

STATE OF KANSAS)
WYANDOTTE COUNTY)) SS
CITY OF KANSAS CITY, KS)

SPECIAL SESSION, THURSDAY, NOVEMBER 12, 2015

The Unified Government Commission of Wyandotte County/Kansas City, Kansas, met in special session, Thursday, November 12, 2015, with eight members present: Bynum, Commissioner At-Large First District; Walker, Commissioner At-Large Second District; McKiernan, Commissioner Second District; Johnson, Commissioner Fourth District; Markley, Commissioner Sixth District; Walters, Commissioner Seventh District; Philbrook, Commissioner Eighth District (arrived at 5:48 p.m.); and Holland, Mayor/CEO; presiding. Townsend, Commissioner First District; Murguia, Commissioner Third District; and Kane, Commissioner Fifth District; were absent. The following officials were also in attendance: Doug Bach, County Administrator; Bridgette Cobbins, Unified Government Clerk; Melissa Mundt, Asst. County Administrator; Ken Moore, Interim Chief Legal Counsel; Maureen Mahoney, Asst. to Mayor/Chief of Staff; Emerick Cross, Commissioner Liaison; Lew Levin, Chief Financial Officer; Debbie Jonscher, Asst. Finance Director; Patrick Waters, Senior Attorney; Mike Taylor, Public Relations Director; and John Turner, Sergeant-at-Arms. Also present was Bridgette Jobe, Executive Director of CVB.

MAYOR HOLLAND called the meeting to order.

ROLL CALL: Johnson, Markley, Walters, Bynum, Walker, McKiernan, Holland.

NOTICE OF SPECIAL MEETING of the Unified Government of Wyandotte County/Kansas City, Kansas, to be held Thursday, November 12, 2015, at 5:00 p.m. in the 5th floor conference room of the Municipal Office Building regarding CVB, Gaming Legislation and Tax Lid.

CONSENT TO MEETING of the governing body of Wyandotte County/Kansas City, Kansas, accepting service of the foregoing notice, waiving all and any irregularities in such service and in such notice, and consent and agree that we, the governing body, shall meet at the time and place therein specified and for the purpose therein stated.

Doug Bach, County Administrator, said we talked earlier in the year as we talked to the governing body when we were looking at the CVB and said towards this time of year Bridgette would come and give us kind of a recap of activities that were going on at the CVB and run through things. Then we were going to have a little bit more discussion on objectives and measureable goals which the Commission had expressed a little more concern about, getting an understanding about where we're going with the CVB in the future. As you are all aware we have a contract that runs through 2016 so it was kind of getting our hands around that as we moved into future years.

Bridgette Jobe, Executive Director, CVB said I'm very excited to be here today to be able to share with you what it is the Convention & Visitors Bureau does to market this city to visitors. Today I'm not only going to share what we do, but I'm going to share a little bit of how we do it, how we measure our success and then answer some questions.

As Doug said we will be back for our yearend report probably I'm thinking sometime in January or February, but I am going to give you some of the preliminary results today.

The Mission of the Kansas City Kansas
Convention & Visitors Bureau is to market
Kansas City Kansas as a visitor destination and
to increase the number of overnight stays.



We have a very specific mission with the Convention & Visitors Bureau and every project we do is held up to this mission statement. The end goal of every strategy that comes from the CVB is to increase visitors spending of new dollars in this community and so we are constantly asking ourselves in the office if the dollars we are spending on any project or the staff time we're

dedicating, because sometimes it's just staff time, is going to result in increased hotel stays or visitors spending.

2016 BOARD OF DIRECTORS

UG Mayor or designee	Bill Hurrelbrink	
UG County Administrator or designee	George Brajkovic	
UG Chair EcoDevo Committee or designee	Commissioner Brian McKiernan	
UG – 1/3 representation	Commissioner Angela Markley	
Former Advisory Board Chair	Gary Grable, Community First Bank	Secretary/Treasurer
Hotelier	Kurt Mayo, Hilton Garden Inn	
Hotelier	Bud Nicol, KC Hotel & Lodging Assn.	
Retail	Jeff Taylor, Legends Outlets KC	Vice - Chair
Restaurant	Greg Jackson, Dave & Busters	Chairman
Attraction	Matt Lawrence, Schlitterbahn	
Attraction	John Moncke, Sporting KC	
Chamber Chair or Designee	TBD	

Terms Ending in 2015:
Chris Browne, KC T-bones and Todd LaSala, KCK Chamber designee



Just to remind you a little bit about the CVB as it's structured, we're a 501c6 organization with a 12 person Board of Directors and per our contract with the Unified Government one-third or four members of the 12 directors are from the UG.

I've listed here the 2016 Board of Directors and as you can see they represent the different hospitality categories such as attractions, dining and retail. We do have a couple of directors down at the bottom who's terms are ending at the end of 2015 and I would like to point out Chris Browne who most of you know from the Kansas City T-Bones has been on our board for several years. He's been our Chair for the last two years and he has been a really great leader for this organization and he is just a great cheerleader for this community.

Also, I do want to point out that this Board of Directors is conducting a daylong planning session this December to talk about our strategic plans and goals.

KCK CVB TEAM

Bridgette Jobe	Executive Director
Maila Yang	Marketing & Communications Manager
Kerry Green	Meeting, Group & Event Manager
Rebekah Baughman	Marketing Asst & Visitor Services Coordinator



I also want to point out our CVB team. They are hiding back here behind me. Most of you know me because I'm the one that's always up here in front of you, but I want to make sure that you know Maila Yang, Kerry Green and Rebekah Baughman. All three of these ladies are Wyandotte County residents, they're passionate about their jobs, their community and they are very much leaders in the tourism community. Those are the people that make up this organization.

Over the past year or so there have been a lot of discussions in Commission meetings about the CVB and what we do in our outcomes. It's important for you to know that we went back and we reviewed every Commission meeting and we took notes on any concerns, questions, suggestions, ideas that you may have brought up. Then we as the staff and then as the full board discussed each one. We talked about what we had done in the past, what we were currently doing, how we could better address it for the future and if there were any changes that would be made.

We also explored some ways that we could better communicate to you as the Commission what we are doing. As I go through the following slides I'm going to identify some improvements and some ongoing conversations that we have.

Each year when the CVB submits our annual budget, in the past we have also submitted a 20 plus page marketing plan and in great detail it has covered what we do, why we do it and how we are going to carry it out the next year. We also would include some matrix from the previous year. What we realized in reviewing that is that our message was getting lost in the

overabundance of information. This year when we submitted our 2016 budget to the UG, and you have this in your packet, we changed the format for our Annual Marketing Plan.

ANNUAL MARKETING PLAN

- New Format
- 6 Objectives
 - ❖ Attract leisure travelers
 - ❖ Attract group and business travelers
 - ❖ Attract sports and special events
 - ❖ Educate local residents: what to do, tourism impact
 - ❖ Support Tourism Product Development
 - ❖ Take an active role in tourism organizations



We cut it down to three pages and put it in a bulleted layout. The objectives are not new. They are just laid out differently and these strategies we will change as we evolve every year. You can see up here we have six objectives and in your packet those are numbered for convenience. They're not numbered for necessarily a ranking of importance. We just needed to number them in some way so we could identify them.

The first three objectives up here identify the type of visitors we are working to attract. I'm going to talk about these more a little bit later in the presentation, but those are the leisure travelers, group and business travelers and we want to attract the sports and special events.

Our fourth objective is to educate local residents. We are a major destination for all kinds of reunions and we are a major destination for what we call the VFR market, that's visiting friends and relatives, and we know that our own residents need to know what there is to do plus the economic impact of keeping their business here in the city.

We also support Tourism Product Development. To keep visitors returning we need new and expanded product that we can market.

We also want to take an active role in the bigger picture, the bigger tourism picture. The CVB is the voice for tourism at the Regional, the State and the Federal level and there are all kinds of legislative issues that will affect travel that we need to stay on top of and so we want to make sure that we are a player at the table.

I do hope that this new format of the Marketing Plan will help you better understand our objectives and our strategies for attracting visitors. By the way that longer detailed report that we used to submit to you is now going to become part of our annual written yearend report that you will get at the end of the year.

MONTHLY REPORTING

- Presented to Board of Directors monthly
 - ❖ Includes activities overview
 - ❖ Hotel statistics
 - ❖ Monthly inquiries, shows and media hosted and generated
 - ❖ Marketing activity and performance
 - ❖ Monthly Sales report



The next thing you have in your packet is a monthly report and every month a report is given to the Board of Directors about the previous month activities and performance. A few months ago we revised the way I was presenting that information into a written monthly report and included in your packet is the September report that we presented to our board in October. I want to real quickly walk through that with you just so I can share with you what it is we review each month.

If you look at the front page of that, and this is the second document that you have, it starts with page 1 and this shows the overview of the major activities for that month and it will just kind of hit on some of the major events or some of the major projects that we are working on and when you flip to page 2 that is going to provide all of your hotel statistics including the monthly statistics where we compare to the same month last year. It's going to give you your weekly occupancy and average daily rate and the comparables to surrounding areas. If you look at page 2, you will notice that in September of this year we had an occupancy of 69.2% compared to 62.9% last year. We had an average daily rate of \$102.59 compared to \$94.55 last year. If you go down, you will see the weekly. We look at each week to see why were some weeks higher, why we're some days higher than the other. We look at every day with that and

then we look at our comparables and if you will notice for the month of September we had for the communities we compare to we have the highest occupancy rate and the second highest average daily rate and so we review that every month.

When you get into page 3 this is where we get into our inquiries for the month. It talks about the shows we've attended and our media report. It says what media have we hosted that month and what media coverage have we generated. Sometimes that will be a couple pages long. It just kind of depends on what's going on that month.

Starting on page 4 and 5 it shows our marketing activity and performance and this is compared to the previous month so we show things like our website statistics, our online direct bookings for our hotels, our E-Newsletter openings, click through rates and all of our social media responses.

When you get to page 6 it shows our sales report for the month. What leads did we receive, what did we book, what did we lose and why did we lose it, and what are we still working on.

This is a report that is presented to and reviewed each month by our Board of Directors and when I come before you at the end of the year you are going to see something like this but in a yearly format so you will be able to see the entire year results.

ONGOING CONVERSATIONS

- Annual Goals
- New Branding
- Collaboration / Joint Marketing



I also want to make sure that you're aware of several ongoing conversations that the CVB is involved with. I met with Doug last week to discuss annual goals for the CVB contract and we

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talked about creating those measureable goals and relating them back to the six objectives and so we're still working on that and those will be completed before the end of the year.

We've also had some ideas and some conversation on the idea of the overall joint branding concept. As you will remember the CVB has been supportive of that discussion. In fact we had set-aside some dollars in 2015 for that out of our 2015 Budget. I was at a meeting a few weeks ago with Mayor Holland, Wyandotte EDC and the Chamber of Commerce to start that conversation and I think there are a lot of details and a lot of discussion that's going to continue to happen on that idea.

The last thing is collaboration and joint marketing efforts between the CVB, Wyandotte EDC and the Chamber. Greg Kindle and I have met several times over the last few months and we have a very good working relationship and we are looking at some ways that we can better partner and jointly market. We've held a joint staff reception for the three organizations to make sure that the staff all knows each other and that they know what each organization does and what each person in that organization does. I know the Chamber is going to have a new executive soon and so we want to make sure that we continue that relationship and it is the goal of the CVB, and it is my personal goal that we continue to find some creative and effective ways for the three organizations to collaborate and jointly market.

SPORTS & SPECIAL EVENTS

- Limited time events that often result in overnight stays
- May be held in neighboring city
- It's about Sales AND Service
- Award Winning: Group Tour Planners Guide



I want to give you an example of how we work with and market to the different type of travelers. Sports & Special Events we define as limited time events that often result in overnight stays.

This could include anything like when we bid on an amateur sports event, it could be attracting a festival, maybe a marathon or a bike ride, any type of special event and sometimes that special event is not even held in Kansas City, Kansas; it's held in a neighboring city but we know there are ways that Kansas City, Kansas will benefit from the attendees and the participants staying in our hotels or spending dollars in our community.

A good example of showing how we partner with a neighboring CVB to benefit KCK is a project that we're currently working on with Lawrence, KS. Lawrence is bidding on a track and field event for 2017. Kansas City, Kansas does not have the facilities to host this event. Lawrence does but Lawrence does not have enough hotels to put in the bid for the event and so we're working with our local hotels to secure some of those rooms for them to put in with their bid. We're also working with Lawrence in providing video footage and some other information for a video that they are creating as part of their bid package to make the coming to the region sound very attractive. If they do win the bid, we will continue to work with our attractions, our shopping, our restaurants to provide incentives for those participants and their families to come and spend their money here in Kansas City, Kansas on their down time.

An example of a special event is a car show that we have been working on for a while and actually Commissioner Walters first brought us this lead so it's a great example for me to use. We first actually received the lead in 2014 for a show that's going to be held in 2016 and this is a great example of a typical process that we would go through. Our initial meeting with the organizers was in the fall of 2014, in November we contacted eight different potential sites and we set up site visits and took them around to view and visit those different locations. In January of 2015 we found several of our hotels were identified as potential hotel sites that they could use. We definitely booked the business in March of this year and continue to work with them over the summer months on several details. One of the things we provided was the printing for a publicity piece that they took to their 2015 Car Show which was held in St. Louis and we printed that trying to encourage people to come in 2016. We also had one of our staff members go to St. Louis to be at this year's show to talk to people about coming here. We continue to work with them on different details. I know we had a call on pet friendly hotels and vendor space and camping and different things like that and so it's a continuing ongoing process.

The CVB, we provided many options for space and in fact if I'm correct, Commissioner Walters, the site they had originally identified at first where they wanted to hold

this is not where they ended up being. If these organizers would have contacted that site directly it wouldn't have worked out. There is a very good chance they would have moved on to another destination and we would have lost that business without the CVB being there and being creative and coming up with some different ideas. We will continue to work with this group and we will provide welcome bags when they get here and some registration services for when they're here next year.

The last thing I do want to point out on this is we are the award winning, KCK CVB, we just received first place for our Group Tour Planner at the Kansas Travel Conference and this guide is something we use with meeting and event planners and it can be downloaded from our website or we do print hard copies. I will tell you this although we didn't get a trophy for it, but we did come in second for our Visitor Guide and for our Meeting Planners Guide.

BUSINESS AND GROUP TRAVEL

- Business traveler: taking a trip for a work related purpose, often expenses being covered by their employer
- We love SMERF groups
- Convert Business to Leisure
- We get Creative



Business and Group Travel, this is another one of our objectives with the CVB and the business traveler is someone who is taking a trip for a business purpose. It could be a convention, a small meeting, an individual traveler coming here for a business related purpose and we have to work with each group differently because they have a different mindset, a different set of needs and goals. We work a lot with the SMERF traveler and the SMERF traveler is the Social, Military, Educational, Religious, and Fraternal groups. This will include things like class reunions, Kiwanis and Rotary State Conventions, forum for educators or it might be a church event. Again, each one of these have very specific needs and we provide creative ideas for them to find

a place to hold their meeting, resources for afterhours events, and we give welcome and registration services.

One of the goals working with the business traveler is to convert that business traveler to leisure. If there is a meeting in town that we have worked with, we make sure that they know everything there is to do in town, not just what is at their hotel site or their meeting site because we want them to extend their business trip, bring their family along or maybe plan a return visit. A big part of our job is not just the actual booking of the business, but it's the servicing of the business. An example of how we have serviced a business meeting that's been really beneficial to this community is a software seminar group that we work with. This is a group of about 20 people from Kansas and Missouri, it's not a large group, and they hold an annual two days seminar. When they first met with them they were looking for a meeting space and a hotel for one year somewhere in the Kansas City region. While talking to them we found out that they were mostly men and they liked hunting and fishing so of course we ended up booking their meeting space at Cabela's and we found a local Kansas City, Kansas hotel that fit their needs. That first year we did a great job of servicing, we brought them welcome bags, we gave them some ideas for some other dining that they could do in the area and they will be back in 2016 for their seventh year. They were planning to be here one year. It's the servicing that brings the people back.

LEISURE TRAVELERS

- Taking a trip for pleasure

- family travel
- VFR – Visiting Friends & Family
- girlfriend getaways, shopping trips
- sports events - spectators & participants
- festivals, concerts, history hunters
- motorcoach groups – students & seniors



Leisure traveler is defined as a visitor who is coming to Kansas City, Kansas for a non-business related purpose. They are coming for fun. There are a variety of reasons. It might be a family

on a three day weekend, they're here to visit friends, it might be the girls getting away for a shopping trip, they may be coming to a race, and we have people who come just to ride the Verruckt. That's all they do is ride the Verruckt or they're exploring history, but they are getting away for fun and enjoyment.

Every destination in Kansas, every destination in the Kansas City metro, every destination in the Midwest is competing for those travelers and their dollars. The CVB marketing keeps Kansas City, Kansas top of mind as they make their travel destination choices. These people have a choice. A lot of times with business you don't have a choice where you're going. With leisure it is a choice and we're the hub for all visitor information and we provide a complete picture of all there is to do here and we provide the resources for the visitor to find the information they need. We do that in a multitude of ways.

TYPES OF MARKETING



I hope you guys go to our website and VisitKansasCityKS.com because it has a lot of up-to-date information about things that are going on. We use social media; we're very engaged on social media. It's a good way for us to increase visibility and visitor engagement. We use print advertising, but we're very targeted in what publications we use. We target family related or travel publications. We are spending more and more dollars on digital marketing. This is the wave of the future and you're going to see more and I'm going to talk about some of that in just a second.

We have a weekly What's Happening E-newsletter that goes to our frontline hotel workers that they printout and hand to their visitors when they are here, here's what's happening right next door in your community while you're staying here. We have a monthly E-newsletter that goes out to over 5,000 people who have opted in and want more information about Kansas City, Kansas. We're at various trade shows and festivals throughout the year talking to the leisure visitor, meeting planners or group operators. We have a printed guide that we use. You guys have our 2015 Visitor Guide. That is if someone reaches out to us and they want more information, that's the guide we send to them but we also have a companion piece, a brochure that is placed in hotel lobbies and in travel information centers all around. We work cooperatively with area bureau's to produce things like the Kansas City Multicultural Guide and different maps and we provide itinerary and lodging assistance for motorcoach groups. Those are just some of the types of marketing that we do.

MEASURING RESULTS



How do we know what we're doing is affective and I will be honest some markets are easier to measure than others. For instance meetings and groups we know what groups we've booked, how many room nights that booking generated and the typical spending for attending. The software company that I was talking about that's going to be back for their seventh year we know according to the most recent visit KC 2014 Economic Impact Study that the business traveler to the Kansas City region spends approximately \$203 per overnight visit to Kansas City so the direct visitor spending for that small group of 20 people who has come back for seven

years is \$4,060 for every time they come here. That's the direct spending, not including any trickle down effects. I know that a motorcoach group that comes to Kansas City, Kansas spends \$183 per person per overnight stay. A typical motorcoach is 45 people and so the direct spending of a motorcoach that's coming to Kansas City, Kansas and staying here on lodging, food, entertainment is \$8,235 for every motorcoach group that we bring.

With leisure marketing we look at individual marketing efforts to track their effectiveness. One of the great things about digital marketing is the fact that technology allows more options in measuring results. I obviously don't have yearend results, but I do have a couple of preliminary numbers I want to share with you from this year.

MEASURING RESULTS



In 2015 we're using some new technology to help us determine our digital ad effectiveness. It's called Arrivalist and it's a technology that tracks how many visitors come to a destination after they have seen our digital ad. Tracking pixels are attached to each one of our paid media advertisements. It could be a display ad, a mobile ad, an online video and I'm showing you an example here of one of our digital ads we used this year. If someone in Nebraska sees this digital ad either on their desktop computer or on their mobile device, we are able to track when they have arrived in Kansas City, Kansas. We can track where they saw the ad and when they came here. In 2015 we used Arrivalist on digital ads we placed only doing three months May, June and July, and to date we can definitely track 1,170 people who have come to Kansas City, Kansas after viewing these digital ads. It gives us an ORI of \$11.32 revenue generated for every

dollar that we put into that campaign. We are dedicating much more dollars to this next year because we think it's very effective.

MEASURING RESULTS



Another advertising result that I want to share for you is our partnership with Visit KC. That's the Kansas City, MO CVB. We do not have a budget to do TV advertising and Can't Visit KC was not able to include any of the Kansas attractions in their TV spots because they use Missouri coop dollars and so we created a program after a long time of discussing this whereby the KCK CVB partners with Visit KC and we were able to bring in a few of our Kansas City attractions as partners. We were able to target three different markets this year and we used TV, streaming radio and online banner ads. The return on investment from that campaign is \$73 return for every dollar we invested.

IN MARKET CAMPAIGNS



One of the objectives of the CVB is to educate our local residents on what there is to do in KCK. It's kind of a vacation in your own backyard thinking. This year we took one of our leisure campaigns that was originally targeted to our social media audience and we turned it into a very successful in-market campaign. It was 94 days of summer and it was a checklist of 94 things you could do during the summer in KCK and it ran basically June through September, the 94 days of summer. It consisted of a unique website landing page, blogs, summer digital magazine; we had a video and this checklist that honestly was very popular with families. Mom's loved the idea of having a checklist that their kids to do throughout the summer of 94 different things to do. It also resonated really well with local businesses that helped us distribute the checklist and they promoted and engaged with us on social media using the #KCK94Days. We spent very little money on this campaign. It was less than \$4K that we spent on paid social media and we put one ad in the *Kansas City Parent Magazine* but the results were pretty impressive. We reached over 310K targeted people on social media and we have 4,300 new likes and engagements on our social media accounts.

The word of mouth feedback from our local attractions was also very positive in that they were sharing stories with us of families who visited their attraction that they know would have not been there if it would not have been for the 94 days of summer.

MEDIA AND TRAVEL JOURNALISTS

- "We did it! We did the insane 17 story water slide, Verruckt, this morning. Shows what real fear and crazy joy can look like at the same time"
Marci Penner, Kansas Guidebook for Explorers, Kansas Sampler
- "One of the craziest hotels I have ever stayed at! The Chateau Avalon, beside Kansas Speedway (yes, NASCAR) in Kansas City KS has 61 guest rooms, each with a different theme." *Maureen Littlejohn, Travel blog*
- "A few years ago, this was a sleepy sibling to the Missouri version, but after the appearance in 2001 of Kansas Speedway, a 1.5 mile NASCAR track, the area has exploded into fun, fun, fun." *Cynthia Calvert, Texas Tribune*
- "Park your car and get in line for Joe's Kansas City BBQ, a Kansas City, Kansas culinary institution. *Ron Stern, The daily meal.com*



We're looking right now and putting together our plans for our 2016 in-market campaign. Part of our strategies for all types of visitors we work with is to work with the media and travel journalist to create stories about visiting KCK. If you are reading through a magazine or an online publication or even a social media site, a personal endorsement is much more effective than a paid ad. It's just more believable so I have written here a few of my favorite quotes from this past year from media that we generated from our office and a big part of our work with the media is building relationships with these writers and these publications so that they begin to know us and know that they can come back year after year for more information. Working with the media can take many forms. Sometimes we just answer questions on the phone. I had a call the other day from someone who was writing a story and she had a quick question and I was off the phone in 60 seconds but I've worked with her before and she knew me. We provide them with photos for a story that they're working on, we will attend trade shows and meet with travel journalist trying to encourage them to write stories about us and then we actually host them when they are here in the community and take them to whatever it is that they want to write about.

I feel like I have been talking really, really fast and there is so much more that I can share with you and I probably have, but it is impossible to go over everything in the short amount of time and I want to make sure I leave plenty of time for questions. I will tell you when staff was in my office the other day we have some really exciting things that are coming down in the next few

months that I'm going to be very excited to share with you in the near future and somebody was saying they were very overwhelmed and they said but it's a really good overwhelmed because it was just so many exciting things that we are going to be unveiling in the near future.

Commissioner Walker said I would just make a comment that I've heard a lot of reports over the years with this staff and since I've been a commissioner, this data is more in keeping with what I felt I needed to have to evaluate your program. The more data you provide the better, the dollar invested and the return on that investment is impressive. I just think it was a very good report.

Commissioner Johnson said as you look at the events and the groups that are either sent to us or that we go after is there what you all would identify as a sweet spot in terms of the types of events in terms of numbers and/or the actual total dollars invested. **Ms. Jobe** said our sweet spot is leisure travelers. That's the majority of our visitors who are coming here. We do have a great market for the small meetings, the small events. I hear a lot of times go after the sports events. The reality is our hotels don't want them. They usually don't want the amateur sports events. They tear up the hotels, they want a very inexpensive rate and they put about eight kids in every room so it's not something—if I don't have the hotel rooms, it's hard for us to go after those amateur sports events.

Our busy time is definitely through the summer months. When you start looking at our occupancy I think our biggest area of growth is going to be those off summer months. If we can start attracting the events and have the venues where we can hold those off summer events, I think that's probably going to be our biggest area of growth potential. What those are I think that's something probably the board will be talking about in December. I'm not sure if I answered your question completely. **Commissioner Johnson** said I was getting ready to ask you what would that look like typically and you just gave me the answer. **Ms. Jobe** said I had a lady call me today, this is a perfect example, for an event that she wants to do next year and she is sending me some more information on it in June and she wants to be in the Village West area and she has some very specific needs that I'm trying to find the right space for her. The reality is our hotels are pretty full in June. I said do you have anything else. What do you have in September, what do you have in January that you can bring me and unfortunately this is an

outdoor event so I think something that could bring those visitors here where they don't have to be here during the summer months, but I don't know what that is. **Commissioner Johnson** said what is our, and I'm sure it's in this information and I must have overlooked it, what is our capacity? **Ms. Jobe** asked our number of hotel rooms. **Commissioner Johnson** said yes. We have 1,750 with 108 I believe under construction.

Commissioner Bynum said so 1,750 rooms and that includes the rooms that are out west at Village West that are paying STAR Bonds right now and, therefore, that Transient Guest Tax is not coming to the Unified Government; is that right? **Ms. Jobe** said that's our total rooms in Wyandotte County. **Commissioner Bynum** said so you're tracking that anyway regardless of whether we're receiving the guest tax or not. **Ms. Jobe** said correct. We get a report, we pay for it, and it's called the Smith Travel Report or the STAR Report. I can't see an individual hotels information. I can't see how much Transient Guest Tax they've paid, I can't really see anything and most of them will not share. What happens is they share this with Smith Travel and then they put it together in a report. It is the standard that everyone uses and it is the most accurate information about hotel statistics that's out there and that's what we use.

Commissioner Bynum asked do you think that there is still plenty of market for more hotel rooms in Wyandotte County. **Ms. Jobe** said I think that we probably need to think about do we want to keep building 100 room hotels because it limits the type of business that we can bring. That would be my best answer. Again, I think this is a great conversation. I have two board members sitting here and I think this would be a great conversation for us to have at our long-range strategic planning.

Commissioner Bynum asked what other ways does your staff work with the hotels and their employees—you mentioned the weekly update of the handout they could give to their guests, are there other things they do? **Ms. Jobe** said yes, we meet with our hotels on a fairly regular basis. We also have—our hotels are provided the information for two hospitality training programs. One is put on by Visit KC that we actually partnered with them when that was created and it gives those frontline workers the knowledge of understanding why good hospitality skills is important. If you're staying at a hotel and they ask the frontline what else is there to do and they go oh there's nothing to do in town, you know it's that kind of thing. Also, the State of Kansas has one that we've just unveiled and we're getting that information out to try to teach

them more about why hospitality is important. **Commissioner Bynum** said part of the reason I asked that is because we traveled a lot to small towns for very short stays and that's the person we ask when we get there and we're hungry we're like where should we go eat so that's why I asked that question. **Ms. Jobe** said so we do offer those and actually we just had a conversation about some ways that possibly we can help encourage more of our frontline workers to participate in those and they are free.

Commissioner McKiernan said, Bridgette, I just wanted to take a moment to thank you and your staff for all the work you have done to put this together. You and I have had many conversations as I've shared my frustration that I didn't think the CVB was telling its story clearly or thoroughly enough to us here in this room. I do appreciate telling a more thorough story. I'll echo what Commissioner Walker said a moment ago. I appreciate the information, the meat that's actually in this report. I appreciate a couple of new statistics that you just unveiled here that I hadn't seen on paper before in terms of our ROI and I really do look forward to finding more of those ways that we can measure the benefit that you provide to the community, not just in terms of the hotel rooms, but in terms of the total visitor experience and the total economic impact of those visitors across all of Wyandotte County so thank you very much.

Mayor Holland said you had a slide of Board Members you said were coming off. Do you tenure on your board for how long people are on there? **Ms. Jobe** said we do, you're making me think here, I believe they are three-year terms and after the third three-year term they do have to come off by our bylaws.

Commissioner Walker asked any suggestions on attractions that we should be pursuing that are lacking in this community that you think our visitors want. **Ms. Jobe** said I think I already spoke to the time of year issue. You know anything that's indoors that can be done during non-summer months is always going to help bring those visitors back during our low months. More shopping, that's just a personal; I like a lot of shopping. You know Verruckt is a good example. This slide brought so much excitement and interest in our community. I can't tell you how many people I've spoken to from Germany. We host a travel journalist from Germany who came here

because of the German name. When we have the biggest, the best that always brings people there back and so I will put some thought into that.

Mayor Holland said I think one of the missing pieces, and this is why we did our convention study, one of the missing pieces I believe out there is a convention center of some size that can bring people year-round and bring different kinds of events. I think that's, in my estimation, it's a low-hanging fruit though it's the high-hanging fruit in terms of costs. I think that's the kind of thing because I look at our three stadiums out there which are terrific and they're all empty in the winter. We need a winter facility, some kind of indoor piece that brings people in large numbers and I think a convention space would be a great add out there and then what size space that is and where it's located gets more complicated. I think if we could have a convention center out there of some size, I think we would benefit year-round and it would be a benefit in the summer as well; but it would benefit us year-round.

Commissioner Walters said I also wanted to thank Bridgette. As she mentioned I have been working with her, our club has been working with her for this small meet in September. I think Village West is a wonderful place for car club meets. The one that I'm involved with most people are going to spend four nights, maybe 50 to 70 rooms, and it's a nice place because there is a lot to do within walking distance and it's the kind of things that people who go to these car clubs like to do. That could almost be a little niche specialty I think. If this goes well we might reach out to other car clubs for their regional or as this will be an international meet so I hope it goes well.

Mayor Holland said I would say you referenced 100 room hotels. We haven't built any 100 room hotels. The free market builds those without incentives so all the 100 room hotels that are out there have all come on their own. Building a 250 room hotel is often when they look to the community to help and so I'm delighted that all the hotels out there, not all of them, but the 100 room hotels that you're referencing have all been built without incentives and they just see there is money to be made and they come here to make it and that's good news.

Gaming Legislation

Mayor Holland said we have a couple of legislative issues coming up. We will be meeting on December 10th. We will have a dinner at 4:00 p.m. and then at 5:00 p.m. we will be in this room and we're hosting with our Commission our Kansas legislators that represent Wyandotte County, both Senate and House of Representatives and we're inviting them to come and we're going to talk about our legislative agenda and walk through that with them. It's a great opportunity for us to meet with our elected representatives to the State and build that collaborative relationship. There has been an interest in two topics that have come to us. One is the Gaming Legislation that is around the Woodland's, horse and dog racing; and the other is this Tax Lid. This hastily placed, poorly thought out, impossible to implement Tax Lid that the State cooked up at the eleventh hour and dropped on the State that's completely unmanageable so we're going to learn a little bit about that as well. I wouldn't say that's one we're interested in, it's just one that we need to understand better, but we do want to understand the Gaming laws around the Woodland's because it's more complicated than it sounds so I'm going to turn it over to Mike Taylor to walk us through. Doug, do you have any introductory comments you want to make about these? **Mr. Bach** said, Mayor, I think you've covered—the intent of this really was to focus on a couple of areas that are part of our legislative package, but one of them that has raised itself to a lot more attention is this of the Gaming laws and spending a little bit of time focusing on where our heads were when we took the position that we had on it and what's being proposed now. That's where we felt like that's more time to spend just with you and talk through this. **Mayor Holland** said I will say this group adopts our legislative agenda and so it's a vote like any other so we have an opportunity to talk about the positions that we take. A lot of them have been on the books for a long time but it's good to review them and if you have any questions about any of our legislative items that you want more information on, you can reach out to Mike Taylor directly. If you think it's of interest to the whole Commission, we can slate some time during a Special Session to go through it.

Mike Taylor, Public Relations Director, said I'm going to give you kind of a big overview of the Gaming laws and then we will get a little more into the specifics of the Woodland's and the Hollywood Casino.

The Kansas Expanded Lottery Act was passed in 2007. That vote came at about 1:00 in morning after a 12 hour filibuster by the Senate to barely ink it through you know what they've been trying to pass this thing year after year after year. I remember getting to call then County Administrator Dennis Hays and then Mayor Reardon at 1:00 in the morning and waking them up and I apologized but I said I think you want to hear this news and they were like what, say that again.

- The Kansas Expanded Lottery Act was passed by the Kansas Legislature and signed into law in 2007. It allowed state owned casinos to be built in the Northeast zone, the Southeast zone, the Central zone and the Western zone if county voters approved.
- The measure allowed slot machines at three racetracks: The Woodlands, Camptown Track and Wichita Greyhound Park if voters approved.
- Wyandotte County voters approved a casino with 81% in favor and approved slots at The Woodlands with 82% of the vote.
- As a result, the Hollywood Casino at Kansas Speedway was built. While initially celebrating the vote, The Woodlands never added slot machines and shutdown.

It passed in 2007 and at that time it allowed for four casinos in the state; the northeast zone which is Wyandotte County, southeast Kansas which they're still trying to get a casino built there, the central zone which is just south of Wichita and then out by Dodge City in the western zone.

It also allowed slot machines at three racetracks in the state; the Woodlands, the Camptown Racetrack down near Frontenac in southeast Kansas, and Wichita Greyhound Park if voters approved that. Wyandotte County voters of course approved a casino with 81% of the vote in favor and they approved slots at the Woodlands with 82% of the vote so as a result the Hollywood Casino was built. While initially celebrating that vote and the passage of this the folks at the Woodlands never actually added the slot machines and eventually shut down the track.

- In 2015, a bill drastically changing the terms of the gaming law was introduced. SB 192 passed the Senate and now sits in a House committee awaiting hearings and action. The House Speaker has said he does not intend to advance the bill.
- For the past 7 years, the Unified Government Legislative Program has adopted the following position:

Casino Gaming

The Unified Government opposes changing provisions in the expanded gaming statute, including banning smoking on casino gaming floors. The Unified Government supports greyhound and horse racing operations with the addition of slot machines at The Woodlands under current gaming law.

What's changed and why we're talking about this now is this past legislative session a bill that would drastically change the terms of the gaming laws that were adopted in the form of Senate Bill 192, it passed the Senate this year and it now sits in a House Committee awaiting hearings and it has been sort of stalled by the Speaker of the House who doesn't want to see the bill advance, but there will be a big push to try to move it through this session.

For the past seven years the legislative program the Unified Government has adopted has taken this position on gaming. The Unified Government opposes changing provisions in the expanded gaming statute including banning smoking on casino gaming floors. The Unified Government supports greyhound and horse racing operations with the addition of slot machines at the Woodlands under current gaming law. That has been the position for seven years.

The owners of the tracks which is actually potentially one person, casino owner in Vegas, Wichita resident named Phil Ruffin owns the Greyhound Park and owns Camptown and has made an offer to buy the Woodlands. He hasn't closed on that yet, but he is moving in that direction and so he would like to see things changed.

The Unified Government opposed SB 192 for the following reasons:

- SB 192 changes the fundamental financial landscape of the gaming law in an effort to get The Woodlands Racetrack and others re-opened.
- From investment levels to the number of slot machines allowed, SB 192 restructures the gaming laws in ways which put destination casinos at a competitive disadvantage after making significant initial investments.
- Reopening the gaming law opens the door to other possible changes which could be detrimental to the Unified Government and other local governments and to development agreements negotiated between the Unified Government and Hollywood Casino.
- The Woodlands not required to make a minimum investment or negotiate developer agreements.
- Hollywood Casino required to make a \$250-million minimum investment plus contribute millions more through developer agreement.
- Hollywood Casino likely to sue for breach of contract, forcing State to return the \$25-million privilege fee.

Unfair to Hollywood Casino at Kansas Speedway to change the rules at this point in the game.

The reason we took the position that we did, that I just read to you, is for several reasons. This bill and previous ones change the fundamental financial landscape of the gaming laws. The landscape that the Hollywood Casino built its pro forma's on, built its proposals on, and all its investments on. Reopening the gaming law also would offer a lot of risks because anything in that law, once you open it up and you say well we just want to change this one part, its fair game for any amendment that might come from the floor. The smoking ban could be implemented and I know it's a little ironic we talk about that but it's a competitive issue for Hollywood Casino and that's why we've said that because the four casinos across the state line allow it. **Mayor Holland** said I would support the smoking ban, but go ahead. **Mr. Taylor** said I understand and it's a bit of a strange position given some other things we're doing but the reason is the casino has made the case that it would kill us competitively. It could also affect local agreements we have made with the casino.

One of the positions that we've taken in this is that the Woodlands under this law, under Senate Bill 192, would not be required to make any kind of minimum investment or negotiate a developer agreement with us or make any kind of added local contributions as the casino was required to do.

The other thing is Hollywood Casino has made it very clear in testimony and has said if the State changes this, they would consider it a breach of contract and they would likely file a lawsuit against the State demanding their \$25M privilege fee back and it could also then change

the kind of monies that they contribute locally to the community because it would affect the outcomes. We will get into more than that later.

**Hollywood Casino
Financial Requirements**

- **\$225-million minimum investment**
- **\$25-million privilege fee**

2nd Sprint Cup Race

- **Sports Car Road Course**
- Construction of Hotel
- **Free Village West Shuttle**

What did the casino have to do? Here is what they were required to do. A \$225M minimum investment, a \$25M privilege fee, they promised to bring a second Sprint Cup Race to Kansas City, Kansas and would have paid a heavy financial penalty had they not been able to accomplish that. They promised to build the Sports Car Road Course in the infield and they've already brought Grand-Am type racing events here for that. They promised to build a hotel and they are providing free Village West shuttle.

Hollywood Casino Revenue distribution

- 22% state
- 3% city/county
- 2% problem gaming fund
- 1% community contribution
- 1% hotel penalty
- 72% owner/expenses

Here is the revenue distribution. They paid 22% to the State of Kansas, 3% to the city and county which is revenue we receive but we also share with Bonner Springs and Edwardsville. They contribute 2% to the Problem Gaming Fund, 1% of their revenues community contribution that comes to the UG, they are now, because they haven't yet followed through on their hotel, they are paying us a 1% penalty on the hotel and that's totaling about \$1.4-\$1.5M a year and then they get to keep about 72% roughly for their profits and their expenses.

Hollywood Casino Revenue distribution

- \$500,000 school districts
- \$500,00 charitable grants
- \$100,000 parks and recreation programs
- \$25,000 Convention and Visitors Bureau
- \$10,000 Chambers of Commerce

Out of that 72% they also give \$500K a year to the non-host school districts, they give \$500K a year in charitable grants, \$100K a year to Parks and Recreation Programs, \$25K to the CVB and \$10K to several Chambers of Commerce in the area.

The Woodlands **Financial Requirements Under Current Law**

- **No minimum investment**
- **No developer agreement**
- **No local added contributions**

The Woodlands under the current law have no minimum investment to reopen, no developer agreement required and no local added contributions are required.

The Woodlands **Revenue distribution under current law**

- 40% state
- 3% city/county
- 7% greyhound fund
- 7% horse fund
- 2% problem gaming
- 1% fair racing fund
- 40% owner/expenses

Under their revenue distribution the current law is they pay 40% to the State instead of the 22% and that's their real complaint about this is that they have to give 40% and the casino only gives

22%. They would have to give 3% to the city and county, 7% to the Greyhound Racing Fund, another 7% to a Horse Racing Fund, 2% to the Problem Gaming, 1% to the County Fair Racing Fund and then they keep 40% for their owner profit and their expenses.

**The Woodlands
Financial Requirements under SB 192**

- **No minimum investment**
- **No developer agreement**
- **No local added contributions**

Under the bill that's been proposed and passed the Senate, again, no minimum investment required, no developer agreement required with us and no local added contributions.

**The Woodlands
Revenue distribution under SB 192**

- **22% state**
- **10% horse fund**
- **2% county only**
- **1% fair racing fund**
- **0% greyhound fund**
- **.5% problem gaming**
- **64.5% owner/expenses**

They would get to pay 22% to the State which is equivalent to what the casino gets to pay. They would 10% to the Horse Racing Fund, only 2% to the county only so instead of as under current

law 3% split by the city and county, it would be lowered to 2% and only go to the county side; 1% to the Racing Fund, they would pay nothing into the Greyhound Fund, .5% to the Problem Gaming Fund where the casino has to pay 2% and then they would get to keep 64.5% for their profits and expenses. It significantly raises the amount of money they would get to keep and the argument is, primarily from Mr. Ruffin, is that in order to make this doable we need to be able to have these kinds of percentages.

**The Woodlands
Operating under SB 192**

- **60 days of horse racing**
- **No greyhound racing**
- **2,800 slot machines operating 365 days a year**
- **No requirement for other development/amenities**
- **No requirement for added local contributions**

Now, what would that bring? Under Senate Bill 192 60 days of horse racing a year, primarily in the fall; no Greyhound racing at the Woodlands, 2,800 slot machines which would operate 365 days a year 24/7, they would be simulcast betting on races year-round, they would be no requirement for any other development or amenities and no requirement for any other local contributions.

- The Woodlands**
A Brief History
- 1986: Kansas voters approve pari-mutuel betting.
 - 1989: The Woodlands opens.
 - 1990: Attendance spikes at 1.7-million.
 - 1993: Missouri voters approve riverboat casinos.
 - 1995: Operator of Hughes Kennels charged with selling illegal steroids at the track.
 - 1996: Employees charged with accepting illegal out-of-state bets from Florida.
 - 1996: The Woodlands declares bankruptcy.
 - 1996: KCK tries to allow slots at track under Home Rule. Measure passes but State threatens criminal charges.
 - 1998: William Grace buys the track out of bankruptcy.
 - 2000: Attendance drops to less than 400,000.
 - 2002: State regulators accuse employees of stealing \$200,000.
 - 2002: Original owner Richard Boushka indicted for fraudulently getting \$19m in bank loans.
 - 2005: William Grace dies.
 - 2007: SB 66 allowing casinos and slots at the track becomes law.
 - 2008: The Woodlands is closed.
 - 2015: SB 150 changing gaming law passes Kansas Senate but stalls in Kansas House.
 - 2015: Phil Ruffin says he will buy The Woodlands.

This is a little hard to read. It's small but there was a question about sort of a brief history of the Woodlands and so I did some research through the Racing & Gaming Commission website and I'll just kind of quickly run through this before we get to questions on this topic. Kansas voters approved Pari-mutuel betting in 1986. The Woodlands opened in 1989 as did Wichita Greyhound Park, in 1990 attendance at the Woodlands hit its highest peak at 1.7M people, in 1993 Missouri voters approved riverboat casinos and some interesting other things that came to light in 1995 the operator of Hughes Kennels operating out of the Woodlands was charged with selling illegal steroids at the track and charges were brought against him. In 1996 a number of employees were charged with accepting illegal out-of-state bets and then in 1996 the Woodlands declared bankruptcy. It really operated from 1989 to 1996 before it failed financially although it kept running. In 1996 the City of Kansas City, Kansas; it was before the Unified Government, put an issue on the ballot trying under Home Rule to see if we could allow slots at the track under our Home Rule provisions. That vote passed overwhelmingly and before it could be implemented the State Attorney General threaten to file criminal charges if the City of Kansas City, Kansas tried to implement that and go forward with that and so it never advanced. In 1998 William Grace bought the track out of bankruptcy. By the year 2000 attendance had dropped to less than 400K people, in 2002 State regulators accused several employees of stealing money from the track, over \$200K; also in 2002 the original owner, a man named Richard Boushka out of Wichita, who built the track was indicted for fraudulently obtaining \$19M in loans to build the Woodlands and he did some prison time. In 2005 William Grace died and then in 2007 Senate

Bill 66 passed allowing casinos to be built and slots at the track. In 2008 the Woodlands closed. In 2015 this new bill gets introduced and Phil Ruffin offers to buy the Woodlands and try to get it reopened. That's kind of the quick history. It's an interesting history in the years that it was opened. There is currently no horse racing and no Greyhound racing operating in Kansas at all at this time.

Again, the future of Senate Bill 192 I'm not sure it passed the Senate, Senator Fitzgerald represents the western part of Wyandotte County and Leavenworth County, part of our delegation is the one really pushing that bill. He got it through the Senate. It got a really icy reception in the House. House Speaker Ray Merrick immediately put in a committee called Calendars & Printing which is in sort of our area where bills go to die. That's where the Speaker can manipulate and assign bills and he puts it in that committee and it will never see the light of day although there will be I think a number of attempts this year to try to revive it and bring it out and get it moving which is why we're talking about this because I know it's a big community issue.

I guess the big question as I'm putting in a legislative program just to be do we want to keep the same position, do you all want to change our position legislatively so I kind of have the direction when we go over there to lobby on this issue or to fight it or say now we're working with them and that's really your policy decision to make so I will stop there and allow any questions or statements.

Mayor Holland said I will say I appreciate this presentation. I think it's very thorough. My concern has been all along that our casino with its 900 jobs I don't like the idea of it having this kind of—under the proposed bill, this kind of competition. If there were a minimum investment, if they were going to invest \$100M, for instance, into this facility; if they were going to bring in some restaurants like the casino has, if it were going to bring in some additional development, I think simply filling the current building with 2,800 slot machines that are going to operate 24/7 I'm not sure is a huge add to our community. I'm not sure that's a huge add. I think that I would like to see a larger kind of development, quality development like what our casino has done and our casino has been a great community partner. The current provisions doesn't really require any partnership with the community, they don't require a development agreement, they don't require that investment, they don't require community contributions and the number 60 for horse races,

horse racing days, it's my understanding of the bill that's a maximum number. **Mr. Taylor** said that's the maximum number that they would have to provide. I suppose they could do more if they wanted, but that's the number—**Mayor Holland** said that's the minimum number and so you have 300 days where it's a slot parlor and 60 days where it's a racing facility so I just have some concerns in terms of level of investment and how that would work in keeping it on a fair playing field with our current casino who has I would say by all respects been an outstanding community partner.

Commissioner Walker said I would note that at the time this bill was passed the casinos that were interested in locating in our zone were well aware of the bill that allowed the Woodlands to operate and so the idea that now we're in a protectionist mode is a little bit troubling to me. You know there are people in the metropolitan area that enjoy horse racing and undoubtedly enjoy the slots, maybe not mutually exclusive, because horse racing is a much slower fix for people who like to gamble just by the nature of it and it is year-round. There are races all over the United States and presumably those will be the simulcast. The problem is we have this deteriorating blight on a prime piece of real estate near the Legends in which if Mr. Ruffin gets it, it strikes me that he's going to continue this effort. I mean he has been continuing this effort and nothing would suggest to me that if he doesn't get it this year he's going to change his mind and stop trying to do it. I guess I'm asking, what is there that could be adopted in a bill that would level the playing field and is there any chance of that being considered. Again, had they opened up under the existing legislation, there was nothing that Penn National could have done about it. **Mr. Taylor** said you're right and they had no issue with that. I think the issue that has come about now is when the bill was passed in 2007 the people supporting casinos were involved in negotiating that bill and you know this thing went on for 15 years before it finally passed. The people that owned the tracks at the time and Mr. Ruffin was involved because he owned the Greyhound Park, agreed to these terms. Now, they would tell you that Governor Sebelius kind of told them no, these are the terms, you're going to take them or leave them and so they say they didn't have a choice but the fact is they were at the table and when the bill was signed Governor Sebelius came here and there was a huge celebration at the Woodlands celebrating this bill, it was going to be the bill that saved the Woodlands. At that point then the Grace family, there were changes in their family with William Grace passing on, his sons taking over, they had less

interest in running the track. Phil Ruffin then sort of got in the mix and he's like no this doesn't work, we need to make more money and that's really where this is coming from. The casinos point of view and I think, Commissioner Walker, your phrase of protectionist view is one that I've been accused of over in Topeka for our position. I think the casinos point is these were the terms that they based the things they promised us on certain rules and percentages and profits and they're saying now you're coming in and changing the contract unilaterally by doing this and it changes the financial landscape. The casino believes, and it's probably true although this could be debated, if there are 2,800 slot machines right up the street, a mile, mile and a half from the casino that will be competition for the casino and they're likely to lose a lot of their customers to that slot parlor at the Woodlands. That affects the revenues they make which affects their commitments to carry through on all the agreements they've made with us. That's really the crux of the argument from their point of view and why we've taken the position we have that we would love to see the Woodlands reopen, but you have to do it under the terms of the current law. That's been our position. It can change.

Commissioner Walker asked do you have any idea in an approximate amount the profit Penn National has made from that casino on an annual basis or last year. **Mr. Taylor** said yes, they have to file reports monthly with the Racing & Gaming Commission and year-to-date for fiscal year 2016, now keep in mind the State is on a July to June fiscal year, total lottery gaming facility revenues \$35.3M, they have paid \$7.7M to the State, they've paid over \$1M for the local share and they have been able to keep \$25.8M. **Commissioner Walker** asked so what are we looking at roughly, \$100M a year. **Mr. Taylor** said I think that's about—**Lew Levin, Chief Financial Officer**, said about \$140M. **Mr. Taylor** said \$140M annually and of course that can change from year to year but they have actually been gaining share in this market. The Hollywood Casino does not bring in as much revenue as the Kansas Star which is just south of Wichita and the main reason is there are five other casinos that they have to compete with in this market. The Kansas Star is the only one within a long ways.

Commissioner Philbrook said it's kind of a catch 22. Like Commissioner Walker said we've got an eyesore out there that I hear about all the time from my constituents and they're like when are we going to do something about that, what can we do about that mess out there, can't we clean that up? I continually have to tell them no, its private property and we have no control

over it. Now I have to consider what they're going to say if we completely stop that revitalization of that location, you know making them understand why or why not we're going to do that and is it protectionism or is it standing up to and going with an agreement that we already have made and we're staying within our integrity of what we've agreed to do. This is a very complicated conversation for me along these lines. The other thing is if they do open it back up they've got that second building sitting there falling apart. What are they going to do with that and they don't have to do anything with that building, do they? **Mr. Taylor** said no, they wouldn't although I know that Mr. Ruffin's been quoted publicly as saying that he's estimating to move ahead and open that he would have to spend \$50M just to bring it back into some kind of shape that it could actually be used again. **Commissioner Philbrook** asked is he talking about using both buildings or one building. **Mr. Taylor** said that I don't know. **Commissioner Philbrook** said well that makes a big difference too because you've got both of those buildings sitting there. I guess my attitude is that I don't want to back out on a deal that we agreed to and I don't want to set anybody up to be making a lot higher profit than the partners we've been working with so I have a little problem with that. When we talk about protectionism I mean we could bring up a lot of other things that we operate under protectionism with. That could be how many liquor stores we have to get thrown into that category.

Mr. Taylor said, again, the policy decision and what we have on our legislative program is your decision to make and so hopefully this presentation has helped layout some of those issues for you to decide. Again, just to clarify, in the original—the current law that's on the books the reason the casino has to pay more to the State—I mean the reason the track has to pay more to the State than the casino is because the casinos are required to make significantly multi-million, hundreds of millions of dollars in initial investments that the tracks aren't. That was the rationale for that.

Commissioner Markley asked was there an actual formula used to show that 40% matched up to them out of investment. I'm just curious was there like mathematics involved or was it more like we need—you get to keep less; we're going to pull a number out of the air kind of thing. **Mr. Taylor** said that's a good question. I don't really know. I wasn't privy to those sort of behind the scenes negotiations. I know that as that bill was put together the horse racing people

were involved, the dog racing people were involved, the track owners and then potential casino lobbyist for potential casino companies. **Commissioner Markley** said I ask that because it seems like if there was some sort of formula it makes it an easier deal to negotiate to say okay if you want to keep more, you have to make this amount of investment to make the formula balance out the way we originally intended so it would just be nice to know. If there is somebody out there in the world who was part of those negotiations, I'm curious.

Mr. Taylor said one other issue behind this and of course for the Woodlands the Greyhounds aren't an issue here, but the horse community has really gotten behind this issue. A lot of really competitive horses are breed and raised in Kansas, there is nowhere for them to race here so they go to Texas or they go to Nebraska or other places and they see this really as a way to help revive the horse industry in Texas. That point has been debated on both sides of the issue by others. I don't have the knowledge to know if it really would help or not. I find it hard to believe that having just 60 days of racing is going to revive an entire industry of the State, but it would probably help some.

Commissioner Walters said I have a couple questions just to make sure I understand your terminology. You said that the casino had to spend over \$200M, is that building their facility?

Mr. Taylor said they had to make a minimum investment of \$225M and that's land, building, and then they also committed to bring the second Sprint Cup race. **Commissioner Walters** said but you said that the Woodlands paid zero so surely they spent some money building their facility. Why is it represented as zero? **Mr. Taylor** said I think because that facility had been built long before this law ever passed so it was already an existing facility. **Commissioner Walters** said they also would have to spend more or some money to bring it back, \$50M or whatever the number is. **Mr. Taylor** said that's right. **Commissioner Walters** said it probably shouldn't be represented to us as zero. **Mr. Taylor** said what I'm saying is where the casino was required to even be considered to get a license they had to commit to a \$225M investment. To get a racing license to reopen Wichita Greyhound Park or the Woodlands, they don't have to make any commitment to invest anything. **Commissioner Walters** said I half understand what you're saying. **Mr. Taylor** said I'm saying there is no required minimum as there was for the casino. **Commissioner Walters** said not to say that they might not spend just as much as the casino. **Mr. Taylor** said certainly, they could build other amenities out there by their own

choice. I guess the point is the argument with the law is they're not required to under the law where the casino was. **Commissioner Walters** said that sounds like terminology to me. So the current law, if I'm recalling correctly, you're saying is that the casino keeps 72% of its gross revenue and the Woodlands would be able to keep 40% of its gross revenue, was that correct? **Mr. Taylor** said right, well under current law. Under the proposed law the Woodlands would keep 64.5%. **Commissioner Walters** said our policy references the current law and I think that's what we need to think about. The current law that says the casino can keep 72% of its revenue but the Woodlands can keep 40% of its revenue is the reason the Woodlands is sitting empty today. If you believe the testimony of the people involved and just the naked eyes observation, if there was money to be made under the current law somebody would probably be stepping forward to make it. The fact that it's been inexistence for so many years and has resulted in an empty building leads me to believe that we should be advocating for changing the current law in some respect. I don't know how many slot machines are allowed in the current law, do you? **Mr. Taylor** said it's slightly less than the 2,800. This bounces it up to 2,800 for the tracks. I think it's around 2,500 or 2,600. **Commissioner Walters** said I thought it was a lot less than that.

You've said the citizens of Kansas City voted to allow slot machines at some point in the past. **Mr. Taylor** said on more than one occasion. **Commissioner Walters** asked do you know if there were a specific number of slot machines in the ballot proposal. **Mr. Taylor** said no, the question that was put to the voters in 2007 was simply—there were two separate questions. One was do you support construction of a destination casino and do you support slot machines at the Woodlands. It didn't get into those kinds of details. **Commissioner Walters** said my observation is that we've got an empty building and the current law is keeping it empty. I'm not too excited about 2,800 slot machines personally, that sounds like an awful lot, but if we could engage with the legislators in some way to make it known what our preference is, I think that would be better than to just stand on the sidelines and say we don't want any change because that's essentially what our policy is saying; we don't want any change and the Woodlands will remain vacant. I think the percentages of revenues that goes to the State and percentages that goes to the horse facilities those are all something that we probably don't have a whole lot of stake in, that's for other people to negotiate. I think we should be the proponents of trying to get the Woodlands reopened, whatever that takes, and I think it probably will take a revision to the

tax structure. I don't know if it requires that we would have to increase the number of slot machines if the number is truly as close as Mike seems to think it is. **Mr. Taylor** said, commissioner, I found it. The current law would allow them to have 2,200 machines initially and then there would be a bidding process for the additional 600 machines. The casino could actually bid and try to outbid the track to secure those additional 600 machines to prevent the track from having them. Under Senate Bill 192 that's there now the track would automatically get the 2,800 machines. **Commissioner Walters** said so we're talking 2,200 versus 2,800; to me I don't see that's a big difference. The one thing it sounds like this Commission is saying is that we don't want the tax formula to be changed and I don't know why we would take that position. That's all I'm saying.

Commissioner Walker said I agree with you, Jim, that there is a formula I would think that would work better both for the developer. It's easy to say all this and getting anything through the legislature is going to be difficult. Clearly I don't think 2% to the county and nothing for the city; it's a city expense and city services are utilized. A development agreement is essential because some of the things that we got we got through negotiation because the law was silent on it, but to say flat that under no formula of division of revenues we would be opposed to it. I can tell you that I don't like the current proposed bill and I don't want to support that bill with that language. On the other hand some beneficial use of that Woodlands facility, and I don't know if Jim knows or the newer commissioners know, how much is it Doug; is it 13 acres or is it that big, that piece of ground that we own in front of the Woodlands? **Mr. Bach** said it's actually 35 acres. **Commissioner Walker** said we own 35 acres right in front and one of the reasons I'm surmising that we've never been able to interest anyone in developing it except initially the Wyandot's looked at it because they thought they would acquire that and then they would acquire the track and it would become Indian territory and then they could do whatever they wanted to on it. You have the Woodlands behind you which is deteriorating. I guess what I'm saying is Jim's idea that we need to do something with the Woodlands and help it become viable, I agree with. I can't believe there isn't a numbers crunch that while it may not be the best to have it that close to the gaming facility that they could live with. They were going to live with it anyway or maybe they knew from the very beginning with that number division that nobody would open it, but had somebody gone in there and opened up with 2,200 slot machines, what

would they have done differently? I mean I'm sure hindsight they would say but we would have a development agreement and we would have these additional revenues coming in and so forth from the Woodlands as well as from the facility and this bill is clearly an attempt to keep us from benefitting in any material way over and above what we were benefitting before. I guess I'm just not a hardliner on nope; we don't want to open the bill. I would say we can open the bill but not with those numbers. I would have to oppose that existing bill.

Commissioner McKiernan said I would agree with Commissioner Walker here, not as it's currently proposed. A couple of things occur to me. First of all we seem focused on reopening the Woodlands as a gaming facility. It's a building, it's a piece of property, it could be redeveloped into something else; not that it could be uneasily necessary but I think it's shortsighted in kind of my optic to say well it has to go back to be what it was before so we get past that. One of the things that's troubling to me is that it has the appearances that one or more people who were involved in crafting and getting past the 2007 legislation are now attempting to undo what they participated in creating and it gives the appearance of setting a high bar when you're in one circumstance and then trying to lower that bar when your circumstances are different. I don't know if that's the truth, but that's certainly the appearance that it gives when one or more people are involved in both setting up and then taking down that legislation.

Like Commissioner Markley I would love to get some sort of a better appreciation of comparative value, the \$250M initial investment with investments in maybe redoing that facility. What's the comparative value of all that investment? One of the things that does trouble me is that under our current agreements the community does benefit not only by having a destination for people to go to, but benefits monetarily and it certainly appears that under this new arrangement, this new law, the community would not gain a similar monetary benefit from the existence of this facility and theoretically could stand to lose some of what it already gets from the existing facility. As Commissioner Walker said, certainly not an easy fix to this, it is quite a thorning problem but I wanted to say that I'm concerned on several levels that there seems to be some switching here and that we stand as a community to lose from the bill as it is currently written and what then could happen after that.

Commissioner Bynum said I have questions, just going back to the presentation you made, the Senate Bill 192 as proposed would not include what we used to call Track East, there would be no charitable fund? **Mr. Taylor** said no, there would not. **Commissioner Bynum** said because they did use to in the years that they were operating and I thought it was required by law. **Mr. Taylor** said it was under the initial 1986 Pari-mutuel Gaming Law that was approved by voters to change the constitution and the tracks had to give a percentage to charitable causes. Wichita Greyhound Park did the same thing. Camptown really didn't because it was only open for about three months before it was closed down. **Commissioner Bynum** said so that does not exist. **Mr. Taylor** said no, none of that is required under this legislation.

Commissioner Bynum said Senate Bill 192, who is the author of that legislation? **Mr. Taylor** said well Senator Fitzgerald was the one who really promoted it and carried it in the Senate. Now, who actually drafted the bill, I will be honest with you I think it was probably Phil Ruffin and his folks. **Commissioner Bynum** asked has Senator Fitzgerald or anyone proposing this met with any person that's at this table. Has Senator Fitzgerald come to you, Mayor, or you, Mr. Bach, or any of you? **Mayor Holland** said well I can say no from my perspective. I will say I talked to a representative from Dodge City, I ran into him at another event, and he was talking about how excited he was to get the Woodlands open and I said you know we have some concerns about that. He said really, I was assuming you guys were all in on this and so I said there are layers. It's not a simple math problem; there are layers to it so no one has reached out to me. I think more recently, has someone reached out to you now Doug in the last couple of weeks? **Mr. Bach** said it wasn't really a reach out, I was just at an event where I met Senator Fitzgerald and talked to him a little bit, but it wasn't a reach out. It was more introduction and we talked about this a little bit from that standpoint. Since that time we have had representatives of Mr. Ruffin's team reach out to staff and approach us about moving forward with activity at the Woodlands facility. They indicated they had a strong feeling they would move forward with the purchase of it, but they weren't there yet and they also indicated that they were looking to come back and ask for a special use permit on the site. Indications were that they would do that under the current gaming legislation though they kept it qualified per their perspective that they intended to change before they would do that, but that may be a step they move forward with. One thing is you look back on Mike's historical information that he put up there, the initial special use permit was issued on this site which is a criteria you would have to go through from a

Planning & Zoning perspective. Now, that was issued to Sunflower Gaming or whoever was, an entity that no longer exists today and the criteria for which it applied to the Woodlands area was also one where it had dogs and horses and that's what it was for. It's not like it's a renewal of an existing one because what that was issued for changes from where it is today, but they—it was a very good conversation with them. They're looking for redevelopment of a site which would be very promising for our area, but their emphasis is toward gaming and to Commissioner McKiernan's point, we've never been in control. We've thrown different things out at this site. The owners of this property have always kept their eyes back on something with gaming in the future.

Commissioner Bynum said the question that I need help understanding is why is it that the Woodlands would not require any sort of development agreement such as was created with the casino? Is it because it's an existing building? I heard you say there is no required development agreement. **Mr. Taylor** said there is no requirement in the law and if you recall back during the casino selection, there was a huge competition so every casino company was trying to outdo the other one which of course allowed for those kinds of negotiations. There is nothing in the law that would prevent us from reaching out to Mr. Ruffin and say we would like to do a development agreement with you and work something out. What I'm saying is the law doesn't require him to do any of the same kind of things that was required of the casino. **Commissioner Bynum** said I think that we probably stand in agreement that seeing the dilapidated buildings are not helping the community so to that end a discussion would be welcome. The question I have is at what risk of losing what you've reported here that Hollywood Casino has already stated they might do as a result of changing the law so that's the question I think we have to grapple with. We have a dilapidated building that we would like to see redeveloped and we have to balance the risks when we open the conversation about Senate Bill 192 and what it could potentially look like against what Hollywood Casino has said if you do this, we might do this and I think that's an important conversation to have.

Commissioner Walker said I want to make a point here because I'm sure most of the commissioners are vaguely aware, I actually think they invested more than the \$225M. At the time of approval their investment proposal exceeded the minimum threshold. If you will recall,

they claimed that \$100M of that investment was the land that the casino sits on. I also want to make the point that given that was their commitment that induced at least four of the seven people on the approving authority to vote for their proposal over the Edwardsville site. One would have thought that their tax liability would have been based on the cost as built, \$100M for the land and then whatever the remainder of their investment is. It's my recollection that, and Doug, you can correct me; but even though they claimed that they were making a \$100M contribution I guess that would be from ISC; when it came time to pay the taxes the ground wasn't worth anywhere near \$100M nor is it on the books for \$100M or has it appreciated in value because of the amount of money they make. Even though I'm very happy with the casino, they've done a—they've brought an element to the community that the people overwhelmingly wanted. If I built a \$250K house I would be paying taxes on a \$250K house. They're not paying anywhere close to the taxes on what that facility was worth and at the same time making a \$140M. Is that year-to-date? **Mayor Holland** said that's annually. **Commissioner Walker** said \$140M and they're not paying taxes on \$140M either. Correct me if I'm wrong.

Commissioner Walters said I'm really glad we're talking about this because as Mike said this has been our policy for seven years, but this is really the first discussion of it that I can even recall and I think that it's really good for us to think about what we want out of this possibility of a facility reopening. I do think it's hard to keep everything straight when Mike is literally talking about what's included in one piece of legislation versus what's included in another piece of legislation because not every topic is included in both, but it doesn't mean that they're excluded. I don't know how to go about this, but I think we need to think about what we want and take a position accordingly and if it means a development agreement must be enacted, if it means we support taxes going to the city and the county; those are the moving parts that I hear everybody talking about. I think those are extremely valid and I think we need to get our ideas and conditions, if you will, on the table so that we can be a part of the discussion rather than just saying we don't want anything to change.

Commissioner Walker said I have one final comment Mayor. I would like to have a report on how much money is going into the Problem Gaming Fund and what is it being spent on because even at the low percentages that are reflected, it's got to be millions of dollars that have been

paid into that and unless they're paying somebody's bad gambling debts, how many problem gamblers—who is doing what with this money and where is this money? I don't even know why it's in the equation. If you're a problem gamer, they will take you even if you're gaming over in Missouri. You're not even a problem gamer in Kansas. I just think it's a lot of money that's being plugged into something and then being used in an indecipherable way. **Mr. Taylor** said, commissioner, that issue has been talked about at the State House, whether that 2% is too much and I think that's one reason that under Senate Bill 192 they're proposing that the track only paid .5% into it. It's millions of dollars a year that goes to the Problem Gaming Fund and I really can't speak to you right now about how that's exactly spent. I know they have done some mass media campaigns, there are some billboards, beyond that I don't honestly know. **Commissioner Walker** said 1-800 bets off, I mean I'm sure they do that advertisement. **Mayor Holland** said see it's affective. You know the number.

Mayor Holland said I think we need to wrap-up this conversation but I think, Commissioner Walters, to your point; the strategic question is exactly what you've raised. Do we continue to say forget it, the law is there, take it or leave it or do we open the door to say we would support it under these circumstances. There is a legal risk I think with the current casino potentially suing the State in terms of changing the landscape. They could say they lose 5% of their revenues to this casino. I mean they might be able to show a mark when this opens their revenues go down X %, could they sue that for damages if the percentages were changed under a new rule different from when they came in. In part that's our problem in that our revenue is tied to their revenue and the jobs in the community are tied to how much money they are making so in some respects it's a risk we take. The other piece is the risk with the State. I've been reading lately that the State needs money and I think one of the risks that we've talked about is opening the casino bill again, the gaming bill again, they could go in and not only not give 3% to the city and county at the race track; they could say well we're not even going to give that locally. We're going to take that from the State and that the State is going to take additional revenue from the city/county away and I think that's a risk that we run. I don't want to say it's a crapshoot, but I think there is a legal risk. I think there is a risk in terms of revenue but I think it is a legitimate strategic question is it smart to stay on the sidelines and not take any position other than no or do we put a proposal on the table that says we would accept it under these circumstances? That's a question

for this group and I think that's the question that we need to answer at some point between now and when the legislator reconvenes in January. **Mr. Taylor** said preferably before that because I will be bringing you a legislative program—we will talk about it on December 10th, a draft of one, and then adopting it later in December so that I have a plan. As I said it's your policy decision, whatever you decide is what argument or position I carry over to the State House.

Commissioner McKiernan said I go back to what Commissioner Markley said earlier and I really do think if we can find some way to make it a more apples to apples comparison of investment and payoff and all of that, then we try to find the middle ground between setting a bar that's too high for someone who wants to change versus lowering the bar, so to speak, for someone who is already here and we can find that middle ground and see if that middle ground then is our best strategic place to be.

Commissioner Walker asked are we going to have an opportunity to offer thoughts on other pieces of legislation. **Mr. Taylor** said certainly, yes and since about August I've sent out kind of a number of emails asking commissioners and department heads for any suggested legislation so yes, anytime you would like to address that feel free to send me an email. **Commissioner Walker** said it's like with the way I did my homework in college, until you're under the gun and the pressure there is always something else that's front and center and when you send something out in August and it's not due until January it's kind of hard for me to get motivated to put a lot of effort and thought into it. It's just the way I'm constructed. I can't do my homework in advance. I've got to be right under the gun. **Mayor Holland** said maybe we could appoint a tutor, a homework tutor. **Commissioner Walker** said it would be wasted money.

Mayor Holland said I think on December 10th we are going to be here at this table with our legislators. If there is a policy item you want to float out, I would say send that to Mike now and we can have the discussion and try to find some time between now and December 10th to talk about it. **Mr. Taylor** said I will have that document to you a week before that meeting on the 10th so you all have a chance to review it. Again, those are all going to be proposed positions that I've heard from department heads or you all. It's totally up for discussion and to be changed because it's your document.

Commissioner Philbrook said I agree with most everybody else here. Yes, it's time for us to kind of get off of our laurels and actually have to do a little work around this casino stuff and accept some responsibility that we might have to change things. I do have a point of information. The contract that we presently have with Hollywood, is it possible to renegotiate that and I'm just asking that because you know if there is something that we can change with them that would make it more palatable and also work with the other folks to come in so people are happier, I just don't know if that's possible. That's the question. **Mr. Bach** said the contract we have with them is between us and Hollywood Casino so if we wanted to open that up at the local level and work on that—**Commissioner Philbrook** said the point being is that I don't know that we need to be just stuck with this is what we have and we're stuck here you know kind of concept and maybe it is that way, but if we just say it then why are we even talking? I just want possibilities. **Mr. Taylor** said, commissioner, the real contract that's there is with the State of Kansas between the casino and the State of Kansas and that's the breach of contract they are talking about if the State passes this law and changes it, it would be breaching the contract they signed for a 15-year lease on operating this casino with the State. **Commissioner Philbrook** said then they're mad at the State but I was just curious if there is any way we can help.

Mr. Bach said I was just going to add that on the presentation as Commissioner Walker laid out, Mike, correct me and make sure we're following the format that the commissioners want that we have is as Mike lays out the format for this and we can advance what our program is and then we have the legislators here and then I believe, Mike, you will walk through not every issue we have in the program, but probably the top seven or eight I suppose. **Mr. Taylor** said we generally have a priority issues that I put on one page that's kind of the hot issues for this particular session. The rest of it is kind of longstanding or broad format positions. **Mr. Bach** said as he goes through that I mean that's an opportunity not only to engage that with the legislators about why we're strong on that or what our feelings are or if we want to take some exception I guess to our position, but I would hope we would like Mike know in advance if we're there.

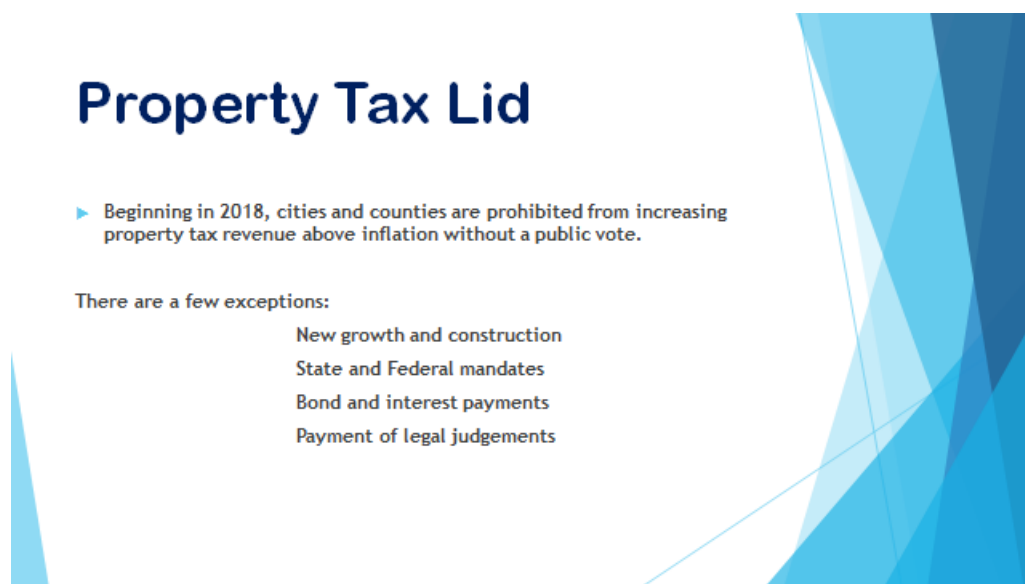
Mayor Holland said if there are suggestions to how—if there are some folks that want to talk to Mike about possible legislative options around the Woodlands piece, I think now is the time to

do that. If there is a position that we want to take it is a legitimately complicated—I would say a legitimately complicated undertaking.

Mayor Holland said we do need to transition to the other piece which I think is more troubling by far which is the Tax Lid. I would also note we are 15 minutes from our 7:00 p.m. and it usually takes that much time to transition our technology. I would suggest because our meeting is on December 10th we need to continue with this conversation and potentially start our 7:00 p.m. late. We've have done that a couple of times. I do like to end these on time and start our 7:00 p.m. on time, but I think this conversation is one that we very much need to have.

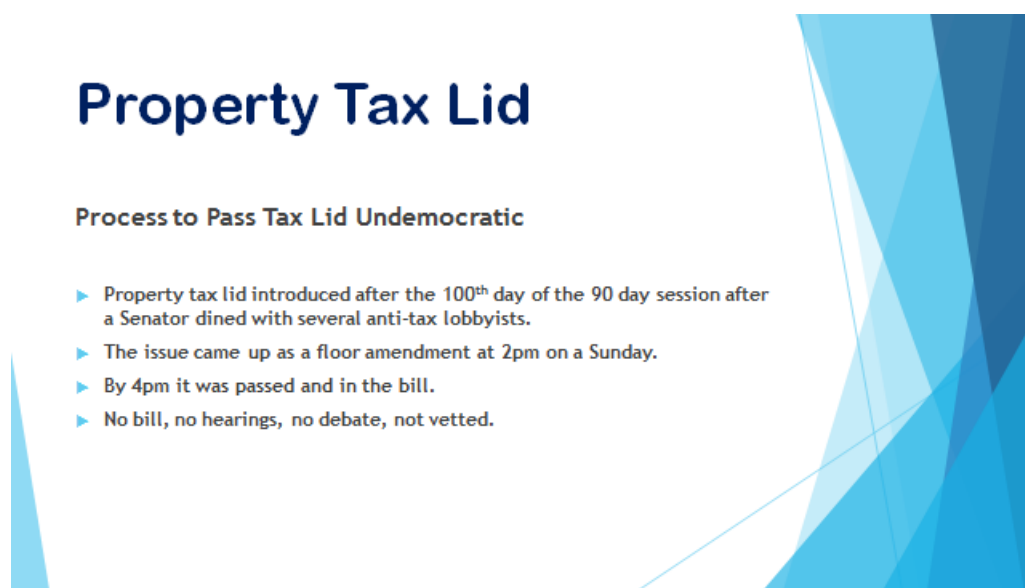
Tax Lid

Mr. Taylor said I can go through this pretty quickly. I'm going to give you kind of the background of what happened with the Property Tax Lid whereas the supporters of this measure call it the Voter Requirement Bill. What it does is and this was rolled together with a number of the other tax changes that were passed at the very end of the session on the 114th day of a 90 day session, late at night.



Beginning in 2018 cities and counties are prohibited from increasing property tax revenue above inflation unless you hold a public vote approving that increase. Now, they did put into that law a few exceptions. So if you have new growth and construction, your assessed value grows because

you've added a \$200M soccer stadium to the tax rolls or you've annexed which isn't an issue for us, but for some cities an area outside the city, so you've grown; they are saying that's okay you can count that toward because you are increasing revenues. State and Federal mandates, cost of Bond & Interest payments and the payment of legal judgements. That's what got put into the initial bill. Some of that is going to change and there is also already a bill I've seen a draft of that would move this to 2016, not 2018 and it would take away some of these exemptions.



Property Tax Lid

Process to Pass Tax Lid Undemocratic

- ▶ Property tax lid introduced after the 100th day of the 90 day session after a Senator dined with several anti-tax lobbyists.
- ▶ The issue came up as a floor amendment at 2pm on a Sunday.
- ▶ By 4pm it was passed and in the bill.
- ▶ No bill, no hearings, no debate, not vetted.

This is my lobbying spill that I've done to several groups including the realtors who are pushing for this. The process to pass it was undemocratic. It was introduced after the 100th day of the session after a Senator dined with several lobbyists who were anti-tax lobbyists. The issue came up as a floor amendment at 2:00 p.m. on a Sunday afternoon. I was there when it was introduced and by 4:00 p.m. it was passed and in the bill. There was never a bill introduced, there was never a hearing, there was never any real debate and the bill certainly wasn't vetted by anyone.

Property Tax Lid

Tax Lid is Unworkable

- ▶ Budget proposals introduced in June with workshops and hearings in July.
- ▶ Budgets adopted around August 1. Assessed values not certified until August 25.
- ▶ How do you hold an August 1 election when a final budget isn't even approved?
- ▶ Election Commissioner needs at least 60 days notice to prepare the ballot.
- ▶ Military Voting Act requires overseas military receive ballot 45 days before election.
- ▶ A November election could mean an entire new budget has to be re-debated and approved.
- ▶ Doesn't leave enough time for clerks to get tax notices prepared and sent in time, especially because in many counties the clerk also has to run the election.

It's unworkable because it wasn't vetted and so budget proposals generally are worked and introduced in June or early July with workshops and hearings throughout the month of July. The budgets are generally adopted around August 1st. Assessed values certified August 25th. How do you hold an August 1st election if you haven't even adopted your budget yet and how do you know if it's going to be an increase in the mill levy above the CPI? That doesn't work. You can't have an August 1st election. You would have to then out of necessity either hold a special election which is very expensive or do a November 1st election. The Election Commissioner needs at least 60 days to prepare the ballot so if you just look at that timeline, it doesn't work with the budgeting cycle as spelled out by state law. Also, the Military Voting Act requires overseas military personnel to receive their ballot 45 days before an election. If you just think about that, the cycle doesn't work at all. How do you hold an election if you should go over that CPI and so what would happen then is I suppose have to have a November election and if it fails, you're sitting there November 1st having to start over with an entire new budget proposal. A lot of the counties don't like that because the Clerks have to get the tax notices prepared and sent out and in most counties other than the four largest they are also the election official and so they are having a lot of fits about this because how do we get values certified, get tax notices prepared and prepare for a special election so it's totally unworkable.

Property Tax Lid

Tax Lid is Unnecessary

- ▶ Local governments already must comply with the Truth in Taxation law which requires an extra vote if taxes exceed the previous year and Consumer Price Index.
- ▶ The \$5.8-billion that proponents claim could have been saved is a myth. From 2004-2014 local property taxes went up 7%, but that includes new growth/construction and approved bond issues.
- ▶ Between 2004-2014, 1st class cities (25 largest) raised property taxes 3% when adjusted for inflation and population growth.
- ▶ Population in those cities grew 10% in those years versus a 3% tax increase.
- ▶ New growth/construction is positive, but it also has a cost. New streets, more police, firefighters...

It's actually unnecessary. There's already the Truth in Taxation law which requires an extra vote if you exceed the previous year in the Consumer Price Index. Supporters of this claim that if this had been in place since 1999 when the former Tax Lid went away that taxpayers across Kansas would have saved \$5.8B in property tax increases. It's totally a myth and the reason it is, is because they are counting every increase that happened in the state over that 15 year period. That means new growth, new construction, it means bond issues that were approved by voters to build a new community swimming pool and my argument is to be fair you need to extract those numbers from this total number to give the real increase. The fact is from 2004 to 2014 local property taxes across the state went up 7% and that includes new construction, growth and approved bond issues. First Class cities, the 25 largest in Kansas, raised property taxes 3% when adjusted for inflation and population growth. In those cities, those 25 cities, the population over that time period grew 10% so you've got a 10% growth in population and only a 3% growth in the property taxes. **Mayor Holland** asked was there a recession between those years as well. **Mr. Taylor** said I believe there was, yes. New growth and construction is positive but it does come with a cost. I mean if your community grows, you might have to build a new street or a new turn lane or hire some more police or firefighters and do that kind of thing. The numbers that they're counting don't include for any of that.

Property Tax Lid

Tax Lid is a Violation of Local Control

- ▶ Many Republicans say they support smaller government, less intrusion, less regulation.
- ▶ They rail against the Federal government imposing mandates on the State, yet they repeatedly meddle in the business of local government, trampling local control.
- ▶ Local control is the definition of small government.
- ▶ Kansas voters 60 years ago approve the Home Rule Amendment of the Kansas Constitution because they didn't want the Legislature dictating its values and political philosophy of the moment.
- ▶ The State did not include its portion of every tax bill (1.5-mills) as part of the required public vote. So the State will continue to reap extra dollars even if local governments can not.
- ▶ From 1998-2013, the property taxes collected by State increased 67%. Property taxes collected by the 25 largest cities only increased 3%.

It's also clearly a violation of local control and it's interesting because the majority of the Republicans say they support smaller government, less intrusion, less regulation; they rail against the Federal government. Having any kind of mandate put on that whether its environmental regulations, Affordable Care Act type things, the Lesser Prairie Chicken being declared an endangered species they scream and yell about it, but yet they don't hesitate to turnaround and meddle in the business of local government and trample over all of our local control and I have a problem saying it here to you because I say this in testimony to them all the time and after my vim that there is a Home Rule Amendment in the Kansas Constitution that was approved over 60 years ago by the voters of Kansas and that was a small government measure. That was local control, decisions by our locally elected officials is better than decisions being mandated from big brother in Topeka or in Washington. Here's another thing that's hypocritical about this is the State you know of every tax bill you pay 1.5 mills of that and goes to the State of Kansas. Well, they didn't exempt or require themselves to have a public vote so what they do is they would be able to reap extra dollars from an increase in the mill levies, but we wouldn't be able to. The other point that they don't make is from 1998 to 2013 the property taxes collected by the State increased 67%. The property taxes collected by the largest 25 cities increased only 3%. If you remember, they raised the sales tax this year. They didn't require a public vote to do that. They just did it.

Property Tax Lid

Local Governments are Efficient and Responsible

- ▶ From 1997-2006, the Unified Government dropped the city-county mill levy 26%... from 97 to 70 mills. It's now at 82 mills still 16% less than a decade and a half ago.
- ▶ The only reason the tax rate went up is because the State Legislature welched on legally obligated funding, repealed the property tax on machinery and equipment; stopped the mortgage revenue fee; and the loss of property values due to the recession.
- ▶ UG furloughed employees, cancelled pay raises for several years and cut spending 20% in every department.

I make points, and you all know this, but this is to other groups; I think local governments have shown that we are efficient, we are responsible and the fact is they don't like it when I say this and they look, the biggest reason for property tax increase in the State of Kansas is the Kansas Legislature. How can you say that? Well, let's look at the legally obligated funding that you've welched on, the LAVTR monies that you haven't paid which is now coming close to \$2B since they stopped paying it to all local governments in Kansas. Let's look at the repeal of property tax on Machinery & Equipment. That didn't cost the State, that cost local communities and it has cost our community hundreds of millions of dollars in assessed value. They have stopped the Mortgage Registration Fee which is going to cost us several million dollars and then, of course, there was the loss of property values due to the recession. Property tax increases came because of a reason and I argued primarily it's because of things the legislature has done to us, not because we're just out there, as they like to say, spending money like drunken sailors. **Mayor Holland** said our revenues show in the last ten years we've averaged \$6M in losses from either State revenue or State policy changes which is about \$60M over the last ten years in direct loss to the Unified Government.

Property Tax Lid

- ▶ The Tax Lid on Local Government is unworkable, unnecessary, a violation of local control and was passed in an undemocratic way.
- ▶ It needs to be repealed.

What we're calling for is because the Tax Lid is unworkable, unnecessary, it's a violation of local control and it was passed in an undemocratic way that was really done secretly with no hearings; we're going to introduce legislation, I say we and I mean the League of Municipalities and the Association of Counties; not just the Unified Government a bill that would repeal this law. We think probably that's not going to happen so we're working on a Plan B which is to at least try to make it workable and get some other exemptions, exceptions put in there and we've got a whole list of them. The fact is even if this goes ahead, it's got to be fixed because the election requirement doesn't work. **Mayor Holland** said the other piece that I think is infuriating when we build a Healthy Campus downtown, in downtown Kansas City, Kansas; a \$30M capital investment in downtown, one of the goals is that it would raise property values around it. You cannot capture the increased property values of our own development so we have invested in our urban area—Indian Springs another example. When we redevelop Indian Springs it will raise property values in the properties around it. We will not be able to capture that grown value because of the investment we made without going out to a public vote and so it's an anti-investment, anti-growth legislation. This is the other challenge they've given us, we're looking right now for next summer how much of the \$12M in STAR Bond revenue payoff do we apply towards reducing our mill levy. Can we reduce our mill levy when we can't raise it again? It's put us in a bind. They have disincentivized us to invest in our community, they've disincentivized us to lower our mill levy, and they have created a really toxic top down environment at the State on local control. I mean there are so many layers of problem to this and

did not impose it on themselves. We can grow our city and they will benefit from our growth in our city, but we won't and that's a problem. I think our long-term strategy is to reduce our mill levy down to a competitive rate, well they have disincentivized that for all communities or mill levies at all and it doesn't just hurt the Unified Government, it hurts our school district while they're cutting money for the school district it does not allow the school district to capture new revenue either. It also constricts our community college. All of the groups in our community are going to be hit very hard by this piece of bad really toxic legislation. **Mr. Taylor** said this also, Mayor, applies to Drainage Districts, Library Boards, other kinds of taxing entities if they have a budget that's over \$1K and I think that's just being learned that this really has a far reaching affect. I mean it's easy to say okay well it affects the City of Wichita, it affects the Unified Government, Shawnee County; but it also affects all these little entities, Drainage Districts, Improvement Districts, and Townships. **Mayor Holland** said I would point out there have already been local elections and they elected this board to make these decisions and if we make bad decisions about taxes, I can assure you the voters will come to the polls and let us know. What a mess.

Mr. Taylor said I will be proposing in the Legislative Program as our number one issue that we get the Tax Lid repealed. The Greater Kansas City Chamber, I've presented this to them and they've taken that position, the KCK Chamber will take that position and actually the Kansas City area realtors took a position that flew against what their statewide organization wanted. They are at least saying leave it at 2018 and add a lot more exemptions to it so we were effective there as well. We've got some support out there but it's mostly the anti-tax folks, the people that you would suspect, the Americans for Prosperity, Kansas Policy Institute that are pushing this.

Mayor Holland said it will take us some time to convert our technology downstairs. We will begin downstairs at 7:15 p.m.

**MAYOR HOLLAND ADJOURNED THE
MEETING AT 6:59 P.M.**

dt

Bridgette Cobbins
Unified Government Clerk

November 12, 2015