

## PROPERTY LAW FIRM, LLC

Please Reply To Kansas Office

[www.propertylawfirm.com](http://www.propertylawfirm.com)

\*Attorneys admitted in Kansas and Missouri  
Mediation services: Kansas, Missouri

Douglas J. Patterson  
[Doug@propertylawfirm.com](mailto:Doug@propertylawfirm.com)  
913-396-5105 Direct Dial

Suite 100  
4630 West 137<sup>th</sup> Street  
Leawood, Kansas 66224  
Telephone (913) 663-1300  
Facsimile (913) 663-3834

---

Missouri Office:  
1025 Winchester  
Kansas City, Missouri 64126

February 10, 2012

Kansas House Commerce and  
Economic Development Committee  
Rep. Anthony R. Brown, Chair  
Kansas State Capitol Building  
300 SW 10th Street  
Topeka, Kansas 66612

Re: Proposed Amendments to HB 2561 - Amendments offered

Mr. Chairman and Members of the Committee:

In addition to resetting the clock on the sunset for STAR Bonds, I would offer the following suggested conceptual amendments to HB 2561. These amendments are offered to affirm the original purpose of STAR Bond funding as a draw for tourism and entertainment venues in our State while not putting the credit and bond rating of sponsoring cities and the State of Kansas at risk. We have seen some close calls and one default in this economic tool so far, and the purpose of these suggestions is to give the Kansas Department of Commerce direction as to projects which do and do not qualify for this extraordinary and valuable economic development tool.

Accordingly, the following amendments to the STAR Bond financing act are offered for STAR Bond applications currently pending and future STAR Bond applications:

1. The mandatory Feasibility Studies, Market Studies and other financial and market analysis ("Studies") required by the STAR Bond financing act shall be commissioned only by the Kansas Department of Commerce from a contractor

maintaining no past or then present affiliation with the sponsoring city or developer/STAR Bond applicant.

2. The developer/STAR Bond applicant shall fund the costs of such Studies in advance, but shall have no contact with the Studies contractor other than written responses to written inquiries from the Studies contractor.

3. The findings and conclusions of the Studies shall not equivocate as to the ultimate conclusions for which the Studies were commissioned and shall be substantiated with specific reliable empirical and confirmable evidence, not speculation and opinion conclusions. The Studies shall be subject to review, approval or rejection by the Kansas Department of Commerce.

4. The Studies shall be addressed to and run to the benefit of the sponsoring city and the State.

5. The STAR Bond application shall include an opinion of a nationally recognized public finance advisor selected by the Secretary of the Kansas Department of Commerce, that upon issuance, the STAR Bonds will be rated by Moody's, Standard and Poor's, or such other nationally recognized rating agency, with an "Aaa" bond rating. Such STAR Bonds shall not close and be sold without an in-hand bond rating from Moody's, Standard and Poor's, or such other nationally recognized rating agency of less than "Aaa".

6. Interest carry, soft costs, fees and reserves shall not exceed 5% of the STAR Bond issue - meaning that 95% of the bond amount will be irrevocable committed to public infrastructure hard assets.

7. The decision of the Kansas Department of Commerce to approve any STAR Bond application for an issuance in excess of \$10,000,000.00 shall be submitted to, ratified, or overruled by the Kansas Legislature, or its equivalency when the Legislature is not in session.

Kansas House Commerce and Economic Development Committee  
HB No. 2561  
February 10, 2012  
Page 3

As a practitioner in this area of the law and as a former legislator who worked on TIF and STAR bond legislation with former Sen. Nick Jordon, Rep. Kenny Wilks and their committees, these suggested amendments confirm the original spirit of STAR Bonds and will allow Kansas STAR Bonds, a very powerful Eco Devo tool for Kansas tourism and entertainment venues, to be used far beyond the 2017 sunset date now described in HB No. 2561.

Respectfully Submitted,

Douglas J. Patterson

DJP:hrs