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Agriculture Committee
February 26, 2008

[LB861 LB1044 LB1114 LB1115 LB1116 CONFIRMATION]

The Committee on Agriculture met at 1:30 p.m., on Tuesday, February 26, 2008, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB861, LB1044, LB1116, LB1114, and LB1115, and gubernatorial appointments. Senators present: Philip Erdman, Chairperson; Anne Dubas, Vice Chairperson; Merton "Cap" Dierks; Russ Karpisek; Vickie McDonald; Don Preister, and Norman Wallman. Senators absent: Ernie Chambers.

SENATOR ERDMAN: Good afternoon, ladies and gentlemen. Welcome to the public hearing of the Agriculture Committee of the Nebraska Legislature. I will go through the process we'll be following this afternoon, and introduce the members of the committee, and then we will proceed accordingly. We are grateful that you are here. We are also being broadcast over NET2. We're grateful for their interest and willingness to provide this venue for Nebraskans. And as a point of information, all of the presentations that will be presented this afternoon will also be available via the Nebraska Legislature's Web site at NebraskaLegislature.gov. So for those of you that will be following along, viewing this at home or wherever you may be outside of the Capitol, if you go to NebraskaLegislature.gov, there will be a link to the Ag Committee's Web page. At that time there will also then be the presentations that will be later presented by the Friends of Innovation Campus, the city of Grand Island, and the State Fair Board will be available for your downloading and viewing, because unfortunately the technology we have will not allow us to broadcast it via the technology we have in this room. So that will be available to you when we get to that. But let me introduce the members of the committee, whether they're here or not. To my far right will be Senator Ernie Chambers from Omaha. Next to him is Senator Don Preister, who is also from Omaha. Next to him is Senator Cap Dierks who is just entering the room; Senator Dierks is from Ewing, Nebraska. Next to him is Rick Leonard, who is our research analyst for the Ag Committee. I am honored to be elected Chair of the Ag Committee; I'm Philip Erdman from Bayard. To my immediate left is Senator Annette Dubas from Fullerton; Senator Dubas is the Vice Chair. Next to her is Senator Russ Karpisek from Wilber. Next to Senator Karpisek is Senator Vickie McDonald from St. Paul. Next to Senator McDonald is Senator Norm Wallman from Cortland. Next to Senator Wallman is Melissa Lunsford; Melissa is the committee clerk. She is responsible for keeping track of the testimony today. We would ask that before you come to testify, that you fill out one of the testifier's sheets that are positioned at either of the entrances to this hearing room, have that prepared ahead of time and making sure that you have that so that you can give that to Melissa prior to your testimony. When you do testify, we ask that you state and spell your name, making sure that that is done prior to any testimony, because that will give us another opportunity to ensure that the transcripts are correct as you go down in history, being a member of this discussion. The hearing process for today will go as follows. It will begin, first, with the appointment of Tam Allan. It's a reappointment to the State Fair Board. We will then have the hearing on LB861, LB1044, and LB1116,

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concurrently or at the same time. There is a special sign-in sheet that, as you notice, has three columns at the bottom. If you intend to testify on any or all of those bills, you can fill out the same sheet, but when you do come forward make sure that you do share with us your positions on those so that we're aware. Obviously, it's difficult on these three bills to differentiate between them because of their connection, and they're similar provisions, and so we thought it was the best use of our time to allow you to do that. With the exception of the presentations which are going to last no longer than ten minutes, we would ask that you try to hold your testimony to under five. That won't count against any questions that the members of the committee may have, but we're going to try to be sensitive to make sure that everybody who is here that would like to testify, will have that opportunity. Following the joint hearing on LB861, LB1044, and LB1116, we will then hear the next two bills on their own, so we will have a separate hearing on LB1115, and then a hearing following that on LB1114. Before we get to the appointment, I would ask that you turn your cell phones off, or at least turn the ringer off to make sure that that doesn't get picked up in our transcribers or in the broadcast of this hearing. And Tim Freburg, who is a political science major from the University of Nebraska-Lincoln, who is from Holdrege, and Kristen Erthum, who is a political science and international studies major from Doane, who is originally from Ainsworth, are our pages. If you have testimony that you would like to have distributed to the committee, they are more than willing to assist you in doing that. I'm sure I'm forgetting something, but we'll make it up when we get there. We have drawn straws, I guess, and so after the appointment for...after Tam's appointment, we will then explain the process for the three bills and how that will play out. But, Tam, you are the first item on our agenda, and we welcome you to come forward and state your interest in continuing to serve on the State Fair Board, and the committee will likely have questions for you at that point. [LB861 LB1044 LB1116]

TAM ALLAN: Chairman Erdman, members of the Agriculture Committee, my name is Tam Allan, T-a-m A-l-l-a-n, 1045 Lincoln Mall, Lincoln. I have been reappointed by the Governor for a second term, to be on the State Fair Board. I was appointed originally by then-Governor Mike Johanns, and I've been reappointed by now Governor David Heineman. I'm an attorney and real estate developer in Lincoln, and I have been recently reelected as vice chairman, last week, of the State Fair Board, and I have been the spokesperson, at least locally, because I am from Lincoln, for the State Fair Board. And I'd be happy to answer any questions that you might have. [CONFIRMATION]

SENATOR ERDMAN: Thank you, Tam. Any questions for Mr. Allan? Tam, let me...we'll talk a little bit about that. Your appointment, you're limited to two 3-year terms, and so this would be the second half of that eligibility. Your representation on the board is generally to represent the community or the business community, which is not defined, but representing the business interests or community of Lincoln. That's somewhat different than your current representation on behalf of the Fair Board, and I want to make sure that that distinction is clear, because that question has been asked to me,

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and then you can make sure that I've got this right. Your position on the Fair Board is to represent the Lincoln business community, according to the statute. Your position as the spokesman, recently, has been as a representative of the Fair Board and the wishes of the Fair Board, maybe not specifically your wishes, but as a member of the board the wishes of the board as a whole. Is that accurate? [CONFIRMATION]

TAM ALLAN: That's true, Senator. I don't know if those two things are exactly opposite. I have been asked the question, is that if I'm truly representing the Lincoln business community why have I not endorsed wholeheartedly the Innovation Park for the university? Actually, I have no opposition to the Innovation Park. I don't think that our purposes of the Lincoln business community and the State Fair Board are necessarily opposite. What I have tried to do and I think I believe my fiduciary duty would go the State Fair Board, and I do not think that our goals are inconsistent. I think we're trying to figure out and certainly within the last two months we really tried to figure out, particularly at the direction of this committee, what would be the best interests of both parties and how that could work out. [CONFIRMATION]

SENATOR ERDMAN: Okay. Very good. Other questions for Mr. Allan? I don't see any. I appreciate your involvement here recently in the discussions as a representative of the Fair Board, and look forward to probably hearing from you again here soon, and the other issues that are before the committee. [CONFIRMATION]

TAM ALLAN: Thank you. [CONFIRMATION]

SENATOR ERDMAN: Thank you, Tam. We will now proceed to any proponents of Tam Allan's appointment to the Nebraska State Fair Board. [CONFIRMATION]

JERRY FITZGERALD: Good afternoon, Senators. I'm Jerry Fitzgerald, J-e-r-r-y, Fitzgerald, F-i-t-z-g-e-r-a-l-d, and I'm from Gering, Nebraska. I come to the committee this afternoon to support the appointment of Tam Allan to the Nebraska State Fair Board. Mr. Allan has been a member of the Fair Board these last years, and has most recently been selected to the vice chairman for the second year. In the time that Mr. Allan and I have worked together I have found him to be a man of true love and passion of the Nebraska State Fair, inherited perhaps, but good traits. The entire Fair Board, which is made up of members from across the entire state, finds Tam a man of vision of what the fair can now be, as to what it can be in the future. He's a true friend with a keen business sense, and has been and will continue to be a very valuable supporter of the Nebraska State Fair, the State Fair Park, and the Fair Board. So I'm asking this committee and the legislative body in the state of Nebraska to affirm Mr. Allan's nomination to the Nebraska State Fair. Thank you. [CONFIRMATION]

SENATOR ERDMAN: Thank you, Jerry. Any questions for Mr. Fitzgerald? Thank you, Jerry. Anyone else in support? I see none. Is there anyone in opposition to the

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appointment? I see none. Anyone neutral? I see none. That will close the hearing on the appointment of Tam Allan to the State Fair Board. The procedures for the three bills that we now have, LB861, LB1044, and LB1116 will go as follows. I will open and ask Senator Dubas to preside over my opening on LB861 as well as LB1116. We will then have Senator Raikes open on LB1044. Following Senator Raikes's opening on his bill, we will then proceed to the formal presentations that will be presented first by the city of Grand Island, by the Grand Island community, followed by the group known as the Friends of Innovation Campus, which is a Lincoln-based organization, and the third group will be presenting will be the Fair Board. And so following my opening, we'll have Senator Raikes's opening, and then we will proceed to those presentations. And again, I'll remind you that the presentations are available at NebraskaLegislature.gov. There is a link under the home page of "Current Activity" that will take you to the Ag Committee's Web page, and there will be three items listed under the committee schedule that is before us today that will allow you to open and download those files available to you, and you can review them as the individuals are presenting those after the openings on these three bills. Senator Dubas, I will turn the chair over to you. [CONFIRMATION]

SENATOR ERDMAN: Senator Dubas, members of the Ag Committee, my name is Philip Erdman. I represent the 47th Legislative District, and I'm here to introduce both LB861, which is the Agriculture Committee's bill regarding the issue of the State Fair, as well as LB1116, which is a similar version of LB861, with an additional amendment, shall we call it, to it. About every 107 years you probably ought to have a conversation about where the State Fair is, so here we are. The State Fair actually predates the university as an institution, however its current location wasn't arrived at until 1901, when the state of Nebraska and the Legislature decided that the land that was donated to them should be the location of the Nebraska State Fair, and it has resided there ever since. What LB861 and parts of LB1116 do, is take out of statute the specific provision of the location of where the Nebraska State Fair should be held. After the lengthy discussion that we had during the last legislative session on LB131 and LB435, as well as the interim study that we did asking a consultant to assist us in analyzing these options, a recommendation was made to the committee at our December 14 hearing, here at the State Capitol, to remove from statute the specific location of the fair. There are two sides to that logic. One says that the State Fair Board is limited in where they can hold the State Fair because it is stated specifically in state statute. And one of the ideas that we as a committee were interested in and still continue to be, as we have had this conversation, is ensuring that there are no obstacles in this discussion; that it be a truly fair and open conversation. The other side of that, depending upon where you're at in the future goals of this discussion is, is that it would put all of the obligation then on the Fair Board to deal fairly and openly with the other communities or other locations that may be interested in hosting the State Fair. I will state, unequivocally; I will state as many times as I need to, that the decision to move the fair has not been made. One of the options that still remains on the table for the State Fair Board should LB861 or LB1116 pass is that they would still have the opportunity to operate the Nebraska State

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Fair as its current location. So it provides flexibility. It removes the obstacle that some may utilize to having a truly open conversation because of the fact that you would have to change the state law to have a meaningful debate. By passing either LB861 or LB1116, that provision would allow for candid conversations to be held about the best interests of the fair, and most importantly, would put that burden on the Nebraska State Fair Board to decide. LB1116, however, goes a little further. The Nebraska State Fair, the Fair Board, owns no property. They own no improvements. They are an entity, a private entity that is named in state statute for the purposes of providing a State Fair to Nebraskans. The State Fair Park is owned by the state of Nebraska. The improvements at State Fair Park are owned by the state of Nebraska. In the event that the decision is made, under LB1116, by the State Fair Board to vacate the property, they would then notify the Department of Administrative Services Building Division and their vacant building committee, and inform them that they have made such a decision. At that point, the committee would request and require that an appraisal be done of the property currently known as State Fair Park, and that that value or \$30 million be the price that is offered or is that property be available to an agency or specifically the University of Nebraska-Lincoln. Under current law, when surplus property comes up for availability, an adjoining landowner, and specifically another political subdivision, has first rights to that property. One of the things that needs to be a part of this discussion, I believe very firmly, is that we're not, at least from our conversation as a committee, choosing between the fair and the university. And to the extent that we can avoid that scenario, we should provide an opportunity for the state to have the resources that we need to be able to balance those interests. The State Fair, in my conversations with them, is willing to consider relocation if the money is available. As a member of the committee, I don't believe eviction is an option. I believe that if the State Fair is going to relocate, they should have the resources, either their own or others, provided to help them with that process, but most importantly, as a state body, as the lawmakers that determine what the public policy for the state of Nebraska is, we have an interest in ensuring that we get a value out of our assets. One can logically make the argument that swapping land or other values that come by allowing the university land free and clear, at a minimal cost, is an overall value to the state of Nebraska. However, unlike other surplus property issues, we're not talking about not using that property for its intended purpose ever again. We're talking about relocating. And generally, when you get into those situations, you have a property that's being vacated and not going to be used or have a similar use elsewhere, and that money is available or that decision has been made. This is a relocation. There is going to be a great deal of discussion today, either about LB1116, LB861, or LB1044, and the process that we need to outline to help the Legislature make a decision. I believe, firmly, and I think the last 18 months that we as a committee have been working on this would direct me to believe that it's in the best interest of the city of Lincoln, it's in the best interest of the city of Grand Island, it's in the best interest of the University of Nebraska, and it's in the best interest of the Nebraska State Fair Board to resolve whether the fair will move. Whether or not we can agree during this legislative session as to where the fair may move is obviously a topic of conversation, and I've

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asked the testifiers who are going to make formal presentations today to do some additional work from our December 14 hearing, to provide us some follow-up information about what it might look like should the fair be relocated, what it might look like should the fair stay where it is, where some of the resources might come to help facilitate that process, what the governance structure might look like at any location including the existing one. And we'll have an opportunity, as a committee, to follow up and ask questions of those individuals. But I do believe, firmly, that we as a Legislature, and specifically we as the Agriculture Committee, those of us who are members who have worked on this issue during last session, we have worked tirelessly over the interim to ensure that we have the best information that we can have and provide that to the public, also need to provide clear direction to these entities to ensure that they can proceed with their planning, with their opportunities. By not doing that this session we start this debate all over again next year, and the year after that, and the year after that, and the year after that, until we find a resolution. If the decision is made to leave the fair where it is, then I believe firmly that the fair should be able to make the improvements that they need to make it their existing site. If the decision by this committee and recommended to the Legislature and is approved, is to move the fair, then I believe firmly that we should create a process, in the event that one is necessary, to provide for an in-depth, an intelligent way, of determining the best location for that resolution. But ultimately we have to decide one fundamental question, as I see it: Should the fair move? That question has yet to be decided. In spite of editorials or opinions that we have all heard and seen and received from our constituents across the state, there is no foregone conclusions here. There is no conclusion, as least in my mind, that the fair is entitled to stay where they are, and there is no opinion in my mind, or at least resolution, that the fair has to move. I think that is open for discussion. And my hope is, is that in addition to the work that we have done this interim, the testimony that we hear today and the additional work that's been done by the organizations that will be represented, will help us to come to a better understanding of what those options might be. I've said more than I need to, but I wanted to give you some additional background about what we have been doing, what I have been doing as the Chair of the committee for the past two months in directing and trying to coordinate these discussions. We will have presentations made, generally because I've asked them specifically to do the same things at all sites, so that we have apples and applies comparisons. That is all within the context of these three bills, and Senator Raikes's proposal also provides some interesting ideas that may or may not be included in any committee amendment. It is my intention, as we have named LB1116 as the committee's first priority bill, to use that as the vehicle for this discussion to be held within the committee, and as advanced from the committee in whatever form, be the vehicle that the Nebraska Legislature would use to resolve whatever issues we may, but specifically the location or whether the fair should move during this legislative session. I would be happy to try to answer any questions, and would also encourage you to ask the same of those that will testify on either side of any of these bills that are here today. [LB861 LB1044 LB1116]

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SENATOR DUBAS: Thank you, Senator Erdman. Questions for Senator Erdman? Seeing none, thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Jokingly, we could have had somebody bring cotton candy and corn dogs for our intermission here, but we weren't able to get that arranged. We will have Senator Raikes, just a moment. And for those of you that are here and following at home, this is bill introduction time, and members will be coming and going, as they have other bills that are being introduced in other committees. Senator Raikes, as Chair of the Education Committee, is currently presiding over that committee, and I'm running ahead of schedule, so I we will wait a couple minutes here and ask that he come over and join us. We will briefly stand at ease, but while we're doing that, let me explain to you the process. Traditionally, when we have legislative bills before our committee, we ask for proponents first, followed by opponents, and then neutral. Because of the fact that we're hearing all three of these bills at the same time, we won't follow that process. It's going to be a first-come, first-serve basis. The testifier sheets that you have allow you to make whether you're in favor or opposed or in a neutral position on any or all of those bills that are before the committee. So when we get done with the formal presentations, we will just simply ask for testifiers to come forward on any of these bills that are listed in the first grouping, and then you will have the opportunity to testify on one or all of the bills that are before us. So for a few minutes here, we will stand at ease and allow Senator Raikes to join us. Senator Raikes, welcome to the Agriculture Committee. We have just opened on LB861 and LB1116, and you are recognized to open on LB1044. [LB861 LB1044 LB1116]

SENATOR RAIKES: Thank you, Senator Erdman, Chairman Erdman, and members of the Ag Committee. I realize I'm before the Ag Committee, but there is a certain air of familiarity here. [LB861 LB1044 LB1116]

SENATOR ERDMAN: We appreciate your accommodation here. [LB861 LB1044 LB1116]

SENATOR RAIKES: We're having trouble sorting out our left hand from our right hand over there, so bear with me. Ron Raikes, District 25, here to introduce LB1044. This proposal is about making a decision regarding the future use of State Fair Park. The bill brings an end to the uncertainty surrounding this issue by dictating that, number one, the fair will be relocated by August 1, 2012, and, two, that the land it currently occupies will be transferred to the University of Nebraska-Lincoln. The bill outlines a process to determine a new location for the fair, while at the same time, establishing a clear but ample time frame in which that determination must be made. The bill establishes the State Fair Future Commission to study and recommend a new location for the fair. The commission would consist of six members. Members of the commission or task force, no matter how they're appointed, would evaluate alternative locations for the fair based on the following considerations: market factors, including a population base sufficient to

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support both fair and nonfair activities; physical attributes of the site; visibility from a primary road; suitability for construction of a one-mile horse racetrack; topography and soil structure; infrastructure needs; available land adjacent to the site for a potential expansion; site amenities; and cost for acquisition and relocation. The commission or task force would be required to hold a public hearing in each of the state's three congressional districts regarding the future location of the fair no later than December 31, 2008. The commission is required to report its recommendations to the Executive Board of the Legislature by the same date. Underlying the issue of resolving the uncertainty, is the need to do what is in the best interests of the state of Nebraska. The public, I believe, would be better served if this property is put to a different use. The State Fair has met with its share of struggles in recent years in its current location, both financially and in terms of drawing attendance. I believe the outcome proposed in this bill, LB1044, works to the benefit of all parties involved: the university, the State Fair, and the state of Nebraska. The resolution proposed in this bill will allow the University of Nebraska-Lincoln to move forward with its vision for the Nebraska Innovation Park. It will also allow state and fair leaders, with the help of the commission proposed in this bill, to move ahead with the process of identifying a new location for the fair. Removing uncertainty will also open the doors to fund-raising efforts for both the fair and the research park. The state stands to benefit, both from the creation of the Nebraska Innovation Park, and a new location for the fair. You will hear proposals to move the fair to a new location in Lincoln or to Grand Island. What you will also hear is that there are unanswered questions surrounding any potential location for the fair. The commission or task force is meant to examine and make recommendations regarding those questions of governance, finance, and the specifics of moving. I realize that one of the committee's priority bills, LB1116, also relates to this issue. If the committee chooses to amend LB1116, I offer you the ideas brought forth in this proposal. The Legislature can best serve by arriving at a decision. I think the combination of the research corridor and a new location for the State Fair will, over the long haul, provide the greatest overall benefit to the state of Nebraska. With that I'll close, and attempt to answer your questions. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Senator Raikes. Any questions for Senator Raikes? Senator Raikes, we had visited briefly before. I just want to make sure that we're clear. Your intent, under LB1044, is not to limit the future consideration or future sites to Lancaster County, but rather any site within the state. [LB861 LB1044 LB1116]

SENATOR RAIKES: That's correct. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. The other thing that it's in your bill, and just so that I'm clear whether this is intentional or just an oversight, currently the state of Nebraska owns the improvements as well as the land at State Fair Park. Is it your intention to require that the state also own a new site, or whether that should be open to the considerations of any future discussions? [LB861 LB1044 LB1116]

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SENATOR RAIKES: I don't know that I would come down firmly on that. Certainly, if you're going to continue the tradition we now have as you have just explained, that would be necessary for the state to own it. But if there isn't another arrangement that's suitable, I think it should be considered. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. And I just wanted to make sure. There were a couple questions I had in the way that the bill was drafted, just to see if they were intentional or whether they were just starting points. And as we have visited before, the committee had to name a priority bill prior to this hearing because of the scheduling and what we have chosen to allow for time to make sure that folks had the opportunity to present what they needed to. And LB1116 will likely be a vehicle to help us with that process, which may or may not include provisions of your bill or other bills, so. [LB861 LB1044 LB1116]

SENATOR RAIKES: I understand. And if we can be of any help in your efforts to draft a committee amendment, call upon us. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. Other questions for Senator Raikes? I don't see any. Thank you, sir. [LB861 LB1044 LB1116]

SENATOR RAIKES: Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Do you want to stick around for closing, or do you want to go over and have some homeschool fun? [LB861 LB1044 LB1116]

SENATOR RAIKES: There seems to be a crowd across the hall. (Laughter) [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. Thank you, Senator Raikes. We will now proceed to the formal presentations. I believe the city of Grand Island will go first, and again, the process will be similar. For the next groups, we would ask that the individuals that are speaking clearly identify themselves prior to their comments, so that way it's clear who's speaking on the transcript, and that will help Melissa make sure that we have the proper record. Again, those of you that are either following along at the Capitol or within the state of Nebraska or over the Internet watching this on NET, if you go to NebraskaLegislature.gov, there is a link on the home page under "Current Activity," that will take you to the Agriculture Committee's Web page. And on that Web page you will have the opportunity to download the very presentations that will be presented today, and you can review that as the proponents or the testifiers are sharing their perspective on how that ties together. It's 2:00; you've got until 2:10. [LB861 LB1044 LB1116]

DONALD DUNN: (Exhibit 1) Chairman Erdman, members of the Ag Committee, my

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name is Donald Dunn, D-o-n-a-l-d D-u-n-n. I'm currently the chair of the Grand Island Area Chamber of Commerce, and appear here today in that capacity. Let me state, up-front, as I understand the procedure that we're following, we are here today and we are formally proponents of LB861, LB1116, and we are opposed to LB1044. The issue, as I think has been clearly articulated, is there is an opening issue that has to be resolved, and that is what is the highest and best use for what we now know as State Fair Park? If the highest and best use is determined to be the home of the State Fair, so be it. If the highest and best use is determined to be that it would better serve the University of Nebraska and its concept of an Innovation Park, then there is only one other decision, in our judgment, and that is if the State Fair moves, the State Fair needs to move to Grand Island, Nebraska. The policy issue of whether the fair stays or goes is a policy issue, and I suggest to you it is not a policy issue about the fair; it's a policy issue about land that the fair currently occupies. That we leave for you. What we want to do today is tell you, if the decision is made for the State Fair to move, why it should come to Grand Island. We'll review briefly what we shared with you in December. We want to give you a brief update on what we've done since then, and give you our vision of how the State Fair can be truly a successful State Fair in the city of Grand Island. As we noted when we were here in December, this all begins with the issue of what's the purpose; and the purpose is in the state statute. And we would suggest to you that the purpose needs to be considered carefully, as you look at where the State Fair belongs. The State Fair doesn't say it has to be in a population base. It has to educate. It has to recognize individual achievements. It has to celebrate. And that's what we would like to do in Grand Island. Grand Island is centrally located in the state. It's an agricultural center, which is the focus of the State Fair, and we believe in a renewed State Fair it would be a bigger focus of the State Fair. We've demonstrated success with Husker Harvest Days, which we have conversed with, and they are fully supportive of moving the State Fair to Grand Island. They don't believe that it's appropriate to combine them. They think they can be complementary, and they need to remain separate and distinct, but they are very supportive of the concept of moving the State Fair to Grand Island. There is also ample room, and we're going to discuss that in a bit. All of you know where Grand Island is and the easy access that we have, the great highway system. We meet the number of motel rooms. We're in a section of the state which has close proximity to other communities that can assist in any of those. We also have, in the currently existing Heartland Event Center on Fonner Park. It's a beautiful facility, recently completed at a cost in excess of \$35 million. I would suggest to you that as you look at the proposal from the competitive side in Lancaster County, they have no proposal for anything like the Heartland Event Center. It does not exist there today and it's not in their budget to create. This is a great tool that would be of great value to a successful State Fair. We believe that Grand Island is the proper home. We have mentioned two other fairs here. The Kansas State Fair is held in Hutchinson, Kansas. It's a very, very successful fair. It has attendance in excess of what we have experienced in Nebraska. In Huron, South Dakota, they have a financially successful fair. Huron, South Dakota, is less than 5,000 people. It calls for people to come and

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celebrate the agriculture and the state, and that's what we suggest we can do, and we can do that in Nebraska; in Grand Island, Nebraska. I'm going to turn now and ask that Jay Vavricek address some of the steps that we've taken since we were last here in December. [LB861 LB1044 LB1116]

JAY VAVRICEK: Well, thank you. My name is Jay Vavricek, J-a-y V-a-v-r-i-c-e-k. My home is in Grand Island. I'm also a radio broadcaster with the facilities in western Nebraska, in Scottsbluff and Gering, North Platte, Ogallala, also McCook and Imperial, as well as the tri-cities. Also served for four years as mayor of the city of Grand Island here, and it's a pleasure to address this committee. Since the time that we were here in December, we have worked hard. We have made an investment in time and energy, but also in knowledge. We have had ongoing discussions with any number of different entities, and we're outlining those with you, as well, because we think it's important to truly understand the issues at hand before us so we can make a sound recommendation to you, but also the people of our entire state. We've had discussions with Governor Heineman. We've met, I think, five different times with the State Fair executive director. One session was over five hours long to determine what type of opportunities we can unveil here in a few minutes to you to potentially be the house and the home of the Nebraska State Fair. We obviously, because the pillars of this will be agriculture, we've invested also discussions with Husker Harvest Days, to know their missions. But also we know our community literally triples through that course of that event, where over 100,000 people attend Husker Harvest Days each and every year to learn new technologies, but also reach out to the interests and points important to agriculture. We've obviously had ongoing discussions with many State Fair officials, even including the Nebraska Association of Fair Management, or a convention in Kearney where we learned firsthand from fair officials from all 93 counties of what's important to them. We can go on and on. We've also taken it a step further. We've had ongoing discussions with Fonner Park in the Heartland Event Center and the State Fair Board, because we know governance issues will need to be determined, and we're proceeding on the assumption that a compatible governance understanding would be developed. We've obviously then taken it a step further. We will go and unveil you, briefly, a site plan, so if we can show you somewhat of our unveiling, because through our site investment we've obviously visited with the University of Nebraska-Lincoln officials, extensive legislative discussions with leaders such as yourselves, and obviously I've met with statewide agricultural interests so we can create a world-class State Fair. This particular picture is a \$75 million facility that we intend to leverage with new and expanded improvements. Expansion will, of course, as you can see, a State Fair needs to celebrate the experience. It needs to celebrate agriculture in a safe, family-friendly environment. So when you think about trying to extend to not only people in Nebraska, but all across the Midwest, what a great state Nebraska is, we're envisioning that as the plans unveiled today. The next slide will give you a little closer look, because it creates a campus feel. We want a warm type of convenient location where someone can come from Alliance, with their three kids, travel hundreds of miles,

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come here conveniently in the central part of the state, and be able to enjoy the fair experience and know the values that it teaches to each one of our families. With that in mind I'd like to ask Don Dunn to describe and unveil this particular outline that envisions a Nebraska State Fair in Grand Island. Thank you. [LB861 LB1044 LB1116]

DONALD DUNN: As you look at the slide that's up now on the screen, you will see that not only what we propose to add, but what's currently existing. There's...the key in the lower right hand corner shows the existing structures. All of those are very important to a successful State Fair. In visiting with members of the State Fair Board and Mr. Cosner, the executive director. In addition, after those visits, and we decided what is important to accomplish this end, you will see the red that's depicted in red, which include a 100,000-square-foot temperature-controlled exhibition hall, which is to the left and below the Heartland Event Center. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Don, let me interrupt you for a second. I think there is a gentleman with a pointer for you, right there. [LB861 LB1044 LB1116]

DONALD DUNN: This doesn't count against our ten minutes, right? This is a 100,000-square-foot, temperature-controlled exhibition hall. Down below is a 100,000-square-foot temperature-controlled livestock exhibition hall. It will have show arenas, in addition to other amenities. There is a new maintenance building. That's required because of the elimination of the maintenance building which actually sits right here right now. And an addition of two similar type of equine barns that currently exist. There's one; number four is an equine barn, fully enclosed. We propose to build two more substantially like that. Those are necessary because we're eliminating exiting horse barns that are where the new livestock exhibition would be. In addition, this is a practice track, and Mr. Cosner believed this would be an excellent location for doing all kinds of outside demonstrations. We're proposing to put in a new grandstand. We also have the space, as the fair grows, to add two additional 40,000-square-foot exhibition halls, and another 60,000-square-foot livestock. At the current size of the State Fair those aren't necessary. This would give us ample space to grow the fair, but we wanted to plan for the future and how we can grow and show that this site makes sense. This existing parking is already there. We're proposing the vacant land for the midway. That would be a hard surface, whether it be asphalt or concrete to be determined. There is also additional parking and parking for trailers and for large trailers as well as additional parking. We have ample space all the way around the existing owned facility of Fonner Park for expansion as need does occur. How are we going to do this, financially? We estimate...and these are, we believe, very conservative estimates, that the Heartland Event Center is \$35 million. That was...it was built...it's been in operation for about 18 months. The existing infrastructure of Fonner Park, including 240 acres of land, has an existing value of, we believe, conservatively, \$40 million. The rest of the funds to do what we need to do would come from the State Fair Relocation Fund, as anticipated by LB1116; funds that are currently on hand with the State Fair; a public/private community

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investment from Grand Island of \$5 million, which would cover infrastructure. But that \$5 million is, with the public/private community, is Grand Island's responsibility. And we would be asking that the Legislature provide an additional \$5 million. The estimated cost, based upon our estimates, is that the improvements that we suggested to you we can do for \$40 million. The addition of another \$5 million as a contingency for those things that we haven't thought of, price increases, whatever may occur. We went beyond just looking at what the consultants who did the report for this committee, or for the State Fair Board actually, we didn't use their numbers. We went to our trades and our people in Grand Island, Nebraska, and got actual quotes. We worked closely with an engineering firm, Olsson Associates, that helped us develop costs for infrastructure, and we're comfortable that the improvements which we believe are necessary for a successful State Fair would total \$40 million. We have a budget of \$45 million here. [LB861 LB1044 LB1116]

SENATOR ERDMAN: There likely will be questions, Don, but let me cut you off there, so that way we get the opportunity to ask you some questions. [LB861 LB1044 LB1116]

DONALD DUNN: I do think...Cindy Johnson is here and she would like...she has some things that she would really like to address if we may, Senator, if I could indulge you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Cindy, generally what are the issues, because they may be some of the questions I'm going to ask, and so...? [LB861 LB1044 LB1116]

CINDY JOHNSON: I was going to talk about the successful State Fair and the finances and the modifications that would be required for a fair in Grand Island, and out-state, if you will, versus in Lincoln locations. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay, go ahead. [LB861 LB1044 LB1116]

CINDY JOHNSON: When looking at the information that Jay and Don have reviewed with you, we believe, in summary, that... [LB861 LB1044 LB1116]

SENATOR ERDMAN: Cindy, hold on a second. Jay, why don't you take that microphone right there and move it to the other side of the table. [LB861 LB1044 LB1116]

CINDY JOHNSON: Thank you. To summarize then, what Jay and Don have reviewed for you in pretty significant detail, we believe that the State Fair can be successful in Grand Island, looking at a recommitment to the focus on an agricultural-based State Fair. We believe there will be a number of fair participants that will increase because of the new world-class facilities that were outlined before you, and also the geographic proximity to the agricultural producers. We know that there will be efficiencies realized

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by partnering with Fonner Park and the use of existing facilities and infrastructure. And we believe that the State Fair will be able to focus on quality State Fair programs and spend less time, less effort on site management of aging and dilapidated facilities. We also believe that there will be more on-site revenue opportunities available with a new fair location. I did have some closing comments, Senator Erdman, but in the interest of time, would you like me to delay those? [LB861 LB1044 LB1116]

SENATOR ERDMAN: Why don't we see what the questions are and then we'll go from there. [LB861 LB1044 LB1116]

CINDY JOHNSON: Okay. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Questions from the committee for the representatives from Grand Island? Senator Preister. [LB861 LB1044 LB1116]

SENATOR PREISTER: I appreciate that you've put together a package and that you're interested in hosting and sponsoring the State Fair. It seems to me that as we go down this road, one of the things I don't hear enough of is the vision for what the State Fair will become. We had a plan put together to show what a current existing ideal State Fair might be, but is that the best thing for Nebraska; is that what we want? I guess my question to you is, have you thought about what the State Fair should be for the state of Nebraska in the future, and then kind of to tailor things around that, or have you taken your existing site and made a State Fair out of what you have in resources? [LB861 LB1044 LB1116]

CINDY JOHNSON: Senator, that was actually in my closing comments, but I will go ahead and address that now. We think it would be a grave mistake to simply take the existing State Fair in Lincoln and move the State Fair to Grand Island and not take the opportunity to review what is possible with a new location. Every organization goes through periods of growth and transition, and it looks like this is an opportunity for the State Fair to do some analysis of what they're currently offering and look at what they want to be at the new site. We were invited into that conversation. When we started this process six months ago, we said, we have a site that would provide an excellent home for the State Fair if they needed to find a new home. And we were invited into the process of discussing and determining what that new State Fair would look like if it were to be moved outside of its current location. We know that there are a number of opportunities for growth in the programs that are offered. We envision families coming for "a day at the ranch"-type of experiences, because experiences and educational opportunities are so important to young families these days. We envision pavilions that are set out to recognize some of the best businesses, ag businesses in the state of Nebraska. We can see Case-IH displays that show the products that they are building in Nebraska, and selling not only across the United States but around the world, recognizing the impact of agriculture in Nebraska, number one industry in Nebraska, but

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the impact that agriculture has not only on the state but also on the world. We see Chief Industries, a major company in our area with plants all across central Nebraska, featured as maybe the entryway to one of the exhibition halls, and again, showcasing their product and what it means to the state of Nebraska to have these products manufactured in the community. We envision a fair that is very family-friendly, very safe, very inspiring, not only to the 4-H'ers and their leaders. The FFA kids and their teachers, but also a general population that might be interested in not only seeing what agriculture is today, but what agriculture can be in the future and where it's coming, what the growth and potential are. [LB861 LB1044 LB1116]

SENATOR PREISTER: Thank you. [LB861 LB1044 LB1116]

JAY VAVRICEK: I might, if I weigh in briefly on that, and once again... [LB861 LB1044 LB1116]

SENATOR ERDMAN: Again, take the microphone so you're a little closer. You'll have to get close to Don, but... [LB861 LB1044 LB1116]

JIM VAVRICEK: We have been spending a lot time the last several months, but, no, I think we've also learned through the process that the current State Fair Board, they have a vision, but they have a lot of restrictions in broadening that, not the least of which is funding, not the least of which it's a landlocked location which voids them of potential possibilities. There are a lot of issues that restrict the abilities of the State Fair Board to broaden it to a larger vision. Their mission to us, when they talked about how can we grow and have a world-class livestock facilities as part of the vision that ultimately we could attain, but also an expanded exhibition space, because right now they can literally handle more exhibitions but they're restricted on space. So, once again, I think the Fair Board, through their knowledge and volunteer spirit, they have a vision, but there are certain restrictions that restrict their ability. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, again, Senator Preister. Senator Dubas. [LB861 LB1044 LB1116]

SENATOR DUBAS: Thank you, Senator Erdman. Thank you, Cindy and group. I really appreciate the efforts that you have put into this presentation. I especially appreciate, Cindy, you bringing up 4-H, FFA. I mean, those are...that's who participates in the State Fair. That's some of the greatest memories that kids have is going to the State Fair. And so I know we want to see what we can do to not just keep those memories and those positive experiences alive, but also enhance those opportunities. So along that line, I mean, your county fair is located in this vicinity. Have you worked with or talked with your county fair board as far as these types of changes, working in conjunction with them, with your county fair, along with the State Fair; what's their feedback? [LB861 LB1044 LB1116]

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DONALD DUNN: Yes, we have. We've gone to all of the constituent... [LB861 LB1044 LB1116]

SENATOR ERDMAN: Don, you need to state your name for us. [LB861 LB1044 LB1116]

DONALD DUNN: I'm sorry; Don Dunn speaking. We have gone to those constituencies, like the Ag Society, the Hall County Ag Society. They're very supportive of this. They can see that it would require some changes in the way they do things, but they're supportive of that. And we think...I'm glad that you mentioned the 4-H. You know, what the State Fair can teach, is life experiences. And we want to give more kids--I have to call them kids--we have to give them more opportunities to do that. Right today, we talk about the limitations. It's a spatial limitation. It's a facility limitation. If we were to move this to Grand Island, not only do we increase the capacity, but we bring it to where those...much closer to where those kids are. We're not suggesting that this State Fair is about someone coming and buying a piece of cotton candy while you ride the Ferris wheel. We believe this should be a participatory fair and that as you grow and you have facilities to grow, the number of participants, the ones who are showing the calves, the ones that have the sewing project, that you will increase the number of people who come to the fair, and it will be truly successful because it will be a life experience. [LB861 LB1044 LB1116]

SENATOR DUBAS: Along those same lines, getting people to come to the fair, one of the questions has been raised, okay, will Lincoln and Omaha drive all the way to Grand Island for a State Fair? How would you answer that? How do we get our urban cousins to really come out and see what we have to offer in rural Nebraska, and what we have to allow them to appreciate our way of life? [LB861 LB1044 LB1116]

CINDY JOHNSON: One of the things that we heard from the State Fair Board was the importance of education and the importance of bringing some agricultural knowledge to students and adults alike that might not have that background and might not know just what it is that they don't know. So education would be extremely important components of education, whether that be leading up to the State Fair, with what's going on at the local level and the county fairs, or simply just adding an education component at the State Fair that would address some of those concerns. We have been asked the question a number of times, well, how will you get Omahans out to Grand Island to attend the State Fair? And we looked at the numbers that were outlined in the consultant's report, and with all due respect, it doesn't appear that there are many Omahans that are coming out to the fair in Lincoln. And I don't think that I can sit here and tell you that I think that they will come out to a State Fair in Grand Island any more than they're coming out to a State Fair in Lincoln. I believe that it's a...it was described to us last week at one of the meetings with the ag groups, that we understand the

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psyche of agriculture; do we understand the psyche of Omaha? And I think that it might be too much to expect that they will make the trip to understand agriculture. However, we will provide that opportunity for them; we will provide the opportunity for the schools to become involved, and for the groups that are ag-related in their communities, to become involved. And we also believe that if we provide a quality experience, again going back to that "a day in the life of the ranch" or some hands-on or active experiences for them, that unlike our own Stuhr Museum in Grand Island, that's a draw, and it shouldn't be underestimated when parents are looking for entertainment opportunities for their children. They're looking for wholesome, positive, life-giving experiences, and that would be available. [LB861 LB1044 LB1116]

SENATOR DUBAS: And I think along the lines of Senator Preister's questions about what is our vision, and I think you've outlined a very appropriate and a very accurate vision of what I envision the State Fair being, a celebration of our agricultural roots and traditions. And I think you've done a great job of putting together a package that supports that vision, so I thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Senator Dubas. Senator Karpisek. [LB861 LB1044 LB1116]

SENATOR KARPISEK: Thank you, Chairman Erdman. I hear a lot of "we"--we want to do this; we want to do that. It leads me to question who's...what's the governance going to look like? Is the State Fair Board going to run the fair or are you going to run the fair? [LB861 LB1044 LB1116]

DONALD DUNN: Well, that's an easy question to answer. The State Fair Board is going to run the fair, because it's statutorily charged with that responsibility. Obviously, we believe that it's in the state's best interest to leverage resources that are not needed all year round, existing resources, and share them with the State Fair, and utilize those resources in conjunction with existing resources so we get a better, a more leveraged use of all of those resources. We have identified that issue. We have...we...and I'm going to say "we" here; the chamber, the city, the economic development groups from Grand Island met with the executive committee of Fonner Park and the executive committee of the State Fair Board, to discuss governance, to get on the table what's off limits, what can we do, what can't we do. There was a candid conversation. Is there an agreement in place that's been written and signed and fully negotiated? Absolutely not. Is there an understanding that people are going to have to work cooperatively and that it's in the interest of both Fonner Park and the State Fair Board to look outside the box in which both of them find themselves currently, and that we need to look at how we can use these resources and make them valuable, not only to Grand Island, but to the state of Nebraska for the citizens of the state of Nebraska? That requires people sitting down, being reasonable, and working out a joint use agreement for facilities for a year-round basis. I think it's entirely possible. The process has begun; certainly not finished. [LB861

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SENATOR KARPISEK: My other question is, I think you...I heard that you don't plan to put Husker Harvest Days and the State Fair together. Correct? [LB861 LB1044 LB1116]

DONALD DUNN: That is correct. [LB861 LB1044 LB1116]

SENATOR KARPISEK: I think that's a good idea. But my question is, how do you keep one from drawing off the other one, because let's be honest, the Husker Harvest Days has taken a lot of the ag out of the State Fair. So how do you keep them separate and how do you do that? [LB861 LB1044 LB1116]

CINDY JOHNSON: (Exhibit 2) Senator, I'm going to let Don answer that question while I distribute a letter of support from Matt Jungmann. He is the National Shows director for Husker Harvest Days--Farm Progress. [LB861 LB1044 LB1116]

DONALD DUNN: Don Dunn. I will try to answer the question. Husker Harvest Days is the largest irrigated farm show in the world, and it's held in Grand Island each year, has been for the last 30 years. The focus of Husker Harvest Days is equipment-growing crops. Very difficult to have a growing crop display at a State Fair based on timing. I should also tell you that one of the...two of the issues that we considered is how long--in discussions with the State Fair Board--is when should the State Fair be held, particularly in conjunction with Husker Harvest Days. Should it be moved up? Should it be moved back? And how long should the State Fair be? I mean, those are issues that deserve a good deal of attention, and I will tell you the State Fair Board has raised them themselves. They are consciously looking at those issues. We believe that if you focus on the livestock side and the nonequipment side of the State Fair, you can grow it into a world-class...we think, a world-class facility, as well as a world-class in having the ability to let our children and 4-H participants and FFA participants demonstrate the way they do things and their life experiences that they learn in raising those critters. We don't want to step on the toes of Husker Harvest Days. We don't want Husker Harvest Days to step on what the State Fair can be. That's why we have engaged in the conversation between the two, saying, can we coexist? And they both believe that, yes...and they think that there are ways they could market, they could feed off each other to make both more successful than they currently are. [LB861 LB1044 LB1116]

SENATOR KARPISEK: Okay. Thank you. Thank you, Chairman Erdman. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Senator Karpisek. Other questions? A couple that I still have, and I think you have addressed these a little bit, but your current site, what you actually have proposed, is approximately how many acres? [LB861 LB1044 LB1116]

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CINDY JOHNSON: Approximately 240 acres. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. And then the additional land that is outlined in your proposed expansion would add another...almost another 140 acres of potential expansion, depending upon where that may be added or otherwise. That's currently available as vacant land. [LB861 LB1044 LB1116]

_____: Correct. [LB861 LB1044 LB1116]

SENATOR ERDMAN: One of the things that we have looked at over the past year is the cash flow. That was one of the things that was done by the consultant, comparing an ideal model with the existing site and then how that might play out. What they did was, is they took a certain penetration rate of that market, and said this is a target for a State Fair for that region. Have you looked at, potentially within your market area, what is your target? I mean, do you think that it's realistic, as we heard from our consultant last year, that a viable State Fair can penetrate the equivalent of 70 percent of the market that you generally draw from? Have you looked at those types of scenarios? Because the next question then, logically, is however many people you can get to the fair or the facilities will likely drive the income, which would allow you then to provide either facilities and opportunities. And I'm curious kind of what processes you've gone through to arrive at any of that. [LB861 LB1044 LB1116]

CINDY JOHNSON: The first thing that I would tell you is that we know what our draw is on the retail side of the equation. Our numbers that we've used at the chamber and for economic development purposes are 300,000, and we have a map that outlines how far north that goes, south to the border, as far west as the border is that way. We also know that developers in Grand Island who are looking at selling properties, and most recently the Hy-Vee that just opened in Grand Island, are using the figure of 320,000 for a population draw for the retail sector. So we feel very comfortable telling you, sitting here today, saying that we know we can draw over 300,000 people to Grand Island to participate in the retail environment. We would believe that we would realize that same draw for attendance at a State Fair. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Your current organizational structure, Senator Karpisek asked a little bit about how it looks going forward. Talk to me about what it actually looks like now. We have Fonner Park, you have the Heartland Event Center, we have the Hall County Ag Society, you have the city of Grand Island that has some ball fields and the Oasis and some different things. How is that currently structured now? What type of agreements are in place so that way we have an idea, because obviously, going forward, it may change, but tell me how things operate now. [LB861 LB1044 LB1116]

DONALD DUNN: All of the land is owned by Fonner Park. All of the land itself is owned

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by Fonner Park. The Heartland Event Center is owned, it is operated under a contract with the Heartland Event Center board, which has some common board members with the Fonner Park board. And the...ultimately, at the end of the current management contract, if it is not renewed, the ownership of the Heartland Event Center reverts to the city of Grand Island, and it would be responsible for managing the facility. As I view the way to handle this is this is...and I think Mr. Allan would suggest this, this is like a large shopping center, and you have some facilities that are owned by one group, you have some facilities that are owned by the developer, you have some facilities that are owned by someone else. There are common things that you have to have, that you have to provide for. You have to move the snow. You have to mow the grass. There are those functional operational issues that you get the value of because you're getting revenue from all of these sources, not just from a single source, and you're sharing those. There is the planning. And the beauty of what we proposed, in my judgment, is that Heartland Event Center is a wonderful resource. Heartland Event Center, with a 100,000-square-foot exhibition hall next to it, is just a significantly greater resource. The State Fair needs both of those things. We can...those both can be utilized because both sides can gain. The one plus one is going to equal three. And how is that going to happen? Senator, I mean I can't sit here today and say, you know, you're going to have one single board and it's going to have these number of members and this is how you're going to select them. I think, in visiting with Fonner Park and with the State Fair Board, they're going to continue to both exist, and they're going to realize that there's certain things they have to do together, and there are certain things they're going to do separately, and we have to draw those lines. It is not an issue that is unusual when you have multiple ownership/interested parties in a single facilities. And that's true wherever you go unless you leave the State Fair where it is, and they're everything. We would suggest to you that if the State Fair Board could spend more of its time planning, organizing, and executing the State Fair, they would welcome that and would be well-served to get out of the property management business. And I think that this has the ability that we can start off-loading some of those property management issues to an agreed upon party that can take care of those, whether it be Fonner or whether it be State Fair Board-controlled, or shared in those decisions. But then they can do what they need to do, which is plan, operate, and execute a State Fair. It's what the statute provides. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. Thank you, Don. Any other questions from the committee? Senator Wallman. [LB861 LB1044 LB1116]

SENATOR WALLMAN: Thank you, Chairman Erdman. Thank you for coming down. Enjoyed your presentation. Now, is your race track five-eighths or a mile or...? A mile? [LB861 LB1044 LB1116]

_____: Five-eighths. [LB861 LB1044 LB1116]

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SENATOR WALLMAN: Five-eighths. Okay. What is the grandstand capacity? [LB861 LB1044 LB1116]

DONALD DUNN: About 10,000. [LB861 LB1044 LB1116]

SENATOR WALLMAN: 10,000. Is that pretty well attended? [LB861 LB1044 LB1116]

_____: Not as well as it was historically. [LB861 LB1044 LB1116]

SENATOR WALLMAN: Um-hum. Well, that's probably common. Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Senator Wallman. I just want to thank you for the work that you have done, and not only in the work that you did prior to December 14, but your willingness to work with my office and myself in trying to get some of this information prepared, and appreciate the effort you've taken, and I think you've represented yourselves well and given us a great deal of information for us to consider. So, thanks for coming; thanks for your efforts, and I'm sure you'll be around. [LB861 LB1044 LB1116]

_____: Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: I will now ask the representatives of the Friends of Innovation Campus. I have down Tonn Ostergard and Kent Seacrest as the presenters. I will ask those two gentlemen to come forward as the presentation is being readied. I'll keep reminding individuals, in case they're tuning in at a later date here, for those that are either at the Capitol or watching on NET2, all of the presentations, the PowerPoint presentation are available online at NebraskaLegislature.gov. There is a link under "Current Activity" that will take you to the Agriculture Committee's Web page. Under that Web page there will be the hearing for today, and there will be three items that will be listed as presentations. But we just completed the one on the Grand Island presentation. We will now have the Friends of Innovation Campus presentation, and that will be followed by the State Fair Board's presentation. Tonn and Kent, I'm going to give you a little extra time because of the group before you, so we're going to try to give you about 15 minutes, if you need it, and then there will be questions to follow. [LB861 LB1044 LB1116]

TONN OSTERGARD: Thank you, Mr. Chairman. Good afternoon, Mr. Chairman and members of the Ag Committee. My name is Tonn Ostergard, T-o-n-n, the last name is O-s-t-e-r-g-a-r-d, and along with my colleague, Mr. Kent Seacrest, we are here today representing the Friends of Innovation Campus. The friends of this project extend well beyond the abbreviated list of Lincoln and Lancaster County organizations and civic leaders, as shown on the slide. The groundswell of support, statewide support that

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embraces the vision of Innovation Campus has placed this issue at the forefront of this year's legislative session. This is not a university versus State Fair issue, as some have attempted to categorize it. This is a project that represents an exciting vision. It holds great promise and the future economic growth and vitality for our entire state while serving the needs of two important state institutions: the University of Nebraska and the Nebraska State Fair. This committee has the opportunity to provide great leadership by embracing a vision for the economic future of our state, and at the same time revitalize a proud institution connected to our past. Since the hearings on December 14, with the leadership provided by the Chairman, we have met on several occasions with representatives of the State Fair in an attempt to remove barriers and find a true win-win solution for all parties. However, it is difficult to find compromise and to negotiate when the other side has such strong and passionate opinions from their perspective. That is why we feel we need the Ag Committee to establish an independent commission to make these decisions without emotion and without sentimentality. Our proposal has not materially changed since our presentation before this committee on December 14. At that time, we provided a comprehensive overview and financing package. The centerpiece of our proposal still involves making the best use of taxpayer dollars by leveraging the existing infrastructure and the plan improvements at the Lancaster County Event Center located at 84th and Havelock. Our plan also provides for an improved one-mile track that will better serve the needs of the horsemen. Kent Seacrest will now go over the details of our proposal before I finish with a few closing comments. Thank you. [LB861 LB1044 LB1116]

KENT SEACREST: Good afternoon, Mr. Chairman and members of the committee. My name is Kent Seacrest, S-e-a-c-r-e-s-t. The centerpiece of LB1044 and some of these other bills is Nebraska Innovation Campus, which is shown up here. Last December, President Milliken and Chancellor Perlman outlined this exciting new Innovation Campus to you, and really addressed the two pressing needs of the state of Nebraska: one, keep its young people in the state, and, two, grow jobs. We have a new opportunity, because of the university's recent success in research, to attract new businesses and jobs, for example, as was reported, over \$104 million of federal and other grants came to the university for research, which was the equivalent of 3,000 high-paying jobs last year, which is very important. Much of this research, again, has shown a good track record because the university has tripled that in the last ten years, and hopefully they can keep that growth rate going. Much of the research is critical to Nebraska's future, such as life science, biomedical research, agricultural alternative energies, water quality and quantity, to our state. While the second part of the bill is if Innovation Park does make sense to you, is what to do with the potential for State Fair. One of our proposals to you has been 84th and Havelock, here in Lincoln, which is the location of our Lancaster County Event Center or county fair site out at 84th. We know from the schematics we can get it to fit, but we don't want this to be representative and act like we are telling anybody how to lay it out. Other experts need to be in charge of layout and vision to be sure it makes sense to the state of Nebraska. But we know it

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does work geographically because we have probably twice the size of area as the current State Fair has. Well, site selection is what's on all of our minds these days, and it's not to be based on the emotions of the moment, but based on criteria. Your consultant came in with these criteria lists, which I think is very rational. And as was reported in December, we came out very high--the highest I've seen anybody fill out one of these sheets, on the criteria sheet to date--at 88 points. But you've got to go beyond that, and not all those criterias are equal. I think one of the most important is probably population and the market. As we've indicated to you, 84th and Havelock site has 334,000 citizens within 30 miles, and if we look at a 60-mile area we have 1,285,000 citizens to draw upon to make it successful. Now, if you studied state fairs across the nation that are successful, it's not the ten-day event that can make money; it's the 365 days or what do you do with the rest of the 355 days? Because as you know, as legislators, the capital costs are huge we're talking about, but it's the ongoing O&M or operation and maintenance that can be a much bigger number. And to be sure you can sustain the operation and maintenance, people or market share is going to be very, very important, otherwise the state is going to have continuing liabilities on operation and maintenance. In addition, you've got to figure out what do you do with the buildings when the fair is not there. Again, a larger population base has the potential to bring in other revenues to help offset both capital and operation costs along the way. So we think that that's an important consideration. Now, what we showed you last November was working off the consultant's Phase 2 model, if you remember that model. Using the consultant's methodology, we indicated Lancaster County events had about \$40 million of attributes already in the ground that we did not have to repeat. We also showed you, and again that contingency should be slided over--for some reason it didn't--that we needed \$62 million to hit the consultant's Phase 2 ideal model. Again, that's his assumption that that's what the vision is for the state, and that needs to be discussed, as well, along the way. Well, how do you fund all that? And what we showed you was a \$104 million fair, but, more importantly, how do you fund the \$62 million if you want to hit the consultant's ideal fair? Well, this is the chart we have reported to you last time, along the way, and what we showed you is \$21.8 million of private contributions coming from primarily two sources: the 2015 group at \$6 million, and the University of Nebraska Foundation at \$15.8 million, to be fund-raised along the way. We also showed the University of Nebraska contributing the \$10.5 million, which was the equivalent land value out at State Fair Park in our model. So we felt we had the funds to hit the ideal Phase 2 model, if that's the model you want. But again, we don't want to be presumption and say that's the fair you want, but we at least could fund it from that point of view. Two important factors in our assumptions was, we assumed a more conservative model. If we used the consultant's attendance figures, we could generate another \$18 million for that bond issue, but we didn't feel comfortable doing that along the way. We also showed that we could do this without any county or city increases in taxes, or state expenditures beyond what our model showed. Well, why 84th? Does it make sense? The number one reason we feel again, is the population. That's important for capital costs, it's important for the ten days, it's important for the rest of the 355 days,

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and it's important for operation and maintenance to help it go forward, and we feel there is good population numbers there. We've shown that we can contribute the land and the infrastructure and the buildings out there. There's a half-million square feet in the ground or being constructed as we speak, and that's 61 percent of the consultant's ideal model of \$817,000, I think, square feet that they sought. And along the way, we feel we've created a viable funding package with no tax increases. We did not show a state appropriation, and similarly, we showed \$21.8 million of private contribution. All the buildings would meet the life safety, heating and air conditioning, ADA's standards, which is important. We also showed that we could have room and fund a one-mile track, which to the horsemen is imperative. A five-eighths mile is like a high school game and a one-mile track is like an NBA game for purposes of simulcast and drawing people. So we had the room and the resources to make that happen. We also have the ability to keep some research land of the university right next to this campus so that we can create some synergy between the university's agricultural demonstration tracts and the fair's production agricultural programming. We think this is key. Not only does the Innovation Park create dynamic opportunities for energy, transportation, agriculture, for this state, but having those research plots and the university right next to the potential new State Fair Park, also adds the ability for education and public outreach for agriculture, energy, and transportation. We also see that by collocating, we don't have to have two agricultural exposition centers in our community that are not up to par, but we could have two combined into one and have one state-of-the-art-type facility. And we also have the ability to keep growing. We have geographical room, so if you did want to do the consultant's ideal fair, Phase 2, or the Phase 1 report, we could do that, as well. And finally, it frees up, which is, we think, the most imperative, and that is the land at State Fair Park for the Innovation Campus along the way. The bottom line is, we feel the highest and best use of State Fair Park is for a research park and initiatives that would be a combination of both public- and private-sector activities, and we just deem that this is important to our state along the way. We want to work with you with State Fair Park, and the commission, if that's the route you decide to go, in creating the best balance for the state. The commission idea is based on an assumption that you're not ready to pick a site, and maybe you are, in which case strike the commission, put in your site, and off you go. But if you're not quite ready to pick a site, for lots of reasons, number one, you might not be confident the vision is articulated clearly; number two, you might not have had time to do all the due diligence. You've had a lot of facts and figures thrown your way, and maybe the commission can help you sort that information out. The issues of governance, for example. Four would be receiving input from the key ag groups such as FFA, 4-H, Farmers Union, and the other important agricultural groups, to be sure that they help articulate this vision. That's where the commission has merits. But if you're ready, the commission idea could be replaced by a specific site. [LB861 LB1044 LB1116]

TONN OSTERGARD: We understand there are probably three legitimate options for the committee's consideration. As we've shown, move the fair to 84th, move the fair to

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Grand Island, or certainly maintain the status quo. However, we don't feel the status quo is a solution for our future. We fully expect that the State Fair and their presentation that will follow will represent that the cost to relocate the fair is prohibitive. We disagree. It is not a cost to relocate a fair, but an investment in our state that will provide a win-win solution. We also expect the fair will indicate that the Lancaster County Event Center facilities are incompatible with the needs of the State Fair. Again, we disagree. You will hear testimony later today that supports our vision for a shared facility that is, in fact, compatible with the agricultural needs of the Lancaster County Fair, as well as the State Fair. The same barns and exhibition space that serve the young members of 4-H in Lancaster County will also serve the needs of State Fair exhibitors, much as it did for 100 years in the past. You will also hear testimony that calls to question the fair's aggressive and somewhat questionable ten-year projection of the fair at its current location. I think we must be honest: The State Fair at its current location loses money, and would not survive without the subsidy of over \$3 million of state lottery proceeds, as well as the matching money from the city of Lincoln. Even if the State Fair stays at the current location, it will require a substantial investment, whether up-front or over time. Those same dollars should be used to invest in a new and an improved fair at a new location; not patch up inefficient and old buildings. Throughout the discussion and debate over the past several months, a reoccurring sentiment has emerged. The current State Fair is stagnant and needs a new vision. We call upon the leadership of this committee to seize the opportunity and embrace the vision represented by Innovation Campus, which will also create a stronger State Fair, as well as a year-round agricultural and exposition center, a vision that will provide the highest and best use of this land contiguous to the university, and provide an economic engine that will drive the future of our state, and a vision that will create a more relevant and more dynamic vision for the existing State Fair. As leaders, you have the ability to see the future and take bold actions that will proactively create our destiny. The decisions of this committee have the potential to shape our future and leave a true lasting legacy for our state. Thank you for your leadership on this important issue and we'll entertain your questions. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Tonn and Kent. Any questions for the representatives from Friends of Innovation Campus? Senator Preister. [LB861 LB1044 LB1116]

SENATOR PREISTER: Thank you, Chairman Erdman. As we've gone through this process, I think the committee has worked to try and bring people together and to come to a common kind of vision or agreement of what we do. From your perspective, do you think it may have helped to have had a facilitator rather than a committee trying to bring...your opening earlier comments were that it's very difficult to get the State Fair Board, because they, I believe you said, have a lot of emotion involved, to see from your perspective and to move together. Do you think, in the future or during that process, a mediator, a facilitator, may have helped that process? And in terms of a commission coming to some resolution, do you think that, having everybody together

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and having some kind of facilitation, mediation, might help the process? [LB861 LB1044 LB1116]

TONN OSTERGARD: Well, certainly there are benefits to that process. I think there was a good-faith effort made on everyone's part to engage in meaningful discussions. But as I said, as I categorized, they have strong, passionate feelings, and we respect those. Certainly, an independent source to help maybe cut through some of that would have been helpful, but again, we think that possibly the commission can serve in that role, going forward. [LB861 LB1044 LB1116]

KENT SEACREST: I think more important is reaching consensus and it probably needs to come from the Ag Committee and the Legislature. What's the vision for State Fair? We can ask State Fair Board to do that, but at the end of the day it's probably, you know, the whole people's fair and needs to have that consensus model worked out. And what is the resources? This is the state's property. This is the state's fair, this is the State Fair's buildings. Those liabilities fall, at the end of the day, on the Legislature's back. And giving guidance as to the size and the vision will help us because right now we've got a vision for something bigger than probably what Grand Island would be doing. And it's confusing to all of us because we're not clear what, you know, probably is in your best interest representing the whole state of Nebraska on this. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Senator Preister. Senator Wallman. [LB861 LB1044 LB1116]

SENATOR WALLMAN: Thank you, Chairman Erdman. Thank you, Kent. May I ask you a question? [LB861 LB1044 LB1116]

KENT SEACREST: Please. [LB861 LB1044 LB1116]

SENATOR WALLMAN: Could you see the university partnering with the State Fair on something like alternative crops, you know, different issues with ag, you know, whether it be animals or we're going to, you know, we're going to see exotic animals and stuff like this like the Lancaster County Fair. It's quite a thing to see. [LB861 LB1044 LB1116]

KENT SEACREST: I am so excited to see what the potential would be if the university and State Fair Board could put their collective wisdom together. We have barely touched the surface, I feel, what could happen in the future. Let me give you some examples that I have thought about, not only agricultural and biomedical and energy and transportation--the sky is the limit. Their missions are the same: to help the state of Nebraska, the citizenry, to help the citizens of Nebraska. So it's a natural. And I think having it in Lincoln is going to make this energy work better than distancing it to another city along the way. But I think it could go beyond. I think the University of Nebraska

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could do more to showcase what it does for the state that we all understand our university perhaps better along the way. I think we also have the ability to have the university remind our students how important it is to go to college and have that at the State Fair. I think we have the ability to have the university, through their faculty and staff of 5,000, help nurture other types of competition. You know, why don't we have a state spelling bee? Why don't we have a state geography bee at the State Fair? Why don't we have a science fair, fifth graders having their championship and having the professors at the university help guide that program--chess, dance, chorus. You know, agriculture is imperative, but the state is also diversifying and we need to bring in those other needs and have those celebrations occur as well as our State Fair. [LB861 LB1044 LB1116]

SENATOR WALLMAN: Thank you, Kent. Thank you, Chairman Erdman. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Senator Wallman. Tonn and Kent, I appreciate the work you've done and our conversations. I'd like to think at some small point I served as some role of a mediator for the last two months. Talk to me about--and I mentioned this to you earlier, Tonn--when we're talking about the consultant's report, we're talking about site criteria. One of the things that the consultant addressed in their report was the availability to build on land that's not in the flood plain. The state of Nebraska owns the property at State Fair Park. There's 251 acres of actual property. Some of that's within the flood plain, some of that's not. Depending upon what happens with the Antelope Valley project within the community of Lincoln, some of that land may be out of the flood plain and allow for some additional development. I went on the Lancaster County web site, register of deeds office, and pulled up a flood plain of the proposed site for the State Fair--100 percent of it's either in the flood plain or floodway. And I'm interested in understanding what considerations have been made within this discussion. And I did mention this to Tonn earlier because I think it's important to make sure that we're talking about the same thing. Just because you have land available doesn't mean you can build upon it. And if you can build upon it, depending upon certain regulations or restrictions, you have to do different things in order for it to be compliant, whether it's financing or whether it's just the structure of the property. Can you kind of walk me through any of those conversations that you have had? Because obviously, when you propose a site it's a little different than building a building, because the site is there and the features go with that. And when I'm doing an appraisal, highest and best use is contingent on four factors. And the first thing that I do before I go to an appraisal is determine whether it's legally permissible. Because if it's not, I have no reason to go out and tell somebody what their property is worth. Flood plain issues fall into some of those restrictions. Talk to me about what you've considered. [LB861 LB1044 LB1116]

KENT SEACREST: You bet. First of all, I'm a land use attorney and flood plain is in my vocabulary. [LB861 LB1044 LB1116]

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SENATOR ERDMAN: Well, I'm glad you're here. [LB861 LB1044 LB1116]

KENT SEACREST: It is imperative to look at that issue and we've looked at it, both State Fair and 84th and Havelock have some commonalities. They've got some dry land outside the 100-year flood plain, they've got some flood plain, and they've got some floodway lands. What we have done is looked at that and we have felt in our site plan that I showed you, and I can go back to it while I talk, analyze that. And we talked to the regulatory people. Flood plain land is not just good for crops. First of all, the university's demonstration can continue there. Flood plain is wonderful for parking lots, for open space, and other types of situations so that...and the midway. We've talked to the regulatory. They're willing to allow us to put the parking lots in the floodway if we're so inclined to do. The floodway is over in this region and as you can tell, we have not shown anything in there. The flood plain is in this region and that's where we put the track and the parking. The grandstand would be out of the flood plain. So if 100-year water came, we would not flood the actual building. But the track, the parking lot areas would be able to get wet. The rest of the buildings would be outside the 100-year flood plain and would not be in trouble. We can do this in a way where we can bring dirt in from the site itself. So it's just like a bathtub and we put some dirt in here and move it out there. And at the end of the day, the bathtub holds the same amount of 100-year flood waters. But we've repositioned it so the buildings are safe for the 100-year flood waters. [LB861 LB1044 LB1116]

SENATOR ERDMAN: And we have more flexibility under a flood plain scenario than under a floodway scenario for some of those moving of dirt and some of those things, correct? [LB861 LB1044 LB1116]

KENT SEACREST: We have more flexibility for buildings in the flood plain than you do in the floodway. Floodway would only be good for what I call the open space of parking. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. As I look at the proposed site, Havelock Avenue is where the arrows, the middle arrows are. [LB861 LB1044 LB1116]

KENT SEACREST: Correct. [LB861 LB1044 LB1116]

SENATOR ERDMAN: North of that is going to be the property that's currently owned by whom? [LB861 LB1044 LB1116]

KENT SEACREST: Well, it's currently the University of Nebraska. And the question then becomes on how to allocate that land. I think the university has a strong interest in looking at some of it being contributed as part of the equation. But a lot of it being retained as their demonstration plots so that they can be there for educational purposes

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at the State Fair. [LB861 LB1044 LB1116]

SENATOR ERDMAN: So in addition to the land west of 84th near Havelock that the university has, they have the land east of 84th. Some of that would be available for part of the land swap or whatever to facilitate the fair's need to have a location. Would the state own that? Is that the theory, that they would trade that land for State Fair Park? [LB861 LB1044 LB1116]

KENT SEACREST: That is one of the theories that would work, is a trade. The university not only has 200 acres up in this region, they have 200 acres over here that is outside the 100-year flood plain, this sewer bowl (phonetic) and that has value. But again, I don't...I'll let the university speak for their own interests. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. One of the things that I think is important--I've shared this with Kim Robak and others with the Vision Group. There are passionate opinions, I think, on both sides of this. I think there is just as much passion about the Friends of Innovation Campus not letting the fair stay where they are about the fair not wanting to move to certain sites. One of the things that I visited with you about and tried to explain is that, at least from my perspective and fundamental fairness, it's very difficult for me to accept a negotiation if I'm the one that gives up my passionate opinion. And I think from the standpoint of where this Legislature may go, if the Legislature objectively decides that the best place for State Fair Park is...or, for the State Fair Board is at State Fair Park, it would be my hope and my belief that we would move on. I think that process can only be arrived at through an objective process. I'm not saying that we shouldn't do that. But fundamentally, if the decision were made for this to stay where it is, for the fair to stay where it is, would we not be going against the very passionate opinion of your organization that you believe is at least unacceptable at the table today? [LB861 LB1044 LB1116]

KENT SEACREST: The community...it's up to the Legislature at the end of the day. It's your property, it's a state interest, it's a state asset. You have to decide what the highest and best use of State Fair Park is. I think there's a lot of consensus formulating that the highest and best use of State Fair Park is for research that would create jobs and prosperity for the state of Nebraska, and research for agricultural and bio and technology and energies. But you know, if you decide that the fair is a higher and better use, you know, I'm sure the community would either concur or maybe, at the ballot box, disagree with you. But you know, it's one of those situations that that's why you do what you do and judge and weigh all the interests, because you are impartial on this one and know how to balance the interests. [LB861 LB1044 LB1116]

TONN OSTERGARD: I guess I would add to that. We really need to look to the future, the next 100 years. And the opportunities that that property holds contiguous to the

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university for the R and D, and the job creation that can result has significant economic value for our entire state. And I think that is a vision that's a little hard sometimes to embrace. I've had the opportunity to go down to the Centennial Campus in North Carolina and see firsthand what was able to be accomplished when leaders with foresight made that investment 20 years, 25 years ago, and the benefits and the dividends that it's paying today. So I would say we would strongly be disappointed if that was your decision. It's certainly your decision to make. But we feel like, for the best interests of the state, that land is best in the hands of the university. [LB861 LB1044 LB1116]

SENATOR ERDMAN: It would appear that the...and this is opinion of some, not your probably full coalition. It would appear that there's an opinion within your group that if the fair would move, they would be okay with that regardless of whether the fair moves to east Lincoln or Grand Island. Because ultimately, the university would have access to what you've just articulated, and that's a vital interest of theirs for the future of the state. There's probably groups...or there's probably members of your coalition that would want the fair to stay in Lincoln if the were to move, and then there's, who knows, some members of your group that may support the fair moving there just because the fair would have a better site, in their opinion. Is there any willingness of the organization that you represent to be a part of a solution regardless of whether the fair would move? Because there are two questions that are being asked of us, I think, from your organization and generally run through this discussion. And that is not what's in the best interest of the fair, but concurrently what's in the best interest in the fair, what's in the best interest of the university. And as I said in my opening--and Tonn, I think you mentioned this as well--we should be trying not to pick between the two but trying to facilitate the best for both. The money that's raised under your proposal, the \$15.8 million that's portrayed as money from the foundation realistically is money from Lincoln to move the fair within Lincoln. And I want to make sure that that's clear because that's how I understand it, so that it's not misleading. Is any of that money available to be a part of the solution should the decision be made to move the fair to Grand Island? Is there a percentage of that that would support the move of the fair because of the university's benefit, maybe not because of the secondary benefit of having the fair stay in Lincoln or the other interests that are part of that discussion? [LB861 LB1044 LB1116]

TONN OSTERGARD: You know, I'm not sure we're prepared to answer that today. I mean, I certainly don't sit here, can't speak on behalf of the university or the foundation with regards to the money they may or may not be able to raise. I think, you know, coming back to your first statement, Senator, our first priority is to secure that property for the University of Nebraska. And in so doing that, we needed to provide an alternative location for the fair at 84th. If at the end of the day the fair views that it's in their best interest to move elsewhere, i.e. Grand Island, and that's their decision then we support that. Because we, again, if that's what produces the best fair then that's the win-win

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solution we're all looking for. However, if the fair does move to Grand Island, we would still need to find...the community would need to find support for a new racetrack that would have to be replaced off of the current location. So there would have to be some investment made to relocate that presumably at 84th or elsewhere. So to know what dollars are left to support a move outside of Lincoln, certainly there might be some dollars but I don't know how much. Our primary objective was to create value for the city of Lincoln and Lancaster County. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Last question on your funding mechanism. You have about \$32 million that comes either directly from the Vision Group, the \$6 million there, the \$10.5 million from the university directly from the facilities or the property that either would sell or raise as the university, and then the \$15.8 million. And so that puts you just over \$32 million. The gap of \$29 million assumes that we would bond the entire \$3 million of the fair's lottery funds. Is that accurate? Or as much...essentially equivalent of... [LB861 LB1044 LB1116]

KENT SEACREST: What we did there is we took your consultant's cash flow analysis. That cash flow analysis includes about the \$3 million of lottery proceeds and the city of Lincoln's 10 percent match. It includes revenues both during the fair, outside the fair, simulcasts. It included some projections, which we were more conservative. It included tax increment financing. It included...probably with a mile track we thought we'd have more simulcasts because we'd be selling an NBA signal rather than a high school signal for track purposes. And that's when we brought it down to the present value and got the \$29.9 million. If we used your consultant's number, you could add about \$18 million more onto that. But we were not comfortable with the consultant's assumptions. We thought they were too aggressive. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. And just a last comment just to follow up, the university's contribution is not just the \$10.5 million. It would potentially also include the additional land that the fair would be located on at the new site. [LB861 LB1044 LB1116]

KENT SEACREST: Again, you're asking more important details. I think at this stage the university, and they can speak, but we just have understood their contribution is \$10.5 million. How that's done--land, cash--save that question for the chancellor and the president. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Let me ask it in a different way then. What portion of your proposal includes the site for the fair to be built on? [LB861 LB1044 LB1116]

KENT SEACREST: Our portion is right there and that it would include the 167 acres of Lancaster County Event Center plus, through cash or land contribution from the university, the balance of the site so that it would probably be over 300 acres in size when we got done with it. [LB861 LB1044 LB1116]

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SENATOR ERDMAN: So essentially it's the cash equivalent. However much land is available would be probably the cash equivalent of \$10.5 million--no more, no less, but around that number. [LB861 LB1044 LB1116]

KENT SEACREST: From the university's point of view. But from the private sector's point of view, it's the \$21.8 million number. [LB861 LB1044 LB1116]

SENATOR ERDMAN: And just so we're clear, because the discussions have generally been--or at least, what I'm aware of--that the land on the west side of 84th would be available for sale or potential value to be contributed. I don't know that I had ever gotten a definitive answer about who provides the actual site for the fair to be built on because technically that's on the east side of 84th Street. But I know the president and others are here to speak and I'll ask that directly to them. [LB861 LB1044 LB1116]

KENT SEACREST: Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. Other questions from the committee? Well, Tonn and Kent, we appreciate the work you have done as well. I have enjoyed working with you over the past couple months. And I'm assuming, as the folks with Grand Island, that this conversation will continue, and I believe needs to find a resolution to this. But we appreciate the work you've done. [LB861 LB1044 LB1116]

KENT SEACREST: And we appreciate all your hard work. It's been huge. [LB861 LB1044 LB1116]

TONN OSTERGARD: Thank you for your leadership. Thank you very much. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Appreciate it. Thank you. We will now proceed to the presentation by the Nebraska State Fair Board. I believe Tam Allen and Jerry Fitzgerald are here to present. And again, I'll remind those of you following along that are watching this either within the Capitol or over NET2 that all of these presentations are available for you at nebraskalegislature.gov. There's a link under "Current Activity" that will take you to the Ag Committee's web page. At that page, you can download the proposals that are being presented. We started this afternoon with the proposal from Grand Island. We followed that with the presentation from the Friends of Innovation Campus, which is a group from Lincoln. And the third presentation that you should be able to download will be the one from the State Fair Board. And they are here now to present that to the committee. [LB861 LB1044 LB1116]

TAM ALLAN: (Exhibit 3) Good afternoon again. My name is Tam Allan, T-a-m A-l-l-a-n, and I'm vice chair of the Nebraska State Fair and I have with me Jerry Fitzgerald, who is

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the chairman of the State Fair. I appreciate the opportunity to discuss a lot of work that's been done from the time of our last hearing to this time. I had just passed out a chronology as far as our meetings with the people that we visited with through the other stakeholders, the university and Grand Island and also the Vision 2015 or Friends of Innovation Park people on that. What we're going to do today...but first of all, not only let me thank the efforts of this committee and your efforts, Senator Erdman, to be a mediator and being impartial on this is...this has given us a great opportunity to visit with a bunch of good people. And I'll put in that category people of the Grand Island, the people...Tonn Ostergard, representing the Friends of Innovation Park, and Kent Seacrest and the university president, J.B. Milliken. I honestly believe everybody is trying to figure this out, what would be a win-win for the state, to either figure out the issues and put them in front of you, because we all defer to you. It's the Legislature and the Governor that will make the decision, and I think that is most appropriate. What we're going to do today is discuss the three locations that we have analyzed during that period of time--the Grand Island location, the 84th Street location--and hopefully along the way dispel a couple of certain notions that keep repeating itself. And let me just state right from the beginning, is the first notion is that the State Fair is resistant to a move to another location. That is just at this point simply not true. And I think any characterization of that is unfair. What we have been steadfast in is that making sure...not imperiling the fair and its finances, making sure that the money would be there for the contemplation of such a relocation. And I'll discuss in detail our analysis of the different locations. But the one item that I did not put on the meeting list, and this was a motion that we did at our Fair Board meeting that we held in Kearney at the Nebraska Association of Fair Managers meeting, is we have a motion, is that is strongly saying that we will consider a move--again, considering the financing and the site location elements of that. And so hopefully you can see our analysis today. We present this to you and we welcome any questions. The first site that you see up there, and we don't need to spend that much time on it, but one thing that I wanted to do--especially, Senator Preister, for you; I remember your good questions from the previous hearing and talking about what the vision is for the fair, how that vision has changed over the years of the State Fair. And quite frankly, what we're doing here today, a lot of it is site-dependent, whether it to go outstate location, whether it be staying at the location that it's at, or going out to a site in east Lincoln. And Chairman Fitzgerald will speak to that out there. And Chairman Fitzgerald will discuss his...in addition to the various meetings that we've had with the Grand Island group, what the aspects are and what the visions of a State Fair out at that location might be. [LB861 LB1044 LB1116]

JERRY FITZGERALD: I want to thank the legislative Agriculture Committee for your efforts and time. My name is Jerry Fitzgerald from Gering, Nebraska. I'm the chair of the Nebraska State Fair Board. As you're aware, we follow the wishes of both this committee and the Governor, met many interested parties concerning the future of the State Fair and State Fair Park. We have before us a proposal brought by members of the Grand Island community. Members of the Fair Board have met twice in Grand

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Island; after our director had first met with the members to look at the possibilities of that location, and then again as we studied the proposal that was presented. I wish to also say that the Grand Island people did a great job of their presentation and we appreciate that. I would like to indicate that we've been most appreciative of the Grand Island community and thank them for their kindness and hospitality. I think this presentation, it shows you not all of the physical requirements that our director and our board deemed necessary to put on a competitive, educational, and entertaining Nebraska State Fair at the Grand Island site. If we were to envision a State Fair at Grand Island to be a year-round facility, that would be recognized as one of the premier agricultural meeting venues, not just in Nebraska but in the surrounding states. This venue could also be used for regional trade shows with multipurpose buildings that are built first as agricultural buildings but are capable to be used and converted for any kind of presentation. When I say regional, I mean an area that I would consider 400 to 450 miles. World-class becomes another statement, but certainly a regional show. And if you would leave this town or leave Grand Island and drive 450 miles, you could be in Minneapolis, St. Louis, Denver, Casper, Fargo, Oklahoma City. So that's a pretty big region that this area could be encompassed. This facility would be able to be put on national junior livestock shows. Those shows would bring in from 600 to 1,200 entries plus exhibitors and families, the Nebraska State Fair, high school rodeos, regional and other state rodeos, 4-H horse shows, which is already currently there, FFA conventions, dog shows, cat shows, and any number of trade shows of every kind. So I think this facility would be able to do that for us and that's what we envision. These shows may not make a lot of money for facility but they bring many people in for more than one day, produces a large economical impact on the sponsoring city. And of course, the main purpose of this facility would be for the Nebraska State Fair. I think although the attendance numbers for the fair may go down, we do believe in time that our agriculture exhibits would probably increase and year-round attendance at the facility would also increase. The addition of the exhibit halls, the arenas, the horse barns, and the livestock buildings combined with the current facilities of the Heartland Event Center, Fonner Park racetrack, as well as the location central to state creates a, in our minds, usable facility. Using formulas implemented by HOK presentations, we did show that a cost of these facilities already at Fonner Park to be a conservative \$51 million. I think that kind of covers the facility. I think it's a facility that could be used the way it's created to be a very useful year-round facility for us at that location. [LB861 LB1044 LB1116]

TAM ALLAN: The next facility that we'll address is the 84th and Havelock location on that. And that, what I've written down in my notes, would be to dispel another notion that there is this ongoing conflict between the State Fair Board and the Lancaster County Event Center. Now certainly there is a history of that that seems to have been highlighted is...Ron, I didn't know you'd take offense if we would put an ice arena over your horse arena a long time ago on that. But we have certainly moved on from that. What the Lancaster Ag Society has done at the county event center is their vision of having a world-class show horse facility out there. They've not only been successful in

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what they have accomplished so far, they've got new improvements that are going on out there. The point that I also want to make is that when you see the rendition of the...the previous rendition of the Grand Island function there, is our executive director who does know a heck of a lot about fairs went out, worked with the Grand Island people to come up with that. We did exactly the same thing to have Barney Cosner and Joseph McDermott to go out, meet with Ron Snover and his people out at the Lancaster County Event Center to do the same type of analysis, is what buildings could be used in conjunction with placing the fair out there, how would a location work out. And I'm here to tell you they were most gracious in that request, in working with us on that. So like I said, if nothing else I'd like to dispel that notion. They do a great job out there and we wish them well in what they do. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Tam, do you have copies? I just noticed you had...we can have Tim...Tim, can you please distribute those for us? [LB861 LB1044 LB1116]

TAM ALLAN: (Exhibits 4 and 5) These are copies of our slides that are being passed out. Let's go to the first slide. This is, and you just saw this with the Friends of Innovation Campus, is the site layout that's being used and has been used for some time. And this is a starting point that we used to try to be able to reutilize the property out there...not reutilize, but to add to and to complement to the structures that are in place out there. The only bone I have to pick with this one, and it's a glaring one, and it's been over the last two years starting with task force hearings at the city of Lincoln, the Sinclair Hille firm who did this keep using our racetrack. That is a five-eighths long racetrack at that location. And so in order to change that to adopt that--what's the next slide, please--that is a one-mile racetrack. And that looks...now the horsemen out there will immediately tell you is, gosh, if we were going to do a one-mile racetrack one of the first things that we would do is increase the radius of the corners on there so it needs to be not an oval shape but not the extremely long straightaways that you see on that. But you can see it makes a substantial difference when you apply the one-mile racetrack on there. But in just suggesting that, and I don't mean to have the pregnant bump in the roadway there, but just for this presentation we're utilizing this. Next slide, please. This is an overlay of what Barney Cosner worked out in doing an apples-and-apples analysis of what would be at a Grand Island...well, first and foremost, what we feel it would need to operate a State Fair, netting out, if you will, the facilities that are already in place out there and placing them on the site. And as you can see, our facilities are north of the road. The only material difference for the previous plan is if you notice the dotted line and the darker shade of gray or the mid-gray shade on six. In order to replicate what is in Grand Island and what we have at our site as far as parking is that we have encroached, if you will, and this is totally arbitrary but we're just trying to demonstrate it on the site, onto additional property that's to the east. In addition you see the item 13 over there. That's the RV park component of our site and we have that site shown out there. And again, with all due respect to the Friends of Innovation Campus presentation and to the Lancaster Event Center, those are arbitrary as how those would look like in

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order to make, again, an apples-to-apples comparison on the site. Number four you can see up there in yellow, that is representation of basically what the Grand Island Heartland Event Center size would look like on there. The good news on that for this site is that it's pretty jammed in there, and obviously if we were to consider this we would have to do more work. But I mean, it is approachable how to put that in. Which leads to the next consideration and that you had visited a little bit with Kent on there before. Would be the next slide. This...and I credit discussion that I had with Mayor Beutler and his city staff members. And quite frankly, you apparently picked up, Senator Erdman, is on looking at where the flood plain and the floodway is on the site. We were not aware...and this is the latest up-to-date...and actually the floodway portion has been reduced, is that virtually there's not an area where we would put a building on that site. As you said, a 100 percent coverage. The light blue is a flood plain issue on that. And as Kent and you discussed, is that is something that you can work with on a no net increase and dig a hole here and raise a site there. Unfortunately, on our land there, especially since we're encroaching to the east, is there's not a lot of places to dig a hole to get that. So any buildings that would be replaced there are in a flood plain. What's more problematic is in the dark blue. That is floodway, and floodway is a completely different animal. You can technically park in a floodway. You can have a sport field in a floodway. You can't build a racetrack in a floodway because even though...I think Kent had indicated that the grandstand was out of the flood plain. It is not. You can see that the Lancaster County Event Center buildings are very carefully out of the flood plain. But what's more a problem is that putting a very expensive facility in that area over there that is designed that during a torrential rain is that's the new creek or waterway that goes through that site. As you can see, the horse barns to the lower right are completely obliterated, as well as the far majority of the horse racetrack. And I suppose we could go back and forth as what you can do in building a flood plain and what you can't do is building in a floodway. I guess...and I would defer to the Legislature on replacement of any assets of theirs, of the wisdom of building in a flood plain or a floodway that is basically designed to have water problems. I can imagine is with horse races that would be there and basically they're there for a three-month period--it extends beyond the period that they're running races--or at a time a State Fair that would be conducted, if it flooded like that...and what I understand is the flood plain is where waters do not recede or can potentially be during that period. A floodway is running water or it's expanding of the waterway. That's a problem. Joseph, what's the name of a horse that runs in the mud? Oh, Joseph McDermott, he's our assistant executive director and he helps with...I mean, just runs our horse race operation. If one that we have run in the rain is a mudder, then I think we need swimmers at this location. So the next slide, please. And this is our current State Fair Park. And before Jerry will talk about this, and the comment that I'll make on this is that we have areas that are in the flood plain in our park also. We do not have any improvements in the flood plain except for if you see at the top of our proposed new parking place where the one is, that's a beef barn. That's a barn, open-sided, that you can have in a floodway. We have our horse barns. You see two and three in that area over there, that's in a flood plain. Our racetrack is in a flood plain.

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The only floodway that we have at our current location is the sliver, you can see the green sliver up at the top, we call it Alcatraz, and we allow the university to use that for sports fields, which is appropriate with a floodway designation. And any improvements--and I will let you talk, Jerry, at some point--is the...would be at the very edge, you're looking at the four and five, at the very edge of the flood plain, which we have analyzed that we could do with some of the same things that Kent was talking about. Yours. [LB861 LB1044 LB1116]

JERRY FITZGERALD: Okay. We've been asked by the Governor to look at all the possibilities, colocation between the State Fair and the university. I will indicate to you that we will continue to look at all those possibilities, although it had been pretty much agreed upon by all the parties that such situation, though possible, would be most difficult and probably somewhat impractical. We do already have some partnerships in place with the university. The university extension program is a big part of our State Fair. State Fair does furnish in those partnerships the facilities, the premiums, the judges for 1,500 entries--over 15,000 entries, excuse me--and 5,000 exhibitors in the 4-H programs as part of the State Fair. We of course are very happy to be part of the youth programs at this site and in this state, and that would also include the 2,000 entries from the many FFA programs across the state. We also have a working relationship with the university concerning the Devaney Center with the center usage of parking sites and our use of the center during the State Fair. We would also provide and furnish a practice area for the university track team for their field events on the north part up there on the other side of the parking, number seven, through that area. And we would look forward to those same opportunities of continuing to work with the university. Some of the programs that Mr. Seacrest has talked about as being part of our State Fair already currently in place, and we do have those at our present time. The university has also always been offered for any applications that they want to present during our State Fair and any of our buildings and solicitations...or not solicitations, but finding students for their university. The Nebraska State Fair has been at its current site for over 106 years. It has many amenities already in place that we'd have to add in most other sites. I think the 4-H youth building is almost priceless, and although the space could be replaced, the true value of that building would be most difficult to replace. As you look at the proposals of change to the current site, one can see the changes will both enhance and be beneficial to the university. Increased parking on the west side would benefit both the university and State Fair Park as well as the city hockey team. An exhibition building, which would be number 11 on the west side would be useful to the university and some of the overflow events at Devaney, and we would welcome the possibility of working together with the university as we go forward to design that building. This building in the park would also be a great boon to the city for use in some of its possible trade shows, as they would bring those into this city and hopefully we would be able to also show...have more events at our own State Fair Park. Moving the livestock facilities to the east end of the fairgrounds enhances the current site of all our livestock exhibits and gives us opportunities to bring in more and bigger livestock events. The state is in

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uncertain economic times. This fair has visited sites, reviewed sites, we visited with a lot of people. I would tell you that the selection of any site that we would look at is really secondary without a viable financial package. And at this time, there's not been a viable financial package presented. It's pretty hard for us to go forward without understanding how we're going to replace the buildings that we do have. While attempting to look at new buildings at a different site, it appears to be almost entirely about the cost of the site and the buildings than from where the funds will come from. There's one part of the equation that's not been placed in any of our discussions, and that is many valued employees of the Nebraska State Fair Park. These people are valuable members of the community and the fair park and their annual payroll is over \$2.5 million. Brings a tremendous economic benefit to this city. Last year, State Fair Park placed over 930 W-2 forms. So we do hire a lot of people; some of them are short-term but we do hire a lot of people. Fair Board is and has been a manager of the Nebraska State Fair Park. Our board steadfastly agrees the most practical solution is for the Nebraska State Fair to stay at its site, where it has been for 106 years. The local site is conclusive to education our urban cousins and I appreciate that. It's our hope that this exercise will finally result in a long-term decision concerning the Nebraska State Fair and State Fair Park. Thank you. [LB861 LB1044 LB1116]

TAM ALLAN: Tam Allan. Next slide, please. This is the numbers. And one thing that we didn't discuss--and this is through the good help of our executive director, Barney Cosner, people in Grand Island, and other parties--is we've had...you had a committee report...or, a consultant report talking about a very large amount of money to move to an ideal site for \$175 million. We knew if there was any chance for a successful location, that the numbers had to be as realistic as possible for the vision of the fair to encompass a solution that not only would solve what the fair needs to be, but also that would be self-sustaining on that. And as you can see on there, and I'm going to talk...the three locations is comparison numbers, and I want to point out just two big assumptions right from the beginning, is you see on the Lancaster Event Center when we talk about an indoor multipurpose center, 7,500 seats, that's the \$35 million figure. That's a real number, that's for the Heartland Event Center in order to make that site equal, and that is something that we need on that area. I don't know if you could build that for that price today. That's been built before. The other number down at the bottom of that is the racetrack/club house. The \$24.2 million, that is a number that was supplied by the Friends of Innovation Campus as a commitment to the horsemen for the building of a new racetrack. There has not been a racetrack built in this country for less than close to \$50 million. And part of that might have been a realization--is when Barney Cosner was visiting with the event center people, it became clear--is when you house 1,100 race horses for 3 months during the summer, it absolutely wipes out your other...the other show horse events out there. And so you've got a duplication that's not reflected on that number, but we are using that cost comparison. The Grand Island number came up to...we're estimating that as \$51 million, they're estimating...I believe they said it was at \$45 million. The State Fair Park, those are numbers that we had previously used out

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there. Let me go back to the racetrack, and this is something that we have stated before, and this goes--and this is nonemotional, this is nonpassionate, this goes as trying to make a site work--is that any new...if we were to relocate to Grand Island, is that there will always be, in my opinion, a horse racing track in Lincoln. We've got one now. But any...the construction of any new horse racing track in Lincoln would be left to others because, simply, it is not financially feasible. There hasn't...I don't know how many years it goes back, it's over ten years going back, in this country there has not been a new horse racing track that hasn't been a "racino," a combination with legalized gambling. That is not something that we wish to seek. That can be left to others. That would be...we still have that license. But if we were to move--and I think Tonn addressed that issue--is that if we were to move, they'd still have to figure out how to build a horse racing track. And maybe the horse racing track on the north side and...well, I don't know where you'd put out at 84th Street because the flood plain issue. The other important think, in talking about...I think the Grand Island presentation was very clear about where they would be thinking that the money would come from. The one thing that I will take issue, again, just as a practical matter with the 84th and Havelock location on that. There is somehow an impression that a bond financing is just money that doesn't need to be paid back or that's an easy thing to do. A bond financing at that amount is not contained in any of our pro formas, any of our realities on that. As a practical matter, other people come in and do underwriting before they issue bonds. They would seek your backing of that bond. Any bond at that amount would be tantamount to gross financial negligence. We simply can't afford that. What we have penciled in is what we can afford and we would do so at our current location, is approximately between \$500,000 and \$750,000 a year. Because again, another purpose of this is to get a self-sustaining situation that we do not need to come back and beg in front of this body again, and that we can do that. That money would be the same whether we went to...stayed at our current grounds. That money would also be available if we went to another location, such as 84th Street or Grand Island location. But with the \$60 million package at the Lancaster County Event Center is that if you remove the bond financing portion of that, you've got the approximate \$30 million in there. If you remove the commitment or you put aside the commitment for \$24.2 million, which is low, for the racetrack, that leaves \$5 million to accomplish a move. And at this point, unless we hear something else today, we just do not think that that is financially prudent. So if you would have any questions, we'd be happy to answer. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Tam and Jerry. Questions? Let me run through some that I've got. You've answered the question, and generally all three groups have, about the conversation that has been pursued. And you have actually covered all three groups responsibly in the way that you've handled the meetings that you've had with them, at least in part. You're proposing about half a million to \$750,000 annually from your cash flow that would be free and clear for improvements or...may not even be bonding, but some type of term financing that would help you make improvements at your existing

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site. [LB861 LB1044 LB1116]

TAM ALLAN: That's correct. [LB861 LB1044 LB1116]

SENATOR ERDMAN: So if you take that number coupled with any of the...I joked with president of the foundation that he should get a different job if he can only raise \$75,000, but there is some obvious realities as why that can't be a higher number at this point. But coupling the \$5 million to \$7 million--and again, that's assuming a bond-type scenario--with the money raised by a foundation, realistically you're looking \$30 million worth of improvements at your existing site. What's the time line to complete that? What's the reality that you're capable of making the necessary improvements at the existing site to enhance the opportunities for Nebraskans at the State Fair? [LB861 LB1044 LB1116]

TAM ALLAN: Good question. And again, particularly during these financial challenging times is that we have not sought in the last couple of years any funding from this body and we're not seeking any other funding on it because we think we can do that at our current location. We have, I believe, that was a ten-year plan or a little bit longer, is to be able to accomplish all those things at our current location. We have been very successful. We're growing in success in what we're doing. We have actually some money set aside for projects in respect to this body and some of the legislative bills that are being introduced, is we are prepared to move forward immediately once a determination has been made where we are to locate or relocate. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. The other issue that's up there, obviously on State Fair Park, and at Grand Island there is a multipurpose center. At Grand Island it's Heartland Event Center, at State Fair Park it's the Devaney Center. The Devaney Center was built through cigarette taxes by the state of Nebraska, and I believe the university has ownership or rights to that. And to that extent, then the fair has a lease with the university for the use of that facility during the State Fair. [LB861 LB1044 LB1116]

TAM ALLAN: Other way around. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. What's the status of that lease, regardless of who holds which end of that? What's the status of that and what's the future? Will that be renewed? How does that process work? [LB861 LB1044 LB1116]

TAM ALLAN: Tam Allan again. Actually that lease comes up in 2010. I suppose somebody could negotiate a better lease, but we like it and we would assume that it would be continued on the same terms. The Devaney Center is a paid-for center. It is occupied at no cost by the university. We are able to use it under the current agreement for the ten days of the State Fair. We...there's various different duties with that. Every

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time you see it snows, it's our cost to go ahead and maintain the grounds around it. The university maintains the building. I would assume--again, it's not ours, it's state property--a similar agreement would be reached for that structure. [LB861 LB1044 LB1116]

SENATOR ERDMAN: So the state owns the property now. When it was built it was financed by the state. And then the state has an agreement with the university for them to utilize it, but that's also part of your property management agreement under the DAS requirements. [LB861 LB1044 LB1116]

TAM ALLAN: Right. Actually the lease is between us and...the lease could be revised to be...yeah, it simply would not be an issue. I'm assuming this will just continue on as it is. [LB861 LB1044 LB1116]

SENATOR ERDMAN: The discussion, I think, this process is probably backwards than what you would probably do if you had the choice, and that is that you would do kind of what the consultant did, and that's create a hypothetical or an ideal scenario with the vision and then go out and produce that. Senator Preister, I think, has accurately pointed out, not just today but in the past, about the vision of the fair being essential for its success. And part of that is, is that depending upon where the fair is you're going to have a different vision. And I would just surmise that even if it stays at State Fair Park it may have a different vision than what it has had traditionally in the past. Not saying that the traditions would go away, but the vision would be somewhat different. And so it is somewhat difficult. One of the observations that was brought up to the committee is that somehow it's the Legislature that has the responsibility for determining the vision of the State Fair. I'm interested in your comments on that. You're well aware, Jerry, as I am from being from western Nebraska, the number of members of the Legislature that represent agriculture or rural areas. I'm interested in that conversation. I think there's a general consensus that there needs to be a clear vision for the fair. However, what I've heard today is there appears to be some interest in determining who gets to set that vision. Traditionally, whether by default or by design, that's been set by the State Fair Board. And the previous 29 members that did that may not have been as cohesive as what we would have liked. And so we have the new fair board that we have now. Is the fair capable and competent of creating a vision that makes the State Fair an attractive location year-round, and especially attractive to all Nebraskans, or is it something that the Legislature needs to figure out how to assist you with and provide you with additional resources to help you accomplish that? [LB861 LB1044 LB1116]

JERRY FITZGERALD: Well, naturally we look at everyone that can help us. But I do think that those that are closest to it are probably those members that are elected across the state by their own district and Fair Board areas. It's been very difficult. We have had this discussion about what we envision for our fair. And in the last two years I will tell you it's been very difficult to make any plans of any kind to decide what we are

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and who we are, because we don't know from one day to the next of what we are capable of doing out there. It's been very...you know, it's been good, it's been good for us because I think, as any agricultural person will tell you, that you can just kind of saddle up and go again and you ride a little harder and you do the best you can. What we envision out there naturally is going to change, as you indicated, of where we're at. I do envision a fair with the facilities. If we have the facilities, it changes a lot of what you can do. And with an exhibition building that we are talking about, extra or grouping or livestock facilities in one area, those things all become part of a vision. And I would like to. I mean, one of the things...education, since I've been on this board education has been the thing that I've most told the staff, told the board members that we need to do; so education. Of this small agricultural group that we have, this 2 percent of people who raise the food for everybody else, we need to show them where it comes from and we need to teach the children and we need to teach the adults and we need to teach that agriculture is not a bad thing and that we're not subsidized and we're not doing things that we shouldn't be doing, that we raise a good product. That's what we should envision out there, should encompass the whole state. And it should bring in all those areas. Mr. Seacrest talked about several things that we would encompass. I do agree with that, and we do do some of things out there now. To expand on them takes us...we need extra facilities to do that and to go forward. And so that's what we're trying to do. And some of those facilities that we've talked about there would help us do that. But we do envision changes. We certainly would look at all opportunities for any help that we would get. [LB861 LB1044 LB1116]

SENATOR ERDMAN: And just one last question. As it stands today with what's known financially to be on the table for either move, and including the known shortfall of actual cash available, that there would have to be some financing or something done on a pay-as-you-go basis at State Fair Park, it would appear that the opinion of the Fair Board is that the current location is the most cost-effective. If money weren't the issue...as you said earlier, Tam, you know, you're willing to move, you're willing to stay if the money is available. If money weren't an issue, if the ability was available to the State Fair Board to go to a site or to stay at a site or to utilize a site that was capable of providing for the opportunities that the Fair Board believes is in its best interest long term, where would that be? [LB861 LB1044 LB1116]

TAM ALLAN: In our analysis, and we learn every day more on that, I would say at this time if we were to relocate, certainly the Grand Island site has more of the things that would make it more compatible to be there. I mean, and I say that with...I'm looking at the Lincoln site, you know, they're saying...Tonn had to caution that we're going to say their buildings are incompatible. They're not incompatible, we're underwater, and I don't think that would be a good investment for the state at that particular location. Mayor Beutler was helpful in trying to encourage other locations in Lincoln and we can do that, but it does come down to the money. The Grand Island site is very attractive and there's a growing feeling on my board is--and, Jerry, please correct me if I'm wrong--is that that

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might be an opportunity. You know, it isn't a compromise, it isn't a consolation price. It would be an opportunity to, even though that we might be down on some numbers, but to actually increase the agricultural component out at that location. [LB861 LB1044 LB1116]

JERRY FITZGERALD: When you get down to the two sites, you can talk about one site or the other. The problem that is still there before us and what we have said, is we said if there is sufficient financial monies, then we would look at moving from this site. But we're not going to decide that yes, we're going to move, find us the money. That's not what we have...so the resolution that we presented was if there is sufficient money, if there's sufficient funds, then we will look at moving to another site. And as I said before, the site is secondary. You can...if you have funds, you can build it wherever you want to build it. You could build it 30 miles, you could build it 25 miles east of here; you could build it...if there is a site. But we have to have the funds. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Other questions from the committee? Gentlemen, appreciate your testimony and your work so far, and look forward, as I have with the other two groups, working with you as this conversation continues. [LB861 LB1044 LB1116]

TAM ALLEN: Thank you. [LB861 LB1044 LB1116]

JERRY FITZGERALD: Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Appreciate it. We will now proceed to testimony on LB861, LB1044, or LB1116. What I would ask that you do is that you plan to testify, have your testifier sheet please filled out ahead of time. It's about 3:55 right now, central time. I say that because some of us are on mountain time, as Jerry probably still is, from Gering, and some may be following this proceeding at that point. I don't envision that we're going to be here all night, but we're going to be here as long as we need to hear what needs to be said. Having said that, if somebody has already said what you would like to say, there is an opportunity at the entrances to this room to sign a tablet that will alert the committee to your position in favor of any of the bills that we're going to hear in an event to make sure that we're not being redundant. If you are going to be redundant, I will ask you to simply shorten your comments. Because if we've already heard them, we don't need to hear them again, but we do want to give you the opportunity to state what you believe the committee needs to hear in regards to this topic. So if you'll state your name, spell it for the record, and then also state which position you're taking on either of the three bills that we're hearing. [LB861 LB1044 LB1116]

KEN GNADT: (Exhibit 6) My name is Ken Gnadt, 1610 Gretchen, Grand Island, G-n-a-d-t. Greetings to the senators. I'm here representing the Fonner Park executive board. And for our senator that's a farmer over here, I am a 4-H FFA person. I grew up on a farm--banker retired, a mayor two terms. And I want to show everybody what I'm

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passing around to the state senators. Yesterday in The New York Times, in the sports, Monday, Grand Island made the front page in color under Tiger Woods. And then on the inside, Bo and Tom made nearly a full page on the inside. So we're getting a lot of publicity for the Big Red. Fonner Park executive board fully supports working with the group that was here from Grand Island. We're for Senator Erdman's two bills. We're totally against Senator Raikes's bill. Having moved to Grand Island in the early '70s and then spending about a year in Tokyo and six and a half years in Taiwan, we moved back to Grand Island. Been involved in the chamber, economic development, the mayor, and now in retirement doing a lot of things as a volunteer. But the excitement that's been created in Grand Island because of this project is the greatest that I have ever seen and it's very, very heartwarming. The answer to that one earlier question, and it's what I'm ending with right now, we have met with the State Fair Board many, many times, and with Barney and his crew. They were very easy to talk to and were very willing to discuss some very difficult issues. I'd like to close that the Heartland Event Center and Fonner Park are totally paid for. Thank you, Senators, for your time and all the discussions that you're bringing forward on moving the State Fair Board...moving the State Fair thanks to the board. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, sir. I see no questions. We'll ask J.B., president of the university, to go after this individual. And I'm going to remember your name when you say it. But can you move that microphone, the second one away from you? We don't need that if there's only person testifying, the one with the stand. You can just set that on the corner. That will work. Good man. If you're more comfortable in the nonpadded chair, we can't stop you. [LB861 LB1044 LB1116]

KEN KILLION: (Exhibit 7) My name is Ken Killion, K-e-n K-i-l-l-i-o-n. I'm the secretary/treasurer of the Nebraska Association of Fair Managers. I'm a proponent of LB861, LB1116, and opposed to the...whatever it is, LB1044. And I'm here as representing the Nebraska Association of Fair Managers. And at our annual convention held in late January, we passed a resolution, adopted a resolution supporting, to paraphrase it, to support the decisions of the Nebraska State Fair Board in its management of the Nebraska State Fair and State Fair Park. Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Ken. Any questions for Mr. Killion? I don't see any. We're going to...hold on there, Kurt. We're going to let President Milliken go next. [LB861 LB1044 LB1116]

_____: Mr. Chairman, if I could ask an indulgence. My colleagues and I sort of had an order we wanted to go in. It was kind of by rank and... [LB861 LB1044 LB1116]

SENATOR ERDMAN: We'll let the boss go first. Mr. McClurg, you're up. Jim, you'll probably want to slide that back a little bit because it will probably pick you up. [LB861

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LB1044 LB1116]

JIM McCLURG: (Exhibit 8) Mr. Chairman and members of the committee, my name is Jim McClurg, that's J-i-m M-c-C-l-u-r-g. I'm here today as lifelong Nebraskan, member of the Board of Regents of the University of Nebraska. Also I'm the Lincoln site manager of MDS Pharma Services. We're a global life sciences company that has over 600 employees in our laboratories here in Nebraska. And as you are, I'm committed to support Nebraska's ability to grow and succeed. Today in every economic segment, success is built on knowledge and information and innovation. And I believe it's more important than ever that Nebraska have not just an educated workforce, but a workforce with the skills and the talents that are in the highest demand around the world in science and engineering and math and technology. And that's the only way we'll be competitive for our children and in the global marketplace. One of the most effective ways for a state like Nebraska to accomplish that is to grow its own talent through a university that offers an excellent education and rich experiences for students, including internships in the business community and the opportunity to participate in research alongside outstanding faculty members. Our University of Nebraska offers those opportunities now but we could do a lot more. Think how much more successful we could be at growing Nebraska's talent pool if students and faculty could interact in person on a daily basis with business leaders, with private sector R and D scientists, with students and faculty in related disciplines and others who have the ability to transform research into new knowledge, new companies, and new jobs for Nebraska. And that's what we can accomplish with the UNL Innovation Campus. Last October, eight members of the Board of Regents travelled to the Research Triangle Park area in North Carolina with President Milliken to visit Centennial Campus. It's a 1,300-acre research and technology community that has been developed adjacent to North Carolina State University's campus in Raleigh. I believe the results achieved through investments made in Raleigh over the last 25 years can have very important parallels for Nebraska. Centennial Campus shows us how a state can become a leader in technology, business development, and the life sciences. It shows us that an innovative research university can join forces with forward-thinking leaders of state government and the private sector and collectively transform a state's economy and be an engine of prosperity for many. At our board meeting in January, our board unanimously passed a resolution in support of the university's acquisition of State Fair Park for the purpose of developing an innovation campus adjacent to our Lincoln city campus. And a copy of that resolution is being provided to you. This vision of expanding Nebraska's capacity for growth and for economic development in the life sciences sector is not just a university initiative. In 2005, a group of business, state government, and university leaders formed Bio Nebraska. We are the Nebraska life sciences trade association and we now have over 60 members from established and entrepreneurial life sciences companies, higher education, agriculture, economic and workforce development, and the financial, legal, and marketing sectors. I serve as chairman of that organization and our mission is to encourage knowledge-based and innovation-based economic development in the life

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sciences. We've seen firsthand the level of commitment and investment that other states are making to grow this sector in their economy, and we've seen what can happen when entities within a state work together to accomplish this. Nebraska has a long and rich history of success in this area with established companies like Pfizer and Novartis, as well as highly successful startups. Dr. Lew Harris started our company in Lincoln 75 years ago this year. I'm confident that an innovation campus at State Fair Park will allow us to leverage Nebraska's strengths in agriculture, human and animal health, and many other areas with new technologies and discoveries that lead to new jobs, to new products, to new services, and new companies, and lead to an exciting future for Nebraskans in every economic sector. Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Jim. Any questions for Regent McClurg? We're going to let you off easy, Jim. President Milliken? [LB861 LB1044 LB1116]

JAMES B. MILLIKEN: Thank you, Mr. Chairman. Maybe when Chancellor Perlman finishes our little trio there will be lots of questions and maybe defer to Jim. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Or maybe we'll just ask all the hard ones to you and then let the chancellor off easy. [LB861 LB1044 LB1116]

JAMES B. MILLIKEN: That would be fine with me. Mr. Chairman, members of the committee, my name is James B. Milliken. I'm president of the University of Nebraska and I joined my two colleagues today to address the proposed legislation relating to the future of Nebraska State Fair, the State Fair Park, and the proposed innovation campus. Specifically I appear, as do they, in support of LB861, in support of LB1044, and in opposition to LB1116. I think it's important, Mr. Chairman, and I appreciate the opportunity to talk a little bit about the importance of what the university wants to do with this property because I think it points out an important issue that isn't included in some of the comparisons of costs, and that is the opportunity costs of continuing the fair at the current location. I think to do that, we risk giving up what the three of us and many people around the state of Nebraska believe is a significant opportunity that presents itself at this moment in history. It may surprise some that it's the view of my colleagues and I that the proposal for innovation campus is not about the growth and development of the University of Nebraska. We do not need the State Fair Park for that purpose and there would be less challenging ways to grow the university. This is about creating the impetus and the location for a new kind of public-private partnership in Nebraska that we believe can lead to new and better jobs for Nebraskans. In December at your hearing I spoke to the committee about the role that a public university plays in serving the people of the state. This is, at core, what we believe is our fundamental mission, and it informs our position today. As I testified in December, if I did not believe that this proposal, the innovation campus use of the State Fair Park, was in the best interests of the state of Nebraska, I would not be here today. I suggested then that there are three

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important strategies for a research university in the twenty-first century to follow: first, expand access to education, take advantage of all the talent in Nebraska; second, continue to invest and grow our research activities. Many of these are critical to Nebraska's future. It's been said already here today--agriculture, life sciences, biomedical, alternative energy, water quantity and quality. Finally, we need to take steps--and this is, I believe, the opportunity we're talking about today. We need to take steps to leverage our talent and our research to help generate growth in the innovation economy in Nebraska. We have a new opportunity today because of the university's recent success in research to attract and grow businesses that depend on new knowledge and high levels of talent. The University of Nebraska is or has the potential to be a national leader in a number of areas that leverage the state's traditional strengths; including, of course, agriculture. This tremendous momentum in research has created an opportunity that did not exist before for the state to take a major step forward by building a partnership with the university and with the private sector to create an R and D campus. We believe, as Regent McClurg, former Chairman McClurg said, that proximity to the university is critical for success. And in our view, the State Fair Park represents the best, perhaps the only, option for that. Now since December, at the suggestion of the Chair, and I have spoken with many individuals across the state who have a stake in this issue--members of the State Fair Board, leaders in agriculture, community leaders, leaders in government and business--and I do believe there are some central areas of agreement. Many, including my colleagues at the university and I, believe it is important for Nebraska to have an outstanding State Fair. The fair has a rich history of showcasing the best of Nebraska agriculture, industry and commerce, the arts, sciences, and technology, and the university has been a key part of this history. We intend to continue to be a part of this tradition regardless of the location of the fair. Also, the vast majority of the people with whom I have spoken support the concept of an R and D campus on State Fair Park. They understand the need for new strategies to make Nebraska a leader, certainly a strong participant in the growing innovation economy. Finally, many of us believe that the decisions about the future of the fair and its location are critical and they should be...consideration to be given first to what Nebraskans want. What is the vision they have for the fair? What location would be most appropriate for achieving that vision? What resources are required? And who should be involved in supporting this vision financially? We support the approach that takes these factors into consideration, and that's why we think LB1044, albeit perhaps with some modifications, is the best approach. It resolves the question now of the future use of State Fair Park. It puts in place a logical process for determining the next steps. It achieves a number of the objectives of this committee, I believe, and it would allow all stakeholders to be involved including, of course, the State Fair Board. We do not believe that LB1116 has the same advantages. After talking to leaders in agriculture across the state of Nebraska, I've become concerned that all stakeholders may not have been involved to this point in helping to determine what the vision for a future State Fair ought to be. So I think, by admission earlier, it does not direct the vision of the fair. And so it does not start with a common shared vision and it assumes, as far as I

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can tell, that the entire financial burden would be met by the university. We cannot support that. As members of the committee are aware, the university has pledged a significant amount, over \$10 million, to support the relocation of the fair. We do not have a position on the next location of the fair. We plan to support the next location not only with funding, but with our faculty and our staff. We have made that point to each of the communities that has expressed an interest in hosting the fair. In closing, I will simply repeat what I've said publicly on many occasions since this issue first arose. This is not an issue of what is best for the University of Nebraska. It is not an issue of what is best for the State Fair. It is an issue of what is best for the state of Nebraska. And if that is the basis for the decision, we are comfortable with and confident about the outcome of this process. Mr. Chairman, thank you very much. I'd be happy to entertain any questions. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, President Milliken. Any questions? Well, I've got one, just to start with. If LB861 is so visionary, then why doesn't LB1116 also share that same vision? Because it's essentially the same bill with the exception that the university has to put up the same money that it would put up to move to Lincoln that it would any other site. [LB861 LB1044 LB1116]

JAMES B. MILLIKEN: My memory of LB861 is that it simply removes the requirement that the State Fair be located in Lancaster County and the site that's now...where it's now held. [LB861 LB1044 LB1116]

SENATOR ERDMAN: As does LB1116. [LB861 LB1044 LB1116]

JAMES B. MILLIKEN: My memory of LB1116 is it has a great deal of additional requirements, which is that the university or another acquirer of the State Fair Park, pay either \$30 million or a greater amount, whatever is the appraised value...or the appraised value, whatever is greater. It also, as I recall, leaves the decision at a time undetermined, I believe, to the State Fair Board as to whether or not it would move the State Fair. And then pricing is triggered by notification of DAS. The difference between that and LB1044 as I see it, or some of the key elements of LB1044, are that that puts in place a decision immediately by the Legislature that something will happen with that property, that it will be available for an innovation campus. A second, it establishes a process to take into account the views of stakeholders and to consider different locations by a date certain. Now I would suggest that a possible addition to LB1044 might be, as the first step, to hold hearings, receive input from stakeholders across Nebraska including people, particularly people involved in agriculture, about what they think the vision ought to be for the future State Fair. And then with that in hand, then look to identify a location that would be most appropriate to achieving that vision. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Just for the record, LB861 doesn't specify a date either, but the

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university is in favor of that bill. Let me ask you about the...I had asked the question of Tonn about what land is in play here. There's land west of 84th Street that the university owns, approximately 150 acres roughly. That was previously pledged either as to be sold or the contributory value of that to be utilized for the move of the fair. What was never pointed out in the December 14 hearing, as I asked again today is, where does the fair actually build their facility if it were to go to 84th and Havelock. And the answer is on other university property near the Lancaster County Ag Society's property. How is that envisioned? Is it \$10.5 million total? Is it specific properties that are in play here? Explain to me, because the university is a member of the Friends of Innovation Campus or... [LB861 LB1044 LB1116]

JAMES B. MILLIKEN: Not to my knowledge. [LB861 LB1044 LB1116]

SENATOR ERDMAN: ...is a part of the vision group, I'm sorry. Chancellor Perlman is a member of the vision group, which then spurred into this group. So the university directly is not involved and that's why, J.B., you and I am having direct conversations instead of me and Tonn on your behalf. But explain to me the rational of the land that's available in Lincoln that the university owns to facilitate a move of the fair. [LB861 LB1044 LB1116]

JAMES B. MILLIKEN: I will try to do that. The land...the university does own land on 84th and Havelock. That land that was proposed for expansion and development of the State Fair on the east side of 84th Street is owned by the university. The land on the west side of that point, because we would lose use of the land on the east side, we determined that we could...that one way we could raise funds to help with the relocation of the fair was to sell the land for development on the west side. We had an estimate of the price of that land at \$10.5 million. I have since committed to folks from Grand Island, folks from North Platte in December, and anyone else who was interested that we would pledge that \$10.5 million. I have become less specific about where that \$10.5 million would come from, because if the fair were to go to Grand Island or in theory another location other than 84th Street, we would revisit the issue of whether to sell that land on the west side of the street because we would not lose the land on the east side also. So I think, Senator, my...be easiest to say we've pledged \$10.5 million and the source of that revenue at this point is undetermined because it would depend on the location. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. Why don't we do this: why don't we have Chancellor Perlman go, and then we'll ask other questions to kind of move this along. [LB861 LB1044 LB1116]

HARVEY PERLMAN: Mr. Chairman, members of the committee, I'm Harvey Perlman, H-a-r-v-e-y P-e-r-l-m-a-n, chancellor of the University of Nebraska - Lincoln. I testify today on behalf of the university's position in support of LB861 and LB1044 and in

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opposition to LB1116. As most of you know, the University of Nebraska - Lincoln has experienced very significant success in recent years in expanding its research agenda. We have more than doubled our federal funding so that last year we brought into the state \$102 million and we are on pace to exceed that amount this year. Through the efforts of our faculty, we have become a significant player in this country's innovation initiative. On almost a daily basis, our faculty proposals go up against proposals from the universities across the country and we are winning more than our share of these competitions. We have every expectation that we can continue to increase our research productivity. This growth has greatly enhanced national reputation at the university. Our work is directed at significant issues of importance to agriculture, to human health, and to our quality of life. We have national recognition in virus research and water issues and the construction of bridges and other aspects of our transportation system. In many different ways our research is helping to advance alternative energy systems that have meant so much economically to rural Nebraska. What you have before you is an opportunity to fully exploit the economic advantage of the university's research. Our proposal is to create an innovation campus at State Fair Park that would attract new private sector investments, would create high-paying jobs to keep more of our young people at home, and would generate economic growth and increased tax revenues for the state of Nebraska. The innovation campus allows us to participate in the increased interests by private sector companies to locate on a university campus in order to access our faculty, our students, and our research infrastructure. The role of the university is to create and expand opportunities. The role of higher education is to create and expand opportunities for success for our students. We do so, but it's up to the students to take advantage of them. Similarly we have, through our research, created a genuine opportunity for Nebraska to remain competitive in this challenging global marketplace. The question for you is whether this is an opportunity that you believe is worth pursuing. In a perfect world, we would have the land available to us without disrupting other activities. Unfortunately, in this instance the only way to exploit that opportunity is to move the State Fair. Fortunately, my experience as a member of the State Fair Board has convinced me that only by moving does the State Fair have a reasonable prospect for success. In its current location, it faces the challenges of too little land and an infrastructure and physical plant that is in disrepair. It is limited in its ability to increase revenue, and yet is saddled with the overhead expenses of operating and maintaining that property. It currently does not appear to have the resources necessary to make the improvements that are required. While the university is neutral as to where the State Fair locates, we are not neutral in our view that we want the best for the State Fair. State Fair serves our 4-H activities and we share in the benefits of showcasing agriculture to the citizens of Nebraska. In this regard I am personally troubled that much of the conversation regarding the issues before you have failed to generate a clear vision for what we want from our State Fair. There are proposals to move to Grand Island or to 84th and Havelock. There may be other options. It's unclear to me how such a decision can be made without a clear view of what the State Fair would be and what it might become in either location. For these reasons, LB861 offers

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the opportunity to eliminate the obligation that the fair be held at State Fair Park in Lincoln and thus would open up the selection of an appropriate site. LB1044, by containing a directive to move the fair, would then require attention to what the fair should be and what site best facilitates that vision. A commission or other process that you might regard as better could then examine in more detail these issues, as well as fix the reasonable costs associated with moving the fair. It would permit consultation with a variety of groups who have an interest in the fair to help formulate a vision that serves all of us in Nebraska. On the other hand, LB1116 would set an unusual precedent of asking one state agency to purchase land from another state agency. The university is prepared to be a partner in achieving a result that advances both the fair and allows Nebraska to take advantage of the opportunity at the innovation campus. But this opportunity benefits all Nebraska and we do not believe it appropriate for us to bear that burden alone. I want to thank the Chair and members of the committee for the hard work they put into these issues over the last several months. You have created a sound foundation for what is now required: a decision to exploit the economic opportunity presented to you by the innovation campus by moving the fair from its current site, and a process designed to determine what we as Nebraskans want from the State Fair, and the appropriate site for it to realize that future. Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Chancellor Perlman. Any questions? Well, let me go back to some that I had. I think there is an obvious understanding of what the decision may lead to. If the decision is made to leave the fair where it is, that potentially impacts the long-term goals of the university. If the decision is made to move the State Fair to a different location, that potentially impacts the long-term vision of this University of Nebraska, as well. A lot of work has been done on this topic, generally focusing on the State Fair and the existing site of State Fair Park. However, at the same point, if a decision were made to move the fair, there would at least have to be some understanding of what the potential impact of the university's development of that site would be. We have had conversations in front of the committee, and privately, about the opportunity costs as continue to comes up, or the cost benefit analysis. I'm wondering if the university has had any more effort or has invested any more time into determining what the actual cost is, in addition to articulating what the benefit is of developing that site. [LB861 LB1044 LB1116]

HARVEY PERLMAN: We have not done any kind of sophisticated analysis of that, beyond looking at the costs and benefits of parks that have been done at other universities, and clearly it can recognize not only the costs but the increases in jobs, the increases in economic activity, the private investment that's done at those parks. [LB861 LB1044 LB1116]

SENATOR ERDMAN: The resolution...and we may not have that yet but we will, I'm assuming...the resolution from the Board of Regents refers to supporting acquisition of State Fair Park. Generally, what does that mean? Does that...? As you have stated,

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Chancellor Perlman, is that acquisition means that the state gifts the land to the university? Is it...? What is that partnership? It is unprecedented, what we're talking about, and that is one state agency asking another entity that is currently using land, to move. Generally, when we utilize the vacant land statutes, it's when there is no more use for that property by anyone in the state entities, and therefore the decision is made to allow other public entities to have it. We are in unprecedented territory here, because without the university's involvement there is probably not another entity in the state of Nebraska that the citizens would consider moving the fair on their behalf. So it is somewhat unprecedented. I would like to know, if 150 acres at 84th and Havelock is worth \$10.5 million, what's 251 acres in downtown Lincoln worth, next to the university? Is it unreasonable to assume that it's worth more than \$10.5 million, and is it unreasonable to expect...and maybe it's not the full amount; I think the insured value of the improvements at State Fair Park is \$57 million. That's probably not a realistic number for anybody. Where is that middle ground? Is it more than \$10 million? Is it utilizing the foundation? Because, to be candid, there are two discussions here. One, where do you come up with the money to move the fair? The impetus is twofold. One, to provide a viable site for the fair, but also to ensure that if the university is going to build their house there, that they can afford to buy the lot. And I want to know kind of how you connect those dots for me, because I'm not...I mean, I don't have a dog in the fight yet. I have told all three of the parties and I've told the president that I'm looking for a solution here, but at the same point I'm expecting that if we move the fair, the fair board is going pay something, that if we move it to some other site the people that are proposing that will pay something. The university is going to pay something, if we're going to move this. I'm interested in why it's \$10 million or \$10 million-plus foundation money. The \$30 million is logical because it comes out of what was proposed for a move into Lincoln from both the foundation money and the university money. But that's the other side of this discussion. The O&M costs, as Kent Seacrest pointed out, are much bigger than the costs of improvements. You alluded to that, as well, in the State Fair Park. That is also part of this discussion. Help me understand that the state isn't obligated long-term, there, or more importantly, that the university is willing to put a fair dollar on the table to help us move an entity that we have responsibility for. [LB861 LB1044 LB1116]

HARVEY PERLMAN: Let me get... [LB861 LB1044 LB1116]

SENATOR ERDMAN: And that's like drinking out of a fire hydrant, so just respond to whatever you would like. [LB861 LB1044 LB1116]

HARVEY PERLMAN: Yes. Well, I'm not sure I'll answer each element of that question, but... [LB861 LB1044 LB1116]

SENATOR ERDMAN: It was more of a rant. I don't know that it was a question. [LB861 LB1044 LB1116]

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HARVEY PERLMAN: Yes. Well, as I said in my testimony, Senator, this clearly benefits the long-term interests of the university. But as the president indicated, we'll pursue those long-term interests whether we get State Fair Park or not. This is an opportunity for the state of Nebraska to benefit from what we're doing. We do not believe that it is our burden, alone, to do this. Now, we have agreed to contribute. We want to partner with it. The proposal from Friends of Innovation Campus, which has some money of private philanthropy from the University of Nebraska Foundation, that's their commitment to raise it, that is not necessarily funds that are university funds; it's not necessarily funds that would come to the university otherwise. There are people in this community who want to see the fair stay here and are willing to contribute to it. There are people in this community who want to see elements of the State Fair improve in this community, and are willing to contribute to it. But what we've said, as a university, we're prepared to contribute the \$10.5 million, and we're willing to engage in an effort to help the fair achieve a vision that is good for the state of Nebraska. [LB861 LB1044 LB1116]

SENATOR ERDMAN: The university has the ability, and we're not going to rehash the conversation on December 14. But by stating the university being responsible for coming up with a number, it very well could be that the university, as an entity, whether it's through their own holdings or other ways, could come up with that money that you're already pledging: the \$10.5 million. You could also utilize the foundation to come up with that money, as the foundation has assisted with other university responsibilities, whether it's employee contracts or other things in the past. My vision of what's in LB1116, wasn't that the university as an entity comes up with \$30 million, because you would likely come back to the Legislature and ask for an appropriation of \$30 million. That's not what we're talking about. We're talking about the university has holdings, whether it's your tech parks, ag research. All of those things are vital, I think, to the mission of a land grant university. At the same point, I think as stewards of the state's property, we can't ignore the impact that moving the fair and what that means to us. Because technically we provide the land now, and if it's worth \$60 million to somebody, whoever is writing the insurance policy, then it's worth something to the state of Nebraska. The university is worth an enormous amount to the state of Nebraska, and the services and the tools and the education that you provide. We're being asked to choose, as a parent essentially, between two of our children. That decision gets a lot easier if the willingness is there, and I don't know what the answer is, but it would appear, financially, that the most economical solution is either to leave it where it is, based on what I've heard today, or to move it to Grand Island, because if you don't have the exhibition center and stuff in the Friends proposal, that number continues to go up. Is the university and its allies, whether it's through the foundation or others, willing to discuss contributing, either directly or indirectly, financially to this solution to make it more attainable for both parties to have success? [LB861 LB1044 LB1116]

HARVEY PERLMAN: I believe that...I think Mr. Ostergard tried to answer that question, and I will...all I can give you is the answer he gave. The University of Nebraska

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Foundation committed to providing those resources if the move was to 84th and Havelock. I think the University of Nebraska Foundation is perfectly willing to attempt to raise private philanthropy if the move goes to Grand Island. But those sources of funds are not the same. And while there was some effort to determine whether those funds would likely be available in Lincoln, I don't think it has made that same analysis for Grand Island at this point. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Is it a fair characterization to state that if the money is not available for the fair to move, the Fair Board, if they don't feel comfortable that a viable site is there because the money is not there, would it not be the same analogy for the Legislature and the people of the state of Nebraska to not know what the cost of developing the campus would be? Are we not dealing with the same similar issue, and that is we want them both to be successful. We want to know that...and to be candid, there has been a lot of thoughtful effort, more than just drawing pictures on a map. It's actual cost of what it would take to build facilities on the ground, acquisition, maintenance, those types of things that any of the three sites, as we look to the long-term situation of the university, don't we have to expect the same thing from the university for this site that we would for the Fair Board for any of the sites that they would be considering or being asked to consider? [LB861 LB1044 LB1116]

HARVEY PERLMAN: Yes, that's a fair question, and we have tried to give you our best estimate of what the costs of build out of Innovating Campus would be, over a 10- to 20-year period. I continue to want to remind you that most of that would be funds coming from private-sector companies building private-sector facilities and paying rent on the land. It's a little difficult, because it is, in a sense, opportunistic. The university would build such public research facilities as we thought would attract private-sector facilities. If in the past history of building capital facilities at the university, and the president can correct me if I get the number wrong, but of all the stuff we've done over the last 10 years or so, the state has contributed not more than 10 or 15 percent of the cost of that. So it's a fair question. I think our history suggests that we can do it, and because we would have a revenue source to help us do it with. I think it's also the same fair question to ask whether the fair has the resources to do what it proposes to do on that property, as well. [LB861 LB1044 LB1116]

SENATOR ERDMAN: And I think you were here when I asked that exact question to them. [LB861 LB1044 LB1116]

HARVEY PERLMAN: Right. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Just so that I have it on the record, what is that number to build the fair out...to build the research campus out over the period that's proposed? [LB861 LB1044 LB1116]

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HARVEY PERLMAN: Our best estimate was that it would be about \$300 million for public facilities, and \$600 million to \$700 million of private investment. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. The last question I have is, is there...in your conversations with potential partners, I'm aware of an interest of locating a partnership on East Campus. Have you had any just nibbling around the edges, folks saying, if this goes forward we would like to partner with the university at their city campus? Or at the corridor...I'm sorry, not the city campus. [LB861 LB1044 LB1116]

HARVEY PERLMAN: I want to answer this question but I don't want to answer it more than what the reality is. We don't have State Fair Park at this point, so we're not going out talking to people with any specific proposals. Our technology development people have talked to a number of companies, and said, look, this is in the plans; this is what we're doing; would you have an...would this be an exciting opportunity for you? And the response has been yes. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. [LB861 LB1044 LB1116]

HARVEY PERLMAN: Now, that's no commitments on anybody's part, and I don't want to... [LB861 LB1044 LB1116]

SENATOR ERDMAN: Sure. No, that's...I mean that's as responsive as I think you can be expected to be. [LB861 LB1044 LB1116]

JAMES B. MILLIKEN: Mr. Chairman, I want to just add one footnotes, which I know the Chancellor mentioned, but then in giving the total estimate of build out in response to your question, I just want to make sure these numbers, the dots, are connected here with regard to the \$300 million of what we consider to be a potentially public commitment. We would apply to that the ratio of state-funded buildings the public would include everything we generated, which in the last decade of our billion dollars-plus of capital construction has been two to three times private gifts as opposed to state General Funds. So take the 15 percent or so, 20 percent of that \$300 million, and you would get what we would see as a reasonable contribution going forward from the state, and the rest of it would be generated the way we have generated the rest of our capital construction dollars. If the...I wanted to say one more thing unless you have a question. [LB861 LB1044 LB1116]

SENATOR ERDMAN: No, go ahead. I'm all out of questions, so you can come up with answers and we'll be doing good. [LB861 LB1044 LB1116]

JAMES B. MILLIKEN: You do have more questions? No, go ahead. [LB861 LB1044 LB1116]

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SENATOR ERDMAN: No, I'm done. [LB861 LB1044 LB1116]

JAMES B. MILLIKEN: Okay. I wanted to just echo what my two colleagues said, and that is while the university was not the first to put in play the issue of using State Fair Park as a public/private development, we certainly support it strongly and we certainly bear continuing responsibility for the time and effort that you're putting into this. So we greatly appreciate the work that this committee has done, that you, in particular, Mr. Chairman. I happen to know over the past couple of months the number of hours and the number of e-mails that I've received on late Friday evening, so I know you've given it a lot of attention and work, and we want to thank the members of the State Fair Board, with whom we've worked, and the leadership in Grand Island and Lincoln, which both have been very responsive and both obviously want to work with the university. And so we thank all of them for the effort that they've put into this. So, thank you, Mr. Chairman. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Very good. We look forward to continuing conversations. Thanks for being here. Before we go to our next testifiers, can I just see a show of hands of those that still remain that wish to testify on these three bills? Just give me...hold your hand up; give me a second so I can...15. Are you sure you're not holding up two hands? Okay. If all 15 of you testify, using all five minutes, that's an hour and 15 minutes and we still have two bills to hear afterwards. So keep in mind the earlier request that if you're going to repeat what has been said, try not to use five minutes, but we do want to give you the opportunity to weigh in on this conversation. Go ahead. [LB861 LB1044 LB1116]

WALT BLEICH: Senator Erdman and members of the committee, my name is Walt Bleich. I dare say, without any fear, that I have a different perspective than a...a completely different perspective than anyone else that is going to be coming up here and testifying in favor of this plan. I live in the North Bottoms; I own a home there. I don't want to say exactly where we live but I will say that when I go to bed at night I sleep as close as one can possibly sleep to Memorial Stadium without being an assistant football coach. And being a close next-door neighbor to the university is pretty much the reason why I support this plan, because it is my belief that if the university is going to expand directly to my east, that that makes a lot less possibility that they're going to expand over me and my family. Since the Supreme Court case of Kelo v. City of New London, I now know that the deed to my property is not worth the paper it's written on. So I'm in favor of this plan only for the self-interest of not having my home stolen out from under me by some wealthy developer. This plan to move the State Fair though, I think it's pretty clear to myself that it really is not supported by the majority of the Nebraska public. For one thing, the price tag is just too astronomical, and this is at a time when state revenues are shrinking due to this economic downturn. But I realize that this is an opportunity for the wealthy to get wealthier at the expense of the common working man

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and woman. It's also an opportunity for our elected public servants to ingratiate themselves to the rich and powerful in society. From my perspective, the good old boy network is alive and thriving here in Nebraska. Furthermore, I think it's clear to whomever cares to look with an objective eye, that government, local, state, and federal, has devolved to the point where it is merely a conduit by which money is taken from the hardworking middle class and handed over to wealthy speculators, developers, and corporate interests. So I say, belly up to the public trough for all you rich boss hogs and fat cats, everything is for sale; nothing is sacred. I've always kind of felt it was ironic that we put this logo here on our dollar bills: In God We Trust. Until...I thought it was very ironic, but I finally realized that today this has become our God. The almighty dollar has replaced Almighty God, and all who do not worship at the temple of mammon will not prosper. So sell out our ideals, sell out the fair, sell your souls. It's all in the nature of the beast. One other thing I would add, Senator Erdman, you raised the concern about flood plain and everything. I can tell you, having experienced dealing with the Lincoln City Council and the way they okay, rubber-stamp projects, that they had a bunch of new regulations on flood plain building. The first project that came down the pike which would not fulfill those regulations, they waived them, so they're more like a guideline than a regulation. So I don't think there will be any problem with building in the flood plain out there at 84th Street. [LB861 LB1044 LB1116]

SENATOR ERDMAN: All right. Thank you, Walt. Any questions from the committee? I don't see any. Thank you, sir. Next testifiers, please. [LB861 LB1044 LB1116]

LYNN DARLING: I am Lynn Darling, L-y-n-n D-a-r-l-i-n-g. I want to thank you for the opportunity here. Here we go again. We're going to move the fair and put in the research center, period. Exploiting the taxpayers again. This sounds just exactly like what happened to the Antelope Valley Project, and not only that, it involves the same people. In fact, it also sounds a lot like the Omaha Rosenblatt Stadium. The developer cartel are plopping these projects in our face, and saying, shut up and pay. The university is now in the back pocket of the cartel. Now the university has not had the courtesy nor fulfill their obligation to include information from the faculty as to what they need and want. I have talked to many a faculty member, and not one person has contacted them. The cartel has not sat down with the Fair Board and the city and the county and the state officials to come up with a plan that would benefit all. There is no information given to who is going to own, manage, and administrate this facility. The taxpayer is left in the dark again. The taxpayer also is demanding specific answers: who, specifically; where, specifically; how, specifically. We want to know the ins and outs of what are going to be paying for it. Now, if the university wants a research center, then build it. If the Friends...which I refer to as the 2015 group cartel, they want a research center, then go build it. They've got the money to do it. We don't have to supply them with our tax dollars. Nebraska citizens have backed, have come up with the, like the Nebraska citizens have come out of the woodwork to speak out to save the State Fair, and I think that's very nice, except what we're doing with the State Fair isn't

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working right now. Mark Whitehead was right on in his article. We, the people, support and finance the State Fair. The Fair Board has not come up with alternatives. They have not done their homework. They have allowed the deterioration to happen. There is not an ounce of creativity or cooperation between either sides of this party. We, the taxpayers in Nebraska, deserve a far better leadership from the university administration. You do not pull out...the university has not pulled out any information from the faculty as to what they need and want. Now, if you don't know what they need and want, how are you going to build what they need and want? You've got the cart before the horse. You cannot create a functional, energetic, creative atmosphere without cooperation and communication. Yes, there is space to build around East Campus and City Campus if the university wants research facilities. We've got the Beadle building. They did not come to the public to ask for that, nor did they ask the cartel, thank heavens. You can even go out to the north of town. You can build an overhead tram. Now, this tram has been built in Sydney, Australia. It runs right over the street, runs right over houses. It's attached to the sides of the buildings and it's far more quiet than a bus, and it certainly would solve a lot of your problems if you're going to consolidate and you could have it run from City Campus to East Campus in approximately 5-10 minutes. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Lynn, you've got about 30 seconds left on your time. [LB861 LB1044 LB1116]

LYNN DARLING: That's fine. Nebraskans have got to choose to either move ahead and keep the State Fair where it is, or ask the serious questions of how come we don't have a voice in this? Why don't we get to vote for this? The main thing is that I am asking you not to make a decision on any of those bills until the university can give you some information as to what they're going to use it for. It smells of the cartel, Antelope Valley, all over again. Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Lynn. Did you fill out a sign-in sheet for us? [LB861 LB1044 LB1116]

LYNN DARLING: Yes. She took it. [LB861 LB1044 LB1116]

SENATOR ERDMAN: (Also Exhibits 9-21) Okay. Before you leave, are there any questions from the committee? I don't see any. Thank you, ma'am. [LB861 LB1044 LB1116]

JANET LABENZ: (Exhibit 22) Senator Erdman, members of the committee, my name is Janet Labenz, and I am here to testify in support of LB1044. I am a... [LB861 LB1044 LB1116]

SENATOR ERDMAN: Janet, spell your last name, please. [LB861 LB1044 LB1116]

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JANET LABENZ: I'm sorry. Last name Labenz, L-a-b-e-n-z; Janet. I am a CPA. I practice here in Lincoln and I am accredited in business valuation, and I have been asked by the 2015 group to review the audits and budgets of the Nebraska State Fair Board. In this process, I have reviewed the 2006 audited financial statements, the 2008 and 2009 budget prepared for the Fair Board, and the 15-year projection that was prepared by the Fair Board. Based on my analysis, I have reached the conclusion that the fair cannot maintain its current buildings and also expand and construct new facilities at its current location. I prepared a handout. I promise I will not go through every number on it but I would like to hit the high points and I will stay within my five minutes. Page 1, III(a), shows the repairs and maintenance costs that have been incurred by the Fair Board during the year 2006. The 2007 numbers are not yet available. Total repairs and maintenance were \$717,000, improvements were \$242,000, for a total of \$957,000. In their 15-year projection, they use an amount of \$980,000 annually to cover these costs, and there is no increase in the projection for inflation or the continuing decline in the condition of the facilities at the current park. Also in their budget there are a few other issues that I would like to point out, if you'll turn to page 2. In the top left-hand corner, this is for the State Fair only and does not include any of the racing activities, the budget for the year 2010 shows a 160 percent increase over the prior year. The budget for the year 2015 shows a 55 percent increase. These are a direct result of showing an 18 percent increase in attendance and a 16 percent increase in attendance in those years. Obviously, those percentages of increase are significantly higher than anything that's been experienced in the past, and the 2 percent increase is probably much more realistic and optimistic as to what attendance can be, having a direct impact on the cash flow that's projected in their operating profit. If you'll look at the lower left-hand side of page 2, the State Fair operating expenses are projected to increase only about 2 percent a year over the 15-year period. This is significantly less than what expenses have been in the past, and less than inflation, and obviously do not keep up with the increase in attendance that's projected. The concern to all of this is that there is not enough money to meet the demands of the \$29 million in proposed capital improvements that are going to be required. As to off-season revenue, if you turn to page 3, on the top left-hand side, off-season revenue actually declined in the year 2007, but it is projected to double in 2008 and increase at 5 percent a year thereafter. Pretty aggressive projections. The foundation that has been created and supported the State Fair is in its early stages. In the operating budget, the donations from the foundation continue to increase until the year 2021, when donations are anticipated to be close to \$377,000. This would take a foundation of \$7.5 million to provide that type of donation, and that would be a daunting goal for any foundation in its early stages. The overall operating expenses of the State Fair Board are shown on the bottom left of page 3, and again I would just point out that those expenses are projected to increase only at 1.8-1.9 percent a year; clearly way less than what inflation would be, and certainly not consistent with what it would take to support the increased expansion in attendance that's projected. Finally, from a cash flow perspective on the last page, I have taken the

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cash flow budget that is in the Fair Board's 15-year projection. It's show in the first column on the left. I have made two simple adjustments: one, to reduce the contributions from the foundation to a more realistic level, and to increase repairs and maintenance so that it keeps up with inflation and adds another percent to cover the declining age...or the increasing age of the facility and the declining quality of the facility. If you look to the far right, you will see that by the year 2021...and obviously we have something that wasn't here when I printed it before...the foundation starts to run in the red in the year 2019, and by the year 2021 the projection is close to a million dollars overstated. The problem being that, bottom line, the foundation...or the Fair Board cannot complete the \$29 million in improvements that are projected. I am not a State Fair expert. I am not a building expert. But my years of experience tell me that common sense would indicate that the cost of maintaining the facilities is going to more than eat up the revenue generated by the fair. With the infusion of significant capital, for example the \$30 million contribution, I think the fair is a very viable entity that, with reduced maintenance costs, could continue to expand and grow. [LB861 LB1044 LB1116]

SENATOR DUBAS: Thank you, Ms. Labenz. Questions? Seeing none, thank you. [LB861 LB1044 LB1116]

KURT YOST: Vice Chairman Dubas, members of the Ag Committee, my name is Kurt Yost, K-u-r-t Y-o-s-t. I appear here today as chairman of the State Fair Foundation board of directors. And, in fact, I thank Jan Labenz for giving me my opening comment relative to her comments about the foundation. When I met with you in December, and is true again today, we as a foundation encourage you to aid in the decision-making process. We have certainly difficulties raising money as a foundation with the air of uncertainty that continues to swirl around the future of the State Fair. We run the risk at some point, as a foundation, in my opinion, of becoming irrelevant if we can't come to some positive conclusion. And Jan Labenz was appropriate in her comments of pointing out that fund-raising is difficult, at best, in this kind of an environment. So we urge your leadership in the decision-making process, and I thank you for your time. I realize it's getting late. [LB861 LB1044 LB1116]

SENATOR DUBAS: Thank you, Mr. Yost. Questions? Thank you. [LB861 LB1044 LB1116]

WENDY BIRDSALL: (Exhibit 23) Good afternoon Chairman Erdman and members of the Ag Committee. I'll be very brief. My name is Wendy Birdsall, for the record, spelled B-i-r-d-s-a-l-l. I'm the president of the Lincoln Chamber of Commerce and also the president of the Lincoln Partnership for Economic Development. I'm here to present the chamber's support of LB1044 primarily, and also the general concepts of LB861 that would permit Lincoln and other communities to offer proposals for a new site for the Nebraska State Fair. The Lincoln Chamber of Commerce supports LB1044 because we believe it serves the best interests of our state, our State Fair, and our university, by

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giving a clear directive on the central question of moving the State Fair and providing the land to the university for developing a public/private Nebraska Innovation Campus. The Lincoln Chamber of Commerce believes that innovation is essential to our future, and investment growth on the university research provides a proven platform for capitalizing on opportunities to create high-quality jobs for our citizens. We believe the land currently utilized by the Nebraska State Fair is no ideal for the fair and can produce far greater financial benefits for all of Nebraskans, most particularly young Nebraskans and future generations if made available to the university for the Nebraska Innovation Campus. LB1044 provides needed clarity on the question of moving the State Fair and transferring the property to the University of Nebraska. LB1044 also established the State Fair Future Commission, and charges the six-member commission with evaluating alternative locations for the fair based on specific criteria outlined in the bill. I believe Lincoln's 2015 Vision group and others have put forward a very compelling proposal for the State Fair site at 84th and Havelock in Lincoln. In addition, there are several other attractive locations in Lincoln being made available along with other proposals for communities across the state. I concede my strong bias in favor of the Lincoln area sites, but I believe that the competitive process for siting the new State Fair location will also lead for a brighter future for the State Fair. LB1044 also calls for hearings in each of our three congressional districts, with recommendations due to the Executive Committee by the end of the year. We feel this is a reasonable time line, given all the work already completed by the Agriculture Committee and LB435 study and previous studies. LB1044 also sets a date certain for completing relocation of the fair by August 1, 2012. The Lincoln Chamber has a strong history of supporting both the State Fair and the university. We believe both as highly valued statewide entities, but we know we're not alone in our concern over how to best position both the State Fair and the university so that we can maximize their growth for the benefit of all Nebraska. We would be pleased if we could serve the future growth of both and avoid the current situation. We believe LB1044 offers the framework for making decisions that are necessary for all the parties to better plan their futures, and we urge the committee to support it. That concludes my remarks unless there are other questions. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Wendy. Any questions for Ms. Birdsall? Wendy, you are aware that the decision hasn't been made to move the fair, correct? [LB861 LB1044 LB1116]

WENDY BIRDSALL: That's correct. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. Thank you. [LB861 LB1044 LB1116]

WENDY BIRDSALL: Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Next testifier, please. [LB861 LB1044 LB1116]

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RON SEDLACEK: Good evening, Mr. Chairman and members of the Agriculture Committee. [LB861 LB1044 LB1116]

SENATOR ERDMAN: It's still afternoon where I come from. [LB861 LB1044 LB1116]

RON SEDLACEK: Okay. Well, it's getting to be evening where I'm from now. So I would like to just be brief with the committee. You have had a long day of testimony. The Nebraska Chamber of Commerce would like to go on record in support of LB861, the Agriculture Committee bill, and also in support of the concept of the collaboration with the university on the research park and the opportunities that exist in that regard. As I understand it, in order to appear on the committee statement on these legislative bills, you have to be present to win, and... [LB861 LB1044 LB1116]

SENATOR ERDMAN: That's right. [LB861 LB1044 LB1116]

RON SEDLACEK: ...so we wanted to be sure we were on the record. And that will be the end of the testimony. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. And did you fill out a testifier's sheet? [LB861 LB1044 LB1116]

RON SEDLACEK: Yes, we did. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Fantastic. [LB861 LB1044 LB1116]

RON SEDLACEK: Thank you, Senator. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Any questions for Mr. Sedlacek? Oh, hold on Ron. Ron, spell your name, please. [LB861 LB1044 LB1116]

RON SEDLACEK: Sure. Ron, R-o-n, Sedlacek, S-e-d-l-a-c-e-k. [LB861 LB1044 LB1116]

SENATOR ERDMAN: I should have been more specific. I think we can all spell Ron, but I appreciate your humoring us there. [LB861 LB1044 LB1116]

RON SEDLACEK: Yeah. That's all right. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, sir. [LB861 LB1044 LB1116]

RON SEDLACEK: Okay, thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Lynne, did you fill out a testifier's sheet? [LB861 LB1044 LB1116]

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LYNNE SCHULLER: I will (inaudible). Lynne Schuller, S-c-h-u-l-l-e-r, representing the Nebraska Horsemen's Benevolent and Protective Association. I just want to offer a point of clarification. There has been a track built for less than \$40 million in the last ten years. Horsemen's Park was built for \$8 million. It is a five-eighths mile track, but that's including the property and everything. [LB861 LB1044 LB1116]

SENATOR ERDMAN: And Lynne, help me. When was that built? [LB861 LB1044 LB1116]

LYNNE SCHULLER: It was 1998. Ten years. [LB861 LB1044 LB1116]

SENATOR ERDMAN: 1998. How was that financed? [LB861 LB1044 LB1116]

LYNNE SCHULLER: The Horsemen took out a loan against a combination of the value of the property itself, and in addition they took the financials from Ak-Sar-Ben, to show what the simulcast history was, and it was financed entirely that way. And the loan was paid in three years, four years? [LB861 LB1044 LB1116]

SENATOR ERDMAN: Generally, what is the state of horseracing, in general, as far as their financial success independent of casino or other similar gambling? [LB861 LB1044 LB1116]

LYNNE SCHULLER: Declining. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. All righty, ma'am. [LB861 LB1044 LB1116]

LYNNE SCHULLER: Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Fill out your testifier's sheet. We appreciate that. Next testifier, please. [LB861 LB1044 LB1116]

BRUCE KUSTER: (Exhibit 24) I have copies here if somebody wants to pass...thanks. I'm Bruce Kuster and I am from Hickman, Nebraska. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Bruce, spell your last name for us, please. [LB861 LB1044 LB1116]

BRUCE KUSTER: K-u-s-t-e-r. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. [LB861 LB1044 LB1116]

BRUCE KUSTER: I am a graduate of the University of Nebraska, so I do support the

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university. I have never testified at a Legislature hearing before, but the reason that I came today is because I believe this issue is very important to the state of Nebraska. Last year, your committee recommended and the Legislature approved a consultant to study the State Fair. They came back and said many important things, but the most important thing was that it would cost \$30 million to fix the fair where it is, but \$175 million to move it. These are very powerful results, but yet somehow this idea of kicking the fair out of the State Fairgrounds still keeps going. The powers that be in Lincoln want that land for their own benefit. The university already has plenty of land to build their research park on. What gives one institution, namely the university, the right to take another institution, the State Fair's, land. If the university wants to build a research park, let them, but they should not take the State Fairgrounds to do it. Also, the proposal that the university has laid out sounds more than just research buildings. How do you classify a lake and hotel as research buildings? I want to thank Senator Erdman for setting the Lincoln Journal Star straight when the Lincoln paper said that it was a done deal to move the fair. Thank you for that, Senator Erdman. I hope the rest of you senators on this committee and the rest of the senators in the Legislature understand this, as Senator Erdman does. Please do not succumb to the pressures put on you by the powers that be. Over 45 states have a state fair. All agricultural states have a state fair. You, as being on the Agriculture Committee, should know that Nebraska always has been and always will be an agricultural state. Agriculture is Nebraska's number one industry, and the State Fair is the place to showcase our agriculture products for all residents of the state to see. The State Fair belongs in Lincoln, which is close to the population center of the state. I have attended four nearby state fairs over the past few years: the Iowa State Fair, the Minnesota State Fair, the Illinois State Fair, and the Ohio State Fair. All of these fairs are in their respective capital cities, and all have been at their current locations for well over 100 years. Very few states have moved their state fair in recent years. These state fairs all have historical buildings over 100 years old. They have taken pride in their fairs. Are we, as Nebraskans, any different? I think not. We as true Nebraskans have pride in our State Fair, as well. We want to see our historical buildings at the fair, preserved. The Industrial Arts Building was built in 1913. It is a very unique building and needs to be preserved. Wouldn't it be great to have it ready for the 2013 Nebraska State Fair, to celebrate its one-hundredth birthday? Also, the 4-H Building, built in 1931, needs to be preserved. Our State Fair is a very great State Fair, and we as true Nebraskans have pride in it. LB1044, that was introduced by Raikes, is just plain crazy. This bill would give the fairgrounds to the university with no money provided to move the fair. How can that be? It just doesn't make any sense. LB1116 would require the university to pay \$30 million, or the appraised value if greater. This makes a little more sense, but I still think it takes more than \$30 million to move the fair. Another important point that the consultant said, if you move the fair, it needs to have a population of 300,000 within 30 miles of the site. Lincoln meets this requirement; Grand Island does not. What proof do you have if this research park is built, that businesses will even come to Lincoln? What businesses have come to Lincoln lately? Lincoln have even lost the Gallup Organization to Omaha. The airport in Lincoln is not

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big enough for big businesses to come here. It just won't work. Recall that the majority of Nebraskans voted to support the fair at its current location a few years ago when they voted to provide \$10 million of the lottery money to the fair. I would submit to you that if Nebraskans knew the actual cost of moving the fair and building this idea of the university, the vast majority would vote to keep the fair where it is. Please tell the university to build this on their own land. The most optimal solution, both economically and historically, is to keep the Nebraska State Fair where it is, at its current location. I urge you to have open minds and to stand up to the powers that be, and to vote to keep the fair where it is. I have just a couple more comments that came to mind when I was sitting out here today. My first choice would be to keep the fair at its current location. My second choice would be the 84th and Havelock, only with some changes. Those flood plains that you guys brought up is a very key point. Well, the university has land west of 84th. Move 84th Street. Move it west. Connect that together and use the land west of 84th that the university already owns, and build your buildings on that higher-elevation land. Also, if you do have to go there, I would definitely urge you to move Heritage Village. That is nice old buildings that have been moved to the State Fair, and they should be moved to the new site, no matter where it is. Thank you very much. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Bruce. Any questions for Mr. Kuster? I don't see any. Thank you, sir. [LB861 LB1044 LB1116]

ANDRE' MICK: (Exhibit 25) Good afternoon, Mr. Chairman, members of the Agriculture Committee. My name, for the record, is Andre' Mick, A-n-d-r-e M-i-c-k, and to my right is Joe Hampton. He is...we're here representing the Lincoln Independent Business Association, and Mr. Hampton is the chair of our tax efficiency committee. I would just like to very quickly read our statement for you. I know it's been a long afternoon. It is the recommendation of the LIBA board of directors to adopt a position that the Nebraska State Fair would be best relocated in Lincoln, Nebraska, at or near the Lancaster Event Center on 84th Street. To summarize, we believe the fair's current location can better be utilized by the state of Nebraska through the development of Innovation Park. The development of Innovation Park would enable long-term growth through economic development of the state, the university, and Lincoln; would expand the job base for our graduate students who wish to stay in Nebraska; expand the tax base in Lincoln; and enhance the job opportunities for students while going to school. We acknowledge that Grand Island may offer an alternative, but the utilization of existing state-owned land with a shift in location to state-owned land on 84th Street would create the best economic opportunity for Nebraska. The existing 400,000 square feet of space at the Lancaster Event Center would complement the Nebraska State Fair and offer the opportunity to add a horseracing venue. This would be the best use of existing resources and wise use of dollars. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Andre'. Joe, do you have anything to add? [LB861

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LB1044 LB1116]

JOE HAMPTON: Well, if you will indulge an old man and let him reminisce a little bit. [LB861 LB1044 LB1116]

SENATOR ERDMAN: We will if you spell your last name for us, Joe. [LB861 LB1044 LB1116]

JOE HAMPTON: If what? [LB861 LB1044 LB1116]

SENATOR ERDMAN: Spell your last name, please. [LB861 LB1044 LB1116]

JOE HAMPTON: Hampton, H-a-m-p-t-o-n. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. Go right ahead. [LB861 LB1044 LB1116]

JOE HAMPTON: Well, I've been around a long time, and this gets kind of basic: what's in the best interest of the state of Nebraska. And there's a hypothetical question: How better off will the state be ten years from now if you perpetuate a fair on the grounds it's on, or if you create the possibility for an Innovation Campus where a significant amount of investment could occur? Which one would enhance the economy of the state and which one would offer jobs for the young people and which one is in the best interest of the state? Senator, you are involved in appraisals. When I left western Nebraska right after the Second World War, I came down here; my first investment in land was in 1948. And I can't help but reminisce; it boils down to these points. Land uses do change. People's traditions and interests change. Transition is a constant in this life. But I think you stated it, Senator, the bottom line is what is the highest and best use of the state taxpayers' land? Now, this has drug on far too long. There needs to be some questions answered and some decisions made. I'm enamored with the idea that in previous years Lincoln had a leadership cadre; people called it the O Street Gang. Then we've had a significant vacuum in Lincoln for a good many years. We now have a group of young people that have offered to step forward, state a position, and put their money up where their mouth is, and this is long overdue in Lincoln and they should be immensely complimented for their civic efforts, not only for the city, but for the university and for the state. I could go on and on, but, hey, you had enough indulge this afternoon. Thank you very much. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Joe and Andre'. Any questions from the committee? Senator Wallman. [LB861 LB1044 LB1116]

SENATOR WALLMAN: Thank you. Thank you, Joe, for being here. I can remember the O Street Gang, and they were good for Lincoln, so thank you for testifying. [LB861 LB1044 LB1116]

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SENATOR ERDMAN: We're not in trouble with "Drive Time Lincoln," because I had Coby Mach down as the representative. He's not going to say bad things about us on KLIN tonight, is he? [LB861 LB1044 LB1116]

JOE HAMPTON: Well, it depends on what your decision is. (Laughter) [LB861 LB1044 LB1116]

SENATOR ERDMAN: That's the right answer, Joe. Thank you for being here. [LB861 LB1044 LB1116]

JOE HAMPTON: Okay. Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: The next testifiers, please. How many do we have left on these three bills? I've got two, four, six, seven. We went through 15 and we still have 7, so we must be multiplying somewhere. Go ahead, Dick. [LB861 LB1044 LB1116]

DICK CAMPBELL: Thank you. Senator Erdman and members of the Agriculture Committee, I am Dick Campbell, C-a-m-p-b-e-l-l, a citizen of Nebraska and someone who has an interest in the welfare of Lincoln and the Nebraska State Fair. There is no question that the highest and best use of the present State Fairgrounds would be the new Innovation Park for the citizens of Nebraska. If we are going to look to the future of what can grow our Nebraska population and tax base, private research and development, tied to university research and development, is a huge win. But I have mixed emotions. My uncle was on the State Fair Board. As a kid, I went to the fair every year, not only to see the exhibits, but, of course, because of the free tickets he would hand out for the midway rides. I believe we need to create a win-win situation. Approximately five years ago, Governor Johanns appointed a task force to analyze what approach best helped the State Fair to solve their cash flow dilemma. This, we all know, led to the statewide vote and decision to grant 10 percent of the lottery proceeds to the State Fair operations, which passed. To receive those funds, the host community had to provide a 10 percent match for the funding to proceed. Lincoln, as host city, has provided that match willingly and continues to do so today to the tune of a little under \$300,000 per year. As the State Fair came forward with renovation ideas, Lancaster County Agricultural Society came forth with their expansion plans. Pershing Auditorium was viewed in our community to be inadequate, and all entities were moving forward, operating independently and in a vacuum. Mayor Seng approached me and asked if I would chair a task force she desired to put together, bringing all parties to the table to see if a common vision could be crafted. If such a vision could happen, it could be a huge tax savings for all citizens, eliminating duplication of efforts and facilities. At the beginning of the process, as chair, I initiated a quiet poll of the task force members. I can report to you that if a vote had been conducted at that time, there were two votes to move the State Fair, and all other votes to have the Lancaster Ag Society move their

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activities back to the present State Fairgrounds. After almost two years of receiving information, touring existing facilities of both the State Fairgrounds and the Lancaster Event Center, the vote of the task force totally changed to where two votes desired to keep everything at the present State Fairgrounds, and all the other votes moved to supporting and creating a new, viable, improved State Fair in conjunction with the development of the Lancaster Agricultural Society at 84th and Havelock in Lincoln. What changed the opinions? Without a question, one of the strongest was that the group toured the existing facilities that exist as the State Fairgrounds today. If you haven't been there recently and looked closely, I would highly encourage you to take a behind-the-scenes tour before and voting on this important issue. What bothers me the most though is that what has been presented to you in December by HOK, the State Fair Board, the different cities involved, and 2015, has all been talk about square footage, buildings, and dollars involved. No one is bringing about a vision of what the event should be for the future. No one is bringing all the agricultural and technological interests together to craft what we need that space for. No one is asking what the fair should look like in 10 years or 20 years. The State Fair is not about a location. It is an event. If we spend the time to determine what the correct vision is, what audiences the event should be focused to address, what technology should be employed to draw the crowds needed to support the mission, the buildings and square footage will quickly fall into place. Everyone can and has laid out anticipated dollars needed to build facilities. Who knows whether any of these predictions are accurate or on target? We have had over five years of discussion and we still do not have a vision, mission statement, or discussion of what all the audiences desire of our Nebraska State Fair event. This is why I urge you to support LB1044 and why a commission is very important. If we are going to spend any dollars, whether at the existing site or new location, don't you all agree that the best value of that expenditure should be to see what the audience wants and what will be the direction of providing an event that is a draw for the future. We have not done that today. There has been plenty of time and discussion, but unless someone sees something that I haven't over the last few years, we need to pause and spend some time to determine that the dollars we decide to spend, whether public or private, are spent to create the maximum benefit possible and to ensure the success of the State Fair as an event for the future. I thank you. Are there any questions? [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Dick. Any questions for Mr. Campbell? I have some observations for you, Dick, and I think your input is valuable in this discussion. In 2000, the fair was required by the Appropriations Committee, to do a master plan, and in that process they came up with some recommendations. They have a vision statement, a mission statement. They have a lot of those things. Whether or not they're in agreement with some of the folks that have different visions of what they could do, is on the table. But I would like to ask you, Dick, to landscape a yard. That's all the information I'm going to give you. What's your vision? [LB861 LB1044 LB1116]

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DICK CAMPBELL: What is a vision? [LB861 LB1044 LB1116]

SENATOR ERDMAN: Because I believe you have a landscaping business or have a... [LB861 LB1044 LB1116]

DICK CAMPBELL: Yes, I do. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. So if I asked you to landscape a yard, tell me what it looks like. [LB861 LB1044 LB1116]

DICK CAMPBELL: Well, there's a lot of ways it can be done. And... [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. What would the decisions you would need, what information would you need to help make that... [LB861 LB1044 LB1116]

DICK CAMPBELL: What decisions would I need? I would need to know...I would want to know what the client likes, okay? I would want to know how the lifestyle is of that person. I would want to know the activities that they view, that they think are important in going into that space. And from that then we could craft a plan to meet that client's desires. [LB861 LB1044 LB1116]

SENATOR ERDMAN: But you didn't say it mattered where it was, because if you tried to landscape my house in Bayard, you wouldn't plant the same plants that you did in Lincoln. [LB861 LB1044 LB1116]

DICK CAMPBELL: That's exactly right. [LB861 LB1044 LB1116]

SENATOR ERDMAN: And I think the difficulty, as I had pointed out earlier, is, is while it's great that we all talk about wanting to have a vision, it's very difficult to create any vision without certainty about where you are going to be. And in your business, if somebody in Lincoln calls you up and says, I need to landscape my new house and I'm building out on South Wherever by Yankee Hill, you're going to know a lot more information about the finality of that location than you would in the example that I gave you. And you are a bright young man. You figured out what my analogy was trying to draw out of you, but it is difficult. To say that there is no vision, I think is wrong. To say that the vision is clear as to where we're going, I think is also wrong, because we have to answer the vital question, and that is, are you planting pots of whatever in western Nebraska or are you doing it in downtown Lincoln or are you going to do it in Hawaii? I mean, those things all matter in your business, and they're going to matter, essentially in this decision, and, you're right, we can't just simply focus on the buildings. We can't simply focus on the infrastructure. But you can't get to the level of understanding the vision unless it's not realistic. And...I mean, it's an interesting dynamic, and I've heard it

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all afternoon about people wanting a vision. I think everybody wants a vision. I think the reality is, is that the vision, as I shared with the Fair Board, will be different at any of the three sites that are proposed, including the existing one. The fact remains though, until there is some finality about where we're going, and you're right, we need input from the public, we've been doing that as a committee. We've had public hearings, we've gone out across the state. I mean, we need to do more of that to be engaged. But I'm not...and I'm just going to tell you objectively, candidly, I will tell you that the people that don't live in Lincoln may not share your opinion about what should happen with the fair, and I'm wanting this to be a state solution, not a Lincoln solution, because it's the State Fair, not the Lincoln fair. And I think that's all part of this discussion that we as a committee are wrestling with to try to figure out how to make that happen. But if you don't know the location of the fair, you can't have a vision, just like if you don't know the location of the property you are asked to landscape, it's going to be very difficult for it to be successful. [LB861 LB1044 LB1116]

DICK CAMPBELL: I'm not sure I totally agree, because I know in doing that landscape, that I'm going to have some shade tree elements, I'm going to have some screening elements, I'm going to have some foundation plantings. Now, as you pointed out, regardless of where it is, in the United States or around the world, there are going to be different materials used. But the same basic elements of that plan are done in your hometown or my hometown or anywhere else... [LB861 LB1044 LB1116]

SENATOR ERDMAN: We're planting rocks right now. We don't have any rain, so...(laughter). [LB861 LB1044 LB1116]

DICK CAMPBELL: And I guess that's my point, is that I have heard, even from members of the State Fair Board, that the 2000 plan may not be exactly the direction they want to go. And I just think we need to have that discussion, and we do know that there are basic elements that many of them have been mentioned today, and I don't need to go through them again. But there are elements that we probably aren't considering. Now, HOK did bring a whole list of things in their investigation of what other fairs were doing around the country. I personally believe some were viable, some probably weren't viable. But that...I think it needs to be analyzed and see what...and determine that vision. And I do believe we can craft some vision regardless of where the facility is. And then, yes, it will have nuances honed down because of that location. [LB861 LB1044 LB1116]

SENATOR ERDMAN: We could be here all day. [LB861 LB1044 LB1116]

DICK CAMPBELL: Yes, we could. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, sir. [LB861 LB1044 LB1116]

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DICK CAMPBELL: Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Just half the day, Senator Dubas. [LB861 LB1044 LB1116]

ALAN WOOD: (Exhibit 26) Senator Erdman and members of the Ag Committee, my name is Alan Wood, A-l-a-n W-o-o-d. I serve as legal counsel for the Lancaster County Agricultural Society and the Lancaster Event Center. And the Ag Society appears here today in a neutral capacity, as its board of directors have determined that the Ag Society should not be involved in the decision of whether or not the State Fair is to be relocated. However, the Ag Society has been an active participant in the public process surrounding the possible relocation of the State Fair. And in the event the State Fair is to be moved, we want to be on record before this committee and the Legislature to express our willingness to accept the State Fair as a neighbor to the Lancaster Event Center and the Lancaster County Fairgrounds, and to continue our efforts to work cooperatively for the benefit of both entities. I likewise want to dispel any notion that the Lancaster County Ag Society and the Nebraska State Fair share any animosity or dislike for one another. We both like polar bears at the convention, I can assure you, and we have a good time in Kearney when we meet with the fair managers. The Lancaster County Fair moved to its present site near 84th Street in Lincoln in 1999. Since that time, the Lancaster County Fairgrounds have been developed to include the Lancaster Event Center, with 290,000 square feet of livestock and exposition space, and hard-surface parking for 1,450 vehicles. The Ag Society, under the authority of the Lancaster County Fairgrounds Joint Public Agency is currently expanding the event center with two additional livestock pavilions, as well as added meeting and food vending areas, so that the total enclosed exposition area will reach more than 400,000 square feet under roof. We believe that the current facilities and those under construction at the Lancaster Event Center will be a valuable asset should the State Fair relocate next door, both in terms of the ability of the State Fair to utilize these facilities and to reduce the costs of relocating the State Fair. Since opening its doors in 2000, the Lancaster Event Center has been able to steadily improve its financial footing and is now operating with a net profit from operations. And in addition, once we complete the planned expansion, our budget and cash flow analysis puts us in a position where we are all but covering our depreciation expense, as well, in connection with our project. Just as important, the Lancaster County Fair has grown. The fair itself has grown significantly. When located on State Fair Park, the Lancaster County Fair would normally attract approximately 5,000 visitors. The 2007 Lancaster County Fair attracted 65,000 fairgoers. And with the expansion of the event center scheduled to be completed by October 1, 2008, management has been able to book or is in the process of negotiating a significant increase of regional, as well as national, horse shows, livestock shows, and trade expositions. Attached to my testimony is a resolution adopted by the board of directors of the Lancaster County Agricultural Society on November 1, 2006. This resolution was passed by our board at the time the mayor's facility task force was completing its work and recommendations in the fall of 2006. The

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Lancaster County Ag Society was represented on the mayor's task force, which met regularly close to two years, and met in order to reach final recommendations relating to arena and exposition space in Lincoln. This process also led to the recommendation by the Ag Society that State Fair should be relocated at 84th and Havelock. During this process, we have provided input and indicated continuously our willingness to work together with the State Fair Board in the event relocation becomes a reality at 84th and Havelock. In addition, in January 2008, the Ag Society board of directors developed a list of recommended guidelines in the event the State Fair relocates on 84th Street adjacent to the Lancaster County Fairgrounds. I would like to briefly expound on some of these items addressed in these resolutions, as there appear to be some misconceptions regarding the willingness of the Lancaster County Agricultural Society to work with the State Fair Board in relocating the State Fair near 84th Street in Lincoln. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Alan, I'm going to let you highlight those, but then I'm going to ask you to not read the rest of your testimony. [LB861 LB1044 LB1116]

ALAN WOOD: All right. Well, the highlights are relate to governance, and we believe that issues with regard to governance can be worked out as time proceeds. This is not necessarily the time, as the folks in Grand Island said, to specifically define or work out provisions in a contract. But we believe that governance is not an obstacle that's insurmountable. There is also confusion in our guidelines with regard to the racehorse track. We have stated that it's our preference not to locate a racetrack on the county fairgrounds, and one of those reasons is that the racetrack, the horses arrive the first of May or about then, and don't depart until almost the first of August. And if we were to use our existing horse-stalling facilities, that would make a significant impact on our cash flow and our ability to successfully operate. Also with regard to pari-mutuel betting, we have used, in the past, visitors improvement funds, the lodging tax here in Lancaster County. If pari-mutuel betting were allowed on a racetrack on the Lancaster County Fairgrounds, we would no longer be able to access those funds pursuant to the visitor improvement fund statute. So in closing, the Ag Society wishes to publicly express its support for relocation of the State Fair at 84th Street, and we pledge to work with the State Fair Board to make potential relocation of the State Fair a success, and to continue the tradition of maintaining a state fair for which Nebraska citizens can be very proud. Thank you. I'll entertain any questions if you have any. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Alan. Senator Wallman. [LB861 LB1044 LB1116]

SENATOR WALLMAN: Thank you, Chairman Erdman. One question: Are you making any money? [LB861 LB1044 LB1116]

ALAN WOOD: We are making money. As a matter of fact, between the first of January, 2008, and now, over 100,000 people have passed through the turnstiles at the event

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center, and a vast majority of those have not been people who are showing horses. It's been other things. But we are busy 365, every weekend, and we are making money, and we're proud of it. [LB861 LB1044 LB1116]

SENATOR WALLMAN: Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Senator Wallman. Thank you, Alan. [LB861 LB1044 LB1116]

ALAN WOOD: Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Appreciate it. [LB861 LB1044 LB1116]

KEITH OLSEN: (Exhibit 27) Thank you, Senator. I'm Keith Olsen. I am a farmer at Grant. Today I'm here as president of the Nebraska Farm Bureau Federation. Our delegates at our December meeting adopted a policy to say that we support a State Fair that provides and educates Nebraskans about the importance of our number one industry, agriculture. We ask that the people of Nebraska, especially a State Fair Board, the University of Nebraska-Lincoln, and the Legislature to come to an agreement that will enhance the mission of the State Fair by providing an equal or better venue for showcasing agriculture. I looked up on the computer the definition of a fair, and I quote, "A fair is an exhibition usually comparative of farm products, livestock, etcetera, often combined in the U.S. with entertainment and held annually by a county or state." Now, I recognize the State Fair is much more than an agricultural show. People go to the State Fair for many reasons. Some of us like to go for the food. Others go to enjoy the midway, the parades. And every other year there is usually a political debate in an election year. It's a place to go and meet friends. My grandson goes because he likes to watch the monster trucks. Other people go to watch the Budweiser Clydesdales or go visit all the concession stands that have the latest thing they need to have in their house. My wife likes to go look at the quilts. There are a lot of reasons that people go to the fair. As we look at the future of the fair, and we've heard many words said about the vision, and we support...that we've got to understand the vision. We, the organization, support the requirement that the State Fair does not have to...or removing the requirement that the State Fair must be held in Lincoln. We also support the idea of creating a commission to look at the future of the State Fair and to develop the location and what the fair should look like. We would support expanding a commission. We think there are some major stakeholders that possibly could be left out of the commission as currently envisioned. We would see that commission being expanded to include members of the state board, because I think it currently would be excluded; inviting people that represent the 4-H and FFA groups; inviting other exhibitors; inviting vendors; and inviting sponsors, people, an organization that put a lot of money and a lot of time in the State Fair to make it a success. But we also support, Senator Erdman, the idea that a decision has to be made, and it has to be made quickly. We've heard earlier

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today that challenges are being faced such as by the State Fair Foundation, raising funds, because of the uncertainty. But we do understand the need for a decision to be made. If the State Fair moves to a new location, we do not want a place to park the State Fair. We want a State Fair Park that we can be proud of, and that means even if it stays in its current location. I'll conclude with this comment: We support the university and their goal to developing an innovation center, and we recognize the value of such a center that can have, to Nebraska, and its citizens, including agriculture. If an innovation center is going to be located at the current State Fair Park, then the people of Nebraska should expect that a new State Fair Park will be developed that will serve our state well, now and for many fairs to come. I'd be glad to...in conclusion, I would say we look forward to working with the various interested parties to develop the new...develop the future of the fairgrounds, whether it be at the current site or if it goes to a new site. I'd be glad to take any questions. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Keith. Any questions for Mr. Olsen? I don't see any. Thank you, sir. Appreciate it. [LB861 LB1044 LB1116]

HARRY MUHLBACH: Good afternoon. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Welcome back. [LB861 LB1044 LB1116]

HARRY MUHLBACH: Yes. My name is Harry Muhlbach. I live in Lincoln, Nebraska; rural Lincoln. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Harry, spell your last name, please. [LB861 LB1044 LB1116]

HARRY MUHLBACH: (Exhibit 28) M-u-h-l-b-a-c-h. Before I start I'd like to thank the Chairman for the emotional comments. I was getting off track and where you said everybody has emotion, I appreciate that. One other thing before I get into my testimony, I do have some stuff I want to hand out. Some of it will be repetitive but you can read through it. The racetrack is, before I start, that may be not an important issue about where the fair goes anyway, if it's a dying...something that may...it may give new room at the State Fair if that racetrack just disappears. The horse people may not want to hear that but it may going. There are some things that are going on right now that I'm a little bit surprised about. Some of the State Fairground is being used for a four-lane road...being used up right now for a four-lane road, and I'm not sure who decided which side of the railroad tracks that that new road would go on, but it crossed over onto the fairgrounds. I noticed it on a display on the screen today, that I don't know that...that road hasn't been built yet but it's in the preparation to be used on the fairgrounds. Just something to talk about. Okay. The one thing that we have to remember about the State Fair was it was originally donated, the land was originally donated to Lincoln for the use by the state, and it was determined that the State Fair would be built there where it is at the present time. It was never intended to generate income. It's like a museum in a way;

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it's to educate. And it does have value, especially to the people in western Nebraska. I have a farm family in Buffalo County, also, I farm there. We have been in Nebraska over 100 years. First, the state has more meaning to the people of Nebraska than real estate for the university. It is a social meeting place for Nebraska together. It is a historical site in the capital city, paid for by all the people. It has many functions in many fields: 4-H, FFA, industrial, mechanical, arts, science, and many more educational and training aspects, to name a few. One thing I want to, before I go any further, is FFA, most people don't understand what that stands for nowadays. It's a generic word. It's not longer Future Farmers of America. It is included for everybody that associates with many organizations, and it's not future farmers anymore. So that could be a field where the State Fair will expand. There are many women in FFA that like to do outside jobs, and inside, but. People of Nebraska voted to keep the State Fair, authorizing keno money to help it out. They did not include moving it. Also, when the study was done on the fair and found that it could work where it is, the university, some senators, and Vision 2015 group people wanted different results. The fair could be here at its present location for a long time. The university has many locations of its own that it can use. It has the former Cushman factory site, some old Lincoln school sites beside the Cushman factory, and many other sites throughout Lincoln and Nebraska, including other campuses. I've heard about many different research facilities, and the way they even mentioned a medical research facility. Now, to me, that research facility would be inclined to go to Omaha where the hospital is, unless it's dentistry or something. The university and Regents need to represent all of Nebraska more respectfully in many ways. Holding down university taxes, holding down unnecessary taxes, stop catering to Lincoln, stop catering to high-populated areas, stop working urban senators, etcetera. They need to communicate their ideas and oppositions with all of Nebraska. Another thing about the university going into research partnerships with private industry on state-owned ground is the taxpayer has the right to vote if they want to take on the added expenses. If the private partner can't fulfill his part in full...and what that says, if somebody comes in here and builds a building on the state-owned ground, and they collapse, who's responsible for that building and maintenance of that? We have heard a lot about grants for use on the university's future sites. The university of Omaha has two grants right now that turned out not to be paid in full. Some of these grants are pork barrel money. Nebraska has a high agricultural base. Many work with agriculture-related jobs. Senators, keep the fair where it is. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Harry. For the record, you're opposed to LB861, LB1044, and in favor of LB1116, is that correct? [LB861 LB1044 LB1116]

HARRY MUHLBACH: That is correct. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay, any questions for Mr. Muhlbach? I don't see any at this time. Thank you, sir. Go ahead. [LB861 LB1044 LB1116]

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DAN REISDORFF: (Exhibit 29) Good afternoon, Senator Erdman. I like your part of the state so I hope to get back there soon; members of the committee. We'll try to get it a little lighter here, maybe a different perspective. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Why don't you start by telling us who you are. [LB861 LB1044 LB1116]

DAN REISDORFF: My name is Dan Reisdorff, R-e-i-s-d-o-r-f-f. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. [LB861 LB1044 LB1116]

DAN REISDORFF: I reside at 5101 Larkspur Lane, here in Lincoln, which is in Senator Carol Hudkins' District 21 in northwest Lancaster County. I'm here today to testify in opposition to LB1044. I'm in favor of LB861 and LB1116, to support the State Fair Board's position on these two, otherwise I would also oppose, if I thought that it would keep the fair at State Fair Park. My testimony will center on LB1044. In addition to supporting the State Fair Board's position on these bills, I am here to give you a feel for what the average Joe or Mary Citizen in this state might be thinking as they witness this process from the outside looking in. I'm a native Nebraskan, having grown up in the D.C. area--D.C. as in David City, in Butler County on the southern end of the Platte River Valley. My dad was a farmer and raised swine. The highlight of my youth was exhibiting swine at the county and State Fair. Premiums won helped pay my way to business school, and later to the University of Nebraska-Lincoln. I graduated in 1970. I still possess my Ak-Sar-Ben awards won at the county fairs. Along the way, I met and married a cattle feeder/order buyer's daughter from neighboring Polk County. Sandy graduated from UNL in 1983. We have four children, all graduates of UNL; two with advanced degrees, one from UNL and one from Doane College. I'm a fan of the Nebraska State Fair and the University of Nebraska. My reasons in opposing LB1044 are as follows. Number one, the State Fair belongs at State Fair Park because it would be disruptive and cost prohibitive to move the fair, versus upgrading and improving it as State Fair Park. The Fair Board has a plan in place to accomplish this. It is not possible to move heritage, history, and tradition. Number two, we do not need a State Fair future commission. Should it ever be necessary to relocate the State Fair, the Nebraska State Fair Board is perfectly capable of handling that chore. Number three, most importantly, 403,073 voting, taxpaying citizens of this great state, voted to adopt Constitutional Amendment 4, a result of LR209CA, in 2004, which granted the lottery proceeds. Now, I don't have any fancy charts to show you with pretty pictures and/or all kinds of numbers to support my views. I am thinking that maybe you've all seen enough of those from previous hearings. I will visualize for you a picture in my closing statement. And numbers, they can be misleading. I once interviewed an accountant for a position in my department, and when I asked him the same that I had asked the other two applicants, what is two plus two? He got up, walked to the window, closed the blinds, came back, sat down and said, what would you like it to be? I have reviewed much documentation

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on this subject and talked to several of the participants. The December 14 hearing transcription, I paid for. My head is about ready to blow up after reading that. But one of the things that I noticed was those wishing to turn State Fair Park into an Innovation Park were constantly using the words, "opportunity," "win-win," "the best for both," and "in the best interest of the state." A couple words that came to my mind after reading all the testimony, as well as reading about and following the actions of city officials, interests groups, and UNL representatives, was "railroading" and "claim jumping." With all due respect to Chancellor Perlman, did this opportunity just fall out of the sky one day? Where were you in 2004, or were you expecting the amendment to be defeated and you inherit the spoils? Another thing, it seems somewhat contradictory to use the term Innovation Park, and then be able to come up with only one acceptable site in the whole state? It makes me wonder if all the homework has been done. The report by the Agriculture Committee was very informing, which was prepared by Rick Leonard. It was well done. I'd like to publicly commend him on the effort. It saved me a lot of reading and analyzing. Also, Senator Erdman, your letter of February 7 in response to the very biased editorial in the local newspaper was also very well done, and I hope that everyone in the state has read it. Senator Erdman, you should not have had to do that. Regarding Amendment 4, I must be missing something here. Just what did we vote to do, with a constitutional amendment, no less, in 2004? In all the testimony at the December 14 hearing, I noted one reference to this; that was by Cindy Johnson of the Grand Island Chamber of Commerce. Why is this not an issue to those introducing this legislation, those potentially supporting it, and you, the members of the Agriculture Committee? Please enlighten me. Until you do, to my satisfaction, which I doubt that you can, I consider this legislation a big slap in the face, and I would suspect that all 403,000 voting, taxpaying citizens who voted for the amendment feel the same way. I would think that many of those who voted against the amendment would also feel the same way. What is the average citizen's role in this anyway? Should this bill get out of this committee, those of you on this committee, as well as in all the Legislature who support this bill and are term-limited out this session, might consider yourselves fortunate. Regarding State Fair Park improvements: I have attended the State Fair almost every year that I can remember, and I have noticed significant improvements in the last three years from the previous ten. The family area stands out the most, and maybe grass, walkways, picnic tables and benches, and mist zones don't trip everyone's trigger, but they sure beat dirt and mud and no place to sit, from past years. I have witnessed families seemingly enjoying themselves way more than I ever did in the past. I think that the plans call for an exhibition building of some sort to be built in the future. I plan to suggest to the Fair Board that this building include some permanent displays, maybe such as an indoor extension to Heritage Village; a permanent railroad display, as was in the Industrial Arts Building; maybe... [LB861 LB1044 LB1116]

SENATOR ERDMAN: Dan, you have about 30 seconds. [LB861 LB1044 LB1116]

DAN REISDORFF: Okay. Mainly...also other things, so that the people could come and

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see that. It could be used as a...to show prospects to the city. Of course, the Fair Board has had its hands tied. They have been required to do a lot of things. It just seems like everybody is ganging up on them. I want this thing to be done, too. I'm going to be 65 next month and I want to enjoy some more fairs. Okay, conclusion. Do any of you read the blogs, articles in the paper? I did, for the first time a few weeks ago, especially the editorials. And Senator Erdman maybe seen this too. What summarizes what I tried to point out today, is a blog by Rose on February 7. She said in response to your letter, Senator Erdman: Thanks to Senator Erdman; I'm curious as to how the previously voter support will be respected; your editorial gives support to their (our) vote; thank you. Now, I need to skip some because I have time. Unfortunately, I spent a lot of time doing this; I've been up since 12:30 a.m., but... [LB861 LB1044 LB1116]

SENATOR ERDMAN: We can make copies of it, too, if you would like. [LB861 LB1044 LB1116]

DAN REISDORFF: Sure. I've got them. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay; okay. [LB861 LB1044 LB1116]

DAN REISDORFF: But here's where I'm going to close. And unfortunately, the subject senators that I was going to pick on is not here, but I thought about it. I'm going to be innovative. And now my final comment is directed at that particular senator and others, if they like, at that senator who in the December 14 hearing expressed concern for terms limits, and if this legislative session would have time to act on LB1044, and how those rookie senators this year and next year would be able to handle things, etcetera, after he's gone. I have a solution for you, Senator Chambers. To help relieve all that stress that you seem to be enduring over this issue, my solution is very simple: Kill LB1044; don't let it see the light of day. If you can accomplish this, there is annual funnel cake waiting for you, and all the members of this committee, at all future Nebraska State Fairs, at State Fair Park, where it belongs, so people of all ages can continue to go there and do that. That concludes my testimony. I appreciate your attention and patience. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Dan. Any questions for Mr. Reisdorff? I just have one. Did the accountant get the job? You don't have to answer that. [LB861 LB1044 LB1116]

DAN REISDORFF: I don't remember. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. We appreciate your testimony. If you have copies, we would be happy to distribute those. [LB861 LB1044 LB1116]

DAN REISDORFF: I do. [LB861 LB1044 LB1116]

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JOHN WESSEL: My name is John Wessel, W-e-s-s-e-l. And it's the first time I've ever done this. [LB861 LB1044 LB1116]

SENATOR ERDMAN: You're doing great, so far. John, how do you spell your first name? [LB861 LB1044 LB1116]

JOHN WESSEL: J-o-h-n. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay. [LB861 LB1044 LB1116]

JOHN WESSEL: It's unfair to move the State Fair. The only one that wants it to move is the University of Nebraska. This is a matter that needs to be put to the voters. The Unicameral has 49 senators; 31 of them graduated from the university system. The alumni of the University of Nebraska is everywhere. I guess what the university wants, gets. The U is telling anyone that will listen about tradition: football, baseball, basketball, swimming. Oops, they forgot...they got rid of this one. Well, we, the people have a 135-year-old tradition: the State Fair. Have you walked around the fairgrounds? We have a lot of the State Fairground buildings that should be on the Register of Historic Places. That would help restore some of them with some of the money that restoration brings. How is anybody going to pay for it? The Legislature has...to get this money? We can't even finish our roads. The university says they want to keep the best and the brightest, you know. I always thought that a college education was a whole lot better than a high school education, but a person with a college education has got a better chance of getting a job than the thousands of high school graduates we've got coming out every year. I don't hear any hoopla about educating further education for these high school people that can't afford college. It's also not fair that you've got a lot of cities to waste time and money on something that needs to be voted on first before everybody puts all this money into all these fancy...you know, I mean all that stuff costs money. And the lack of putting it to the people's vote has actually hurt the State Fair. I mean, in times past, the donations from people have been so much greater than what they are now, and it's really hurting what they can do this year, and I'm not too sure what they can do this year. Moving it to 84th Street...have you ever been out to the county fair site? To me, it's not nice. It's, you know,...it's so stark, you know; bare is...you know, it's not got the amenities that our State Fairgrounds got. The guy sat here and said the attendance at the State Fair was 5,000, but he had 85,000 at his place, you know. I can't believe that, you know. Heck, it takes 5,000 people just to put on the county fair. That area what they want to move it to is the area that the city wanted Wal-Mart to move into, and they've had their hand out to anybody who wants to build out there right now, and, I mean, they're offering some very large incentives to...oh, why don't you come over here, we want to fill this up. I mean, you know, that's the way the city is. Another thing is, how can the university say they will donate \$10 million to move the fair, and ask the Legislature for \$122 million for a new computer system, you know? I can't get over that in my head. I mean, you know, if they own all this land, why don't they build it on

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that? And in the Journal Star's "Directions" thing this weekend, they had this here on Verizon, and it says right here in large letters: New customer service center at UN technology park. You know? So they've already got a technology park, you know. Why do they need another one, you know? [LB861 LB1044 LB1116]

SENATOR ERDMAN: John, you have got about 30 seconds. [LB861 LB1044 LB1116]

JOHN WESSEL: Okay. Forcing the fair to move and then to expect the fair to pay for it; if the university wants them to move, then the university should pay, you know. Not the people and not the fair. It seems like all they want to be is landlords, anyway. I'm still saying that it should be an item that should go in front of the people and let the people decide, you know. You know, they've already got a State Fair Park and that's all I've got to say. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Okay, thank you, John. Any questions for Mr. Wessel? I don't see any, sir. Thanks for being here. Thanks for your patience. [LB861 LB1044 LB1116]

JOHN WESSEL: I didn't see Dwite today, so say hi to him. [LB861 LB1044 LB1116]

SENATOR ERDMAN: All right. Will do. One more testifier after Mr. Hansen? [LB861 LB1044 LB1116]

JOHN HANSEN: Mr. Chairman and members of the committee, for the record my name is John K. Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union, and appear before you today as their president and also their lobbyist. I will just reiterate quickly the position of our organization, which is to support the Nebraska State Fair and to support it at its present site. We have done surveys of our members, twice. There simply isn't any support on the part of the membership of my organization, and we do represent 5,000 farm and ranch families across the state, to move the State Fair. There just...it really isn't any interest in doing that. What they do want is they want a good State Fair. They want it adequately funded. They want it fixed up. And as we look at what the options are before the State Fair Board, I think we need to remember that the State Fair Board has been in a very difficult position for a very long period of time, where they have been habitually underfunded. They have lacked the kind of support from the Lincoln business community, which I would think they should get. They have not had the support of tax dollars, which other state fairs have. And as a result, they have been in a situation where a lot of their facilities have fallen into disrepair. It was because of that, that our organization strongly supported the constitutional amendment in 2004, and I believe that that's been mentioned before but I think it's worth noting again, and that is that the citizens of the state of Nebraska said they wanted to fix up the State Fair. And the issue before them was to use additional dollars to do that. I think there is a strong case to be made that the will of the voters has been fairly well determined relative to this issue. I think we ought to move on. We do not support the

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creation of a technology or research park on the University of Nebraska's part at the State Fair. We think that's a misguided mission that allows us to get bit by the same snake twice. We're going to not only move the State Fair to some other facility and cause it to be in a financial position where it will struggle financially, and unless there is additional new revenue sources, will not likely be able to cash flow on a new site; that's a problem. Secondly, we think that if the university goes forward with a research park, we believe that regardless of whatever the outcome or the results of that activity will be, that it will, in fact, continue to cannibalize the existing amount of funding available to the university, and that will be done at the expense of production agriculture. So we're not very excited about that whole effort, to start with, but we are especially not in favor of it if it comes at the expense of the current State Fair site. We think that part of the role of the State Fair...and it's been said by my membership many, many times, in their comments, that the role of the State Fair is to help bring the state together, urban and rural. And unfortunately, one of the realities is, that there is an awful lot of folks in Omaha and Lincoln who thinks it's an awful lot further from Omaha and Lincoln to Grand Island, than it is from Grand Island to either Omaha or Lincoln, and that it's okay for folks in rural Nebraska to come into Lincoln. But going way out west to Grand Island, which is, as you know, is just getting your car warmed up en route to your home, Senator Erdman, Grand Island is not the center of the state, but there is an awful lot of folks think it's way out west. And so if we're going to move the State Fair, I think it's really problematic. I think that the 84th site is a swamp. I think it's a bad site, to start with; I think there's a lot of problems with that particular site. And if we move it to Grand Island, we're going to have to downsize what it does, and then the role of bringing both urban and rural together to celebrate the state's largest single industry, we think is reduced. I think it will be better from an ag standpoint. I compliment the Grand Island folks in what they have done there. So we support LB1116 only if we are unsuccessful in our efforts to oppose LB861 and LB1044. So that is conditional support, but we do strongly support is LB861 and LB1044, and think that the best interests of the state is served by keeping the State Fair in its current site, and to make, if anything, additional efforts to give them the financial resources to be able to do the capital improvements and infrastructure upgrades that Nebraskans, I believe, want and support for their State Fair. And with that I would be glad to answer any questions in the extremely remote chance that anybody on the committee still has enough energy to ask questions at this point. [LB861 LB1044 LB1116]

SENATOR ERDMAN: I'll ask one, John. Do you know it's uphill to Grand Island, right?
[LB861 LB1044 LB1116]

JOHN HANSEN: Yes. [LB861 LB1044 LB1116]

SENATOR ERDMAN: It's downhill from where I live, but it's uphill. That's what it's further, in case you were wondering. Other questions for Mr. Hansen? I don't see any. Thank you, sir. [LB861 LB1044 LB1116]

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JOHN HANSEN: Thank you, members of the committee. [LB861 LB1044 LB1116]

SENATOR ERDMAN: We have one more, maybe two more. Anyone else wishing to testify on these three bills? Okay. [LB861 LB1044 LB1116]

LEN SCHROPFER: Good afternoon, Chairman Erdman and members of the Agriculture Committee. My name is Len Schropfer, L-e-n S-c-h-r-o-p-f-e-r. I'm a farmer in Fillmore County. Please keep the State Fair where it is. It is not just another event, but a revered institution. I'm a 1957 graduate of UNL, and very proud of it, but there is no good reason why the university should trump the fair. It's a lot like basic water law. Prior appropriation of water rights doctrine: first in time, first in right. Not only is the fair in the ideal location for a fair for people mingling between the campuses, close to downtown, close to the stadium and Devaney. Not only is the fair in the perfect place, but it has been there since 1901, and that land was donated to the state of Nebraska by a private citizen with the stipulation that it provide a permanent home for the fair. Permanent means permanent. Furthermore, we don't need more research on genetic manipulation of crops, and so forth, paid for by the corporate juggernaut bent on the industrialization of agriculture. True innovation, these days, would be to resist the bulldozing craze, and use our already ample facilities to do research that will actually help people stay on the farms and ranches; selective herbicides; solar electric systems. Please leave the fair where it belongs. Thank you, and I do welcome questions. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Len. Any questions? We appreciate your patience today. [LB861 LB1044 LB1116]

LEN SCHROPFER: Thank you, sir, very much. Thank you all. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you for being here. Our last testifier on LB861, LB1044, and LB1116. [LB861 LB1044 LB1116]

RICHARD HALVORSEN: My name is Richard Halvorsen, H-a-l-v-o-r-s-e-n, and I'm in support of LB1116 and opposed to LB861 and LB1044. And I would like...I heard the Lancaster Event Center more or less say, do the deal and then we'll work out the details. And I don't think that's the way to go. I also heard them say they're making a profit, and that's surprising because we had to have a substantial influx of money from the county tax funds this year, and we have every year since they've been there. I'll make it...I went to check then on my car, but I'll get that to the committee later, exactly how much. So even after all these years, they still are not making a profit even though they are booked...it's true, they are booked every weekend of the year. But they are still not making a profit, which leads back to, I believe the State Fair should stay there because it is not only tradition, but I think it's the most economical course of action. And in light of the upcoming uncertainty about the economy, I think at this time it would not

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be best to move forward, until either, one, you have the money in hand--not pledged; in hand--I think I would support it staying at the current location. Thank you. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Thank you, Richard. Any questions for Mr. Halvorsen? I don't see any. And if you'll...Richard, did you fill out a testifier's sheet? [LB861 LB1044 LB1116]

RICHARD HALVORSEN: Yes, I did. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Fair enough. I'm going to waive closing, and so it Senator Raikes, and that's going to close the hearing on LB861, LB1044, and LB1116. We do have two bills to follow: LB1115 and LB1114, which I plan to introduce, but before I do that, can I see a show of hands of those that wish to testify in support of LB1115? That deals with the Fair Board membership. Opposed? Neutral? One. How about on LB1114? Proponents? Opponents? Two. Neutral? Fair enough. Senator Dubas, you have the Chair. [LB861 LB1044 LB1116]

SENATOR ERDMAN: Senator Dubas, esteemed and talented members of the Agriculture Committee, my name is Philip Erdman. I represent the 47th Legislative District. I am violating the committee's rules. I haven't filled out my testifier's sheet in advance, but I'm going to plead mercy and fill that out afterwards. LB1115 is designed to do two fundamental reforms to the makeup of the State Fair Board. First and foremost, it is designed to be flexible in the event that the decision is made to move the State Fair. The way that the bill is currently drafted, there is a representative from the Lincoln...excuse me, two representatives from the Lincoln business community, one representative from the Omaha business community, and one representative from the business community of the state at-large. Those would still remain...those individuals would remain on the State Fair Board. Those are the individuals that are appointed by the Governor. The other members of the Fair Board are elected or placed by the county fair associations throughout the regions of the state of Nebraska, in which they appoint seven individuals to the Fair Board. In addition to those 11 members, there are two additional members that are non...excuse me, that are ex officio members. One is the chair of the Arts Council or the president or executive director of the Arts Council. The other individual is the chancellor of the University of Nebraska-Lincoln. The way that the bill would work is the current individuals would remain, because the host designee, the host city designee, would still be one of the individuals from the city of Lincoln. So you would have a representative from the city of Lincoln. You would have a representative from the 1st Congressional District; a representative from the 2nd Congressional District, and a representative from the 3rd Congressional District, which we currently have. The other change in the bill, or the flexibility that it provides is that in the event that the fair would move, the host city would then get that replacement. And so one of the two individuals that currently represent the city of Lincoln would be replaced with a representative from a new location. The other part of the bill would change the makeup

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of the ex officio members--the people who are placed on the Fair Board because of their position. They were added as a floor amendment during the debate when we reorganized the State Fair Board in 2002. What we will then do, if LB1115 becomes law, is we would retain the representative from the University of Nebraska-Lincoln, however it would not be the chancellor of the university, it would be the director of the 4-H program. I have also, I believe, distributed to you and is in you bill books, AM2045, which would add an additional member; that would be the executive director of the Nebraska FFA or his or her designee. They would be nonvoting ex officio members. And as we've heard today, one of the things that was talked about greatly was the need to include in the vision of the fair those organizations and individuals that participate in the fair. And as a former member of the 4-H program, as well as the FFA organization of the state of Nebraska, I believe that this reform is appropriate as we go forward, and believe that this bill simply makes some technical changes to clarify the makeup of the board to ensure that it is viable into the future. [LB1115]

SENATOR DUBAS: Thank you, Senator Erdman. Questions? Seeing none, have anyone testifying in support of LB1115? Opposition? Neutral? [LB1115]

HARVEY PERLMAN: Mr. Chairman, members of the committee, I appreciate the opportunity and I won't take long. I'm Harvey Perlman, P-e-r-l-m-a-n, chancellor of the University of Nebraska-Lincoln, the subject of one of the provisions of this bill. I am neutral. I have no personal or official view about whether the chancellor should be there, because it seems to me that ought to be determined by what you want from the State Fair. And that depends on the vision you have for it and how you expect it to succeed into the future. My understanding of why I was put on initially, was the thought that the State Fair would be more successful if it had engaged a broader audience, and one of the ways to engage a broader audience would be to engage more elements of the university than just the agricultural elements. That was also why the Nebraska Arts Council was included, that you could expand the audience and thereby have a more financially successful State Fair if you did more things than just production agriculture. If that's the vision, and if that continues to be the vision, then I guess I would...you would want to think about whether you wouldn't want broader representation than just 4-H and FFA. If your vision is to restrict the fair or to focus its activities on agriculture alone, then this bill makes perfectly good sense. I assure you, I'm not looking for more work to do or not looking for less, but I testify in a neutral position in that context. [LB1115]

SENATOR DUBAS: Thank you, Chancellor Perlman. Any questions? Seeing none, thank you. Others in the neutral capacity? Seeing none, Senator Erdman. [LB1115]

SENATOR ERDMAN: Senator Dubas, members of the committee, I believe that this is an appropriate change and I just want to clarify, and I don't think this was the insinuation of the chancellor, but, candidly, there are very talented individuals, whether they are current 4-H members or FFA members or former, that would provide great insight and

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vision into what the fair needs to look like, that may be able to bridge across those lines. I will tell that the 4-H program extends to places like Omaha and Lincoln, inner city areas. It extends to areas of the state that aren't traditionally represented by agriculture, and there is nothing insinuated by putting the executive director of the 4-H program on the council as being an ag move. It's simply a reality that that is the most logical connection between the University of Nebraska and the fair at this point, and at the same point the gentleman that testified earlier, the national FFA organization still stands for all the same things that it did when it was the Future Farmers of America. It's not accurate to say that the acronym FFA doesn't stand for anything. It still stands for all the right things. The letters don't represent the same things that they previously represented, and I think that's a key distinction. There is more innovation and excitement, I think, from my experience in the organization, that comes out of that, that I think a lot of people are willing to give them credit for. And so any insinuation or allusion that the appointees are designed to narrow the scope of the Fair Board, I think is misguided, and I would encourage the adoption of the committee amendment and look forward to working with the committee and others who are interested in the makeup of the Fair Board should LB1115 be advanced from committee. [LB1115]

SENATOR DUBAS: Questions for Senator Erdman? Seeing none, that closes the hearing on LB1115, and we will move right into LB1114. [LB1115]

SENATOR ERDMAN: Senator Dubas, members of the Ag Committee, I'm Philip Erdman, representing the 47th Legislative District, here to introduce LB1114. As the Ag Committee has been granted the great opportunity over the past year to work on this issue directly, a couple issues have come up. One of the issues is the "uniquenesses" that come by bonding, and who is eligible to bond and who is not. If I'm going to build an addition to my school in Bayard, Nebraska, which is being proposed, it's a measly \$3 million. It's going to take a vote of the people to do that. Under the existing authority of the law, a joint agency, which is allowed, can do this without a vote of the people, and allocate the levy authority of that entity in the event that it's, for example, an ag society, to the purpose of fulfilling the bond. There is no vote of the people. There is no requirement. In fact, there is some disagreement about whether or not they are even subject to levy limits, but that will be a discussion for a different day, and depending upon who you ask, you get a different answer. The intent was that you would provide flexibility for entities, if they were partnering with another entity, to utilize the existing resources that they have under levy authority, to be able to finance some creative solutions that otherwise may not be available to them because of the vote of the people. What LB1114 does is require that for any bonds that would be issued under a joint agency entity for the purposes of an agricultural society, would have to have a vote of the people. It's simple. It's narrowly drawn. I'm sure some of the testimony against it will be that there are other entities that take advantage of it, but given the context of the discussion that we'll have and the fact that the reality is that one of the potential sites or both of them may be impacted, depending upon the decision of the Legislature by this

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law. I thought I would present it. It would be part of our consideration. We would gather testimony and then determine what to do with it at that point. My intent is not to pick on anybody with this legislation, but rather to look at the realities that we provide certain opportunities for certain entities that may need to have some additional scrutiny, and this committee hearing will allow us that opportunity on LB1114. [LB1114]

SENATOR DUBAS: Thank you, Senator Erdman. Questions? Seeing none, thank you. Testifiers in support of LB1114? Opposition? [LB1114]

ALAN WOOD: (Exhibit 30) Senator Erdman, members of the committee, my name is Alan Wood, A-l-a-n W-o-o-d. I'm legal counsel for the Lancaster County Agricultural Society, and some may interpret the provisions of LB1114 as targeting directly the Lancaster County Agricultural Society. I'm hoping that is not the case. We are appearing here in opposition to this bill. The Lancaster County Ag Society...and by the way, I've written a letter. I'm just going to highlight the points in my letter. I'm not going to read the letter, and I'll leave it to you to review the letter. But one point that I'd like to make is that there are already existing, in the law, multiple safeguards with regard to the formation of a joint public agency, when done so to...for the issuance of bonds for the improvement of an agricultural society fairgrounds or, under this bill, also for fair board fairgrounds. And that is the case in Lancaster County. The Lancaster County Fairgrounds Joint Public Agency, as it was being formed in the year 2000, we went through a process of specifically defining repeated safeguards with regard to the bonds, how they were to be paid, and how the Lancaster County Agricultural Society was to operate the Lancaster County Fairgrounds at 84th and Havelock. The safeguards include a restriction as to no additional indebtedness to be incurred by the Agricultural Society unless there is approval of the Lancaster County Board. In addition, there can be no encumbrance of the land or buildings making up the Lancaster County Fairground or the Lancaster County Event Center, again without the express approval of the Lancaster County Board. There can be no transfer of any interest in any of the Lancaster County Fairgrounds or its improvements or a lease that lasts longer than 90 days, again without the express approval of the Lancaster County Board. In addition, both in 2000 and with the reissuance of the bonds in 2007, there is specific provision for the pledge of excess revenue. And the current agreement provides that when...first of all, a reserve fund is required from the net operating income from the event center, and when that reserve account reaches 50 percent of the budget of expenditures for the event center, absent capital improvements, that anything over and above that 50 percent is paid to the registrar of the bonds for the purpose of reducing the bonded indebtedness, early. So we are directly tied and have a motivation to generate income at that facility so that we can reduce and retire the bonds early. In my capacity as legal counsel, I have reviewed the provisions, you know, in Chapter 77-3442 and 3443, which are levy limitations. I believe that is an additional safeguard. I believe that the JPA, and in particular the Agricultural Society falls within the 15 cents that is allocated for all other political subdivisions of Lancaster County. And in addition, 2-259 of the Ag Society Act, limits

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levy for an agricultural society for capital improvements to 3.5 cents. Now, I hasten to add that 3.5 cents is not the levy that's been imposed for the current bonds outstanding at the event center. In fact, it is .0042, or less than one-half of one cent per \$100 valuation. For a \$300,000 house in Lancaster County, the tax burden is \$15 for the bonds that are outstanding at the event center. So I believe there are multiple safeguards already built in, and those safeguards would likewise apply to the 25 other political subdivisions that are referenced in the Joint Public Agency Act, as currently drawn. In addition, I believe there are some unintended consequences from the provisions of LB1114, one of which would be if there is going to...it would require a vote of the people for any improvements at any fairgrounds across the state. That doesn't mean that improvements can't be made on a fairgrounds. It simply means that the county board is then through with working with the county fair board, required to save in advance the cost of the improvements, and so they will probably lean heavier on the amount of the levy, not less than half of one cent, but more like two cents or three cents, in order to get a good run, in order to establish a fund in order to pay for the improvements. All the while, the cost of building increases, so at the end it takes more tax dollars to build the same facility than it would were there a sound and calm approach to using long-term bonded indebtedness in order to pay for improvements. So I think that unfairly restricts county fairgrounds across the state, and I'm not sure...you know, I'm not appearing here on behalf of the Nebraska Association of Fair Managers, but I am their legal counsel. I have been since 1981. And I don't believe I have, over the course of those years, ever seen any waste, fraud, or abuse as it regards county fairgrounds or county fair improvements. So one other unintended consequence of this bill will be to require, because there would be a heavy levy on taxes in order to accumulate funds for improvements, you are essentially asking today's taxpayers to pay for improvements that will be enjoyed by tomorrow's taxpayers. And so we are going to pay, over three or five or even ten years, for improvements, when, if you amortize a bond over 10 or 20 years, you are asking all of those people who were going to enjoy that improvement over that period of time to pay their fair share. So with that, I'll entertain any questions you may have. Thank you very much for your attention to this matter. [LB1114]

SENATOR DUBAS: Thank you, Mr. Wood. [LB1114]

ALAN WOOD: Thank you. [LB1114]

SENATOR DUBAS: Any questions? Thank you. Other opposition? [LB1114]

HARRY MUHLBACH: My name is Harry Muhlbach, M-u-h-l-b-a-c-h, and I'm just going to make one short comment. The only thing that I see wrong with this bill right now, is that when you have a county that's with splitting urban and rural...and I guess Lancaster falls in that, and there may be a couple other counties that may fall into that, into the future...once you stack the deck, requiring a bond for something new, if you have

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enough people you'll never get it, and it will eventually kill the other entity. And so on the average county where, a rural county, I don't see any problem with this, on the county fair. But when you get into the big cities, if they want the county fair to go away, they can get rid of it just by this bonding, the way it's written. [LB1114]

SENATOR DUBAS: Thank you, Mr. Muhlbach. Questions? Seeing none, thank you. Thank you. Others in opposition? Neutral? Senator Erdman waives closing, so that will close the hearing for LB1114. Thank you all very much for your attendance and your patience. [LB1114]

SENATOR ERDMAN: We want to thank you for being here. The committee will devote some considerable effort, now that we've had our testimony to consider all the issues before us. We especially want to thank our friends from NET for broadcasting this today, especially our cameramen that were here in the room, that braved this whole process. We thank you for their interest and their willingness, and look forward to seeing you again soon. []

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Disposition of Bills:

LB861 - Indefinitely postponed.
LB1044 - Indefinitely postponed.
LB1116 - Advanced to General File, as amended.
LB1114 - Held in committee.
LB1115 - Advanced to General File, as amended.

Chairperson

Committee Clerk