was envisioned by the original legislation. The largest auditorium will feature a four-story tall, 80 foot wide screen, the largest in the metro area. It will house more than 600 patrons and will feature premium VIP seating on a balcony level. All auditoriums will have wide screen formats, extra wide seats, and extra spacing between rows. Some theaters will include a stage and be equipped for non-film functions and/or presentation purposes.

Use of Theater Revenues

Theater Revenues Used as an Incentive to Attract Cabela's

Legislative Post Auditors state the lease-back arrangement with Cabela's appears to circumvent the law that prohibits using STAR bonds to construct buildings owned or leased by a private developer. This statement, per the opinion of Gilmore & Bell, bond counsel for the project, "***misapplies the law and misstates the undisputed facts,***" because "***no STAR bond proceeds were used or will be used to construct the retail portions of Cabela's building.***" The STAR bond proceeds, which are being used to construct the Unified Government-owned movie theater, will be used to do just that – construct the Unified Government-owned movie theater.

In addition, the STAR bond law does not restrict in any manner the use of operating revenues from a publicly-owned building financed with STAR bonds. The Unified Government-owned theater, like the proposed STAR-bond financed arenas, is an entertainment venue which will realize ticket revenue from attendees.

Management of the Project

Post Audit Found No Problems with the Unified Government's Oversight of Projects it Manages

We are pleased the Legislative Post Auditors found no problems with the Unified Government's oversight of the projects it manages directly. The Unified Government, through Zimmer Management, has reviewed every invoice related to Village West.

The report does recommend increased oversight by both the State and Local government. We agree.

Land Resale

Unified Government Takes Control of Land to Ensure Development

The Unified Government took immediate control of the Village West properties in 1999 and 2000. This control ensured the immediate and successful development of the Tourism District.

The Unified Government acquired the property at a time when land values were skyrocketing, from \$2,000 an acre farm fields, to commercial land with retail values of more than \$5 a square foot.

In owning this land, the Unified Government was able to partner with very strong destination based retailers in *enhancing the major tourism district*. Due to the *intensely competitive* nature of development, many States and Municipalities provide ever increasing incentives to attract development and enhance state and local revenues. The Unified Government used the land we purchased as one such incentive.

Ethics Program

Award Winning Ethics Program Adhered To

The Unified Government has maintained the highest levels of ethical behavior from the inception of the Kansas Speedway and Village West.

We are pleased the Legislative Post Audit report acknowledges the ethics programs of the Unified Government and Board of Public Utilities. However, the report does not mention that in 2004, the Unified Government's ethics program won the *American Society for Public Administration's **Public Integrity Award***. The Unified Government's ethics program is one of only a few in the nation for local governments. It is required of every employee and elected official to not only be trained in basic ethics, but to attend continuing ethics courses taught by the Unified Government's Ethics Administrator.

Additionally, suites at the Kansas Speedway and Community America Ballpark were specifically negotiated into the arrangements for use as economic development tools *at no cost* to local taxpayers.

Conclusion

The Kansas Speedway and Village West development in Wyandotte County is one of the most successful economic development stories the State of Kansas has ever seen. It is also one of the most sophisticated, complex, public/private partnerships undertaken anywhere in the nation.

We agree with the Legislative Post Audit Report which states, ***"No one can argue that the Kansas Speedway and Village West redevelopment projects haven't been enormously successful at bringing significant development to western Wyandotte County. When the STAR Bonds used to help finance them are paid off, these projects are likely to provide significant amounts of sales tax revenues for the County and the State."***

Property taxes paid on the land occupied by the Kansas Speedway and Village West previously generated only \$208,409 in property taxes annually. In 2004, that same property generated \$5,422,883 in property taxes for the State, School Districts and Wyandotte County. In addition, the Kansas Speedway and Village West businesses have created an estimated 3,281 new jobs with an estimated annual payroll of \$51.3 million to date. The Kansas Department of Revenue estimates the 4,000 new jobs which will ultimately be created will generate \$2.8 million in new State income taxes annually.

In any new and bold venture, there are always lessons to be learned about how to make the process better. In this regard, the Legislative Post Audit Report has offered some suggestions the Legislature will no doubt want to discuss and perhaps even adopt as it evaluates the future use of STAR Bonds.

The Unified Government looks forward to working with the Legislature as it reviews and modifies legislation ensuring the successful evolution of this powerful economic development tool in Kansas.



K A N S A S

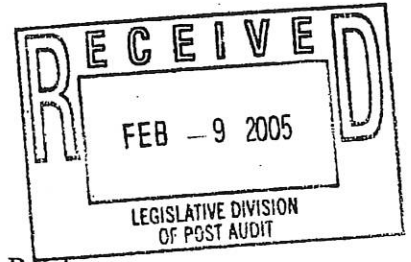
HOWARD R. FRICKE, SECRETARY

DEPARTMENT OF COMMERCE

February 9, 2005

KATHLEEN SEBELIUS, GOVERNOR

Barbara J. Hinton
Legislative Division of Post Audit
800 Southwest Jackson Street, Suite 1200
Topeka, Kansas 66612-2212



Re: Review of Draft Performance Audit – Wyandotte county STAR Bonds

Dear Ms. Hinton:

Thank you for the opportunity to review and comment on a draft copy of your audit, *Wyandotte County: Reviewing the Use of STAR Bond Moneys Associated With the Kansas Speedway and Village West Tourism District*. I compliment you and your staff for a detailed and informative report.

I generally support the recommendations contained in the report to clarify the law and empower the Department of Commerce to improve the oversight process, especially the audit and recoupment provisions. For projects submitted to the Department of Commerce since the Legislature's approval of the Speedway/Village West development, additional requirements, limits and safeguards have been implemented to address a variety of the other issues addressed in the report.

I am concerned regarding the effect your recommendation that a State official review and approve project agreements may have on both the potential liability of the State with regards to these projects, and on the marketing and issuance of STAR bonds. It is the credit rating of the municipality that issues the bonds that is ultimately at risk, and we have sought to avoid any perception that STAR bonds are a debt of the State of Kansas, or a debt for which the faith and credit or taxing powers of the State of Kansas are pledged. In the event the law is amended to make a State official responsible for reviewing and approving the terms of major agreements connected with a STAR bond project, I would propose that the Office of Attorney General be designated to perform that function. Likewise, I contend that the Attorney General would be the appropriate authority to be charged with recouping moneys that are not spent in accordance with the law.

I am also concerned about the recommendation that the Secretary not issue final approval of any STAR bond projects until the Legislature clarifies the STAR bond law. One of the key points that have been made as we have worked with the legislature and communities in developing and

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refining the STAR bond process is the need for continuity and consistency so that communities with projects in process or under development understand the rules. As you know, projects in Olathe and Overland Park have already received contingent approval to issue bonds to finance their respective projects. The recommended moratorium could have negative effects on pending projects and preclude Commerce from fulfilling commitments previously made to communities that have significant investments in their projects. I urge the Legislature to provide guidance and direction, and continue to allow me to exercise judgment and authority to operate accordingly.

Sincerely,



Howard R. Fricke
Secretary of Commerce

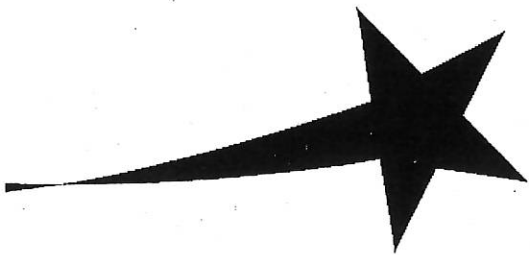
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KANSAS

DEPARTMENT OF COMMERCE

Steve Kelly, Acting Secretary

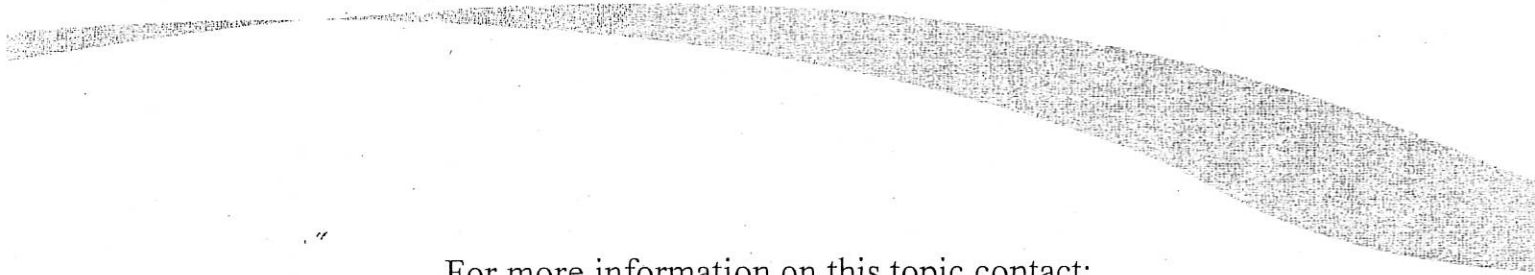


STAR Bond Annual Report

Testimony Presented by Kansas Department of Commerce

House Economic Development and Tourism Committee

February 28, 2007



For more information on this topic contact:

Patty Clark

Phone: (785) 296-3481

Fax: (785) 296-3665

pclark@kansascommerce.com

www.kansascommerce.com

Economic Development & Tourism

Date: 3-5-07

Attachment # 4-1

**Kansas Department of Commerce
Testimony to
House Economic Development and Tourism Committee**

Chairperson Gordon and members of the committee, thank you for the opportunity to appear before you today to discuss Sales Tax and Revenue (STAR) bonds, a successful financing tool intended to promote the development of major tourism projects and stimulate the Kansas economy. The legislature has statutorily delegated to the Secretary of Commerce several duties related to STAR bonds. There has been a great deal of STAR bond program activity over the past year and the program continues to generate positive results.

K.S.A. 12-1771b and 12-1774 require each city to submit a report to the Secretary of Commerce by October 1 of each year. Commerce is then required to transmit such report to the Governor, Legislature, and Kansas, Inc. by February 1 of the following year. The annual reports from Unified Government of Wyandotte County, Topeka, and Hutchinson are included in your packets.

Cities using STAR bonds are also required to have an audit conducted by an independent certified public accountant annually to determine whether STAR bond financing is being used for authorized purposes. Commerce has compiled these audit reports and those are in your packets as well.

We would like to share some of the economic impact and other highlights from the annual reports. For example:

- Kansas Speedway/Village West district has over ten million visitors annually; has created over 3,500 new jobs generating over \$55 million in annual payroll; and contains over \$810 million in combined public and private investment with annual sales of over \$450 million. Recent developments include the grand opening of the Legends at Village West retail/entertainment district with over 624,000 square feet of space, with another approximately 44,000 square feet under construction. Nebraska Furniture Mart significantly expanded its warehouse in 2006 and the Kansas Speedway continued its success with the Nextel Cup Banquet 400 on October 1, 2006. Virtually all bond proceeds up to the statutory

limit have been expended. Unified Government reports over \$29 million in local sales taxes have been dedicated to payment of bonds and over \$77 million in state sales tax has been generated by this project.

- Heartland Park Racetrack/Topeka – STAR bonds in the amount of \$10,460,000 were approved for this project and were issued on March 30, 2006. Total redevelopment costs are estimated to be in excess of \$23 million and Phase 1 renovations to the racetrack and visitor amenities are complete. These improvements will help make Heartland Park a world class race and entertainment facility. Taking advantage of the renovations, the Sports Car Club of America held run-offs in October 2006 at the racetrack. \$9.7 million in STAR bond proceeds had been spent by September 30, 2006 and all STAR bond proceeds were expected to have been expended by calendar year end. The city reported around \$72,000 in local sales tax revenue through September 30, 2006. State sales tax in the amount of approximately \$131,000 has been generated to date.
- Kansas Underground Salt Museum/Hutchinson – This project was approved in July 2006. STAR bonds in an amount of \$4,810,000 were approved for this \$10.5 million destination development including a visitor center complex, underground museum with theatre and events center, elevator down to 650 feet underground and related amenities. This is the only attraction of its kind in the Western Hemisphere. Construction is virtually complete and the project should be operational by May 1, 2007. Potential economic impact could be over \$36 million annually. Approximately \$1.34 million in STAR bond proceeds were expended through September 30, 2006. Sales tax revenues of \$47,000 in local and \$253,000 in state sales taxes have been generated during the current reporting period.

We would also like to provide updates on the following projects which have been approved by the Secretary of Commerce but for which bonds have not yet been issued.

- Schlitterbahn Vacation Village/Unified Government of Wyandotte County – This project consists of a major water park resort, vacation village, and related amenities. The total project cost is approximately \$500 million and up to \$225 million of STAR bonds have been approved. The developers are in the process of widening and improving certain transportation routes regarding this project and excavation work is expected to commence this spring.

- Flint Hills Discovery Center/Manhattan – This \$108 million project was approved in December 2006 for up to \$50 million in STAR bonds. The project includes a 30,000 square foot Discovery Center/Museum; hotel and conference center, 40,000 square foot theater; restaurants; and park area. Total economic impact on the area includes over \$160 million in capital investment, over 1,200 construction jobs worth \$27 million annual payroll, and over 1,000 permanent full time employees with annual payroll of over \$21 million.

Commerce continues to work with cities and developers on potential projects throughout the State.

These projects not only create jobs and spur capital investment; they also become quality of life recruitment tools and enhance the state's image. We appreciate the opportunity to discuss these exciting projects and would be happy to address any questions.

ATTACHMENT A

Annual Report from Unified Government of Wyandotte County



County Administrator's Office
Dennis M. Hays, County Administrator

701 North 7th St., Suite 945
Kansas City, Kansas 66101-3064

Phone: (913) 573-5030
Fax: (913) 573-5540

September 27, 2006

Mr. Howard Fricke, Commerce Secretary
1000 S.W. Jackson Street
Suite 100
Topeka, Kansas 66612

Re: 2006 STAR bond report

Dear Secretary Fricke:

Pursuant to the requirements of K.S.A. 12-1771(b) and K.S.A. 12-1774(d), following is the 2006 report of activity related to the major tourism area known as Village West which is located in Kansas City, Kansas.

Primary projects

- All of the original projects stated in the 2005 report continue to operate successfully which include the following primary projects:

	<u>Established</u>
Kansas Speedway	2001
Cabela's	2002
Nebraska Furniture Mart	2003
Community America Ballpark	2003
Great Wolf Lodge	2003
Chateau Avalon	2004

Refinancing

- In August 2005, the Chateau Avalon; Cabela's C1 and C2; Nebraska Furniture Mart; and RED Development 2003 and 2005 bonds were consolidated and refinanced as follows:

Taxable Sales Tax Special Obligation Revenue Refunding Bonds, 1 st Lien, Series 2005A	\$ 23,205,000
Tax Exempt Sales Tax Special Obligation Revenue Refunding Bonds, 1 st Lien, Series 2005 B	\$ 50,390,000
1 st Lien Series 2005 C	\$ 17,235,000
2 nd Lien Series 2005	\$ 174,025,000

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The refinancing of these bonds resulted in lower interest rates and is projected to pay off STAR bonds eight years earlier than expected, saving more than \$44 million in interest payments.

New projects

- While the **Legends at Village West** was under construction last year with a number of its pad-site restaurants in operation, the retail and entertainment lifestyle component of the project joined the development in a phased schedule throughout this reporting period. A soft opening of the center occurred in November of 2005 with the first phase including about 18 new tenants. Among those tenants is the publicly owned Legends 14 Theatre. A Grand Opening for the Legends was held in April of 2006 with more tenants opening throughout the summer. Legends Management reports that 624,605 sq ft are currently built with 83.97% occupancy. Bldg D, with 44,039 sq ft, is currently under construction. They project by year's end, an occupancy rate of 87.62%. A complete list of the existing tenants and those expected to open soon is attached. Perhaps most notable on the list is the T-Rex Café with its first and, at this time, only location in the country. \$8.5 million in STAR funds were allocated to the T-Rex project for the highly technical animatronic dinosaurs and themed vignettes.
- **Lone Star Steakhouse**, which is a pad site on the Cabela's site is still under construction and reports they plan to open in the next 30 days.
- **Nebraska Furniture Mart** has completed the expansion of their warehouse. The expansion includes approximately 363,000 square feet at a cost of approximately \$33 million bringing the size of the total project in excess of 1 million square feet. It is currently being stocked with merchandise and is expected to begin operating within 30 days.

Other activity

- **Kansas Speedway** will be completing its sixth successful season of racing on October 1st with the Nextel Cup *Banquet 400*.
- While located in a different tourism area, the **Schlitterbahn Vacation Village** has also been approved as a Redevelopment District, however, no bonds have been issued for the project at this time. This project is located along the east side of I-435 between State Avenue and Parallel Pkwy. While still in the design phase, the project is progressing with ongoing project coordination meetings, preliminary site work by the development partner, and reconstruction of 94th Street.

Property removed from the District

- On April 20, 2006 the Board of Commissioners voted to remove ±20 acres from the northwest corner of the Tourism District. The site is currently being developed and includes a Target and JC Penney which are slated to open in early October. This will allow both the State and Unified Government to receive sales tax and property tax generated within this area.

Future Uses of funds

- Remaining STAR bond funds will be used in accordance with the uses outlined in Exhibit A of the Certificate of Approval executed by you on 7/14/05

Annual Audit

- The annual audit of the STAR bond projects is being finalized and will be forwarded upon receipt.

Attachments

- The following reports and schedules are attached for your review
 - ✓ Tenant listing for the Legends
 - ✓ Village West Sales, Use, Transient Guest Tax Distributions (Notes: Transient Guest Tax distributed quarterly, Kansas Speedway not included)
 - ✓ 2005 & 2006 KDOR Monthly Sales and Use Tax Distributions (includes Kansas Speedway and Village West)
 - ✓ 2005 & 2006 KDOR Annual Sales and Use Tax Distributions (includes Kansas Speedway and Village West)
 - ✓ STAR Bond Payment History through 8/31/06
 - ✓ Debt Service Schedules for 1st Lien Series 2005 A, B & C and 2nd Lien Series 2005
 - ✓ Debt Service Schedules for Series 2001 & Series 2004
 - ✓ Debt Service Schedules for KISC Series 1999 & 2002
 - ✓ Trustee Disclosure Report as of 12/105
 - ✓ Trustee Disclosure Report as of 6/1/06

If you require any additional information regarding any of these projects, please feel free to contact us.

Sincerely,



Douglas Bach
Deputy County Administrator

cc: Robert North, Attorney KDOC
Jack Mahahan, CFO
Gary Anderson, Gilmore & Bell

The Legends at Village West

Opened	Coming Soon
Legends14 Theater	
Palmer Candies	
Buckle	
Finish Line	
Pac Sun	
Maurice's	
Aeropostale	
Hot Topic	
Rocky Mountain Choc.	
Tommy Hilfiger	
Sunglass Hut	
Scooter's Java Express	
EB Games	
Pride of KC	
Harry & David	
Sports Nutz	
Planet Sub	
Wyldewood Cellars	
Claire's	
SaddleRanch Chop Hse	
Dave & Buster	
Yard House	
Pin Up Bowl	
Stix	
Brooks Brothers	
T-Rex	
Cavenders	
Outback Steakhouse	
Home Decorators	
Collections	
	Zales
American Eagle	
Nike	
BCBG	
Beauty Brands	
Spa #1 Nails (dba.Nails So	
Happy)	
Adidas	
Off Broadway	
Helzberg	
Panera Bread	

The Legends at Village West

Opened	Coming Soon
Books A Million	Chipolte
Hallmark	
Cingular	
Banana Republic	
Jockey	
Oshkosh	
Converse	
Curtians of KC	
T.J. Maxx	
Linens N' Things	
Carter's	
	Maternity Works
	Ann Taylor
Wilson's Leather	
Clarks / Bostonian	
Timberland	
GAP	
Cosmetics Comp (Estee Lauder)	
Ultra Diamonds	
Nick 'N Willy's	
MeMa's Bakery	
Old Navy	
Cold Stone Creamery	
Holiday Inn Express	
Amini's Galleria	
IHOP	
Sheridan's	
McDonalds	
Ted's Montana	
Cheeseburger in Paradise	
Granite City	
Applebee's	
Arthur Bryant's Barbeque	
Bob Evans	
Johnny Carino's	
Longhorn Steakhouse	
Hooter's	
Sonic	
	Culver's

Village West Sales, Use, Transient Guest Tax Distributions,
December 2002 - August 2006

Tax to Bond Issue	State Tax	City Tax	County Tax	Total Tax
Dec.02 - Nov.03	\$5,697,075.12	\$1,065,273.41	\$929,808.05	\$7,692,156.58
Dec. 03 Total	\$1,086,813.70	\$204,944.50	\$193,652.07	\$1,485,410.27
Jan. 04 Total	\$999,606.48	\$358,913.69	\$98,550.47	\$1,457,070.64
Feb. 04 Total	\$2,079,479.44	\$392,354.50	\$369,899.11	\$2,841,733.05
March. 04 Total	\$1,808,887.68	\$171,275.31	\$161,472.92	\$2,141,635.91
Apr. 04 Total	\$1,207,435.61	\$263,299.87	\$144,888.68	\$1,615,624.16
May 04 Total	\$1,216,830.88	\$176,267.93	\$166,179.99	\$1,559,278.80
Jun. 04 Total	\$1,251,548.22	\$157,147.31	\$148,153.39	\$1,556,848.92
Jul. 04 Total	\$1,161,641.06	\$597,828.28	\$317,493.32	\$2,076,962.66
Aug. 04 Total	\$1,209,596.53	\$101,676.20	\$95,857.03	\$1,407,129.76
Sept.04 Total	\$1,308,680.88	\$239,319.88	\$225,623.03	\$1,773,623.79
Oct.04 Total	\$1,478,603.96	\$480,565.66	\$257,111.41	\$2,216,281.03
Nov.04 Total	\$1,270,209.06	\$231,950.80	\$218,675.70	\$1,720,835.56
Dec.03-Nov.04	\$16,079,333.50	\$3,375,543.93	\$2,397,557.13	\$21,852,434.56
Dec. 04 Total	\$ 1,455,465.04	\$ 316,107.82	\$ 250,845.59	\$2,022,418.45
Jan.05 Total	\$ 1,511,270.41	\$ 620,147.56	\$ 210,720.44	\$2,342,138.41
Feb.05 Total	\$ 1,815,327.89	\$ 408,881.59	\$ 313,709.85	\$2,537,919.33
March 05 Total	\$ 1,338,231.59	\$ 291,118.83	\$ 231,968.07	\$1,861,318.49
April 05 Total	\$ 1,282,408.26	\$ 553,103.75	\$ 211,976.97	\$2,047,488.98
May 05 Total	\$ 1,392,254.82	\$ 307,181.51	\$ 243,128.56	\$1,942,564.89
June 05 Total	\$ 1,219,052.08	\$ 263,909.36	\$ 212,234.92	\$1,695,196.36
July 05 Total	\$ 1,329,380.52	\$ 568,490.94	\$ 232,918.01	\$2,130,789.47
August 05 Total	\$ 1,398,568.24	\$ 313,248.24	\$ 248,065.90	\$1,959,882.38
Sept. 05 Total	\$ 1,521,921.57	\$ 340,650.26	\$ 270,847.64	\$2,133,419.47
Oct. 05 Total	\$ 1,525,621.79	\$ 679,583.65	\$ 272,584.03	\$2,477,789.47
Nov.05 Total	\$ 1,497,606.82	\$ 330,974.57	\$ 266,706.42	\$2,095,287.81
Dec.04-Nov.05	\$17,287,109.03	\$4,993,398.08	\$2,965,706.39	\$25,246,213.50
Dec. 05 Total	\$ 1,689,250.58	\$ 378,840.39	\$ 301,420.54	\$2,369,511.51
Jan.06 Total	\$ 1,982,047.61	\$ 614,183.17	\$ 356,921.82	\$2,953,152.60
Feb.06 Total	\$ 2,291,200.70	\$ 521,408.31	\$ 408,378.77	\$3,220,987.78
March 06 Total	\$ 1,742,095.77	\$ 390,856.21	\$ 311,401.06	\$2,444,353.04
April 06 Total	\$ 1,616,399.46	\$ 699,306.73	\$ 289,970.44	\$2,605,676.63
May 06 Total	\$ 1,797,418.31	\$ 406,157.48	\$ 322,022.88	\$2,525,598.67
June 06 Total	\$ 1,823,704.76	\$ 409,244.30	\$ 326,846.51	\$2,559,795.57
July 06 Total	\$ 1,775,107.29	\$ 711,333.25	\$ 317,811.59	\$2,804,252.13
August 06 Total	\$ 2,187,101.68	\$ 496,943.24	\$ 391,520.55	\$3,075,565.47

*The tax collections above exclude Kansas Speedway and its associated vendors.

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Kansas Department of Revenue
Office of Policy and Research
Sales and Use Tax Distributions - Kansas Speedway

	January 2005	February 2005	March 2005	April 2005	May 2005	June 2005	July 2005
es and Use							
Balance of Bond Fund	\$ 1,159,712.64	\$ 1,885,215.03	\$ 1,382,866.25	\$ 1,369,897.05	\$ (3,207,516.13)	\$ 1,252,813.47	\$ 1,314,571.95
Payments made to Trustee	\$ -	\$ -	\$ -	\$ -	\$ 4,593,447.19		
Total money associated with Kansas Speedway	\$ 1,783,818.84	\$ 2,656,205.13	\$ 1,938,997.40	\$ 1,925,094.10	\$ 1,949,737.91	\$ 1,756,207.36	\$ 1,849,692.60
State tax amount (to bond fund)	\$ 1,159,712.64	\$ 1,885,215.03	\$ 1,382,866.25	\$ 1,369,897.05	\$ 1,385,931.06	\$ 1,252,813.47	\$ 1,314,571.95
Amount to pay off bonds	\$ 611,084.85	\$ 751,042.80	\$ 541,458.00	\$ 540,571.25	\$ 549,005.37	\$ 490,046.63	\$ 521,038.16
Kansas City's City tax	\$ 397,477.88	\$ 424,971.45	\$ 301,601.53	\$ 301,488.66	\$ 307,051.18	\$ 271,852.59	\$ 290,836.95
Jayadotte County's County Tax	\$ 213,606.97	\$ 326,071.35	\$ 239,856.47	\$ 239,082.59	\$ 241,954.19	\$ 218,194.04	\$ 230,201.21
County Share	\$ 47,349.78	\$ 74,578.21	\$ 54,859.36	\$ 54,682.36	\$ 55,339.13	\$ 49,904.79	\$ 52,651.03
KCK Share	\$ 166,257.19	\$ 251,493.14	\$ 184,997.11	\$ 184,400.23	\$ 186,615.06	\$ 168,289.25	\$ 177,550.18
Distributed to other entities	\$ 13,021.35	\$ 19,947.30	\$ 14,673.15	\$ 14,625.80	\$ 14,801.48	\$ 13,347.26	\$ 14,082.49
Bonner Springs	\$ 7,639.09	\$ 11,548.51	\$ 8,495.04	\$ 8,467.63	\$ 8,569.33	\$ 7,727.80	\$ 8,153.08
Edwardsville	\$ 5,322.90	\$ 8,306.50	\$ 6,110.22	\$ 6,090.50	\$ 6,163.66	\$ 5,558.39	\$ 5,864.25
Lake Quivera	\$ 59.36	\$ 92.29	\$ 67.89	\$ 67.67	\$ 68.49	\$ 123.07	\$ 65.16
State Tax							
Total money associated with Kansas Speedway	\$ 1,771,477.20	\$ 2,627,593.53	\$ 1,910,346.25	\$ 1,899,411.93	\$ 1,924,892.38	\$ 1,736,726.48	\$ 1,829,347.88
State tax amount (to bond fund)	\$ 1,151,038.45	\$ 1,865,079.83	\$ 1,362,755.88	\$ 1,351,860.10	\$ 1,368,489.32	\$ 1,239,124.86	\$ 1,300,184.27
Amount to pay off bonds	\$ 607,511.42	\$ 742,785.37	\$ 533,135.94	\$ 533,122.27	\$ 541,791.28	\$ 484,402.54	\$ 515,237.60
Kansas City's City tax	\$ 395,446.72	\$ 420,293.61	\$ 296,854.83	\$ 297,247.71	\$ 302,937.94	\$ 268,642.04	\$ 287,594.26
Jayadotte County's County Tax	\$ 212,064.70	\$ 322,491.76	\$ 236,281.11	\$ 235,874.56	\$ 238,853.34	\$ 215,760.50	\$ 227,643.34
County Share	\$ 47,007.91	\$ 73,759.49	\$ 54,041.61	\$ 53,948.62	\$ 54,629.92	\$ 49,348.19	\$ 52,066.00
KCK Share	\$ 165,056.79	\$ 248,732.27	\$ 182,239.50	\$ 181,925.94	\$ 184,223.42	\$ 166,412.31	\$ 175,577.34
Distributed to other entities	\$ 12,927.33	\$ 19,728.33	\$ 14,454.43	\$ 14,429.56	\$ 14,611.78	\$ 13,199.08	\$ 13,926.01
Bonner Springs	\$ 7,583.93	\$ 11,421.74	\$ 8,368.41	\$ 8,354.01	\$ 8,459.51	\$ 7,641.62	\$ 8,062.48
Edwardsville	\$ 5,284.47	\$ 8,215.31	\$ 6,019.14	\$ 6,008.78	\$ 6,084.66	\$ 5,496.39	\$ 5,799.09
Lake Quivera	\$ 58.93	\$ 91.28	\$ 66.88	\$ 66.77	\$ 67.61	\$ 61.07	\$ 64.44
Local Tax							
Total money associated with Kansas Speedway	\$ 12,341.64	\$ 28,611.60	\$ 28,651.15	\$ 25,682.17	\$ 24,845.53	\$ 19,480.88	\$ 20,344.72
State tax amount (to bond fund)	\$ 8,674.19	\$ 20,135.20	\$ 20,110.37	\$ 18,036.95	\$ 17,441.74	\$ 13,688.61	\$ 14,387.68
Amount to pay off bonds	\$ 3,573.43	\$ 8,257.43	\$ 8,322.06	\$ 7,448.98	\$ 7,214.09	\$ 5,644.09	\$ 5,800.56
Kansas City's City tax	\$ 2,031.16	\$ 4,677.84	\$ 4,746.70	\$ 4,240.95	\$ 4,113.24	\$ 3,210.55	\$ 3,242.69
Jayadotte County's County Tax	\$ 1,542.27	\$ 3,579.59	\$ 3,575.36	\$ 3,208.03	\$ 3,100.85	\$ 2,433.54	\$ 2,557.87
County Share	\$ 341.87	\$ 818.72	\$ 817.75	\$ 733.74	\$ 709.21	\$ 556.60	\$ 585.03
KCK Share	\$ 1,200.40	\$ 2,760.87	\$ 2,757.61	\$ 2,474.29	\$ 2,391.64	\$ 1,876.94	\$ 1,972.84
Distributed to other entities	\$ 94.02	\$ 218.97	\$ 218.72	\$ 196.24	\$ 189.70	\$ 148.18	\$ 156.48
Bonner Springs	\$ 55.16	\$ 126.77	\$ 126.63	\$ 113.62	\$ 109.82	\$ 86.18	\$ 90.60
Edwardsville	\$ 38.43	\$ 91.19	\$ 91.08	\$ 81.72	\$ 79.00	\$ 62.00	\$ 65.16
Lake Quivera	\$ 0.43	\$ 1.01	\$ 1.01	\$ 0.90	\$ 0.88	\$ 0.68	\$ 0.72

Kansas Department of Revenue
Office of Policy and Research
Sales and Use Tax Distributions - Kansas Speedway

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	August 2005	September 2005	October 2005	November 2005	December 2005	Cy 2005 Total	Running Total
Balance of Bond Fund	\$ 1,482,473.70	\$ 2,039,960.57	\$ 1,583,306.44	\$ 1,574,267.46	\$ (10,651,217.05)	\$ 1,186,351.38	\$ 6,516,402.43
Payments made to Trustee							
Total money associated with Kansas Speedway	\$ 2,093,373.90	\$ 2,886,645.50	\$ 2,238,411.53	\$ 2,219,055.50	\$ 13,342,282.25	\$17,935,729.44	\$43,189,130.35
Available tax amount (to bond fund)	\$ 1,482,473.70	\$ 2,039,960.57	\$ 1,583,306.44	\$ 1,574,267.46	\$ 3,813,842.96	\$27,111,082.73	\$ 68,190,020.67
Amount to pay off bonds	\$ 594,711.49	\$ 824,324.22	\$ 637,687.17	\$ 627,469.51	\$ 2,691,065.20	\$ 19,122,080.82	\$ 49,705,532.78
Kansas City's City tax	\$ 332,875.91	\$ 462,662.65	\$ 355,970.27	\$ 347,360.12	\$ 1,093,135.37	\$ 7,781,574.82	\$ 17,982,764.81
Wyandotte County's County Tax	\$ 261,835.58	\$ 361,661.57	\$ 281,716.90	\$ 280,109.39	\$ 613,700.36	\$ 4,407,849.55	\$ 9,697,489.96
County Share	\$ 59,927.82	\$ 82,775.58	\$ 64,478.18	\$ 64,110.26	\$ 109,731.06	\$ 3,373,725.27	\$ 8,285,274.85
KCK Share	\$ 201,907.76	\$ 278,885.99	\$ 217,238.72	\$ 215,999.13	\$ 369,703.95	\$ 2,603,337.71	\$ 6,410,782.51
Distributed to other entities	\$ 16,188.71	\$ 22,360.71	\$ 17,417.92	\$ 17,318.53	\$ 29,642.39	\$ 207,427.09	\$ 501,723.08
Bonner Springs	\$ 9,392.93	\$ 12,974.02	\$ 10,106.14	\$ 10,048.48	\$ 17,198.96	\$ 120,321.01	\$ 294,923.21
Edwardsville	\$ 6,721.45	\$ 9,284.03	\$ 7,231.81	\$ 7,190.54	\$ 12,307.33	\$ 86,151.58	\$ 204,504.07
Lake Quivera	\$ 74.33	\$ 102.66	\$ 79.97	\$ 79.51	\$ 136.10	\$ 955.18	\$ 2,296.48
Total							
Total	\$ 2,065,374.50	\$ 2,876,018.10	\$ 2,223,859.29	\$ 2,189,434.82	\$ 3,802,495.10	\$ 26,856,977.46	\$67,590,109.28
Available tax amount (to bond fund)	\$ 1,462,823.28	\$ 2,032,499.74	\$ 1,573,088.93	\$ 1,553,473.48	\$ 2,683,098.72	\$ 18,943,516.86	\$49,276,663.72
Amount to pay off bonds	\$ 586,578.52	\$ 821,239.59	\$ 633,464.67	\$ 618,871.23	\$ 1,089,841.50	\$ 7,707,981.93	\$17,816,352.48
Kansas City's City tax	\$ 328,236.71	\$ 460,903.42	\$ 353,563.02	\$ 342,456.33	\$ 611,821.78	\$ 4,365,998.37	\$9,607,571.86
Wyandotte County's County Tax	\$ 258,341.81	\$ 360,336.17	\$ 279,901.65	\$ 276,414.90	\$ 478,019.72	\$ 3,341,983.56	\$8,208,780.63
County Share	\$ 59,128.18	\$ 82,472.23	\$ 64,062.71	\$ 63,264.68	\$ 109,407.14	\$ 763,136.68	\$1,857,114.72
KCK Share	\$ 199,213.63	\$ 277,863.94	\$ 215,838.94	\$ 213,150.22	\$ 368,612.58	\$ 2,578,846.88	\$6,351,500.22
Distributed to other entities	\$ 15,972.70	\$ 22,278.77	\$ 17,305.69	\$ 17,090.11	\$ 29,554.88	\$ 205,478.67	\$497,093.08
Bonner Springs	\$ 9,267.60	\$ 12,926.48	\$ 10,041.02	\$ 9,915.94	\$ 17,148.19	\$ 119,190.93	\$292,206.84
Edwardsville	\$ 6,631.76	\$ 9,250.00	\$ 7,185.21	\$ 7,095.70	\$ 12,270.99	\$ 85,341.50	\$202,610.80
Lake Quivera	\$ 73.34	\$ 102.29	\$ 79.46	\$ 78.47	\$ 135.70	\$ 946.24	\$2,275.44
Total	\$ 27,999.40	\$ 10,627.40	\$ 14,552.24	\$ 29,620.68	\$ 11,347.86	\$254,105.27	\$599,911.39
Available tax amount (to bond fund)	\$ 19,650.42	\$ 7,460.83	\$ 10,217.51	\$ 20,793.98	\$ 7,966.48	\$ 178,563.96	\$428,869.06
Amount to pay off bonds	\$ 8,132.97	\$ 3,084.63	\$ 4,222.50	\$ 8,598.28	\$ 3,293.87	\$ 73,592.89	\$166,412.33
Kansas City's City tax	\$ 4,639.20	\$ 1,759.23	\$ 2,407.25	\$ 4,903.79	\$ 1,878.58	\$ 41,851.18	\$89,918.11
Wyandotte County's County Tax	\$ 3,493.77	\$ 1,325.40	\$ 1,815.25	\$ 3,694.49	\$ 1,415.29	\$ 31,741.71	\$76,494.22
County Share	\$ 799.64	\$ 303.35	\$ 415.47	\$ 845.58	\$ 323.92	\$ 7,250.88	\$17,211.93
KCK Share	\$ 2,694.13	\$ 1,022.05	\$ 1,399.78	\$ 2,848.91	\$ 1,091.37	\$ 24,490.83	\$59,282.29
Distributed to other entities	\$ 216.01	\$ 81.94	\$ 112.23	\$ 228.42	\$ 87.51	\$ 1,948.42	\$4,630.00
Bonner Springs	\$ 125.33	\$ 47.54	\$ 65.12	\$ 132.54	\$ 50.77	\$ 1,130.08	\$2,716.37
Edwardsville	\$ 89.69	\$ 34.03	\$ 46.60	\$ 94.84	\$ 36.34	\$ 810.08	\$1,893.27
Lake Quivera	\$ 0.99	\$ 0.37	\$ 0.51	\$ 1.04	\$ 0.40	\$ 8.94	\$21.04

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Kansas Department of Revenue
Office of Policy and Research
Sales and Use Tax Distributions - Kansas Speedway

	January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	July 2006
Balance of Bond Fund	\$ 2,059,471.12	\$ 2,432,684.51	\$ 1,806,353.38	\$ 1,696,209.91	\$ (3,178,856.73)	\$ 1,911,007.35	\$ 1,842,123.38
Payments made to Trustee	\$ -	\$ -	\$ -	\$ -	\$ 5,119,736.55		
Total money associated with Kansas Speedway	\$ 2,923,298.03	\$ 3,445,844.50	\$ 2,559,072.07	\$ 2,409,763.69	\$ 2,748,192.96	\$ 2,702,374.09	\$ 2,615,195.39
State tax amount (to bond fund)	\$ 2,059,471.12	\$ 2,432,684.51	\$ 1,806,353.38	\$ 1,696,209.91	\$ 1,940,879.82	\$ 1,911,007.35	\$ 1,842,123.38
Amount to pay off bonds	\$ 840,908.95	\$ 986,515.60	\$ 732,805.27	\$ 694,728.18	\$ 786,040.30	\$ 770,433.63	\$ 752,661.52
Kansas City's City tax	\$ 461,728.10	\$ 552,988.42	\$ 408,796.61	\$ 388,419.47	\$ 439,912.61	\$ 429,833.44	\$ 420,564.91
Wandolte County's County Tax	\$ 370,674.37	\$ 433,527.18	\$ 324,008.66	\$ 306,308.71	\$ 346,127.69	\$ 340,600.19	\$ 332,096.61
County Share	\$ 84,838.39	\$ 97,336.44	\$ 72,747.12	\$ 68,773.09	\$ 77,713.33	\$ 76,472.30	\$ 74,563.06
KCK Share	\$ 285,835.98	\$ 336,190.74	\$ 251,261.54	\$ 237,535.62	\$ 268,414.36	\$ 264,127.89	\$ 257,533.55
Distributed to other entities	\$ 22,917.96	\$ 26,644.39	\$ 19,913.42	\$ 18,825.60	\$ 21,272.84	\$ 20,933.11	\$ 20,410.49
Bonner Springs	\$ 13,297.34	\$ 15,590.31	\$ 11,651.85	\$ 11,015.34	\$ 12,447.28	\$ 12,248.51	\$ 11,942.71
Edwardsville	\$ 9,515.39	\$ 10,926.81	\$ 8,166.45	\$ 7,720.34	\$ 8,723.95	\$ 8,584.62	\$ 8,370.30
Lake Quivera	\$ 105.23	\$ 127.27	\$ 95.12	\$ 89.92	\$ 101.61	\$ 293.73	\$ 97.48
State Tax	\$ 2,801,165.76	\$ 3,312,636.67	\$ 2,511,328.14	\$ 2,345,601.37	\$ 2,699,317.60	\$ 2,640,039.32	\$ 2,580,874.95
State tax amount (to bond fund)	\$ 1,973,760.66	\$ 2,339,173.56	\$ 1,772,837.33	\$ 1,651,168.25	\$ 1,906,505.63	\$ 1,867,248.59	\$ 1,818,019.96
Amount to pay off bonds	\$ 805,428.77	\$ 947,840.28	\$ 718,943.52	\$ 676,099.57	\$ 771,914.62	\$ 752,335.64	\$ 742,707.80
Kansas City's City tax	\$ 449,984.10	\$ 530,934.56	\$ 400,892.19	\$ 377,796.87	\$ 431,896.57	\$ 419,513.40	\$ 414,895.32
Wandolte County's County Tax	\$ 355,444.67	\$ 416,905.72	\$ 318,051.33	\$ 298,302.70	\$ 340,018.05	\$ 332,822.24	\$ 327,812.48
County Share	\$ 81,352.69	\$ 93,604.56	\$ 71,409.56	\$ 66,975.56	\$ 76,341.58	\$ 74,725.97	\$ 73,601.17
KCK Share	\$ 274,091.98	\$ 323,301.16	\$ 246,641.77	\$ 231,327.14	\$ 263,676.47	\$ 258,096.27	\$ 254,211.31
Distributed to other entities	\$ 21,976.33	\$ 25,622.83	\$ 19,547.29	\$ 18,333.55	\$ 20,897.35	\$ 20,455.09	\$ 20,147.19
Bonner Springs	\$ 12,751.00	\$ 14,992.57	\$ 11,437.62	\$ 10,727.43	\$ 12,227.57	\$ 11,968.80	\$ 11,788.64
Edwardsville	\$ 9,124.43	\$ 10,507.87	\$ 8,016.30	\$ 7,518.55	\$ 8,569.96	\$ 8,388.59	\$ 8,262.32
Lake Quivera	\$ 100.90	\$ 122.39	\$ 93.37	\$ 87.57	\$ 99.82	\$ 97.70	\$ 96.23
Local Tax	\$ 122,132.27	\$ 133,207.83	\$ 47,743.93	\$ 64,162.32	\$ 48,875.36	\$ 62,334.77	\$ 34,320.44
State tax amount (to bond fund)	\$ 85,710.46	\$ 93,510.95	\$ 33,516.05	\$ 45,041.66	\$ 34,374.19	\$ 43,758.76	\$ 24,103.42
Amount to pay off bonds	\$ 35,480.18	\$ 38,675.32	\$ 13,861.75	\$ 18,628.61	\$ 14,125.68	\$ 18,097.99	\$ 9,953.72
Kansas City's City tax	\$ 20,250.48	\$ 22,053.86	\$ 7,904.42	\$ 10,622.60	\$ 8,016.04	\$ 10,320.04	\$ 5,669.59
Wandolte County's County Tax	\$ 15,229.70	\$ 16,621.46	\$ 5,957.33	\$ 8,006.01	\$ 6,109.64	\$ 7,777.95	\$ 4,284.13
County Share	\$ 3,485.70	\$ 3,731.88	\$ 1,337.56	\$ 1,797.53	\$ 1,371.75	\$ 1,746.33	\$ 961.89
KCK Share	\$ 11,744.00	\$ 12,889.58	\$ 4,619.77	\$ 6,208.48	\$ 4,737.89	\$ 6,031.62	\$ 3,322.24
Distributed to other entities	\$ 941.63	\$ 1,021.56	\$ 366.13	\$ 492.05	\$ 375.49	\$ 478.02	\$ 263.30
Bonner Springs	\$ 546.34	\$ 597.74	\$ 214.23	\$ 287.91	\$ 219.71	\$ 279.71	\$ 154.07
Edwardsville	\$ 390.96	\$ 418.94	\$ 150.15	\$ 201.79	\$ 153.99	\$ 196.03	\$ 107.98
Lake Quivera	\$ 4.33	\$ 4.88	\$ 1.75	\$ 2.35	\$ 1.79	\$ 2.28	\$ 1.25

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Kansas Department of Revenue
Office of Policy and Research
Sales and Use Tax Distributions - Kansas Speedway

	August 2006	September 2006	October 2006	November 2006	December 2006	CY 2006 Total	Running Total
Balance of Bond Fund	\$ 2,300,475.27	\$ -	\$ -	\$ -	\$ -	\$ 10,869,468.19	\$ 17,385,870.62
Payments made to Trustee						\$ 10,869,468.19	\$ 17,385,870.62
Total money associated with Kansas Speedway	\$ 3,259,727.56	\$ -	\$ -	\$ -	\$ -	\$ 5,119,736.55	\$ 48,308,866.90
State tax amount (to bond fund)	\$ 2,300,475.27	\$ -	\$ -	\$ -	\$ -	\$ 22,663,468.29	\$ 90,853,488.96
Amount to pay off bonds	\$ 933,854.86	\$ -	\$ -	\$ -	\$ -	\$ 15,989,204.74	\$ 65,694,737.52
Kansas City's City tax	\$ 523,462.66	\$ -	\$ -	\$ -	\$ -	\$ 6,497,948.34	\$ 24,480,713.12
Jaydon County's County Tax	\$ 410,392.20	\$ -	\$ -	\$ -	\$ -	\$ 3,634,212.70	\$ 13,331,702.66
County Share	\$ 92,178.11	\$ -	\$ -	\$ -	\$ -	\$ 2,863,735.61	\$ 11,149,010.46
KCK Share	\$ 318,214.09	\$ -	\$ -	\$ -	\$ -	\$ 644,621.84	\$ 2,518,948.49
Distributed to other entities	\$ 25,397.43	\$ -	\$ -	\$ -	\$ -	\$ 2,219,113.77	\$ 8,629,896.28
Bonner Springs	\$ 14,887.91	\$ -	\$ -	\$ -	\$ -	\$ 176,315.24	\$ 678,038.32
Edwardsville	\$ 10,387.27	\$ -	\$ -	\$ -	\$ -	\$ 103,081.25	\$ 398,004.46
Lake Quivera	\$ 122.25	\$ -	\$ -	\$ -	\$ -	\$ 72,395.13	\$ 276,899.20
						\$ 838.86	\$ 3,135.34
State Tax							
Total money associated with Kansas Speedway	\$ 3,205,439.76	\$ -	\$ -	\$ -	\$ -	\$ 22,096,403.57	\$ 89,686,512.85
State tax amount (to bond fund)	\$ 2,262,364.94	\$ -	\$ -	\$ -	\$ -	\$ 15,591,078.92	\$ 64,867,742.64
Amount to pay off bonds	\$ 918,096.41	\$ -	\$ -	\$ -	\$ -	\$ 6,333,366.61	\$ 24,149,719.09
Kansas City's City tax	\$ 514,475.08	\$ -	\$ -	\$ -	\$ -	\$ 3,540,388.09	\$ 13,147,959.95
Jaydon County's County Tax	\$ 403,621.33	\$ -	\$ -	\$ -	\$ -	\$ 2,792,978.52	\$ 11,001,759.15
County Share	\$ 90,657.30	\$ -	\$ -	\$ -	\$ -	\$ 628,668.39	\$ 2,485,783.11
KCK Share	\$ 312,964.03	\$ -	\$ -	\$ -	\$ -	\$ 2,164,310.13	\$ 8,515,810.35
Distributed to other entities	\$ 24,978.41	\$ -	\$ -	\$ -	\$ -	\$ 171,958.04	\$ 669,051.12
Bonner Springs	\$ 14,642.29	\$ -	\$ -	\$ -	\$ -	\$ 100,535.92	\$ 392,742.76
Edwardsville	\$ 10,215.89	\$ -	\$ -	\$ -	\$ -	\$ 70,603.91	\$ 273,214.71
Lake Quivera	\$ 120.23	\$ -	\$ -	\$ -	\$ -	\$ 818.21	\$ 3,093.65
State Tax							
Total money associated with Kansas Speedway	\$ 54,287.80	\$ -	\$ -	\$ -	\$ -	\$ 567,064.72	\$ 1,166,976.11
State tax amount (to bond fund)	\$ 38,110.33	\$ -	\$ -	\$ -	\$ -	\$ 398,125.82	\$ 826,994.88
Amount to pay off bonds	\$ 15,758.45	\$ -	\$ -	\$ -	\$ -	\$ 164,581.70	\$ 330,994.03
Kansas City's City tax	\$ 8,987.58	\$ -	\$ -	\$ -	\$ -	\$ 93,824.61	\$ 183,742.72
Jaydon County's County Tax	\$ 6,770.87	\$ -	\$ -	\$ -	\$ -	\$ 70,757.09	\$ 147,251.31
County Share	\$ 1,520.81	\$ -	\$ -	\$ -	\$ -	\$ 15,953.45	\$ 33,165.38
KCK Share	\$ 5,250.06	\$ -	\$ -	\$ -	\$ -	\$ 54,803.64	\$ 114,085.93
Distributed to other entities	\$ 419.02	\$ -	\$ -	\$ -	\$ -	\$ 4,357.20	\$ 8,987.20
Bonner Springs	\$ 245.62	\$ -	\$ -	\$ -	\$ -	\$ 2,545.33	\$ 5,261.70
Edwardsville	\$ 171.38	\$ -	\$ -	\$ -	\$ -	\$ 1,791.22	\$ 3,684.49
Lake Quivera	\$ 2.02	\$ -	\$ -	\$ -	\$ -	\$ 20.65	\$ 41.69

	CY 2001	CY 2002	CY 2003
Sales and Use			
<i>Balance of Bond Fund</i>	\$ 1,248,882.36	\$ 2,375,805.00	\$ 574,443.30
<i>Payments made to Trustee</i>	\$ 261,878.43	\$ 36,913.23	\$ 7,610,720.57
Total money associated with Kansas Speedway	\$ 2,132,615.55	\$ 3,308,376.04	\$ 11,092,350.26
State tax amount (to bond fund)	\$ 1,510,760.79	\$ 2,412,718.23	\$ 8,185,163.87
Amount to pay off bonds	\$ 604,317.95	\$ 870,239.29	\$ 2,826,853.61
Kansas City's City tax	\$ 310,891.12	\$ 439,739.20	\$ 1,454,041.99
Wyandotte County's County Tax	\$ 293,426.83	\$ 430,500.09	\$ 1,372,811.62
County Share	\$ 49,013.59	\$ 97,855.92	\$ 332,565.95
KCK Share	\$ 244,247.55	\$ 332,644.17	\$ 1,040,245.67
Distributed to other entities	\$ 17,536.81	\$ 25,418.52	\$ 80,332.78
Bonner Springs	\$ 10,731.73	\$ 15,279.07	\$ 48,083.51
Edwardsville	\$ 6,730.56	\$ 10,026.83	\$ 31,879.15
Lake Quivera	\$ 74.52	\$ 112.62	\$ 370.12
Sales Tax			
Total money associated with Kansas Speedway	\$ 2,115,689.21	\$ 3,276,909.81	\$ 11,039,427.42
State tax amount (to bond fund)	\$ 1,498,408.93	\$ 2,390,213.54	\$ 8,146,740.79
Amount to pay off bonds	\$ 599,865.15	\$ 861,524.07	\$ 2,812,754.13
Kansas City's City tax	\$ 308,640.16	\$ 435,241.37	\$ 1,446,792.11
Wyandotte County's County Tax	\$ 291,225.00	\$ 426,282.70	\$ 1,365,962.02
County Share	\$ 48,557.16	\$ 96,897.31	\$ 331,005.54
KCK Share	\$ 242,502.15	\$ 329,385.39	\$ 1,034,956.48
Distributed to other entities	\$ 17,415.13	\$ 25,172.20	\$ 79,932.50
Bonner Springs	\$ 10,657.26	\$ 15,129.79	\$ 47,845.29
Edwardsville	\$ 6,683.87	\$ 9,930.76	\$ 31,718.94
Lake Quivera	\$ 74.00	\$ 111.65	\$ 368.27
Use Tax			
Total money associated with Kansas Speedway	\$ 16,926.34	\$ 31,466.23	\$ 52,922.84
State tax amount (to bond fund)	\$ 12,351.86	\$ 22,504.69	\$ 38,423.08
Amount to pay off bonds	\$ 4,452.80	\$ 8,715.22	\$ 14,099.48
Kansas City's City tax	\$ 2,250.97	\$ 4,497.83	\$ 7,249.88
Wyandotte County's County Tax	\$ 2,201.83	\$ 4,217.39	\$ 6,849.60
County Share	\$ 456.43	\$ 958.61	\$ 1,560.41
KCK Share	\$ 1,745.40	\$ 3,258.78	\$ 5,289.19
Distributed to other entities	\$ 121.68	\$ 246.32	\$ 400.28
Bonner Springs	\$ 74.47	\$ 149.28	\$ 238.22
Edwardsville	\$ 46.69	\$ 96.07	\$ 160.21
Lake Quivera	\$ 0.52	\$ 0.97	\$ 1.85

CY 2004	CY2005	CY 2006	TOTAL	Balance in fund
\$ 1,130,920.39	\$ 1,186,351.38	\$ 10,869,468.19	\$ 17,385,870.62	
\$ 17,343,888.68	\$ 17,935,729.44	\$ 5,119,736.55	\$ 48,308,866.90	\$ 17,385,870.62
\$ 24,545,596.09	\$ 27,111,082.73	\$ 22,663,468.29	\$ 90,853,488.96	
\$ 18,474,809.07	\$ 19,122,080.82	\$ 15,989,204.74	\$ 65,694,737.52	
\$ 5,899,779.14	\$ 7,781,574.82	\$ 6,497,948.31	\$ 24,480,713.12	
\$ 3,084,968.10	\$ 4,407,849.55	\$ 3,634,212.70	\$ 13,331,702.66	
\$ 2,814,811.04	\$ 3,373,725.27	\$ 2,863,735.61	\$ 11,149,010.46	
\$ 624,503.63	\$ 770,387.56	\$ 644,621.84	\$ 2,518,948.49	
\$ 2,190,307.41	\$ 2,603,337.71	\$ 2,219,113.77	\$ 8,629,896.28	
\$ 171,007.88	\$ 207,427.09	\$ 176,315.24	\$ 678,038.32	
\$ 100,507.89	\$ 120,321.01	\$ 103,081.25	\$ 398,004.46	
\$ 69,715.95	\$ 86,151.58	\$ 72,395.13	\$ 276,899.20	
\$ 784.04	\$ 955.18	\$ 838.86	\$ 3,135.34	
\$ 24,301,105.38	\$ 26,856,977.46	\$ 22,096,403.57	\$ 89,686,512.85	
\$ 18,297,783.60	\$ 18,943,516.86	\$ 15,591,078.92	\$ 64,867,742.64	
\$ 5,834,227.20	\$ 7,707,981.93	\$ 6,333,366.61	\$ 24,149,719.09	
\$ 3,050,899.85	\$ 4,365,998.37	\$ 3,540,388.09	\$ 13,147,959.95	
\$ 2,783,327.35	\$ 3,341,983.56	\$ 2,792,978.52	\$ 11,001,759.15	
\$ 617,518.03	\$ 763,136.68	\$ 628,668.39	\$ 2,485,783.11	
\$ 2,165,809.32	\$ 2,578,846.88	\$ 2,164,310.13	\$ 8,515,810.35	
\$ 169,094.58	\$ 205,478.67	\$ 171,958.04	\$ 669,051.12	
\$ 99,383.57	\$ 119,190.93	\$ 100,535.92	\$ 392,742.76	
\$ 68,935.73	\$ 85,341.50	\$ 70,603.91	\$ 273,214.71	
\$ 775.28	\$ 946.24	\$ 818.21	\$ 3,093.65	
\$ 244,490.71	\$ 254,105.27	\$ 567,064.72	\$ 1,166,976.11	
\$ 177,025.47	\$ 178,563.96	\$ 398,125.82	\$ 826,994.88	
\$ 65,551.94	\$ 73,592.89	\$ 164,581.70	\$ 330,994.03	
\$ 34,068.25	\$ 41,851.18	\$ 93,824.61	\$ 183,742.72	
\$ 31,483.69	\$ 31,741.71	\$ 70,757.09	\$ 147,251.31	
\$ 6,985.60	\$ 7,250.88	\$ 15,953.45	\$ 33,165.38	
\$ 24,498.09	\$ 24,490.83	\$ 54,803.64	\$ 114,085.93	
\$ 1,913.30	\$ 1,948.42	\$ 4,357.20	\$ 8,987.20	
\$ 1,124.32	\$ 1,130.08	\$ 2,545.33	\$ 5,261.70	
\$ 780.22	\$ 810.08	\$ 1,791.22	\$ 3,684.49	
\$ 8.76	\$ 8.94	\$ 20.65	\$ 41.69	

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<i>Unified Government of Wyandotte County / Kansas City, Kansas</i>			
<i>Star Bond Payment History</i>			
<i>(2006 Numbers are through August 31, 2006)</i>			
<i>Issue</i>	<i>Year</i>	<i>Interest Paid</i>	<i>Principal Paid</i>
1st Lien Series 2005 A	2005	\$355,204.99	\$0.00
	2006	\$541,836.75	\$580,000.00
1st Lien Series 2005 B	2005	\$619,377.08	\$0.00
	2006	\$944,812.50	\$0.00
1st Lien Series 2005 C	2005	\$217,496.13	\$0.00
	2006	\$331,773.75	\$0.00
2nd Lien Series 2005	2005	\$2,799,599.17	\$0.00
	2006	\$4,270,575.00	\$0.00
KISC Series 1999 Bonds	1999	\$642,042.33	\$0.00
	2000	\$731,442.50	\$0.00
	2001	\$731,442.50	\$0.00
	2002	\$731,442.50	\$0.00
	2003	\$731,442.50	\$0.00
	2004	\$731,442.50	\$0.00
	2005	\$731,442.50	\$0.00
KISC Series 2002 Bonds	2003	\$433,620.06	\$560,000.00
	2004	\$370,222.50	\$685,000.00
	2005	\$334,260.00	\$805,000.00
	2006	\$144,992.50	\$0.00
NFM Star Bonds (Paid in full 08/03/2005)	2003	\$402,345.67	\$0.00
	2004	\$4,672,401.30	\$610,000.00
	2005	\$3,111,097.35	\$63,695,000.00
NFM Star Bonds (Deferred Interest) (Paid in full 08/03/2005)	2003	\$0.00	\$0.00
	2004	\$5,669,884.74	\$0.00
	2005	\$5,203,339.00	\$0.00
Cabela's C1 Star Bonds (Paid in full 08/03/2005)	2002	\$1,873,634.34	\$0.00
	2003	\$2,937,291.79	\$1,145,000.00
	2004	\$3,214,053.69	\$1,485,000.00
	2005	\$2,120,212.99	\$48,870,000.00
Cabela's C2 Star Bonds (Paid in full 12/01/2005)	2002	\$392.57	\$0.00
	2003	\$271,969.82	\$429,816.20
	2004	\$804,784.91	\$1,109,923.06
	2005	\$664,787.15	\$8,460,260.74

RED Series 2003 Star Bonds	2003	\$786,399.40	\$370,000.00
(Paid in full 12/01/2005)	2004	\$1,499,200.58	\$780,000.00
	2005	\$1,676,267.53	\$44,411,274.82
RED Series 2005 Star Bonds	2005	\$403,961.09	\$47,200,000.00
(Paid in full 08/03/2005)			
Beaumont Star Bonds	2003	\$21,687.87	\$0.00
(Paid in full 08/03/2005)	2004	\$118,370.17	\$0.00
	2005	\$111,727.21	\$3,000,000.00

<i>UG STAR BONDS</i>					
<i>1st Lien Series 2005 A</i>					
<i>Issue 6920</i>					
PAYMENT	PRINCIPAL	INTEREST	TOTAL	TOTAL DEBT	OUTSTANDING
DATE	AMOUNT	RATE	INTEREST	SERVICE	
12/01/05			355,204.09	355,204.09	23,205,000.00
06/01/06	580,000.00	4.670%	541,836.75	1,121,836.75	22,625,000.00
12/01/06			528,293.75	528,293.75	22,625,000.00
06/01/07			528,293.75	528,293.75	22,625,000.00
12/01/07	6,355,000.00	4.670%	528,293.75	6,883,293.75	16,270,000.00
06/01/08			379,904.50	379,904.50	16,270,000.00
12/01/08	7,760,000.00	4.670%	379,904.50	8,139,904.50	8,510,000.00
06/01/09			198,708.50	198,708.50	8,510,000.00
12/01/09	8,510,000.00	4.670%	198,708.50	8,708,708.50	0.00
TOTALS	23,205,000.00		3,639,148.09	26,844,148.09	

UG STAR BONDS					
1st Lien Series 2005 B					
Issue 6921					
PAYMENT	PRINCIPAL	INTEREST	TOTAL	TOTAL DEBT	OUTSTANDING
DATE	AMOUNT	RATE	INTEREST	SERVICE	
12/01/05			619,377.08	619,377.08	50,390,000.00
06/01/06			944,812.50	944,812.50	50,390,000.00
12/01/06			944,812.50	944,812.50	50,390,000.00
06/01/07			944,812.50	944,812.50	50,390,000.00
12/01/07			944,812.50	944,812.50	50,390,000.00
06/01/08			944,812.50	944,812.50	50,390,000.00
12/01/08			944,812.50	944,812.50	50,390,000.00
06/01/09			944,812.50	944,812.50	50,390,000.00
12/01/09			944,812.50	944,812.50	50,390,000.00
06/01/10			944,812.50	944,812.50	50,390,000.00
12/01/10	15,425,000.00	3.750%	944,812.50	16,369,812.50	34,965,000.00
06/01/11			655,593.75	655,593.75	34,965,000.00
12/01/11	16,780,000.00	3.750%	655,593.75	17,435,593.75	18,185,000.00
06/01/12			340,968.75	340,968.75	18,185,000.00
12/01/12	18,185,000.00	3.750%	340,968.75	18,525,968.75	0.00
TOTALS	50,390,000.00		12,060,627.08	62,450,627.08	

UG STAR BONDS					
1st Lien Series 2005 C					
Issue 6922					
PAYMENT DATE	PRINCIPAL AMOUNT	INTEREST RATE	TOTAL INTEREST	TOTAL DEBT SERVICE	OUTSTANDING
12/01/05			217,496.13	217,496.13	17,235,000.00
06/01/06			331,773.75	331,773.75	17,235,000.00
12/01/06			331,773.75	331,773.75	17,235,000.00
06/01/07			331,773.75	331,773.75	17,235,000.00
12/01/07			331,773.75	331,773.75	17,235,000.00
06/01/08			331,773.75	331,773.75	17,235,000.00
12/01/08			331,773.75	331,773.75	17,235,000.00
06/01/09			331,773.75	331,773.75	17,235,000.00
12/01/09			331,773.75	331,773.75	17,235,000.00
06/01/10			331,773.75	331,773.75	17,235,000.00
12/01/10			331,773.75	331,773.75	17,235,000.00
06/01/11			331,773.75	331,773.75	17,235,000.00
12/01/11			331,773.75	331,773.75	17,235,000.00
06/01/12			331,773.75	331,773.75	17,235,000.00
12/01/12			331,773.75	331,773.75	17,235,000.00
06/01/13			331,773.75	331,773.75	17,235,000.00
12/01/13	17,235,000.00	3.850%	331,773.75	17,566,773.75	0.00
TOTALS	17,235,000.00		5,525,876.13	22,760,876.13	

<i>UG STAR BONDS</i>					
<i>2nd Lien Series 2005</i>					
<i>Issue 6923</i>					
PAYMENT DATE	PRINCIPAL AMOUNT	INTEREST RATE	TOTAL INTEREST	TOTAL DEBT SERVICE	OUTSTANDING
12/01/05			2,799,599.17	2,799,599.17	174,025,000.00
06/01/06			4,270,575.00	4,270,575.00	174,025,000.00
12/01/06			4,270,575.00	4,270,575.00	174,025,000.00
06/01/07			4,270,575.00	4,270,575.00	174,025,000.00
12/01/07			4,270,575.00	4,270,575.00	174,025,000.00
06/01/08			4,270,575.00	4,270,575.00	174,025,000.00
12/01/08			4,270,575.00	4,270,575.00	174,025,000.00
06/01/09			4,270,575.00	4,270,575.00	174,025,000.00
12/01/09			4,270,575.00	4,270,575.00	174,025,000.00
06/01/10			4,270,575.00	4,270,575.00	174,025,000.00
12/01/10			4,270,575.00	4,270,575.00	174,025,000.00
06/01/11			4,270,575.00	4,270,575.00	174,025,000.00
12/01/11			4,270,575.00	4,270,575.00	174,025,000.00
06/01/12			4,270,575.00	4,270,575.00	174,025,000.00
12/01/12			4,270,575.00	4,270,575.00	174,025,000.00
06/01/13			4,270,575.00	4,270,575.00	174,025,000.00
12/01/13			4,270,575.00	4,270,575.00	174,025,000.00
06/01/14			4,270,575.00	4,270,575.00	174,025,000.00
12/01/14	19,775,000.00	4.750%	4,270,575.00	24,045,575.00	154,250,000.00
06/01/15			3,800,918.75	3,800,918.75	154,250,000.00
12/01/15	21,330,000.00	4.750%	3,800,918.75	25,130,918.75	132,920,000.00
06/01/16			3,294,331.25	3,294,331.25	132,920,000.00
12/01/16	22,935,000.00	4.750%	3,294,331.25	26,229,331.25	109,985,000.00
06/01/17			2,749,625.00	2,749,625.00	109,985,000.00
12/01/17	24,625,000.00	5.000%	2,749,625.00	27,374,625.00	85,360,000.00
06/01/18			2,134,000.00	2,134,000.00	85,360,000.00
12/01/18	26,470,000.00	5.000%	2,134,000.00	28,604,000.00	58,890,000.00
06/01/19			1,472,250.00	1,472,250.00	58,890,000.00
12/01/19	28,415,000.00	5.000%	1,472,250.00	29,887,250.00	30,475,000.00
06/01/20			761,875.00	761,875.00	30,475,000.00
12/01/20	30,475,000.00	5.000%	761,875.00	31,236,875.00	0.00
TOTALS	174,025,000.00		108,095,949.17	282,120,949.17	

SERIES 2001 GENERAL BONDS					
UNREFUNDED BONDS			ISSUE 6050		
DEBT SERVICE SCHEDULE					
PAYMENT DATE	PRINCIPAL AMOUNT	INTEREST RATE	TOTAL INTEREST	TOTAL DEBT SERVICE	OUTSTANDING
12/01/04			589,914.38	589,914.38	24,365,000.00
06/01/05			589,914.38	589,914.38	24,365,000.00
12/01/05			589,914.38	589,914.38	24,365,000.00
06/01/06			589,914.38	589,914.38	24,365,000.00
12/01/06	390,000.00	4.000%	589,914.38	979,914.38	23,975,000.00
06/01/07			582,114.38	582,114.38	23,975,000.00
12/01/07	685,000.00	4.000%	582,114.38	1,267,114.38	23,290,000.00
06/01/08			568,414.38	568,414.38	23,290,000.00
12/01/08	995,000.00	4.125%	568,414.38	1,563,414.38	22,295,000.00
06/01/09			547,892.50	547,892.50	22,295,000.00
12/01/09	325,000.00	4.250%	547,892.50	1,802,892.50	21,040,000.00
12/01/09	930,000.00	5.000%			
06/01/10			517,736.25	517,736.25	21,040,000.00
12/01/10	585,000.00	4.350%	517,736.25	2,092,736.25	
12/01/10	990,000.00	5.000%			19,465,000.00
06/01/11			480,262.50	480,262.50	19,465,000.00
12/01/11	20,000.00	4.500%	480,262.50	2,090,262.50	17,855,000.00
12/01/11	1,590,000.00	4.250%			
06/01/12			446,025.00	446,025.00	17,855,000.00
12/01/12	710,000.00	4.600%	446,025.00	2,086,025.00	16,215,000.00
12/01/12	930,000.00	4.375%			
06/01/13			409,351.25	409,351.25	16,215,000.00
12/01/13	1,675,000.00	5.000%	409,351.25	2,084,351.25	14,540,000.00
06/01/14			367,476.25	367,476.25	14,540,000.00
12/01/14	1,775,000.00	5.000%	367,476.25	2,142,476.25	12,765,000.00
06/01/15			323,101.25	323,101.25	12,765,000.00
12/01/15	1,885,000.00	5.000%	323,101.25	2,208,101.25	10,880,000.00
06/01/16			275,976.25	275,976.25	10,880,000.00
12/01/16	1,995,000.00	5.000%	275,976.25	2,270,976.25	8,885,000.00
06/01/17			226,101.25	226,101.25	8,885,000.00
12/01/17	2,040,000.00	5.000%	226,101.25	2,266,101.25	6,845,000.00
06/01/18			175,101.25	175,101.25	6,845,000.00
12/01/18	2,160,000.00	5.125%	175,101.25	2,335,101.25	4,685,000.00
06/01/19			119,751.25	119,751.25	4,685,000.00
12/01/19	2,270,000.00	5.125%	119,751.25	2,389,751.25	2,415,000.00
06/01/20			61,582.50	61,582.50	2,415,000.00
12/01/20	2,415,000.00	5.100%	61,582.50	2,476,582.50	0.00
TOTALS	24,365,000.00		13,151,344.38	37,516,344.38	

Issue 6886 SRKC

EXHIBIT D-1

78-6886-10

THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

TAXABLE SPECIAL OBLIGATION REVENUE REFUNDING BONDS
(REDEVELOPMENT PROJECT AREA B) SERIES 2004

DEBT SERVICE ON THE BONDS

Debt Service Payment Date	Principal	Interest rate	Interest	Total Debt Service
12/1/2004			\$ 80,133.61	\$ 80,133.61
6/1/2005			141,412.25	141,412.25
12/1/2005			141,412.25	141,412.25
6/1/2006			141,412.25	141,412.25
12/1/2006	\$ 100,000	3.200%	141,412.25	241,412.25
6/1/2007			139,812.25	139,812.25
12/1/2007	130,000	3.620%	139,812.25	269,812.25
6/1/2008			137,459.25	137,459.25
12/1/2008	155,000	4.070%	137,459.25	292,459.25
6/1/2009			134,305.00	134,305.00
12/1/2009	205,000	4.330%	134,305.00	339,305.00
6/1/2010			129,866.75	129,866.75
12/1/2010	260,000	4.600%	129,866.75	389,866.75
6/1/2011			123,886.75	123,886.75
12/1/2011	310,000	4.790%	123,886.75	433,886.75
6/1/2012			116,462.25	116,462.25
12/1/2012	365,000	4.980%	116,462.25	481,462.25
6/1/2013			107,373.75	107,373.75
12/1/2013	420,000	5.120%	107,373.75	527,373.75
6/1/2014			96,621.75	96,621.75
12/1/2014	425,000	5.190%	96,621.75	521,621.75
6/1/2015			85,593.00	85,593.00
12/1/2015	425,000	5.540%	85,593.00	510,593.00
6/1/2016			73,820.50	73,820.50
12/1/2016	435,000	5.540%	73,820.50	508,820.50
6/1/2017			61,771.00	61,771.00
12/1/2017	515,000	5.540%	61,771.00	576,771.00
6/1/2018			47,505.50	47,505.50
12/1/2018	520,000	5.540%	47,505.50	567,505.50
6/1/2019			33,101.50	33,101.50
12/1/2019	555,000	5.540%	33,101.50	588,101.50
6/1/2020			17,728.00	17,728.00
12/1/2020	640,000	5.540%	17,728.00	657,728.00
	<u>\$ 5,460,000</u>		<u>\$ 3,256,397.11</u>	<u>\$ 8,716,397.11</u>

THE UNIFIED GOVERNMENT
 SALES TAX SPECIAL OBLIGATION REVENUE BONDS
 (KANSAS INT'L SPEEDWAY PROJECT)
 SERIES 1999

<u>DATE</u>	<u>PRINCIPAL (AND S.F. CALLS)</u>	<u>CUMULATIVE INTEREST</u>	<u>CAPITAL APPRECIATION BONDS CALL PRICE</u>	<u>TOTAL DUE</u>
12/01/01		\$365,721.25		\$ 365,721.25
06/01/02		\$365,721.25		\$ 365,721.25
12/01/02		\$365,721.25		\$ 365,721.25
06/01/03		\$365,721.25		\$ 365,721.25
12/01/03		\$365,721.25		\$ 365,721.25
06/01/04		\$365,721.25		\$ 365,721.25
12/01/04		\$365,721.25		\$ 365,721.25
06/01/05		\$365,721.25		\$ 365,721.25
12/01/05		\$365,721.25		\$ 365,721.25
06/01/06		\$365,721.25		\$ 365,721.25
12/01/06		\$365,721.25	\$373,859.10	\$ 739,580.35
06/01/07		\$365,721.25		\$ 365,721.25
12/01/07		\$365,721.25	\$424,632.00	\$ 790,353.25
06/01/08		\$365,721.25		\$ 365,721.25
12/01/08	\$5,000.00	\$365,721.25	\$658,041.75	\$ 1,028,763.00
06/01/09		\$365,616.25		\$ 365,616.25
12/01/09	\$65,000.00	\$365,616.25	\$765,566.20	\$ 1,196,182.45
06/01/10		\$364,251.25		\$ 364,251.25
12/01/10	\$115,000.00	\$364,251.25	\$792,014.10	\$ 1,271,265.35
06/01/11		\$361,807.50		\$ 361,807.50
12/01/11	\$170,000.00	\$361,807.50	\$827,798.40	\$ 1,359,605.90
06/01/12		\$358,088.75		\$ 358,088.75
12/01/12	\$230,000.00	\$358,088.75	\$860,652.50	\$ 1,448,741.25
06/01/13		\$352,913.75		\$ 352,913.75
12/01/13	\$295,000.00	\$352,913.75	\$904,219.50	\$ 1,552,133.25
06/01/14		\$346,128.75		\$ 346,128.75
12/01/14	\$365,000.00	\$346,128.75	\$945,000.00	\$ 1,656,128.75
06/01/15		\$337,460.00		\$ 337,460.00
12/01/15	\$445,000.00	\$337,460.00	\$993,125.10	\$ 1,775,585.10
06/01/16		\$326,891.25		\$ 326,891.25
12/01/16	\$535,000.00	\$326,891.25	\$1,041,574.40	\$ 1,903,465.65
06/01/17		\$314,185.00		\$ 314,185.00
12/01/17	\$630,000.00	\$314,185.00	\$1,088,085.20	\$ 2,032,270.20
06/01/18		\$298,750.00		\$ 298,750.00
12/01/18	\$710,000.00	\$298,750.00	\$1,123,077.15	\$ 2,131,827.15
06/01/19		\$281,000.00		\$ 281,000.00
12/01/19	\$800,000.00	\$281,000.00	\$1,158,719.40	\$ 2,239,719.40
06/01/20		\$261,000.00		\$ 261,000.00
12/01/20	\$895,000.00	\$261,000.00	\$1,200,000.00	\$ 2,356,000.00
06/01/21		\$238,625.00		\$ 238,625.00
12/01/21	\$995,000.00	\$238,625.00	\$1,249,355.80	\$ 2,482,980.80
06/01/22		\$213,750.00		\$ 213,750.00
12/01/22	\$1,105,000.00	\$213,750.00	\$1,284,930.45	\$ 2,603,680.45

06/01/23		\$186,125.00		\$ 186,125.00
12/01/23	\$1,220,000.00	\$186,125.00	\$1,332,959.20	\$ 2,739,084.20
06/01/24		\$155,625.00		\$ 155,625.00
12/01/24	\$1,345,000.00	\$155,625.00	\$1,373,896.05	\$ 2,874,521.05
06/01/25		\$122,000.00		\$ 122,000.00
12/01/25	\$1,480,000.00	\$122,000.00	\$1,419,925.50	\$ 3,021,925.50
06/01/26		\$85,000.00		\$ 85,000.00
12/01/26	\$1,625,000.00	\$85,000.00	\$1,466,962.05	\$ 3,176,962.05
06/01/27		\$44,375.00		\$ 44,375.00
12/01/27	\$1,775,000.00	\$44,375.00	\$5,900,000.00	\$ 7,719,375.00

KISC SUB BONDS SERIES 2002					
TAXABLE					
Trust Number 78-6055-10					
PAYMENT	PRINCIPAL	INTEREST	TOTAL	TOTAL DEBT	OUTSTANDING
DATE	AMOUNT	RATE	INTEREST	SERVICE	
06/01/03			234,508.81	234,508.81	6,320,000.00
12/01/03	560,000.00	5.00%	199,111.25	759,111.25	5,760,000.00
06/01/04			185,111.25	185,111.25	5,760,000.00
12/01/04	685,000.00	5.25%	185,111.25	870,111.25	5,075,000.00
06/01/05			167,130.00	167,130.00	5,075,000.00
12/01/05	805,000.00	5.50%	167,130.00	972,130.00	4,270,000.00
06/01/06			144,992.50	144,992.50	4,270,000.00
12/01/06	515,000.00	5.75%	144,992.50	659,992.50	3,755,000.00
06/01/07			130,186.25	130,186.25	3,755,000.00
12/01/07	535,000.00	6.00%	130,186.25	665,186.25	3,220,000.00
06/01/08			114,136.25	114,136.25	3,220,000.00
12/01/08	370,000.00	6.10%	114,136.25	484,136.25	2,850,000.00
06/01/09			102,851.25	102,851.25	2,850,000.00
12/01/09	260,000.00	6.20%	102,851.25	362,851.25	2,590,000.00
06/01/10			94,791.25	94,791.25	2,590,000.00
12/01/10	335,000.00	6.30%	94,791.25	429,791.25	2,255,000.00
06/01/11			84,238.75	84,238.75	2,255,000.00
12/01/11	310,000.00	6.40%	84,238.75	394,238.75	1,945,000.00
06/01/12			74,318.75	74,318.75	1,945,000.00
12/01/12	285,000.00	6.50%	74,318.75	359,318.75	1,660,000.00
06/01/13			65,056.25	65,056.25	1,660,000.00
12/01/13	250,000.00	7.75%	65,056.25	315,056.25	1,410,000.00
06/01/14			55,368.75	55,368.75	1,410,000.00
12/01/14	210,000.00	7.75%	55,368.75	265,368.75	1,200,000.00
06/01/15			47,231.25	47,231.25	1,200,000.00
12/01/15	260,000.00	7.75%	47,231.25	307,231.25	940,000.00
06/01/16			37,156.25	37,156.25	940,000.00
12/01/16	205,000.00	7.75%	37,156.25	242,156.25	735,000.00
06/01/17			29,212.50	29,212.50	735,000.00
12/01/17	150,000.00	7.75%	29,212.50	179,212.50	585,000.00
06/01/18			23,400.00	23,400.00	585,000.00
12/01/18	125,000.00	8.00%	23,400.00	148,400.00	460,000.00
06/01/19			18,400.00	18,400.00	460,000.00
12/01/19	90,000.00	8.00%	18,400.00	108,400.00	370,000.00
06/01/20			14,800.00	14,800.00	370,000.00
12/01/20	165,000.00	8.00%	14,800.00	179,800.00	205,000.00
06/01/21			8,200.00	8,200.00	205,000.00
12/01/21	120,000.00	8.00%	8,200.00	128,200.00	85,000.00
06/01/22			3,400.00	3,400.00	85,000.00
12/01/22	85,000.00	8.00%	3,400.00	88,400.00	0.00
TOTALS	6,320,000.00		3,233,582.56	9,553,582.56	

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Unified Government of Wyandotte County / Kansas City, Kansas						
Series 2005 STAR Bonds						
First Lien Series 2005 A, B & C						
Second Lien Series 2005						
Trustee Disclosure Report 1-Dec-05						
Account #	Account Name	Beginning Balance	Deposits	Interest Earnings	Withdrawals	Ending Balance
First Lien Bonds						
1692001	2005 A Theatre Site Fund	\$0.00	\$1,359,752.85	\$5,540.29	-\$1,154,000.00	\$211,293.14
1692003	2005 A Theatre Fund	\$0.00	\$6,649,334.85	\$27,598.78	-\$5,501,690.44	\$1,175,243.19
1692010	2005 A Debt Service Fund	\$0.00	\$355,165.35	\$81.67	-\$355,204.09	\$42.93
1692020	2005 A Reserve Fund	\$0.00	\$2,320,497.44	\$15,182.45	-\$15,176.05	\$2,320,503.84
1692045	2005 A Costs of Issuance Fund	\$0.00	\$172,519.87	\$138.46	-\$164,920.90	\$7,737.43
1692110	2005 B Debt Service Fund	\$0.00	\$619,283.38	\$197.56	-\$619,377.08	\$103.86
1692120	2005 B Reserve Fund	\$0.00	\$5,039,000.00	\$36,709.12	-\$36,709.12	\$5,039,000.00
1692145	2005 B Costs of Issuance Fund	\$0.00	\$371,837.47	\$272.43	-\$357,956.21	\$14,153.69
1692210	2005 C Debt Service Fund	\$0.00	\$217,466.75	\$105.31	-\$217,496.13	\$75.93
1692220	2005 C Reserve Fund	\$0.00	\$1,723,498.07	\$11,513.53	-\$11,508.69	\$1,723,502.91
1692245	2005 C Costs of Issuance Fund	\$0.00	\$127,180.37	\$92.20	-\$122,529.09	\$4,743.48
Second Lien Bonds						
1692300	2005 KCK Account	\$0.00	\$7,297,802.86	\$29,086.73	-\$5,159,347.96	\$2,167,541.63
1692301	2005 RED Site Account	\$0.00	\$23,953,365.12	\$185,342.68	-\$10,245,312.41	\$13,893,395.39
1692302	2005 Parking Garage Account	\$0.00	\$8,623,108.29	\$61,899.91	-\$4,276,470.56	\$4,408,537.64
1692304	2005 NFM Site Account	\$0.00	\$3,564,863.73	\$37,738.76	-\$359,459.87	\$3,243,142.62
1692305	2005 Cabela's Site Account	\$0.00	\$708,530.47	\$7,613.27	\$0.00	\$716,143.74
1692306	2005 Taxable RED Site Account	\$0.00	\$9,891,175.74	\$0.00	-\$672,854.40	\$9,218,321.34
1692310	2005 Debt Service Fund	\$0.00	\$15,044,574.62	\$1,331.58	-\$15,045,166.92	\$739.28
1692320	2005 Reserve Fund	\$0.00	\$17,402,500.00	\$131,533.90	-\$131,533.90	\$17,402,500.00
1692345	2005 Costs of Issuance Fund	\$0.00	\$1,004,534.93	\$786.54	-\$970,934.01	\$34,387.46

Continued Government of Wyandotte County / Kansas City, Kansas

Series 2005 STAR Bonds, First Lien Series 2005 A, B & C

and Lien Series 2005

Trustee Disclosure Report- As of - 1-Jun-06 EXHIBIT E 1

Account #	Account Name	Beginning Balance	Deposits*	Interest Earnings*	Withdrawals*	Ending Balance
(a) Project Funds						
1692001	2005 A Theatre Site Fund	\$211,293.14	\$0.00	\$1,947.19	-\$146,000.00	\$67,240.33
1692003	2005 A Theatre Fund	\$1,175,243.19	\$31,613.28	\$6,698.81	-\$1,213,540.02	\$15.26
1692300	2005 KCK Account	\$2,167,541.63	\$5,173,416.86	\$41,827.34	-\$5,296,008.56	\$2,086,777.27
1692301	2005 RED Site Account	\$13,893,395.39	\$5,020,428.00	\$108,989.40	-\$15,175,817.96	\$3,846,994.83
1692302	2005 Parking Garage Account	\$4,408,537.64	\$10,078.00	\$88,412.97	-\$66,634.70	\$4,440,393.91
1692304	2005 NFM Site Account	\$3,243,142.62	\$0.00	\$31,466.88	-\$2,439,599.60	\$835,009.90
1692305	2005 Cabela's Site Account	\$716,143.74	\$0.00	\$11,149.30	-\$444,039.07	\$283,253.97
1692306	2005 Taxable RED Site Account	\$9,319,260.84	\$0.00	\$142,986.74	-\$3,248,571.26	\$6,213,676.32
(b) Costs of Issuance Funds						
1692045	2005 A Costs of Issuance Fund	\$7,737.43	\$0.00	\$39.24	-\$7,761.48	\$15.19
1692145	2005 B Costs of Issuance Fund	\$14,153.69	\$0.00	\$71.77	-\$14,197.68	\$27.78
1692245	2005 C Costs of Issuance Fund	\$4,743.48	\$0.00	\$24.04	-\$4,758.22	\$9.30
1692345	2005 Costs of Issuance Fund	\$34,387.46	\$0.00	\$174.35	-\$34,494.33	\$67.48
(c) Debt Service Funds						
1692010	2005 A Debt Service Fund	\$42.93	\$1,121,600.34	\$374.23	-\$1,121,836.75	\$180.75
1692110	2005 B Debt Service Fund	\$103.86	\$944,195.70	\$962.97	-\$944,812.50	\$450.03
1692210	2005 C Debt Service Fund	\$75.93	\$331,496.19	\$356.17	-\$331,773.75	\$154.54
1692310	2005 Debt Service Fund	\$739.28	\$4,268,575.26	\$3,213.09	-\$4,270,575.00	\$1,952.63
(d) Debt Service Reserve Funds						
1692020	2005 A Reserve Fund	\$2,320,503.84	\$0.00	\$49,934.64	-\$49,934.58	\$2,320,503.90
1692120	2005 B Reserve Fund	\$5,039,000.00	\$0.00	\$110,127.35	-\$110,127.35	\$5,039,000.00
1692210	2005 C Debt Service Fund	\$75.93	\$331,496.19	\$356.17	-\$331,773.75	\$154.54
1692320	2005 Reserve Fund	\$17,402,500.00	\$0.00	\$394,601.69	-\$394,601.69	\$17,402,500.00

* For actual dates of individual transactions that make up this total, please see attached system generated Transaction Ledger which is organized by the account number listed above.

Copy to:
Robert North



County Administrator's Office
Dennis M. Hays, County Administrator

701 North 7th St., Suite 945
Kansas City, Kansas 66101-3064

Phone: (913) 573-5030
Fax: (913) 573-5540

September 27, 2006

Mr. Howard Fricke, Commerce Secretary
1000 S.W. Jackson Street
Suite 100
Topeka, Kansas 66612

Re: 2006 STAR bond report

Dear Secretary Fricke:

Pursuant to the requirements of K.S.A. 12-1771(b) and K.S.A. 12-1774(d), following is the 2006 report of activity related to the major tourism area known as Village West which is located in Kansas City, Kansas.

Primary projects

- All of the original projects stated in the 2005 report continue to operate successfully which include the following primary projects:

	<u>Established</u>
Kansas Speedway	2001
Cabela's	2002
Nebraska Furniture Mart	2003
Community America Ballpark	2003
Great Wolf Lodge	2003
Chateau Avalon	2004

Refinancing

- In August 2005, the Chateau Avalon; Cabela's C1 and C2; Nebraska Furniture Mart; and RED Development 2003 and 2005 bonds were consolidated and refinanced as follows:

Taxable Sales Tax Special Obligation Revenue Refunding Bonds, 1 st Lien, Series 2005A	\$ 23,205,000
Tax Exempt Sales Tax Special Obligation Revenue Refunding Bonds, 1 st Lien, Series 2005 B	\$ 50,390,000
1 st Lien Series 2005 C	\$ 17,235,000
2 nd Lien Series 2005	\$ 174,025,000

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The refinancing of these bonds resulted in lower interest rates and is projected to pay off STAR bonds eight years earlier than expected, saving more than \$44 million in interest payments.

New projects

- While the Legends at Village West was under construction last year with a number of its pad-site restaurants in operation, the retail and entertainment lifestyle component of the project joined the development in a phased schedule throughout this reporting period. A soft opening of the center occurred in November of 2005 with the first phase including about 18 new tenants. Among those tenants is the publicly owned Legends 14 Theatre. A Grand Opening for the Legends was held in April of 2006 with more tenants opening throughout the summer. Legends Management reports that 624,605 sq ft are currently built with 83.97% occupancy. Bldg D, with 44,039 sq ft, is currently under construction. They project by year's end, an occupancy rate of 87.62%. A complete list of the existing tenants and those expected to open soon is attached. Perhaps most notable on the list is the T-Rex Café with its first and, at this time, only location in the country. \$8.5 million in STAR funds were allocated to the T-Rex project for the highly technical animatronic dinosaurs and themed vignettes.
- Lone Star Steakhouse, which is a pad site on the Cabela's site is still under construction and reports they plan to open in the next 30 days.
- Nebraska Furniture Mart has completed the expansion of their warehouse. The expansion includes approximately 363,000 square feet at a cost of approximately \$33 million bringing the size of the total project in excess of 1 million square feet. It is currently being stocked with merchandise and is expected to begin operating within 30 days.

Other activity

- Kansas Speedway will be completing its sixth successful season of racing on October 1st with the Nextel Cup *Banquet 400*.
- While located in a different tourism area, the Schlitterbahn Vacation Village has also been approved as a Redevelopment District, however, no bonds have been issued for the project at this time. This project is located along the east side of I-435 between State Avenue and Parallel Pkwy. While still in the design phase, the project is progressing with ongoing project coordination meetings, preliminary site work by the development partner, and reconstruction of 94th Street.

Property removed from the District

- On April 20, 2006 the Board of Commissioners voted to remove ±20 acres from the northwest corner of the Tourism District. The site is currently being developed and includes a Target and JC Penney which are slated to open in early October. This will allow both the State and Unified Government to receive sales tax and property tax generated within this area.

Future Uses of funds

- Remaining STAR bond funds will be used in accordance with the uses outlined in Exhibit A of the Certificate of Approval executed by you on 7/14/05

Annual Audit

- The annual audit of the STAR bond projects is being finalized and will be forwarded upon receipt.

Attachments

- The following reports and schedules are attached for your review
 - ✓ Tenant listing for the Legends
 - ✓ Village West Sales, Use, Transient Guest Tax Distributions (Notes: Transient Guest Tax distributed quarterly, Kansas Speedway not included)
 - ✓ 2005 & 2006 KDOR Monthly Sales and Use Tax Distributions (includes Kansas Speedway and Village West)
 - ✓ 2005 & 2006 KDOR Annual Sales and Use Tax Distributions (includes Kansas Speedway and Village West)
 - ✓ STAR Bond Payment History through 8/31/06
 - ✓ Debt Service Schedules for 1st Lien Series 2005 A, B & C and 2nd Lien Series 2005
 - ✓ Debt Service Schedules for Series 2001 & Series 2004
 - ✓ Debt Service Schedules for KISC Series 1999 & 2002
 - ✓ Trustee Disclosure Report as of 12/105
 - ✓ Trustee Disclosure Report as of 6/1/06

If you require any additional information regarding any of these projects, please feel free to contact us.

Sincerely,



Douglas Bach
Deputy County Administrator

cc: Robert North, Attorney KDOC
Jack Mahan, CFO
Gary Anderson, Gilmore & Bell

The Legends at Village West

Opened	Coming Soon
Legends14 Theater	
Palmer Candies	
Buckle	
Finish Line	
Pac Sun	
Maurice's	
Aeropostale	
Hot Topic	
Rocky Mountain Choc.	
Tommy Hilfiger	
Sunglass Hut	
Scooter's Java Express	
EB Games	
Pride of KC	
Harry & David	
Sports Nutz	
Planet Sub	
Wyldeewood Cellars	
Claire's	
SaddleRanch Chop Hse	
Dave & Buster	
Yard House	
Pin Up Bowl	
Stix	
Brooks Brothers	
T-Rex	
Cavenders	
Outback Steakhouse	
Home Decorators	
Collections	
	Zales
American Eagle	
Nike	
BCBG	
Beauty Brands	
Spa #1 Nails (dba. Nails So	
Happy)	
Adidas	
Off Broadway	
Helzberg	
Panera Bread	

The Legends at Village West

Opened	Coming Soon
Books A Million	Chipotle
Hallmark	
Cingular	
Banana Republic	
Jockey	
Oshkosh	
Converse	
Curtians of KC	
T.J. Maxx	
Linens 'N' Things	
Carter's	
	Maternity Works
	Ann Taylor
Wilson's Leather	
Clarks / Bostonian	
Timberland	
GAP	
Cosmetics Comp (Estee Lauder)	
Ultra Diamonds	
Nick 'N Willy's	
MeMa's Bakery	
Old Navy	
Cold Stone Creamery	
Holiday Inn Express	
Amini's Galleria	
IHOP	
Sheridan's	
McDonalds	
Ted's Montana	
Cheeseburger in Paradise	
Granite City	
Applebee's	
Arthur Bryant's Barbeque	
Bob Evans	
Johnny Carino's	
Longhorn Steakhouse	
Hooter's	
Sonic	
	Culver's

Village West Sales, Use, Transient Guest Tax Distributions,
December 2002 - August 2006

Tax to Bond Issue	State Tax	City Tax	County Tax	Total Tax
Dec.02 - Nov.03	\$5,697,075.12	\$1,065,273.41	\$929,808.05	\$7,692,156.58
Dec. 03 Total	\$1,086,813.70	\$204,944.50	\$193,652.07	\$1,485,410.27
Jan. 04 Total	\$999,606.48	\$358,913.69	\$98,550.47	\$1,457,070.64
Feb. 04 Total	\$2,079,479.44	\$392,354.50	\$369,899.11	\$2,841,733.05
March. 04 Total	\$1,808,887.68	\$171,275.31	\$161,472.92	\$2,141,635.91
Apr. 04 Total	\$1,207,435.61	\$263,299.87	\$144,888.68	\$1,615,624.16
May 04 Total	\$1,216,830.88	\$176,267.93	\$166,179.99	\$1,559,278.80
Jun. 04 Total	\$1,251,548.22	\$157,147.31	\$148,153.39	\$1,556,848.92
Jul. 04 Total	\$1,161,641.06	\$597,828.28	\$317,493.32	\$2,076,962.66
Aug. 04 Total	\$1,209,596.53	\$101,676.20	\$95,857.03	\$1,407,129.76
Sept.04 Total	\$1,308,680.88	\$239,319.88	\$225,623.03	\$1,773,623.79
Oct.04 Total	\$1,478,603.96	\$480,565.66	\$257,111.41	\$2,216,281.03
Nov.04 Total	\$1,270,209.06	\$231,950.80	\$218,675.70	\$1,720,835.56
Dec.03-Nov.04	\$16,079,333.50	\$3,375,543.93	\$2,397,557.13	\$21,852,434.56
Dec. 04 Total	\$ 1,455,465.04	\$ 316,107.82	\$ 250,845.59	\$2,022,418.45
Jan.05 Total	\$ 1,511,270.41	\$ 620,147.56	\$ 210,720.44	\$2,342,138.41
Feb.05 Total	\$ 1,815,327.89	\$ 408,881.59	\$ 313,709.85	\$2,537,919.33
March 05 Total	\$ 1,338,231.59	\$ 291,118.83	\$ 231,968.07	\$1,861,318.49
April 05 Total	\$ 1,282,408.26	\$ 553,103.75	\$ 211,976.97	\$2,047,488.98
May 05 Total	\$ 1,392,254.82	\$ 307,181.51	\$ 243,128.56	\$1,942,564.89
June 05 Total	\$ 1,219,052.08	\$ 263,909.36	\$ 212,234.92	\$1,695,196.36
July 05 Total	\$ 1,329,380.52	\$ 568,490.94	\$ 232,918.01	\$2,130,789.47
August 05 Total	\$ 1,398,568.24	\$ 313,248.24	\$ 248,065.90	\$1,959,882.38
Sept. 05 Total	\$ 1,521,921.57	\$ 340,650.26	\$ 270,847.64	\$2,133,419.47
Oct. 05 Total	\$ 1,525,621.79	\$ 679,583.65	\$ 272,584.03	\$2,477,789.47
Nov.05 Total	\$ 1,497,606.82	\$ 330,974.57	\$ 266,706.42	\$2,095,287.81
Dec.04-Nov.05	\$17,287,109.03	\$4,993,398.08	\$2,965,706.39	\$25,246,213.50
Dec. 05 Total	\$ 1,689,250.58	\$ 378,840.39	\$ 301,420.54	\$2,369,511.51
Jan.06 Total	\$ 1,982,047.61	\$ 614,183.17	\$ 356,921.82	\$2,953,152.60
Feb.06 Total	\$ 2,291,200.70	\$ 521,408.31	\$ 408,378.77	\$3,220,987.78
March 06 Total	\$ 1,742,095.77	\$ 390,856.21	\$ 311,401.06	\$2,444,353.04
April 06 Total	\$ 1,616,399.46	\$ 699,306.73	\$ 289,970.44	\$2,605,676.63
May 06 Total	\$ 1,797,418.31	\$ 406,157.48	\$ 322,022.88	\$2,525,598.67
June 06 Total	\$ 1,823,704.76	\$ 409,244.30	\$ 326,846.51	\$2,559,795.57
July 06 Total	\$ 1,775,107.29	\$ 711,333.25	\$ 317,811.59	\$2,804,252.13
August 06 Total	\$ 2,187,101.68	\$ 496,943.24	\$ 391,520.55	\$3,075,565.47

*The tax collections above exclude Kansas Speedway and its associated vendors.

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Kansas Department of Revenue
Office of Policy and Research
Sales and Use Tax Distributions - Kansas Speedway

	January 2005	February 2005	March 2005	April 2005	May 2005	June 2005	July 2005
Balance of Bond Fund	\$ 1,159,712.64	\$ 1,885,215.03	\$ 1,382,866.25	\$ 1,369,897.05	\$ (3,207,516.13)	\$ 1,252,813.47	\$ 1,314,571.95
Payments made to Trustee	\$ -	\$ -	\$ -	\$ -	\$ 4,593,447.19		
Balance of money associated with Kansas Speedway	\$ 1,783,818.84	\$ 2,656,205.13	\$ 1,938,997.40	\$ 1,925,094.10	\$ 1,949,737.91	\$ 1,756,207.36	\$ 1,849,692.60
State tax amount (to bond fund)	\$ 1,159,712.64	\$ 1,885,215.03	\$ 1,382,866.25	\$ 1,369,897.05	\$ 1,385,931.06	\$ 1,252,813.47	\$ 1,314,571.95
Amount to pay off bonds	\$ 611,084.85	\$ 751,042.80	\$ 541,458.00	\$ 540,571.25	\$ 549,005.37	\$ 490,046.63	\$ 521,038.16
Gasas City's City tax	\$ 397,477.88	\$ 424,971.45	\$ 301,601.53	\$ 301,488.66	\$ 307,051.18	\$ 271,852.59	\$ 290,836.95
Wandolte County's County Tax	\$ 213,606.97	\$ 326,071.35	\$ 239,856.47	\$ 239,082.59	\$ 241,954.19	\$ 218,194.04	\$ 230,201.21
County Share	\$ 47,349.78	\$ 74,578.21	\$ 54,859.36	\$ 54,682.36	\$ 55,339.13	\$ 49,904.79	\$ 52,651.03
KCK Share	\$ 166,257.19	\$ 251,493.14	\$ 184,997.11	\$ 184,400.23	\$ 186,615.06	\$ 168,289.25	\$ 177,550.18
Distributed to other entities	\$ 13,021.35	\$ 19,947.30	\$ 14,673.15	\$ 14,625.80	\$ 14,801.48	\$ 13,347.26	\$ 14,082.49
Bonner Springs	\$ 7,639.09	\$ 11,548.51	\$ 8,495.04	\$ 8,467.63	\$ 8,569.33	\$ 7,727.80	\$ 8,153.08
Edwardsville	\$ 5,322.90	\$ 8,306.50	\$ 6,110.22	\$ 6,090.50	\$ 6,163.66	\$ 5,558.39	\$ 5,864.25
Lake Quivera	\$ 59.36	\$ 92.29	\$ 67.89	\$ 67.67	\$ 68.49	\$ 123.07	\$ 65.16
State Tax							
Balance of money associated with Kansas Speedway	\$ 1,771,477.20	\$ 2,627,593.53	\$ 1,910,346.25	\$ 1,899,411.93	\$ 1,924,892.38	\$ 1,736,726.48	\$ 1,829,347.88
State tax amount (to bond fund)	\$ 1,151,038.45	\$ 1,865,079.83	\$ 1,362,755.88	\$ 1,351,860.10	\$ 1,368,489.32	\$ 1,239,124.86	\$ 1,300,184.27
Amount to pay off bonds	\$ 607,511.42	\$ 742,785.37	\$ 533,135.94	\$ 533,122.27	\$ 541,791.28	\$ 484,402.54	\$ 515,237.60
Gasas City's City tax	\$ 395,446.72	\$ 420,293.61	\$ 296,854.83	\$ 297,247.71	\$ 302,937.94	\$ 268,642.04	\$ 287,594.26
Wandolte County's County Tax	\$ 212,064.70	\$ 322,491.76	\$ 236,281.11	\$ 235,874.56	\$ 238,853.34	\$ 215,760.50	\$ 227,643.34
County Share	\$ 47,007.91	\$ 73,759.49	\$ 54,041.61	\$ 53,948.62	\$ 54,629.92	\$ 49,348.19	\$ 52,066.00
KCK Share	\$ 165,056.79	\$ 248,732.27	\$ 182,239.50	\$ 181,925.94	\$ 184,223.42	\$ 166,412.31	\$ 175,577.34
Distributed to other entities	\$ 12,927.33	\$ 19,728.33	\$ 14,454.43	\$ 14,429.56	\$ 14,611.78	\$ 13,199.08	\$ 13,926.01
Bonner Springs	\$ 7,583.93	\$ 11,421.74	\$ 8,368.41	\$ 8,354.01	\$ 8,459.51	\$ 7,641.62	\$ 8,062.48
Edwardsville	\$ 5,284.47	\$ 8,215.31	\$ 6,019.14	\$ 6,008.78	\$ 6,084.66	\$ 5,496.39	\$ 5,799.09
Lake Quivera	\$ 58.93	\$ 91.28	\$ 66.88	\$ 66.77	\$ 67.61	\$ 61.07	\$ 64.44
State Tax							
Balance of money associated with Kansas Speedway	\$ 12,341.64	\$ 28,611.60	\$ 28,651.15	\$ 25,682.17	\$ 24,845.53	\$ 19,480.88	\$ 20,344.72
State tax amount (to bond fund)	\$ 8,674.19	\$ 20,135.20	\$ 20,110.37	\$ 18,036.95	\$ 17,441.74	\$ 13,688.61	\$ 14,387.68
Amount to pay off bonds	\$ 3,573.43	\$ 8,257.43	\$ 8,322.06	\$ 7,448.98	\$ 7,214.09	\$ 5,644.09	\$ 5,800.56
Gasas City's City tax	\$ 2,031.16	\$ 4,677.84	\$ 4,746.70	\$ 4,240.95	\$ 4,113.24	\$ 3,210.55	\$ 3,242.69
Wandolte County's County Tax	\$ 1,542.27	\$ 3,579.59	\$ 3,575.36	\$ 3,208.03	\$ 3,100.85	\$ 2,433.54	\$ 2,557.87
County Share	\$ 341.87	\$ 818.72	\$ 817.75	\$ 733.74	\$ 709.21	\$ 556.60	\$ 585.03
KCK Share	\$ 1,200.40	\$ 2,760.87	\$ 2,757.61	\$ 2,474.29	\$ 2,391.64	\$ 1,876.94	\$ 1,972.84
Distributed to other entities	\$ 94.02	\$ 218.97	\$ 218.72	\$ 196.24	\$ 189.70	\$ 148.18	\$ 156.48
Bonner Springs	\$ 55.16	\$ 126.77	\$ 126.63	\$ 113.62	\$ 109.82	\$ 86.18	\$ 90.60
Edwardsville	\$ 38.43	\$ 91.19	\$ 91.08	\$ 81.72	\$ 79.00	\$ 62.00	\$ 65.16
Lake Quivera	\$ 0.43	\$ 1.01	\$ 1.01	\$ 0.90	\$ 0.88	\$ 0.68	\$ 0.72

Kansas Department of Revenue
Office of Policy and Research
Sales and Use Tax Distributions - Kansas Speedway

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	August 2005	September 2005	October 2005	November 2005	December 2005	Cy 2005 Total	Running Total
and Use							
Balance of Bond Fund	\$ 1,482,473.70	\$ 2,039,960.57	\$ 1,583,306.44	\$ 1,574,267.46	\$ (10,651,217.05)	\$ 1,186,351.38	\$ 6,516,402.43
Payments made to Trustee							
Money associated with Kansas Speedway	\$ 2,093,373.90	\$ 2,886,645.50	\$ 2,238,411.53	\$ 2,219,055.50	\$ 13,342,282.25	\$ 17,935,729.44	\$ 43,189,130.35
State tax amount (to bond fund)	\$ 1,482,473.70	\$ 2,039,960.57	\$ 1,583,306.44	\$ 1,574,267.46	\$ 3,813,842.96	\$ 27,111,082.73	\$ 68,190,020.67
Amount to pay off bonds	\$ 594,711.49	\$ 824,324.22	\$ 637,687.17	\$ 627,469.51	\$ 2,691,065.20	\$ 19,122,080.82	\$ 49,705,532.78
Kansas City's City tax	\$ 332,875.91	\$ 462,662.65	\$ 355,970.27	\$ 347,360.12	\$ 1,093,135.37	\$ 7,781,574.82	\$ 17,982,764.81
Wandolte County's County Tax	\$ 261,835.58	\$ 361,661.57	\$ 281,716.90	\$ 280,109.39	\$ 613,700.36	\$ 4,407,849.55	\$ 9,697,489.96
County Share	\$ 59,927.82	\$ 82,775.58	\$ 64,478.18	\$ 64,110.26	\$ 479,435.01	\$ 3,373,725.27	\$ 8,285,274.85
KCK Share	\$ 201,907.76	\$ 278,885.99	\$ 217,238.72	\$ 215,999.13	\$ 109,731.06	\$ 770,387.56	\$ 1,874,326.65
Distributed to other entities	\$ 16,188.71	\$ 22,360.71	\$ 17,417.92	\$ 17,318.53	\$ 369,703.95	\$ 2,603,337.71	\$ 6,410,782.51
Bonner Springs	\$ 9,392.93	\$ 12,974.02	\$ 10,106.14	\$ 10,048.48	\$ 29,642.39	\$ 207,427.09	\$ 501,723.08
Edwardsville	\$ 6,721.45	\$ 9,284.03	\$ 7,231.81	\$ 7,190.54	\$ 12,307.33	\$ 86,151.58	\$ 294,923.21
Lake Quivera	\$ 74.33	\$ 102.66	\$ 79.97	\$ 79.51	\$ 136.10	\$ 955.18	\$ 2,296.48
Tax							
Money associated with Kansas Speedway	\$ 2,065,374.50	\$ 2,876,018.10	\$ 2,223,859.29	\$ 2,189,434.82	\$ 3,802,495.10	\$ 26,856,977.46	\$ 67,590,109.28
State tax amount (to bond fund)	\$ 1,462,823.28	\$ 2,032,499.74	\$ 1,573,088.93	\$ 1,553,473.48	\$ 2,683,098.72	\$ 18,943,516.86	\$ 49,276,663.72
Amount to pay off bonds	\$ 586,578.52	\$ 821,239.59	\$ 633,464.67	\$ 618,871.23	\$ 1,089,841.50	\$ 7,707,981.93	\$ 17,816,352.48
Kansas City's City tax	\$ 328,236.71	\$ 460,903.42	\$ 353,563.02	\$ 342,456.33	\$ 611,821.78	\$ 4,365,998.37	\$ 9,607,571.86
Wandolte County's County Tax	\$ 258,341.81	\$ 360,336.17	\$ 279,901.65	\$ 276,414.90	\$ 478,019.72	\$ 3,341,983.56	\$ 8,208,780.63
County Share	\$ 59,128.18	\$ 82,472.23	\$ 64,062.71	\$ 63,264.68	\$ 109,407.14	\$ 763,136.68	\$ 1,857,114.72
KCK Share	\$ 199,213.63	\$ 277,863.94	\$ 215,838.94	\$ 213,150.22	\$ 368,612.58	\$ 2,578,846.88	\$ 6,351,500.22
Distributed to other entities	\$ 15,972.70	\$ 22,278.77	\$ 17,305.69	\$ 17,090.11	\$ 29,554.88	\$ 205,478.67	\$ 497,093.08
Bonner Springs	\$ 9,267.60	\$ 12,926.48	\$ 10,041.02	\$ 9,915.94	\$ 17,148.19	\$ 119,190.93	\$ 292,206.84
Edwardsville	\$ 6,631.76	\$ 9,250.00	\$ 7,185.21	\$ 7,095.70	\$ 12,270.99	\$ 85,341.50	\$ 202,610.80
Lake Quivera	\$ 73.34	\$ 102.29	\$ 79.46	\$ 78.47	\$ 135.70	\$ 946.24	\$ 2,275.44
Tax							
Money associated with Kansas Speedway	\$ 27,999.40	\$ 10,627.40	\$ 14,552.24	\$ 29,620.68	\$ 11,347.86	\$ 254,105.27	\$ 599,911.39
State tax amount (to bond fund)	\$ 19,650.42	\$ 7,460.83	\$ 10,217.51	\$ 20,793.98	\$ 7,966.48	\$ 178,563.96	\$ 428,869.06
Amount to pay off bonds	\$ 8,132.97	\$ 3,084.63	\$ 4,222.50	\$ 8,598.28	\$ 3,293.87	\$ 73,592.89	\$ 166,412.33
Kansas City's City tax	\$ 4,639.20	\$ 1,759.23	\$ 2,407.25	\$ 4,903.79	\$ 1,878.58	\$ 41,851.18	\$ 89,918.11
Wandolte County's County Tax	\$ 3,493.77	\$ 1,325.40	\$ 1,815.25	\$ 3,694.49	\$ 1,415.29	\$ 31,741.71	\$ 76,494.22
County Share	\$ 799.64	\$ 303.35	\$ 415.47	\$ 845.58	\$ 323.92	\$ 7,250.88	\$ 17,211.93
KCK Share	\$ 2,694.13	\$ 1,022.05	\$ 1,399.78	\$ 2,848.91	\$ 1,091.37	\$ 24,490.83	\$ 59,282.29
Distributed to other entities	\$ 216.01	\$ 81.94	\$ 112.23	\$ 228.42	\$ 87.51	\$ 1,948.42	\$ 4,630.00
Bonner Springs	\$ 125.33	\$ 47.54	\$ 65.12	\$ 132.54	\$ 50.77	\$ 1,130.08	\$ 2,716.37
Edwardsville	\$ 89.69	\$ 34.03	\$ 46.60	\$ 94.84	\$ 36.34	\$ 810.08	\$ 1,893.27
Lake Quivera	\$ 0.99	\$ 0.37	\$ 0.51	\$ 1.04	\$ 0.40	\$ 8.94	\$ 21.04

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Kansas Department of Revenue
Office of Policy and Research
Sales and Use Tax Distributions - Kansas Speedway

	January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	July 2006
Balance of Bond Fund	\$ 2,059,471.12	\$ 2,432,684.51	\$ 1,806,353.38	\$ 1,696,209.91	\$ (3,178,856.73)	\$ 1,911,007.35	\$ 1,842,123.38
Payments made to Trustee	\$ -	\$ -	\$ -	\$ -	\$ 5,119,736.55		
Money associated with Kansas Speedway	\$ 2,923,298.03	\$ 3,445,844.50	\$ 2,559,072.07	\$ 2,409,763.69	\$ 2,748,192.96	\$ 2,702,374.09	\$ 2,615,195.39
State tax amount (to bond fund)	\$ 2,059,471.12	\$ 2,432,684.51	\$ 1,806,353.38	\$ 1,696,209.91	\$ 1,940,879.82	\$ 1,911,007.35	\$ 1,842,123.38
Amount to pay off bonds	\$ 840,908.95	\$ 986,515.60	\$ 732,805.27	\$ 694,728.18	\$ 786,040.30	\$ 770,433.63	\$ 752,661.52
Kansas City's City tax	\$ 461,728.10	\$ 552,988.42	\$ 408,796.61	\$ 388,419.47	\$ 439,912.61	\$ 429,833.44	\$ 420,564.91
Randolphe County's County Tax	\$ 370,674.37	\$ 433,527.18	\$ 324,008.66	\$ 306,308.71	\$ 346,127.69	\$ 340,600.19	\$ 332,096.61
County Share	\$ 84,838.39	\$ 97,336.44	\$ 72,747.12	\$ 68,773.09	\$ 77,713.33	\$ 76,472.30	\$ 74,563.06
KCK Share	\$ 285,835.98	\$ 336,190.74	\$ 251,261.54	\$ 237,535.62	\$ 268,414.36	\$ 264,127.89	\$ 257,533.55
Distributed to other entities	\$ 22,917.96	\$ 26,644.39	\$ 19,913.42	\$ 18,825.60	\$ 21,272.84	\$ 20,933.11	\$ 20,410.49
Bonner Springs	\$ 13,297.34	\$ 15,590.31	\$ 11,651.85	\$ 11,015.34	\$ 12,447.28	\$ 12,248.51	\$ 11,942.71
Edwardsville	\$ 9,515.39	\$ 10,926.81	\$ 8,166.45	\$ 7,720.34	\$ 8,723.95	\$ 8,584.62	\$ 8,370.30
Lake Quivera	\$ 105.23	\$ 127.27	\$ 95.12	\$ 89.92	\$ 101.61	\$ 293.73	\$ 97.48
Tax							
Money associated with Kansas Speedway	\$ 2,801,165.76	\$ 3,312,636.67	\$ 2,511,328.14	\$ 2,345,601.37	\$ 2,699,317.60	\$ 2,640,039.32	\$ 2,580,874.95
State tax amount (to bond fund)	\$ 1,973,760.66	\$ 2,339,173.56	\$ 1,772,837.33	\$ 1,651,168.25	\$ 1,906,505.63	\$ 1,867,248.59	\$ 1,818,019.96
Amount to pay off bonds	\$ 805,428.77	\$ 947,840.28	\$ 718,943.52	\$ 676,099.57	\$ 771,914.62	\$ 752,335.64	\$ 742,707.80
Kansas City's City tax	\$ 449,984.10	\$ 530,934.56	\$ 400,892.19	\$ 377,796.87	\$ 431,896.57	\$ 419,513.40	\$ 414,895.32
Randolphe County's County Tax	\$ 355,444.67	\$ 416,905.72	\$ 318,051.33	\$ 298,302.70	\$ 340,018.05	\$ 332,822.24	\$ 327,812.48
County Share	\$ 81,352.69	\$ 93,604.56	\$ 71,409.56	\$ 66,975.56	\$ 76,341.58	\$ 74,725.97	\$ 73,601.17
KCK Share	\$ 274,091.98	\$ 323,301.16	\$ 246,641.77	\$ 231,327.14	\$ 263,676.47	\$ 258,096.27	\$ 254,211.31
Distributed to other entities	\$ 21,976.33	\$ 25,622.83	\$ 19,547.29	\$ 18,333.55	\$ 20,897.35	\$ 20,455.09	\$ 20,147.19
Bonner Springs	\$ 12,751.00	\$ 14,992.57	\$ 11,437.62	\$ 10,727.43	\$ 12,227.57	\$ 11,968.80	\$ 11,788.64
Edwardsville	\$ 9,124.43	\$ 10,507.87	\$ 8,016.30	\$ 7,518.55	\$ 8,569.96	\$ 8,388.59	\$ 8,262.32
Lake Quivera	\$ 100.90	\$ 122.39	\$ 93.37	\$ 87.57	\$ 99.82	\$ 97.70	\$ 96.23
Tax							
Money associated with Kansas Speedway	\$ 122,132.27	\$ 133,207.83	\$ 47,743.93	\$ 64,162.32	\$ 48,875.36	\$ 62,334.77	\$ 34,320.44
State tax amount (to bond fund)	\$ 85,710.46	\$ 93,510.95	\$ 33,516.05	\$ 45,041.66	\$ 34,374.19	\$ 43,758.76	\$ 24,103.42
Amount to pay off bonds	\$ 35,480.18	\$ 38,675.32	\$ 13,861.75	\$ 18,628.61	\$ 14,125.68	\$ 18,097.99	\$ 9,953.72
Kansas City's City tax	\$ 20,250.48	\$ 22,053.86	\$ 7,904.42	\$ 10,622.60	\$ 8,016.04	\$ 10,320.04	\$ 5,669.59
Randolphe County's County Tax	\$ 15,229.70	\$ 16,621.46	\$ 5,957.33	\$ 8,006.01	\$ 6,109.64	\$ 7,777.95	\$ 4,284.13
County Share	\$ 3,485.70	\$ 3,731.88	\$ 1,337.56	\$ 1,797.53	\$ 1,371.75	\$ 1,746.33	\$ 961.89
KCK Share	\$ 11,744.00	\$ 12,889.58	\$ 4,619.77	\$ 6,208.48	\$ 4,737.89	\$ 6,031.62	\$ 3,322.24
Distributed to other entities	\$ 941.63	\$ 1,021.56	\$ 366.13	\$ 492.05	\$ 375.49	\$ 478.02	\$ 263.30
Bonner Springs	\$ 546.34	\$ 597.74	\$ 214.23	\$ 287.91	\$ 219.71	\$ 279.71	\$ 154.07
Edwardsville	\$ 390.96	\$ 418.94	\$ 150.15	\$ 201.79	\$ 153.99	\$ 196.03	\$ 107.98
Lake Quivera	\$ 4.33	\$ 4.88	\$ 1.75	\$ 2.35	\$ 1.79	\$ 2.28	\$ 1.25

Kansas Department of Revenue
Office of Policy and Research
Sales and Use Tax Distributions - Kansas Speedway

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	August 2006	September 2006	October 2006	November 2006	December 2006	CY 2006 Total	Running Total
and Use							
Balance of Bond Fund	\$ 2,300,475.27	\$ -	\$ -	\$ -	\$ -	\$ 10,869,468.19	\$ 17,385,870.62
Payments made to Trustee						\$ 5,119,736.55	\$ 48,308,866.90
Money associated with Kansas Speedway	\$ 3,259,727.56	\$ -	\$ -	\$ -	\$ -	\$ 22,663,468.29	\$ 90,853,488.96
Net tax amount (to bond fund)	\$ 2,300,475.27	\$ -	\$ -	\$ -	\$ -	\$ 15,989,204.74	\$ 65,694,737.52
Amount to pay off bonds	\$ 933,854.86	\$ -	\$ -	\$ -	\$ -	\$ 6,497,948.81	\$ 24,480,713.12
Gas City's City tax	\$ 523,462.66	\$ -	\$ -	\$ -	\$ -	\$ 3,634,212.70	\$ 13,331,702.66
Andolte County's County Tax	\$ 410,392.20	\$ -	\$ -	\$ -	\$ -	\$ 2,863,735.61	\$ 11,149,010.46
County Share	\$ 92,178.11	\$ -	\$ -	\$ -	\$ -	\$ 644,621.84	\$ 2,518,948.49
KCK Share	\$ 318,214.09	\$ -	\$ -	\$ -	\$ -	\$ 2,219,113.77	\$ 8,629,896.28
Distributed to other entities	\$ 25,397.43	\$ -	\$ -	\$ -	\$ -	\$ 176,315.24	\$ 678,038.32
Bonner Springs	\$ 14,887.91	\$ -	\$ -	\$ -	\$ -	\$ 103,081.25	\$ 398,004.46
Edwardsville	\$ 10,387.27	\$ -	\$ -	\$ -	\$ -	\$ 72,395.13	\$ 276,899.20
Lake Quivera	\$ 122.25	\$ -	\$ -	\$ -	\$ -	\$ 838.86	\$ 3,135.34
Tax							
Money associated with Kansas Speedway	\$ 3,205,439.76	\$ -	\$ -	\$ -	\$ -	\$ 22,096,403.57	\$ 89,686,512.85
Net tax amount (to bond fund)	\$ 2,262,364.94	\$ -	\$ -	\$ -	\$ -	\$ 15,591,078.92	\$ 64,867,742.64
Amount to pay off bonds	\$ 918,096.41	\$ -	\$ -	\$ -	\$ -	\$ 6,333,366.61	\$ 24,149,719.09
Gas City's City tax	\$ 514,475.08	\$ -	\$ -	\$ -	\$ -	\$ 3,540,388.09	\$ 13,147,959.95
Andolte County's County Tax	\$ 403,621.33	\$ -	\$ -	\$ -	\$ -	\$ 2,792,978.52	\$ 11,001,759.15
County Share	\$ 90,657.30	\$ -	\$ -	\$ -	\$ -	\$ 628,668.39	\$ 2,485,783.11
KCK Share	\$ 312,964.03	\$ -	\$ -	\$ -	\$ -	\$ 2,164,310.13	\$ 8,515,810.35
Distributed to other entities	\$ 24,978.41	\$ -	\$ -	\$ -	\$ -	\$ 171,958.04	\$ 669,051.12
Bonner Springs	\$ 14,642.29	\$ -	\$ -	\$ -	\$ -	\$ 100,535.92	\$ 392,742.76
Edwardsville	\$ 10,215.89	\$ -	\$ -	\$ -	\$ -	\$ 70,603.91	\$ 273,214.71
Lake Quivera	\$ 120.23	\$ -	\$ -	\$ -	\$ -	\$ 818.21	\$ 3,093.65
Tax							
Money associated with Kansas Speedway	\$ 54,287.80	\$ -	\$ -	\$ -	\$ -	\$ 567,064.72	\$ 1,166,976.11
Net tax amount (to bond fund)	\$ 38,110.33	\$ -	\$ -	\$ -	\$ -	\$ 398,125.82	\$ 826,994.88
Amount to pay off bonds	\$ 15,758.45	\$ -	\$ -	\$ -	\$ -	\$ 164,581.70	\$ 330,994.03
Gas City's City tax	\$ 8,987.58	\$ -	\$ -	\$ -	\$ -	\$ 93,824.61	\$ 183,742.72
Andolte County's County Tax	\$ 6,770.87	\$ -	\$ -	\$ -	\$ -	\$ 70,757.09	\$ 147,251.31
County Share	\$ 1,520.81	\$ -	\$ -	\$ -	\$ -	\$ 15,953.45	\$ 33,165.38
KCK Share	\$ 5,250.06	\$ -	\$ -	\$ -	\$ -	\$ 54,803.64	\$ 114,085.93
Distributed to other entities	\$ 419.02	\$ -	\$ -	\$ -	\$ -	\$ 4,357.20	\$ 8,987.20
Bonner Springs	\$ 245.62	\$ -	\$ -	\$ -	\$ -	\$ 2,545.33	\$ 5,261.70
Edwardsville	\$ 171.38	\$ -	\$ -	\$ -	\$ -	\$ 1,791.22	\$ 3,684.49
Lake Quivera	\$ 2.02	\$ -	\$ -	\$ -	\$ -	\$ 20.65	\$ 41.69

	CY 2001	CY 2002	CY 2003
Sales and Use			
<i>Balance of Bond Fund</i>	\$ 1,248,882.36	\$ 2,375,805.00	\$ 574,443.30
<i>Payments made to Trustee</i>	\$ 261,878.43	\$ 36,913.23	\$ 7,610,720.57
Total money associated with Kansas Speedway	\$ 2,132,615.55	\$ 3,308,376.04	\$ 11,092,350.26
State tax amount (to bond fund)	\$ 1,510,760.79	\$ 2,412,718.23	\$ 8,185,163.87
Amount to pay off bonds	\$ 604,317.95	\$ 870,239.29	\$ 2,826,853.61
Kansas City's City tax	\$ 310,891.12	\$ 439,739.20	\$ 1,454,041.99
Wyandotte County's County Tax	\$ 293,426.83	\$ 430,500.09	\$ 1,372,811.62
County Share	\$ 49,013.59	\$ 97,855.92	\$ 332,565.95
KCK Share	\$ 244,247.55	\$ 332,644.17	\$ 1,040,245.67
Distributed to other entities	\$ 17,536.81	\$ 25,418.52	\$ 80,332.78
Bonner Springs	\$ 10,731.73	\$ 15,279.07	\$ 48,083.51
Edwardsville	\$ 6,730.56	\$ 10,026.83	\$ 31,879.15
Lake Quivera	\$ 74.52	\$ 112.62	\$ 370.12
Sales Tax			
Total money associated with Kansas Speedway	\$ 2,115,689.21	\$ 3,276,909.81	\$ 11,039,427.42
State tax amount (to bond fund)	\$ 1,498,408.93	\$ 2,390,213.54	\$ 8,146,740.79
Amount to pay off bonds	\$ 599,865.15	\$ 861,524.07	\$ 2,812,754.13
Kansas City's City tax	\$ 308,640.16	\$ 435,241.37	\$ 1,446,792.11
Wyandotte County's County Tax	\$ 291,225.00	\$ 426,282.70	\$ 1,365,962.02
County Share	\$ 48,557.16	\$ 96,897.31	\$ 331,005.54
KCK Share	\$ 242,502.15	\$ 329,385.39	\$ 1,034,956.48
Distributed to other entities	\$ 17,415.13	\$ 25,172.20	\$ 79,932.50
Bonner Springs	\$ 10,657.26	\$ 15,129.79	\$ 47,845.29
Edwardsville	\$ 6,683.87	\$ 9,930.76	\$ 31,718.94
Lake Quivera	\$ 74.00	\$ 111.65	\$ 368.27
Use Tax			
Total money associated with Kansas Speedway	\$ 16,926.34	\$ 31,466.23	\$ 52,922.84
State tax amount (to bond fund)	\$ 12,351.86	\$ 22,504.69	\$ 38,423.08
Amount to pay off bonds	\$ 4,452.80	\$ 8,715.22	\$ 14,099.48
Kansas City's City tax	\$ 2,250.97	\$ 4,497.83	\$ 7,249.88
Wyandotte County's County Tax	\$ 2,201.83	\$ 4,217.39	\$ 6,849.60
County Share	\$ 456.43	\$ 958.61	\$ 1,560.41
KCK Share	\$ 1,745.40	\$ 3,258.78	\$ 5,289.19
Distributed to other entities	\$ 121.68	\$ 246.32	\$ 400.28
Bonner Springs	\$ 74.47	\$ 149.28	\$ 238.22
Edwardsville	\$ 46.69	\$ 96.07	\$ 160.21
Lake Quivera	\$ 0.52	\$ 0.97	\$ 1.85

CY 2004	CY2005	CY 2006	TOTAL	Balance in fund
\$ 1,130,920.39	\$ 1,186,351.38	\$ 10,869,468.19	\$ 17,385,870.62	
\$ 17,343,888.68	\$ 17,935,729.44	\$ 5,119,736.55	\$ 48,308,866.90	\$ 17,385,870.62
\$ 24,545,596.09	\$ 27,111,082.73	\$ 22,663,468.29	\$ 90,853,488.96	
\$ 18,474,809.07	\$ 19,122,080.82	\$ 15,989,204.74	\$ 65,694,737.52	
\$ 5,899,779.14	\$ 7,781,574.82	\$ 6,497,948.31	\$ 24,480,713.12	
\$ 3,084,968.10	\$ 4,407,849.55	\$ 3,634,212.70	\$ 13,331,702.66	
\$ 2,814,811.04	\$ 3,373,725.27	\$ 2,863,735.61	\$ 11,149,010.46	
\$ 624,503.63	\$ 770,387.56	\$ 644,621.84	\$ 2,518,948.49	
\$ 2,190,307.41	\$ 2,603,337.71	\$ 2,219,113.77	\$ 8,629,896.28	
\$ 171,007.88	\$ 207,427.09	\$ 176,315.24	\$ 678,038.32	
\$ 100,507.89	\$ 120,321.01	\$ 103,081.25	\$ 398,004.46	
\$ 69,715.95	\$ 86,151.58	\$ 72,395.13	\$ 276,899.20	
\$ 784.04	\$ 955.18	\$ 838.86	\$ 3,135.34	
\$ 24,301,105.38	\$ 26,856,977.46	\$ 22,096,403.57	\$ 89,686,512.85	
\$ 18,297,783.60	\$ 18,943,516.86	\$ 15,591,078.92	\$ 64,867,742.64	
\$ 5,834,227.20	\$ 7,707,981.93	\$ 6,333,366.61	\$ 24,149,719.09	
\$ 3,050,899.85	\$ 4,365,998.37	\$ 3,540,388.09	\$ 13,147,959.95	
\$ 2,783,327.35	\$ 3,341,983.56	\$ 2,792,978.52	\$ 11,001,759.15	
\$ 617,518.03	\$ 763,136.68	\$ 628,668.39	\$ 2,485,783.11	
\$ 2,165,809.32	\$ 2,578,846.88	\$ 2,164,310.13	\$ 8,515,810.35	
\$ 169,094.58	\$ 205,478.67	\$ 171,958.04	\$ 669,051.12	
\$ 99,383.57	\$ 119,190.93	\$ 100,535.92	\$ 392,742.76	
\$ 68,935.73	\$ 85,341.50	\$ 70,603.91	\$ 273,214.71	
\$ 775.28	\$ 946.24	\$ 818.21	\$ 3,093.65	
\$ 244,490.71	\$ 254,105.27	\$ 567,064.72	\$ 1,166,976.11	
\$ 177,025.47	\$ 178,563.96	\$ 398,125.82	\$ 826,994.88	
\$ 65,551.94	\$ 73,592.89	\$ 164,581.70	\$ 330,994.03	
\$ 34,068.25	\$ 41,851.18	\$ 93,824.61	\$ 183,742.72	
\$ 31,483.69	\$ 31,741.71	\$ 70,757.09	\$ 147,251.31	
\$ 6,985.60	\$ 7,250.88	\$ 15,953.45	\$ 33,165.38	
\$ 24,498.09	\$ 24,490.83	\$ 54,803.64	\$ 114,085.93	
\$ 1,913.30	\$ 1,948.42	\$ 4,357.20	\$ 8,987.20	
\$ 1,124.32	\$ 1,130.08	\$ 2,545.33	\$ 5,261.70	
\$ 780.22	\$ 810.08	\$ 1,791.22	\$ 3,684.49	
\$ 8.76	\$ 8.94	\$ 20.65	\$ 41.69	

Unified Government of Wyandotte County / Kansas City, Kansas

Star Bond Payment History

(2006 Numbers are through August 31, 2006)

Issue	Year	Interest Paid	Principal Paid
1st Lien Series 2005 A	2005	\$355,204.99	\$0.00
	2006	\$541,836.75	\$580,000.00
1st Lien Series 2005 B	2005	\$619,377.08	\$0.00
	2006	\$944,812.50	\$0.00
1st Lien Series 2005 C	2005	\$217,496.13	\$0.00
	2006	\$331,773.75	\$0.00
2nd Lien Series 2005	2005	\$2,799,599.17	\$0.00
	2006	\$4,270,575.00	\$0.00
KISC Series 1999 Bonds	1999	\$642,042.33	\$0.00
	2000	\$731,442.50	\$0.00
	2001	\$731,442.50	\$0.00
	2002	\$731,442.50	\$0.00
	2003	\$731,442.50	\$0.00
	2004	\$731,442.50	\$0.00
	2005	\$731,442.50	\$0.00
	2006	\$365,721.25	\$0.00
KISC Series 2002 Bonds	2003	\$433,620.06	\$560,000.00
	2004	\$370,222.50	\$685,000.00
	2005	\$334,260.00	\$805,000.00
	2006	\$144,992.50	\$0.00
NFM Star Bonds (Paid in full 08/03/2005)	2003	\$402,345.67	\$0.00
	2004	\$4,672,401.30	\$610,000.00
	2005	\$3,111,097.35	\$63,695,000.00
NFM Star Bonds (Deferred Interest) (Paid in full 08/03/2005)	2003	\$0.00	\$0.00
	2004	\$5,669,884.74	\$0.00
	2005	\$5,203,339.00	\$0.00
Cabela's C1 Star Bonds (Paid in full 08/03/2005)	2002	\$1,873,634.34	\$0.00
	2003	\$2,937,291.79	\$1,145,000.00
	2004	\$3,214,053.69	\$1,485,000.00
	2005	\$2,120,212.99	\$48,870,000.00
Cabela's C2 Star Bonds (Paid in full 12/01/2005)	2002	\$392.57	\$0.00
	2003	\$271,969.82	\$429,816.20
	2004	\$804,784.91	\$1,109,923.06
	2005	\$664,787.15	\$8,460,260.74

RED Series 2003 Star Bonds	2003	\$786,399.40	\$370,000.00
(Paid in full 12/01/2005)	2004	\$1,499,200.58	\$780,000.00
	2005	\$1,676,267.53	\$44,411,274.82
RED Series 2005 Star Bonds	2005	\$403,961.09	\$47,200,000.00
(Paid in full 08/03/2005)			
Beaumont Star Bonds	2003	\$21,687.87	\$0.00
(Paid in full 08/03/2005)	2004	\$118,370.17	\$0.00
	2005	\$111,727.21	\$3,000,000.00

UG STAR BONDS					
1st Lien Series 2005 A					
Issue 6920					
PAYMENT	PRINCIPAL	INTEREST	TOTAL	TOTAL DEBT	OUTSTANDING
DATE	AMOUNT	RATE	INTEREST	SERVICE	
12/01/05			355,204.09	355,204.09	23,205,000.00
06/01/06	580,000.00	4.670%	541,836.75	1,121,836.75	22,625,000.00
12/01/06			528,293.75	528,293.75	22,625,000.00
06/01/07			528,293.75	528,293.75	22,625,000.00
12/01/07	6,355,000.00	4.670%	528,293.75	6,883,293.75	16,270,000.00
06/01/08			379,904.50	379,904.50	16,270,000.00
12/01/08	7,760,000.00	4.670%	379,904.50	8,139,904.50	8,510,000.00
06/01/09			198,708.50	198,708.50	8,510,000.00
12/01/09	8,510,000.00	4.670%	198,708.50	8,708,708.50	0.00
TOTALS	23,205,000.00		3,639,148.09	26,844,148.09	

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UG STAR BONDS					
1st Lien Series 2005 B					
Issue 6921					
PAYMENT	PRINCIPAL	INTEREST	TOTAL	TOTAL DEBT	OUTSTANDING
DATE	AMOUNT	RATE	INTEREST	SERVICE	
12/01/05			619,377.08	619,377.08	50,390,000.00
06/01/06			944,812.50	944,812.50	50,390,000.00
12/01/06			944,812.50	944,812.50	50,390,000.00
06/01/07			944,812.50	944,812.50	50,390,000.00
12/01/07			944,812.50	944,812.50	50,390,000.00
06/01/08			944,812.50	944,812.50	50,390,000.00
12/01/08			944,812.50	944,812.50	50,390,000.00
06/01/09			944,812.50	944,812.50	50,390,000.00
12/01/09			944,812.50	944,812.50	50,390,000.00
06/01/10			944,812.50	944,812.50	50,390,000.00
12/01/10	15,425,000.00	3.750%	944,812.50	16,369,812.50	34,965,000.00
06/01/11			655,593.75	655,593.75	34,965,000.00
12/01/11	16,780,000.00	3.750%	655,593.75	17,435,593.75	18,185,000.00
06/01/12			340,968.75	340,968.75	18,185,000.00
12/01/12	18,185,000.00	3.750%	340,968.75	18,525,968.75	0.00
TOTALS	50,390,000.00		12,060,627.08	62,450,627.08	

UG STAR BONDS					
1st Lien Series 2005 C					
Issue 6922					
PAYMENT	PRINCIPAL	INTEREST	TOTAL	TOTAL DEBT	OUTSTANDING
DATE	AMOUNT	RATE	INTEREST	SERVICE	
12/01/05			217,496.13	217,496.13	17,235,000.00
06/01/06			331,773.75	331,773.75	17,235,000.00
12/01/06			331,773.75	331,773.75	17,235,000.00
06/01/07			331,773.75	331,773.75	17,235,000.00
12/01/07			331,773.75	331,773.75	17,235,000.00
06/01/08			331,773.75	331,773.75	17,235,000.00
12/01/08			331,773.75	331,773.75	17,235,000.00
06/01/09			331,773.75	331,773.75	17,235,000.00
12/01/09			331,773.75	331,773.75	17,235,000.00
06/01/10			331,773.75	331,773.75	17,235,000.00
12/01/10			331,773.75	331,773.75	17,235,000.00
06/01/11			331,773.75	331,773.75	17,235,000.00
12/01/11			331,773.75	331,773.75	17,235,000.00
06/01/12			331,773.75	331,773.75	17,235,000.00
12/01/12			331,773.75	331,773.75	17,235,000.00
06/01/13			331,773.75	331,773.75	17,235,000.00
12/01/13	17,235,000.00	3.850%	331,773.75	17,566,773.75	0.00
TOTALS	17,235,000.00		5,525,876.13	22,760,876.13	

UG STAR BONDS					
2nd Lien Series 2005					
Issue 6923					
PAYMENT	PRINCIPAL	INTEREST	TOTAL	TOTAL DEBT	OUTSTANDING
DATE	AMOUNT	RATE	INTEREST	SERVICE	
12/01/05			2,799,599.17	2,799,599.17	174,025,000.00
06/01/06			4,270,575.00	4,270,575.00	174,025,000.00
12/01/06			4,270,575.00	4,270,575.00	174,025,000.00
06/01/07			4,270,575.00	4,270,575.00	174,025,000.00
12/01/07			4,270,575.00	4,270,575.00	174,025,000.00
06/01/08			4,270,575.00	4,270,575.00	174,025,000.00
12/01/08			4,270,575.00	4,270,575.00	174,025,000.00
06/01/09			4,270,575.00	4,270,575.00	174,025,000.00
12/01/09			4,270,575.00	4,270,575.00	174,025,000.00
06/01/10			4,270,575.00	4,270,575.00	174,025,000.00
12/01/10			4,270,575.00	4,270,575.00	174,025,000.00
06/01/11			4,270,575.00	4,270,575.00	174,025,000.00
12/01/11			4,270,575.00	4,270,575.00	174,025,000.00
06/01/12			4,270,575.00	4,270,575.00	174,025,000.00
12/01/12			4,270,575.00	4,270,575.00	174,025,000.00
06/01/13			4,270,575.00	4,270,575.00	174,025,000.00
12/01/13			4,270,575.00	4,270,575.00	174,025,000.00
06/01/14			4,270,575.00	4,270,575.00	174,025,000.00
12/01/14	19,775,000.00	4.750%	4,270,575.00	24,045,575.00	154,250,000.00
06/01/15			3,800,918.75	3,800,918.75	154,250,000.00
12/01/15	21,330,000.00	4.750%	3,800,918.75	25,130,918.75	132,920,000.00
06/01/16			3,294,331.25	3,294,331.25	132,920,000.00
12/01/16	22,935,000.00	4.750%	3,294,331.25	26,229,331.25	109,985,000.00
06/01/17			2,749,625.00	2,749,625.00	109,985,000.00
12/01/17	24,625,000.00	5.000%	2,749,625.00	27,374,625.00	85,360,000.00
06/01/18			2,134,000.00	2,134,000.00	85,360,000.00
12/01/18	26,470,000.00	5.000%	2,134,000.00	28,604,000.00	58,890,000.00
06/01/19			1,472,250.00	1,472,250.00	58,890,000.00
12/01/19	28,415,000.00	5.000%	1,472,250.00	29,887,250.00	30,475,000.00
06/01/20			761,875.00	761,875.00	30,475,000.00
12/01/20	30,475,000.00	5.000%	761,875.00	31,236,875.00	0.00
TOTALS	174,025,000.00		108,095,949.17	282,120,949.17	

SERIES 2001 GENERAL BONDS					
UNREFUNDED BONDS			ISSUE 6050		
DEBT SERVICE SCHEDULE					
PAYMENT	PRINCIPAL	INTEREST	TOTAL	TOTAL DEBT	OUTSTANDING
DATE	AMOUNT	RATE	INTEREST	SERVICE	
12/01/04			589,914.38	589,914.38	24,365,000.00
06/01/05			589,914.38	589,914.38	24,365,000.00
12/01/05			589,914.38	589,914.38	24,365,000.00
06/01/06			589,914.38	589,914.38	24,365,000.00
12/01/06	390,000.00	4.000%	589,914.38	979,914.38	23,975,000.00
06/01/07			582,114.38	582,114.38	23,975,000.00
12/01/07	685,000.00	4.000%	582,114.38	1,267,114.38	23,290,000.00
06/01/08			568,414.38	568,414.38	23,290,000.00
12/01/08	995,000.00	4.125%	568,414.38	1,563,414.38	22,295,000.00
06/01/09			547,892.50	547,892.50	22,295,000.00
12/01/09	325,000.00	4.250%	547,892.50	1,802,892.50	21,040,000.00
12/01/09	930,000.00	5.000%			
06/01/10			517,736.25	517,736.25	21,040,000.00
12/01/10	585,000.00	4.350%	517,736.25	2,092,736.25	
12/01/10	990,000.00	5.000%			19,465,000.00
06/01/11			480,262.50	480,262.50	19,465,000.00
12/01/11	20,000.00	4.500%	480,262.50	2,090,262.50	17,855,000.00
12/01/11	1,590,000.00	4.250%			
06/01/12			446,025.00	446,025.00	17,855,000.00
12/01/12	710,000.00	4.600%	446,025.00	2,086,025.00	16,215,000.00
12/01/12	930,000.00	4.375%			
06/01/13			409,351.25	409,351.25	16,215,000.00
12/01/13	1,675,000.00	5.000%	409,351.25	2,084,351.25	14,540,000.00
06/01/14			367,476.25	367,476.25	14,540,000.00
12/01/14	1,775,000.00	5.000%	367,476.25	2,142,476.25	12,765,000.00
06/01/15			323,101.25	323,101.25	12,765,000.00
12/01/15	1,885,000.00	5.000%	323,101.25	2,208,101.25	10,880,000.00
06/01/16			275,976.25	275,976.25	10,880,000.00
12/01/16	1,995,000.00	5.000%	275,976.25	2,270,976.25	8,885,000.00
06/01/17			226,101.25	226,101.25	8,885,000.00
12/01/17	2,040,000.00	5.000%	226,101.25	2,266,101.25	6,845,000.00
06/01/18			175,101.25	175,101.25	6,845,000.00
12/01/18	2,160,000.00	5.125%	175,101.25	2,335,101.25	4,685,000.00
06/01/19			119,751.25	119,751.25	4,685,000.00
12/01/19	2,270,000.00	5.125%	119,751.25	2,389,751.25	2,415,000.00
06/01/20			61,582.50	61,582.50	2,415,000.00
12/01/20	2,415,000.00	5.100%	61,582.50	2,476,582.50	0.00
TOTALS	24,365,000.00		13,151,344.38	37,516,344.38	

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Issue 6886 SBKC

78-6886-10

EXHIBIT D-1

THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

TAXABLE SPECIAL OBLIGATION REVENUE REFUNDING BONDS
(REDEVELOPMENT PROJECT AREA B) SERIES 2004

DEBT SERVICE ON THE BONDS

Debt Service Payment Date	Principal	Interest rate	Interest	Total Debt Service
12/1/2004			\$ 80,133.61	\$ 80,133.61
6/1/2005			141,412.25	141,412.25
12/1/2005			141,412.25	141,412.25
6/1/2006			141,412.25	141,412.25
12/1/2006	\$ 100,000	3.200%	141,412.25	241,412.25
6/1/2007			139,812.25	139,812.25
12/1/2007	130,000	3.620%	139,812.25	269,812.25
6/1/2008			137,459.25	137,459.25
12/1/2008	155,000	4.070%	137,459.25	292,459.25
6/1/2009			134,305.00	134,305.00
12/1/2009	205,000	4.330%	134,305.00	339,305.00
6/1/2010			129,866.75	129,866.75
12/1/2010	260,000	4.600%	129,866.75	389,866.75
6/1/2011			123,886.75	123,886.75
12/1/2011	310,000	4.790%	123,886.75	433,886.75
6/1/2012			116,462.25	116,462.25
12/1/2012	365,000	4.980%	116,462.25	481,462.25
6/1/2013			107,373.75	107,373.75
12/1/2013	420,000	5.120%	107,373.75	527,373.75
6/1/2014			96,621.75	96,621.75
12/1/2014	425,000	5.190%	96,621.75	521,621.75
6/1/2015			85,593.00	85,593.00
12/1/2015	425,000	5.540%	85,593.00	510,593.00
6/1/2016			73,820.50	73,820.50
12/1/2016	435,000	5.540%	73,820.50	508,820.50
6/1/2017			61,771.00	61,771.00
12/1/2017	515,000	5.540%	61,771.00	576,771.00
6/1/2018			47,505.50	47,505.50
12/1/2018	520,000	5.540%	47,505.50	567,505.50
6/1/2019			33,101.50	33,101.50
12/1/2019	555,000	5.540%	33,101.50	588,101.50
6/1/2020			17,728.00	17,728.00
12/1/2020	640,000	5.540%	17,728.00	657,728.00
	<u>\$ 5,460,000</u>		<u>\$ 3,256,397.11</u>	<u>\$ 8,716,397.11</u>

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THE UNIFIED GOVERNMENT
 SALES TAX SPECIAL OBLIGATION REVENUE BONDS
 (KANSAS INT'L SPEEDWAY PROJECT)
 SERIES 1999

<u>DATE</u>	<u>PRINCIPAL (AND S.F. CALLS)</u>	<u>CUMULATIVE INTEREST</u>	<u>CAPITAL APPRECIATION BONDS CALL PRICE</u>	<u>TOTAL DUE</u>
12/01/01		\$365,721.25		\$ 365,721.25
06/01/02		\$365,721.25		\$ 365,721.25
12/01/02		\$365,721.25		\$ 365,721.25
06/01/03		\$365,721.25		\$ 365,721.25
12/01/03		\$365,721.25		\$ 365,721.25
06/01/04		\$365,721.25		\$ 365,721.25
12/01/04		\$365,721.25		\$ 365,721.25
06/01/05		\$365,721.25		\$ 365,721.25
12/01/05		\$365,721.25		\$ 365,721.25
06/01/06		\$365,721.25		\$ 365,721.25
12/01/06		\$365,721.25	\$373,859.10	\$ 739,580.35
06/01/07		\$365,721.25		\$ 365,721.25
12/01/07		\$365,721.25	\$424,632.00	\$ 790,353.25
06/01/08		\$365,721.25		\$ 365,721.25
12/01/08	\$5,000.00	\$365,721.25	\$658,041.75	\$ 1,028,763.00
06/01/09		\$365,616.25		\$ 365,616.25
12/01/09	\$65,000.00	\$365,616.25	\$765,566.20	\$ 1,196,182.45
06/01/10		\$364,251.25		\$ 364,251.25
12/01/10	\$115,000.00	\$364,251.25	\$792,014.10	\$ 1,271,265.35
06/01/11		\$361,807.50		\$ 361,807.50
12/01/11	\$170,000.00	\$361,807.50	\$827,798.40	\$ 1,359,605.90
06/01/12		\$358,088.75		\$ 358,088.75
12/01/12	\$230,000.00	\$358,088.75	\$860,652.50	\$ 1,448,741.25
06/01/13		\$352,913.75		\$ 352,913.75
12/01/13	\$295,000.00	\$352,913.75	\$904,219.50	\$ 1,552,133.25
06/01/14		\$346,128.75		\$ 346,128.75
12/01/14	\$365,000.00	\$346,128.75	\$945,000.00	\$ 1,656,128.75
06/01/15		\$337,460.00		\$ 337,460.00
12/01/15	\$445,000.00	\$337,460.00	\$993,125.10	\$ 1,775,585.10
06/01/16		\$326,891.25		\$ 326,891.25
12/01/16	\$535,000.00	\$326,891.25	\$1,041,574.40	\$ 1,903,465.65
06/01/17		\$314,185.00		\$ 314,185.00
12/01/17	\$630,000.00	\$314,185.00	\$1,088,085.20	\$ 2,032,270.20
06/01/18		\$298,750.00		\$ 298,750.00
12/01/18	\$710,000.00	\$298,750.00	\$1,123,077.15	\$ 2,131,827.15
06/01/19		\$281,000.00		\$ 281,000.00
12/01/19	\$800,000.00	\$281,000.00	\$1,158,719.40	\$ 2,239,719.40
06/01/20		\$261,000.00		\$ 261,000.00
12/01/20	\$895,000.00	\$261,000.00	\$1,200,000.00	\$ 2,356,000.00
06/01/21		\$238,625.00		\$ 238,625.00
12/01/21	\$995,000.00	\$238,625.00	\$1,249,355.80	\$ 2,482,980.80
06/01/22		\$213,750.00		\$ 213,750.00
12/01/22	\$1,105,000.00	\$213,750.00	\$1,284,930.45	\$ 2,603,680.45

06/01/23		\$186,125.00		\$ 186,125.00
12/01/23	\$1,220,000.00	\$186,125.00	\$1,332,959.20	\$2,739,084.20
06/01/24		\$155,625.00		\$ 155,625.00
12/01/24	\$1,345,000.00	\$155,625.00	\$1,373,896.05	\$2,874,521.05
06/01/25		\$122,000.00		\$ 122,000.00
12/01/25	\$1,480,000.00	\$122,000.00	\$1,419,925.50	\$3,021,925.50
06/01/26		\$85,000.00		\$ 85,000.00
12/01/26	\$1,625,000.00	\$85,000.00	\$1,466,962.05	\$3,176,962.05
06/01/27		\$44,375.00		\$ 44,375.00
12/01/27	\$1,775,000.00	\$44,375.00	\$5,900,000.00	\$7,719,375.00

KISC SUB BONDS SERIES 2002					
TAXABLE					
Trust Number 78-6055-10					
PAYMENT	PRINCIPAL	INTEREST	TOTAL	TOTAL DEBT	OUTSTANDING
DATE	AMOUNT	RATE	INTEREST	SERVICE	
06/01/03			234,508.81	234,508.81	6,320,000.00
12/01/03	560,000.00	5.00%	199,111.25	759,111.25	5,760,000.00
06/01/04			185,111.25	185,111.25	5,760,000.00
12/01/04	685,000.00	5.25%	185,111.25	870,111.25	5,075,000.00
06/01/05			167,130.00	167,130.00	5,075,000.00
12/01/05	805,000.00	5.50%	167,130.00	972,130.00	4,270,000.00
06/01/06			144,992.50	144,992.50	4,270,000.00
12/01/06	515,000.00	5.75%	144,992.50	659,992.50	3,755,000.00
06/01/07			130,186.25	130,186.25	3,755,000.00
12/01/07	535,000.00	6.00%	130,186.25	665,186.25	3,220,000.00
06/01/08			114,136.25	114,136.25	3,220,000.00
12/01/08	370,000.00	6.10%	114,136.25	484,136.25	2,850,000.00
06/01/09			102,851.25	102,851.25	2,850,000.00
12/01/09	260,000.00	6.20%	102,851.25	362,851.25	2,590,000.00
06/01/10			94,791.25	94,791.25	2,590,000.00
12/01/10	335,000.00	6.30%	94,791.25	429,791.25	2,255,000.00
06/01/11			84,238.75	84,238.75	2,255,000.00
12/01/11	310,000.00	6.40%	84,238.75	394,238.75	1,945,000.00
06/01/12			74,318.75	74,318.75	1,945,000.00
12/01/12	285,000.00	6.50%	74,318.75	359,318.75	1,660,000.00
06/01/13			65,056.25	65,056.25	1,660,000.00
12/01/13	250,000.00	7.75%	65,056.25	315,056.25	1,410,000.00
06/01/14			55,368.75	55,368.75	1,410,000.00
12/01/14	210,000.00	7.75%	55,368.75	265,368.75	1,200,000.00
06/01/15			47,231.25	47,231.25	1,200,000.00
12/01/15	260,000.00	7.75%	47,231.25	307,231.25	940,000.00
06/01/16			37,156.25	37,156.25	940,000.00
12/01/16	205,000.00	7.75%	37,156.25	242,156.25	735,000.00
06/01/17			29,212.50	29,212.50	735,000.00
12/01/17	150,000.00	7.75%	29,212.50	179,212.50	585,000.00
06/01/18			23,400.00	23,400.00	585,000.00
12/01/18	125,000.00	8.00%	23,400.00	148,400.00	460,000.00
06/01/19			18,400.00	18,400.00	460,000.00
12/01/19	90,000.00	8.00%	18,400.00	108,400.00	370,000.00
06/01/20			14,800.00	14,800.00	370,000.00
12/01/20	165,000.00	8.00%	14,800.00	179,800.00	205,000.00
06/01/21			8,200.00	8,200.00	205,000.00
12/01/21	120,000.00	8.00%	8,200.00	128,200.00	85,000.00
06/01/22			3,400.00	3,400.00	85,000.00
12/01/22	85,000.00	8.00%	3,400.00	88,400.00	0.00
TOTALS	6,320,000.00		3,233,582.56	9,553,582.56	

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Unified Government of Wyandotte County / Kansas City, Kansas						
Series 2005 STAR Bonds						
First Lien Series 2005 A, B & C						
Second Lien Series 2005						
Trustee Disclosure Report 1-Dec-05						
Account #	Account Name	Beginning Balance	Deposits	Interest Earnings	Withdrawals	Ending Balance
First Lien Bonds						
1692001	2005 A Theatre Site Fund	\$0.00	\$1,359,752.85	\$5,540.29	-\$1,154,000.00	\$211,293.14
1692003	2005 A Theatre Fund	\$0.00	\$6,649,334.85	\$27,598.78	-\$5,501,690.44	\$1,175,243.19
1692010	2005 A Debt Service Fund	\$0.00	\$355,165.35	\$81.67	-\$355,204.09	\$42.93
1692020	2005 A Reserve Fund	\$0.00	\$2,320,497.44	\$15,182.45	-\$15,176.05	\$2,320,503.84
1692045	2005 A Costs of Issuance Fund	\$0.00	\$172,519.87	\$138.46	-\$164,920.90	\$7,737.43
1692110	2005 B Debt Service Fund	\$0.00	\$619,283.38	\$197.56	-\$619,377.08	\$103.86
1692120	2005 B Reserve Fund	\$0.00	\$5,039,000.00	\$36,709.12	-\$36,709.12	\$5,039,000.00
1692145	2005 B Costs of Issuance Fund	\$0.00	\$371,837.47	\$272.43	-\$357,956.21	\$14,153.69
1692210	2005 C Debt Service Fund	\$0.00	\$217,466.75	\$105.31	-\$217,496.13	\$75.93
1692220	2005 C Reserve Fund	\$0.00	\$1,723,498.07	\$11,513.53	-\$11,508.69	\$1,723,502.91
1692245	2005 C Costs of Issuance Fund	\$0.00	\$127,180.37	\$92.20	-\$122,529.09	\$4,743.48
Second Lien Bonds						
1692300	2005 KCK Account	\$0.00	\$7,297,802.86	\$29,086.73	-\$5,159,347.96	\$2,167,541.63
1692301	2005 RED Site Account	\$0.00	\$23,953,365.12	\$185,342.68	-\$10,245,312.41	\$13,893,395.39
1692302	2005 Parking Garage Account	\$0.00	\$8,623,108.29	\$61,899.91	-\$4,276,470.56	\$4,408,537.64
1692304	2005 NFM Site Account	\$0.00	\$3,564,863.73	\$37,738.76	-\$359,459.87	\$3,243,142.62
1692305	2005 Cabela's Site Account	\$0.00	\$708,530.47	\$7,613.27	\$0.00	\$716,143.74
1692306	2005 Taxable RED Site Account	\$0.00	\$9,891,175.74	\$0.00	-\$672,854.40	\$9,218,321.34
1692310	2005 Debt Service Fund	\$0.00	\$15,044,574.62	\$1,331.58	-\$15,045,166.92	\$739.28
1692320	2005 Reserve Fund	\$0.00	\$17,402,500.00	\$131,533.90	-\$131,533.90	\$17,402,500.00
1692345	2005 Costs of Issuance Fund	\$0.00	\$1,004,534.93	\$786.54	-\$970,934.01	\$34,387.46

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United Government of Wyandotte County / Kansas City, Kansas
 Series 2005 STAR Bonds, First Lien Series 2005 A, B & C
 nd Lien Series 2005

Trustee Disclosure Report- As of - 1-Jun-06

EXHIBIT E 1

Account #	Account Name	Beginning Balance	Deposits*	Interest Earnings*	Withdrawals*	Ending Balance
(a) Project Funds						
1692001	2005 A Theatre Site Fund	\$211,293.14	\$0.00	\$1,947.19	-\$146,000.00	\$67,240.33
1692003	2005 A Theatre Fund	\$1,175,243.19	\$31,613.28	\$6,698.81	-\$1,213,540.02	\$15.26
1692300	2005 KCK Account	\$2,167,541.63	\$5,173,416.86	\$41,827.34	-\$5,296,008.56	\$2,086,777.27
1692301	2005 RED Site Account	\$13,893,395.39	\$5,020,428.00	\$108,989.40	-\$15,175,817.96	\$3,846,994.83
1692302	2005 Parking Garage Account	\$4,408,537.64	\$10,078.00	\$88,412.97	-\$66,634.70	\$4,440,393.91
1692304	2005 NFM Site Account	\$3,243,142.62	\$0.00	\$31,466.88	-\$2,439,599.60	\$835,009.90
1692305	2005 Cabela's Site Account	\$716,143.74	\$0.00	\$11,149.30	-\$444,039.07	\$283,253.97
1692306	2005 Taxable RED Site Account	\$9,319,260.84	\$0.00	\$142,986.74	-\$3,248,571.26	\$6,213,676.32
(b) Costs of Issuance Funds						
1692045	2005 A Costs of Issuance Fund	\$7,737.43	\$0.00	\$39.24	-\$7,761.48	\$15.19
1692145	2005 B Costs of Issuance Fund	\$14,153.69	\$0.00	\$71.77	-\$14,197.68	\$27.78
1692245	2005 C Costs of Issuance Fund	\$4,743.48	\$0.00	\$24.04	-\$4,758.22	\$9.30
1692345	2005 Costs of Issuance Fund	-\$34,387.46	\$0.00	\$174.35	-\$34,494.33	\$67.48
(c) Debt Service Funds						
1692010	2005 A Debt Service Fund	\$42.93	\$1,121,600.34	\$374.23	-\$1,121,836.75	\$180.75
1692110	2005 B Debt Service Fund	\$103.86	\$944,195.70	\$962.97	-\$944,812.50	\$450.03
1692210	2005 C Debt Service Fund	\$75.93	\$331,496.19	\$356.17	-\$331,773.75	\$154.54
1692310	2005 Debt Service Fund	\$739.28	\$4,268,575.26	\$3,213.09	-\$4,270,575.00	\$1,952.63
(d) Debt Service Reserve Funds						
1692020	2005 A Reserve Fund	\$2,320,503.84	\$0.00	\$49,934.64	-\$49,934.58	\$2,320,503.90
1692120	2005 B Reserve Fund	\$5,039,000.00	\$0.00	\$110,127.35	-\$110,127.35	\$5,039,000.00
1692210	2005 C Debt Service Fund	\$75.93	\$331,496.19	\$356.17	-\$331,773.75	\$154.54
1692320	2005 Reserve Fund	\$17,402,500.00	\$0.00	\$394,601.69	-\$394,601.69	\$17,402,500.00

* For actual dates of individual transactions that make up this total, please see attached system generated Transaction Log which is organized by the account number listed above.

ATTACHMENT B

Annual Report from City of Topeka

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CITY OF TOPEKA

FINANCIAL SERVICES DEPARTMENT
CONTROLLER'S DIVISION
City Hall, 215 SE 7th Street, Suite 358
Topeka, Kansas 66603-3914
www.Topeka.org
LWood@Topeka.org

Director Jim Langford
City Controller Linda Wood
Telephone: (785) 368-3970
Facsimile: (785) 368-3975
E-mail:

October 16, 2006

Secretary Howard R. Fricke
Kansas Department of Commerce
1000 SW Jackson Street, Suite 100
Topeka, Kansas 66612-1354

RE: CORRECTION TO ANNUAL REPORT on \$10,405,000 City of Topeka,
Kansas Full Faith and Credit STAR Bonds, Series 2006-A (Heartland Park) (the
"STAR Bonds")

Honorable Secretary Fricke:

On October 13, 2006, the City of Topeka transmitted to you, pursuant to K.S.A. 12-1774(d), a report on the project financed with the above-referenced STAR Bonds. It has come to my attention that I misinterpreted a worksheet that details project expenditures. The total amount spent through September 30, 2006, on the Heartland Park motor sports complex redevelopment project is the \$14,515,955.02, which was indicated in the report delivered to you last Friday.

However, I incorrectly stated that the entire proceeds of the STAR Bonds comprised \$10,458,628.35 of the total spent. In fact, the City has \$743,513.37 of STAR Bond proceeds remaining. So, the correct breakdown of expenditures is as follows:

Costs paid from STAR Bond proceeds:	\$9,715,114.98
Costs paid from other sources:	<u>4,800,840.04</u>
Total spent at September 30, 2006	<u>\$14,515,955.02</u>

We do anticipate that all STAR Bond proceeds will be expended by December 31, 2006. Please destroy the five-page annual report sent to you on October 13, 2006, and instead use the revised, corrected report enclosed with this letter. All other documentation that you received last week is accurate and complete.

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Secretary Fricke
October 16, 2006
Page 2

Once you have an opportunity to review the revised report and the supporting documentation, please do not hesitate to contact me if you have questions or concerns.

Sincerely,



Linda Wood, City Controller

Enclosure

C: City Manager Norton N. Bonaparte
Director of Budget and Finance Jim Langford
Chief Attorney Robert North
Deputy Secretary Steve Kelly
Ray Irwin, CEO, Heartland Park Topeka

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City of Topeka, Kansas

Annual Report to the Kansas Secretary of Commerce

For the Major Motor-Sports Complex
Redevelopment Project

Financed by City of Topeka Full Faith and Credit
STAR Bonds
Series 2006-A (Heartland Park)

October 1, 2006

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This report is prepared pursuant to K.S.A. 12-1774 (d). Information submitted in this report was compiled from the records of the City of Topeka, for transactions completed through September 30, 2006, in conjunction with the City's redevelopment project commonly known as Heartland Park.

DESCRIPTION OF PROJECT STATUS

On November 29, 2005, the City issued its Taxable General Obligation Bonds, Series 2005-C (Heartland Park) in the aggregate principal amount of \$5,070,000, to finance a portion of the costs of the Heartland Park redevelopment project. On March 30, 2006, the City issued \$10,405,000 principal amount of Full Faith and Credit STAR Bonds, Series 2006-A, also to finance a portion of the costs of Heartland Park redevelopment project. The components of the project, and their estimated percentages of completion at September 29, 2006, are presented in *Tables 1, 2, and 3* below.

Please note that the amounts shown in each table in the columns headed *Estimated Total Costs*, *Payments Through 9/30/2006*, and *Estimated % Complete* are not independently audited numbers. The *Estimated Total Costs* numbers are derived from the originally approved project estimates, with slight revisions. Although unaudited, the *Payments Through 9/30/2006* amounts have been verified against the City's internal accounting records. The percentage of completion estimates were provided to the City by the Heartland Park Topeka Raceway developer/manager Ray Irwin. The payments made to date were derived from other sources in addition to STAR Bond proceeds, to pay for components of the redevelopment project taken as a whole.

The project funding sources initially identified by Heartland Park management include:

• The City's general obligation bonds	\$ 5,000,000
• STAR Bond proceeds	10,405,000
• Federal funding	3,500,000
• Private funds	<u>3,500,000</u>
Total Anticipated Funding Sources	<u>\$22,500,000</u>

As you will see in the tables below, Mr. Irwin's current estimate of total redevelopment project costs is \$23,705,000. Of that amount, \$15,220,000 represents Phase I development, as detailed in *Table 1*; Phase II development is expected to cost \$7,300,000, as shown in *Table 2*; and \$1,185,000 in additional projects are also planned, as seen in *Table 3*.

Phase I components were expected to be completed prior to October 1, 2006, to accommodate the Sports Car Club of America (SCCA) run-offs scheduled for October at Heartland Park. Phase II project components were not required to be completed before the SCCA runoffs, and costs have not yet been incurred for those components. The additional projects have been substantially completed.

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4.50

Table 1—Phase I project components

Description of Project Component	Estimated Total Cost	Payments Through 9/30/06	Estimated % Complete
Drag race and road course tracks asphalt replacement	\$2,050,000	\$1,606,208.45	76%
Repair and resurface all asphalt paddock/pit areas (about 45 acres)	3,500,000	1,866,128.67	89%
Consolidated timing and scoring building with areas for race and steward control	1,600,000	1,457,265.73	100%
Garages for competitors	900,000	822,064.77	100%
Consolidated technical inspection and shower building	900,000	876,025.52	100%
Maintenance building	500,000	670,652.35	100%
Credentials and security building	230,000	203,976.27	100%
Tire building	500,000	566,985.51	100%
Pavilions	300,000	309,996.78	100%
Landscaping and beautification	275,000	398,791.79	67%
Paddock lighting, public address, and Telco systems	650,000	489,449.66	87%
Perimeter fencing, curbing, and walls	400,000	592,143.73	100%
Engineering & architect fees	700,000	1,016,986.59	100%
Excavating and other work	1,465,000	2,118,636.39	91%
Project soft costs (include payment of capitalized interest)	1,250,000	951,088.49	79%
Total	\$15,220,000	\$13,946,400.70	

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4.51

Table 2—Phase II project components

Description of Project Component	Estimated Cost	Payments Through 9/30/06	Estimated % Complete
Repair roads on property	\$1,350,000	none	0%
Commerce Park development	1,500,000	none	0%
Concessions/Souvenirs/Medical facility	1,500,000	none	0%
Spectator entrance bridge	350,000	none	0%
TEC building	750,000	none	0%
Tower improvements and fan amenities	500,000	none	0%
Engineering and architect costs	600,000	none	0%
Excavation work	750,000	none	0%
Total	\$7,300,000	\$-0-	

Table 3 – Additional project components

Description of Project Component	Estimated Cost	Payments Through 9/30/06	Estimated % Complete
RV & camping amenities	750,000	232,702.44	48%
City water pump station	300,000	201,851.88	100%
Additional excavation work	135,000	135,000.00	100%
Total	\$1,185,000	\$569,554.32	

EXPENDITURES OF STAR BOND PROCEEDS TO DATE

The amount of STAR Bond proceeds spent to date totals \$9,715,114.98, which is less than 50% of the total estimated cost of the redevelopment project. To date, an additional \$4,800,840.04 has also been spent on the project from revenue sources other than STAR Bond proceeds. Detailed information about all these expenditures is provided in the enclosed document copies.

EXPECTED FUTURE EXPENDITURES OF STAR BOND PROCEEDS

The principal amount of STAR Bond proceeds was \$10,405,000. The bonds were sold at a net premium of \$53,628.35, yielding a total for project expenditures of \$10,458,628.35. Of that amount, \$9,715,114.98 has already been spent on the redevelopment project. The remaining \$743,513.37 of STAR bond proceeds is expected to be spent on redevelopment project costs by December 31, 2006.

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SALES TAX REVENUES

As specified in the STAR Bond documents, all sales tax revenues derived within the redevelopment district shall be used to pay debt service on the STAR Bonds. Through September 30, 2006, the Kansas Department of Revenue has distributed to the City of Topeka a total of \$36,270.50; Shawnee County taxes were \$25,274.16, and Washburn University taxes were \$10,996.34. These monies, together with capitalized interest provided from bond proceeds, has been used to pay the first interest payment on the STAR Bonds on August 15, 2006, in the total amount of \$172,139.53.

It is anticipated that all future sales tax revenues will be used only to pay debt service on the STAR Bonds, and it is projected that sales tax revenues will be sufficient to make such payments. A detailed amortization schedule for the STAR Bonds is enclosed.

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HPT Renovation Project Status and Projections

Item Description	Updated Cost Estimate	Payments to Date			9/30/2006 Status	Estimate to Complete	Projected Totals	Over/(Under) Estimate
		City/STAR	HPT	Federal				
Phase I								
Face Asphalt Replacement (Drag & Road Course)	2,050,000	1,606,208.45						
Dock/pit Asphalt repair (all)	3,500,000	1,866,128.67			76%	500,000	2,106,208	\$56,208
Timing/Scoring & Race Control Building	1,600,000	1,457,265.73			89%	225,000	2,091,129	-\$1,408,871
Garage Building	900,000	822,064.77			100%		1,457,266	-\$142,734
Tech Building with Showers/bathrooms	900,000	876,025.52			100%		822,065	-\$77,935
Maintenance Building	500,000	670,652.35			100%		876,026	-\$23,974
Restrooms & Security Building	230,000	203,976.27			100%		670,652	\$170,652
Fire Building	500,000	566,985.51			100%		203,976	-\$26,024
Restrooms	300,000	309,996.78			100%		566,986	\$66,986
Landscaping & Beatification	275,000	398,791.79			100%		309,997	\$9,997
Dock lighting, Public Address & Telco Systems	650,000	489,449.66			67%	200,000	598,792	\$323,792
Perimeter Fencing, Curbing & Walls etc.	400,000	592,143.73			87%	75,000	564,450	-\$85,550
Engineering & Architect Fees	700,000	1,016,986.59			100%		592,144	\$192,144
Project Soft Costs including City's direct costs	1,250,000	951,088.49			100%		1,016,987	\$316,987
Excavating & Other Work	\$1,465,000	2,118,636.39			79%	250,000	1,201,088	-\$48,912
					91%	200,000	2,318,636	\$853,636
	\$15,220,000	13,946,400.70	\$0	\$0		\$1,450,000	15,396,401	\$176,401
Phase II								
Repair roads on property	\$1,350,000	0.00						
Commerce Park Development	\$1,500,000	0.00			0%	\$1,350,000	1,350,000	\$0
Concession/Souvenir/Medical Bldg.	\$1,500,000	0.00			0%	\$1,500,000	1,500,000	\$0
Spectator Entrance Bridge	\$350,000	0.00			0%	\$1,500,000	1,500,000	\$0
EC Building	\$750,000	0.00			0%	\$350,000	350,000	\$0
Power Improvements and Fan Amenities	\$500,000	0.00			0%	\$750,000	750,000	\$0
Engineering and Architect	\$600,000	0.00			0%	\$500,000	500,000	\$0
Excavating Work	\$750,000	0.00			0%	\$600,000	600,000	\$0
	\$7,300,000	0.00	\$0	\$0	0%	\$750,000	750,000	\$0
						7,300,000	7,300,000	0
Total Phase I and Phase II Projected Costs:	\$22,520,000	13,946,400.70	\$0	\$0		\$8,750,000	\$22,696,401	\$176,401
Additional Projects								
V & Camping Amenities (Added to Phase I)	750,000	232,702.44			48%	250,000	482,702	-\$267,298
City Water Pump Station (Added to Phase I)	300,000	201,851.88			100%		201,852	-\$98,148
Additional Excavating Work(Added to Phase I)	135,000	135,000.00			100%		135,000	\$0
	\$23,705,000	14,515,955.02	\$0	\$0		\$9,000,000	\$23,515,955	-\$189,045

Notes:

- Updated cost estimate now includes \$1,050,000 for Pump Station and RV Amenities not in original Phase I work
- Current Soft Costs include both the City's direct costs (\$745,027.24) and portion paid to HPT (\$206,061.25)
- Payments to date include all 2005 payments and 2006 payments through 09-30-06

Funding Sources:

- City of Topeka: \$5,000,000
- STAR Bonds: \$10,405,000
- Federal Funding: \$3,500,000 (\$198,000 in 2006)
- Private Funds: \$3,500,000

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Heartland Park STAR Bonds
FINAL CASHFLOWS-MARCH 7, 2006

Dated Date = 03/30/2006

City of Topeka

Delivery Date = 03/30/2006

Full Faith and Credit STAR Bonds
Series 2006-A

Dates	Term Bond Maturities	Bond Redemptions	Proceeds	Coupon Rate	Yield	Price	Interest Amount	Total Debt Service	Fiscal Year Debt Service	Debt Service to 1st Call
08/15/2006	-	-	-	-	-	-	172,139.53	172,139.53	172,139.53	172,139.53
02/15/2007	-	-	-	-	-	-	229,519.38	229,519.38	-	229,519.38
08/15/2007	-	-	-	-	-	-	229,519.38	229,519.38	459,038.76	229,519.38
02/15/2008	-	-	-	-	-	-	229,519.38	229,519.38	-	229,519.38
08/15/2008	-	-	-	-	-	-	229,519.38	229,519.38	459,038.76	229,519.38
02/15/2009	-	-	-	-	-	-	229,519.38	229,519.38	-	229,519.38
08/15/2009	-	250,000.00	264,875.00	5.500	3.610000	105.950000	229,519.38	229,519.38	-	229,519.38
02/15/2010	-	-	-	-	-	-	222,644.38	479,519.38	709,038.76	479,519.38
08/15/2010	-	265,000.00	284,644.45	5.500	3.650000	107.413000	222,644.38	222,644.38	-	222,644.38
02/15/2011	-	-	-	-	-	-	215,356.88	487,644.38	710,288.76	487,644.38
08/15/2011	-	280,000.00	303,780.40	5.500	3.740000	108.493000	215,356.88	215,356.88	-	215,356.88
02/15/2012	-	-	-	-	-	-	215,356.88	495,356.88	710,713.76	10,201,456.88
08/15/2012	-	295,000.00	297,799.55	4.000	3.830000	100.949000	207,656.88	207,656.88	-	-
02/15/2013	-	-	-	-	-	-	207,656.88	502,656.88	710,313.76	-
08/15/2013	-	305,000.00	306,537.20	4.000	3.920000	100.504000	201,756.88	201,756.88	-	-
02/15/2014	-	-	-	-	-	-	201,756.88	506,756.88	708,513.76	-
08/15/2014	-	315,000.00	315,185.85	4.000	3.990000	100.059000	195,656.88	195,656.88	-	-
02/15/2015	-	-	-	-	-	-	195,656.88	510,656.88	706,313.76	-
08/15/2015	-	330,000.00	328,963.80	4.000	4.040000	99.686000	189,356.88	189,356.88	-	-
02/15/2016	-	-	-	-	-	-	189,356.88	519,356.88	708,713.76	-
08/15/2016	-	730,000.00	723,853.40	4.000	4.100000	99.158000	182,756.88	182,756.88	-	-
02/15/2017	-	-	-	-	-	-	182,756.88	912,756.88	1,095,513.76	-
08/15/2017	-	760,000.00	761,398.40	4.200	4.170000	100.184000	168,156.88	168,156.88	-	-
02/15/2018	-	-	-	-	-	-	168,156.88	928,156.88	1,096,313.76	-
08/15/2018	-	790,000.00	790,458.20	4.250	4.240000	100.058000	152,196.88	152,196.88	-	-
02/15/2019	-	-	-	-	-	-	152,196.88	942,196.88	1,094,393.76	-
08/15/2019	-	825,000.00	828,316.50	4.375	4.310000	100.402000	135,409.38	135,409.38	-	-
02/15/2020	-	-	-	-	-	-	135,409.38	960,409.38	1,095,818.76	-
08/15/2020	-	860,000.00	860,000.00	4.375	4.375000	100.000000	117,362.50	117,362.50	-	-
02/15/2021	-	-	-	-	-	-	117,362.50	977,362.50	1,094,725.00	-
08/15/2021	-	900,000.00	897,966.00	4.400	4.420000	99.774000	98,550.00	98,550.00	-	-
02/15/2022	-	-	-	-	-	-	98,550.00	998,550.00	1,097,100.00	-
08/15/2022	-	940,000.00	942,293.60	4.500	4.460000	100.244000	78,750.00	78,750.00	-	-
02/15/2023	-	-	-	-	-	-	78,750.00	1,018,750.00	1,097,500.00	-
08/15/2023	-	980,000.00	980,000.00	4.500	4.500000	100.000000	57,600.00	57,600.00	-	-
02/15/2024	-	-	-	-	-	-	57,600.00	1,037,600.00	1,095,200.00	-
08/15/2024	-	1,025,000.00	1,021,135.75	4.500	4.530000	99.623000	35,550.00	35,550.00	-	-
02/15/2025	-	-	-	-	-	-	35,550.00	1,060,550.00	1,096,100.00	-
08/15/2025	-	555,000.00	551,420.25	4.500	4.550000	99.355000	12,487.50	12,487.50	-	-
Total	-	10,405,000.00	10,458,628.35				6,091,753.41	16,496,753.41	16,496,753.41	12,926,358.33
Acc Int	-									
Grand Totals	-	10,405,000.00	10,458,628.35				6,091,753.41	16,496,753.41	16,496,753.41	12,926,358.33

* - Bonds callable ... 08/15/2011 @ 101.000 02/15/2012 @ 100.750 08/15/2012 @ 100.500
TIC (Incl. all expenses) 4.56632790% Average Coupon 4.39498648% Net Eff. Int. Rate (Texas Vernon's) = 4.356296% (with Adjstmnt of \$0.00).
TIC (Arbitrage TIC) 4.37369480% Average Life (yrs) ... 13.32 IRS Form 8038-G NIC = 4.351490% (with Adjstmnt of \$0.00).

HPT Expenses for Dept of Commerce.xls

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1-5-11

City of Topeka STAR Bond Project 605803 - Heartland Park Topeka												
Project Nu	Amount	Accounting	Account	Vendor Name	P.O. Number	Description 1	Description 2	Check Date - Calc	Check Num	Invoice Number		
STAR 605803	32,500.00	32,500.00	2006	4 Columbia Capital	AJ	FIN ADV SERV STAR BONDS	2006A HEARTLAND PARK					
STAR 605803	353.00	353.00	2006	3 CUSIP SERVICE BUREAU	F25330	HEARTLAND PARK						
STAR 605803	8.00		2006	3 FINANCIAL PRINTING RESOURCE INC	F25342	BID FORM		17-Mar-06	573692	0644615		
STAR 605803	33.00		2006	3 FINANCIAL PRINTING RESOURCE INC	F25342	NOTICE OF SALE		17-Mar-06	573727	30852		
STAR 605803	387.78		2006	3 FINANCIAL PRINTING RESOURCE INC	F25342	NON STOP FULFILLMENT		17-Mar-06	573727	30852		
STAR 605803	750.00		2006	3 FINANCIAL PRINTING RESOURCE INC	F25342	LEVEL 4 POSTING		17-Mar-06	573727	30852		
STAR 605803	1,056.00		2006	3 FINANCIAL PRINTING RESOURCE INC	F25342	FINAL OFFICIAL STATEMENT		17-Mar-06	573727	30852		
STAR 605803	1,208.00	3,442.78	2006	3 FINANCIAL PRINTING RESOURCE INC	F25342	PRE OFFICIAL STATEMENT		17-Mar-06	573727	30852		
STAR 605803	50,000.00	50,000.00	2006	3 Gillmore & Bell	AJ	LEGAL FEES G & B STAR	BONDS 2006A					
STAR 605803	1,750.00	4,750.00	2006	4 Grant Street Group	AJ	GRANT ST AUCTION STAR	BONDS 2006A HEARTLAND PK					
GO 605803	35.88		2005	9 HALL PUBLICATIONS INC	F23754	ORD NO 18507		14-Oct-05	565297	20837		
GO 605803	66.24		2005	10 HALL PUBLICATIONS INC	P-card			10-Nov-05	566661	20051025		
STAR 605803	109.02		2005	12 TF		RECLASS HALL PUB CHARGES						
GO 605803	51.52		2005	10 HALL PUBLICATIONS INC	F23923	HEARTLAND PARK - ORD PUBL		28-Oct-05	565929	20918		
GO 605803	173.88		2005	10 HALL PUBLICATIONS INC	F23913	HEARTLAND PARK REDEV DIST		28-Oct-05	565929	20847		
STAR 605803	44.16		2005	12 HALL PUBLICATIONS INC	F24422	HEARTLAND PARK REDEV DIST		21-Dec-05	568928	21284		
STAR 605803	107.70	588.40	2006	2 HALL PUBLICATIONS INC	F25227	BONDS & STAR BONDS	SERIES 2006-A	17-Mar-06	573756	21912		
GO 605802	141,076.86		2005	5 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		27-May-05	557441	2005 003		
GO 605802	229,716.97		2005	5 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		13-May-05	556644	536804 1		
GO 605802	171,823.00		2005	7 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		22-Jul-05	560556	2005 05		
GO 605802	172,306.91		2005	7 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		22-Jul-05	560556	2005 04		
GO 605802	306,324.80		2005	8 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		19-Aug-05	562285	2005 06		
GO 605802	384,732.78		2005	8 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		9-Sep-05	563454	2005 07		
GO 605802	1,094,018.68		2005	9 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		23-Sep-05	564185	2005 08		
GO 605803	240,470.62		2005	9 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		23-Sep-05	564185	2005 08		
GO 605803	377,606.43		2005	10 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		10-Nov-05	566857	2005 10		
GO 605803	767,951.76		2005	10 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		18-Oct-05	565620	2005 09 B		
GO 605803	217,425.00		2005	11 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		18-Nov-05	567213	2005 012		
GO 605803	896,802.62		2005	11 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		18-Nov-05	567213	2005 011		
STAR 605803	378,049.06		2005	11 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		18-Nov-05	567213	2005 011		
STAR 605803	1,049,921.17		2005	11 HEARTLAND PARK RACEWAY LLC	536804	APP #4 & FINAL CONCRETE		2-Dec-05	568002	2005 13		
STAR 605803	132,725.33		2005	11 HEARTLAND PARK RACEWAY LLC	536804	SCHMIDTLIEN & SCHWERDT		2-Dec-05	568002	536804 10		
STAR 605803	29,650.00		2005	11 HEARTLAND PARK RACEWAY LLC	536804	SCOTT & KRAUS LLC REIMB		2-Dec-05	568002	FEASIBILITY		
STAR 605803	369,676.00		2005	12 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		29-Dec-05	569262	536804 11		
STAR 605803	39,850.00		2005	12 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		20-Jan-06	570322	2006 01		
STAR 605803	328,461.17		2005	12 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		29-Dec-05	569262	2005 014		
STAR 605803	572,260.43		2005	12 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		29-Dec-05	569262	2005 15		
STAR 605803	866,449.66		2006	4 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		14-Apr-06	575392	2006 2		
STAR 605803	1,690,966.06		2006	4 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		14-Apr-06	575392	536804 13		
STAR 605803	267,441.15		2006	5 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		25-May-06	577906	2006 013		
STAR 605803	280,183.79		2006	5 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		12-May-06	577183	2006 011		
STAR 605803	399,915.28		2006	5 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		12-May-06	577183	2006 012		
STAR 605803	662,136.00		2006	5 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		25-May-06	577906	2006 014		
STAR 605803	842,326.91		2006	6 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		6-Jul-06	580341	2006015		
STAR 605803	133,330.00		2006	7 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		3-Aug-06	582026	2006 017		
STAR 605803	147,761.15		2006	7 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		3-Aug-06	582026	2006 016		
STAR 605803	239,881.99		2006	8 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		31-Aug-06	583575	2006 019		
STAR 605803	339,686.20	13,770,927.78	2006	8 HEARTLAND PARK RACEWAY LLC	536804	PUBLIC WORKS/RELATED SERV		18-Aug-06	582809	STARBONDS200		
STAR 605803	486.00	486.00	2006	3 KANSAS ATTORNEY GENERAL	F25482	SERIES 2006-A HEARTLAND P		7-Apr-06	575015	F25482		
STAR 605803	154.00	154.00	2006	4 KANSAS REGISTER	F25849	SERIES 2006-A		5-May-06	576812	32894		
STAR 605803	25.00		2006	4 KANSAS STATE TREASURER	F25851	REGISTRATION		5-May-06	576813	F25851		
STAR 605803	300.00		2006	4 KANSAS STATE TREASURER	F25851	NEW ISSUE FEE		5-May-06	576813	F25851		
STAR 605803	4,750.00	5,075.00	2006	4 KANSAS STATE TREASURER	F25851	BOOK ENTRY		5-May-06	576813	F25851		
STAR 605803	5,750.00	5,750.00	2006	2 MOODY INVESTORS SERVICE	F25286	HEARTLAND PARK	STAR BONDS 2006-A	10-Mar-06	573382	F1545477 000		
STAR 605803	50,000.00	50,000.00	2006	3 NICHOLS & WOLFE CHARTERED	F25444	HEARTLAND PARK		30-Mar-06	574262	F25444		
GO 605802	99,260.70		2005	12		Cost of Issuance BONDS & NOTES						
STAR 605803	49,308.33		2006	3 AJ		REDEEM 2005B TAXABLE	CALLABLE NOTE ISSUE					
STAR 605803	51,232.25	199,801.28	2006	3 AJ		CLOSING ON 2006A STAR	BONDS - HPT					
STAR 605803	395,126.78	395,126.78	2006	4 TF		Capitalized Interest \$'s						
	14,515,955.02	14,515,955.02										

HPT Expenses for Dept of Commerce.xls

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City of Topeka STAR Bond Project 605803 - Heartland Park Topeka										
Project Nu	Amount	Accounting	Account	Vendor Name	P.O. Numbe	Description 1	Description 2	Check Date - Calc	Check Num	Invoice Number
	14,515,955.02									
	Cumulative \$'s									
	35,185.54									
	36,270.50									
		8/31/2006		Sales Tax Revenue (301-0000-413-5000)						
		9/30/2006								

ATTACHMENT C

Annual Report from City of Hutchinson

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*City of
Hutchinson*
Pursuing Excellence In Public Service

P.O. Box 1567 / Hutchinson, KS 67501-1567

Telephone: 694-2613

Office Of: Finance Director

September 28, 2006

Mr. Howard R. Fricke
Secretary
Kansas Department of Commerce
1000 S.W. Jackson Street, Suite 100
Topeka, KS 66612-1354

Dear Secretary Fricke:

Please find enclosed the 2006 annual project report from the City of Hutchinson for the Kansas Underground Salt Museum, a STAR Bond Project.

The report is partial in that we have not yet received a sales tax collection report from the Department of Revenue to forward to you. Also, we are requesting a deferment of the special audit requirement to next July so we may fold that into our annual financial audit to save expense.

The project construction is going well. We hope to be ready to open to the public by the end of December. Thank you for your support in making this a reality for our community and south central Kansas.

Please contact me if you have any questions about the report.

Sincerely,

Carl Myers

Carl Myers
Finance Director



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City of Hutchinson Finance Department

STAR Bond Project Annual Report for 2006

Introduction

On July 6, 2006, Mr. Howard Fricke, Secretary of the Kansas Department of Commerce, approved the Kansas Underground Salt Museum as a special bond project within the meaning of K.S.A. 12-1770a(z) and the issuance of \$4,810,000 of STAR Bonds to finance the Museum project.

This report is submitted in partial compliance with statutory requirements in K.S.A. 12-1774(d). The report includes the following:

1. Status report on the Museum project;
2. Expenditures of the special obligation bond proceeds to date;
3. Projected expenditures of special obligation bond proceeds;
4. Amount of sales tax revenue collected within the redevelopment district;
5. How the sales tax revenue has been spent;
6. Projected sales tax revenue amount; and
7. Anticipated use of projected sales tax revenue.

1) Status Report on the Museum Project

The following construction/installation items included in the project have been completed (or are in progress):

Above Ground Hoist Building

- Hoist installation and commissioning
- Head frame for the hoist
- Hoist building & mechanical room

Above Ground Building, Phase I (3,000 sq. ft.)

- Soil analysis
- Building pad (dirt)
- Building foundation (concrete)
- Plumbing under slab rough-in
- Electrical under slab rough-in
- Concrete building floor
- Sanitary sewer line
- Fire & water service line
- Masonry fire wall
- Metal stub exterior (in progress)

Parking Lot for Cars & Busses

- Soil analysis
- Dirt work
- Storm sewer & inlets
- Silt fence and soil erosion control
- Site concrete, curb and gutter (in progress)

Underground Construction

- Concrete flooring for tram loading & electrical room
- Saltcrete paving in exhibit area
- Raised ceiling in event center
- Exhibit installation (in progress)
- Perimeter security walls (in progress)
- Engineering for restrooms, sewer, and water lines (in progress)

Above Ground Building, Phase II (9,000 sq. ft.)

- Preliminary design (in progress)

2) Expenditures of the Special Obligation Bond Proceeds To Date

As of October 1, 2006, six disbursement requests from the trust account have been processed by the trustee as follows:

Disbursement Request No. 1			
Payee	Amount	Description of Work	Date of Disbursement
Underground Vaults & Storage, Inc.	\$59,153.00	Sitework for utilities at visitors center	08/25/2006
APAC-Kansas, Inc.	\$42,116.20	Dirt pad for visitors center building site	08/25/2006
Subtotal Request #1	\$101,269.20		
Disbursement Request No. 2			
Underground Vaults & Storage, Inc.	\$498,738.64	Hoist installation and commissioning	
Underground Vaults & Storage, Inc.	\$150,355.55	Head frame for hoist	
Underground Vaults & Storage, Inc.	\$129,851.38	Flooring for tram loading/unloading and electrical room	
Underground Vaults & Storage, Inc.	\$8,245.09	Electrical power, cabling, & transformer (partial)	
Underground Vaults & Storage, Inc.	\$120,924.78	Hoist building and mechanical room	
Underground Vaults & Storage, Inc.	\$11,519.20	Airflow/fan (partial)	
Subtotal Request #2	\$919,634.64		08/25/2006

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Disbursement Request No. 3			
Kansas Underground Salt Museum	\$22,500.00	Feasibility study required by state statute	09/14/2006
Gilmore & Bell	\$30,000.00	Bond counsel services for bond issue	09/14/2006
Branine, Chalfant & Hill	\$6,587.50	Project legal services for Kansas Underground Salt Museum	09/14/2006
Subtotal Request #3	\$59,087.50		
Disbursement Request No. 4			
Underground Vaults & Storage, Inc.	\$156,523.68	Saltcrete flooring in museum area	
Underground Vaults & Storage, Inc.	\$308.30	Security system	
Underground Vaults & Storage, Inc.	\$1,328.86	Airflow/fan	
Subtotal Request #4	\$158,160.84		09/22/2006
Disbursement Request No. 5			
Underground Vaults & Storage, Inc.	\$38,844.13	Saltcrete flooring in museum area	09/22/2006
Subtotal Request #5	\$38,844.13		
Disbursement Request No. 6			
Landmark Architects & Engineers	\$69,422.48	Design (Phase I)	09/26/2006
Subtotal Request #6	\$69,422.48		
Cumulative Total This Period	\$1,346,418.79		

3) Projected Expenditures of Special Obligation Bond Proceeds

Below is a list of estimated future expenses:

Saltcrete flooring for tram roadway	117,440.00
Saltcrete flooring for museum area, event center, classroom	178,972.19
Security walls	151,200.00
Electrical power, cabling, transformer	44,439.91
Water line with pump	16,800.00
Sewer line with pump	80,000.00
Airflow/fans	16,781.94
Backup generator for hoist & power	33,000.00
Telephone cable	5,200.00
Computer cabling with fiber optics	40,000.00

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Visitors center	1,674,730.80
Theater	40,000.00
Security system	9,691.70
Parking lot w/storm drainage	200,000.00
Landscaping, benches, fence, walkways	100,000.00
Signage	50,000.00
Design	80,577.52
Visitor control fencing, underground	6,000.00
Tramway lighting, underground	16,000.00
Museum area lighting, underground	220,000.00
Classroom/event center	84,000.00
Storage areas	60,000.00
Restrooms underground (3)	60,000.00
STAR Bond issuance costs	10,912.50
Infrastructure contingency	157,834.65
Total	3,453,581.21

4) Amount of Sales Tax Revenue Collected Within the Redevelopment District

The actual amount is unknown at this time. Collection did not begin until August 2006, so a report will not be provided from the Department of Revenue until October. Once a collection report is available, a copy will be forwarded to the Department of Commerce for attachment to this report.

5) How the Sales Tax Revenue Has Been Spent

All sales tax revenue expenditures are reported in item #2 above.

6) Projected Sales Tax Revenue Amount

Total sales tax revenue collected is projected to cover the \$4,800,000 principal plus interest expense on the bonds for the period of time it takes for the payout.

7) Anticipated Use of Projected Sales Tax Revenue

The anticipated use of projected sales tax revenue is listed under item #3 of this report.

Annual Audit

The City of Hutchinson requests that the required project audit be conducted as part of its annual audit process to reduce expense. The City's annual audit is conducted by the Hutchinson accounting firm of Pierce, Faris & Co. and is normally completed by June. Once completed, the project portion of the audit will be forwarded to the Department of Commerce to be made part of this report.

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ATTACHMENT D

Annual Independent Audit from Unified Government of Wyandotte County

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4-64

January 15, 2007

AGH
Allen, Gibbs & Houlik, L.L.C.
CPAs & Advisors

Board of Commissioners
Unified Government of Wyandotte County/
Kansas City, Kansas
701 N. 7th Street
Kansas City, KS 66101

The purpose of this letter is to clarify our report dated September 27, 2006, and filed with the Kansas Secretary of Commerce on December 28, 2006, regarding the use of STAR bond proceeds.

The Unified Government acted appropriately in obtaining approval for the use of STAR bond proceeds; however, because the statute provisions include conflicting guidance, we are unable to reach a conclusion regarding compliance of four specific expenditures related to the project. As required in the statute, the Unified Government did obtain prior approval from the Kansas Secretary of Commerce for these expenditures. In addition, the Unified Government sought guidance from external bond counsel regarding the eligibility of those costs under the statute and received an affirmative legal opinion. Our report does note these expenditures as questions costs; however, we believe the Unified Government acted responsibly to comply with the statutes regarding the use of STAR bond proceeds. Further details regarding our report are listed below:

Condition: Pursuant to the provisions of KSA 12-1770a(q) (15), the Unified Government obtained the approval from the Kansas Secretary of Commerce to pay four specific development fees from the proceeds of bonds issued pursuant to KSA 12-1774. The approval was included in the detail listing in exhibits of a Certificate of Approval. The exhibits listing included proposed uses of unspent bond proceeds for specifically identified development fees. Further, the Unified Government obtained an affirmative legal opinion from external Bond Council as to the eligibility of the development fees under the provisions of KSA 12-1770(a). The development fees were paid to the respective developers of the property (Schussler Creative as the founder of T-Rex and RED Development the developer of the RED site).

Criteria: KSA 12-1770(a) includes several provisions that relate to the payment of fees and commissions. Subsection (q) (15) permits the payment of "related expenses to redevelop and finance the redevelopment project" if approved by the Secretary of Commerce prior to payment. Subsection (1) of the paragraph following Subsection (q) (15) states that redevelopment project costs shall not include "Fees and commissions paid to real estate agents, financial advisors or any other consultants who represent the businesses considering locating in a redevelopment district".

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Jan. 16. 2007, 4:22PM

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Board of Commissioners
Unified Government of Wyandotte County /
Kansas City, Kansas 2

January 15, 2007

Effect: The developments fees are an expense related to the redevelopment project and were approved by the Secretary of Commerce prior to approval; however the fees were paid to the specific developer of each respective project. The provisions of the Statute include conflicting guidance regarding the payment of development fees to an owner developer. As a result we were unable to reach a conclusion in regard to compliance with KSA 12-1770(a).

Allen, Gibbs & Houlik, L.C.

cc: Howard Fricke, Secretary of Commerce

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Finance Department
Jack Manahan, Chief Financial Officer

701 North 7th Street, Room 330
Kansas City, Kansas 66101-3064

Phone: (913) 573-5270
Fax: (913) 573-5003
e-mail: jmanahan@wycokck.org

December 28, 2006

Mr. Howard Fricke
Kansas Secretary of Commerce
1000 SW Jackson St., Suite 100
Topeka, Kansas 66612-1354

Dear Secretary Fricke,

In accordance with K.S.A. 12-1780f, enclosed is the Independent Accountants' Report on bond financing obtained pursuant to subsection (a)(1)(G) of K.S.A. 12-12774 and the amendments thereto.

Yours truly,

Jack Manahan, CFO
Unified Government of Wyandotte
County Kansas City Kansas

Cc: Joe Reardon, Mayor/CEO
Dennis Hayes, County Administrator
Doug Bach, Deputy County Administrator
Gary Anderson, Gilmore & Bell
Board of Commissioners

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Allen, Gibbs & Houlik, L.C.
CPAs & Advisors

INDEPENDENT ACCOUNTANTS' REPORT

Board of Commissioners
Unified Government of Wyandotte County /
Kansas City, Kansas

We have performed the procedures enumerated below, which were agreed to by the Unified Government of Wyandotte County / Kansas City, Kansas (Unified Government) for the purpose of assisting the Unified Government in evaluating whether bond financing obtained pursuant to subsection (a)(1)(G) of K.S.A. 12-1774 and amendments thereto was used only for authorized purposes for the year ended December 31, 2005. The Unified Government is responsible for expending the proceeds of bond financing from K.S.A. 12-1774 for authorized purposes. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedure: Determination of whether bond financing obtained under subsection (a)(1)(G) of K.S.A. 12-1774 is being used only for authorized purposes — We obtained a detail listing of unspent bond proceeds as of April 21, 2005, which was the effective date of New Section 13 of Chapter 132 of the 2005 Session Laws of Kansas, and information on proceeds from bonds issued subsequent to that date under subsection (a)(1)(G) of K.S.A. 12-1774. We then obtained a detail listing of expenditures of those proceeds through December 31, 2005. We selected expenditures to test using statistical methods designed to achieve a 90% confidence level (tested 71 out of 452 individual disbursements, and approximately \$24.7 million out of \$51.4 million total expenditures). Supporting documentation for selected expenditures was obtained and reviewed to determine that such expenditures were only for authorized purposes as set forth in Chapter 132 of the 2005 Session Laws of Kansas.

Findings: See Appendix A to this report for details on findings noted. We noted no exceptions other than those listed in Appendix A.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the internal controls over financial reporting and the safeguarding of assets. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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4-6-08

This report is intended solely for the information and use of the State of Kansas and Unified Government, and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

September 27, 2006
Wichita, Kansas

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4-69

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4.77

Bond Issue	Bond Account	Date Paid	Amount	Findings and Questioned Costs
<p>K.S.A. 12-1770a(q) outlines the type of costs which are considered allowable "Redevelopment Project Costs." Subsection (15) allows for "related expenses to redevelop and finance the redevelopment project," and notes that "such expenses shall require prior approval by the secretary of commerce." We obtained a Certificate of Approval dated July 14, 2005, and signed by the Secretary of Commerce, including exhibits listing proposed uses of the unspent STAR bond proceeds as of July 7, 2005. The supporting documentation for the following items was found to fall under one of the categories of approved items in the Certificate of Approval by the Secretary of Commerce; however, specific individual items fall under one of the categories of items not allowed under K.S.A. 12-1770a(q). See also comments noted below:</p>				
RED 1	RED Site	10/3/2005	45,000.00	Development fee paid to Schussler Creative, the founder of T-Rex. K.S.A. 12-1770a(q) notes that fees and commissions paid to consultants who represent the businesses considering locating in the redevelopment district are not considered allowable redevelopment project costs.
2nd lien	Taxable RED Site	12/1/2005	90,000.00	Development fee paid to Schussler Creative, the founder of T-Rex. Same as item above.
2nd lien	RED Site	10/7/2005	70,000.00	Development fee paid to RED Development.
2nd lien	RED Site	11/10/2005	70,000.00	Development fee paid to RED Development

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