

AMENDED AGENDA
(Amended Items in Bold)
KANSAS RACING AND GAMING COMMISSION
10:00 a.m., Friday, May 30, 2008

AUDITORIUM A
Dwight D. Eisenhower State Office Building
700 SW Harrison, Suite 450
Topeka, Kansas

A. CALL TO ORDER

B. APPROVAL OF THE AGENDA

C. APPROVAL OF MINUTES

1. [Minutes of May 9, 2008](#)

D. CONSENT AGENDA

Items listed on the consent agenda are a variety of contracts and matters that are routine in nature. If requested by a commissioner, an item may be removed from the consent agenda and placed under Commission Items for further discussion and consideration.

1. TRAK East - review and approve simulcast contracts
 - a. [Harrah's Bossier City Investment Company, LLC \(incoming\)](#), *Harrah's Louisiana Downs - Louisiana*; May 17, 2008 through October 18, 2008
 - b. [New York Racing Association Inc. \(incoming\)](#), *Aqueduct, Belmont Park, Saratoga Race Course – New York*; May 15, 2008, through December 31, 2008
 - c. [Ruidoso Downs Racing Inc. \(incoming\)](#), *Ruidoso Downs – New Mexico*; May 23, 2008 through September 1, 2008
 - d. [Sterling Suffolk Racecourse, LLC \(incoming\)](#), *Suffolk Downs – Massachusetts*; May 9, 2008 through November 8, 2008
2. Kansas Racing LLC - review and file contracts
 - a. [Century Fire Sprinklers Inc.](#), *Kansas City, Kansas*, 2008 annual backflow testing
 - b. [Wyandotte County Fair Association Inc.](#), *Kansas City, Kansas*, parking lot/grounds rental
3. Eureka Downs – review and approve contracts
 - a. [Emprise Bank](#), *El Dorado, Kansas*, letter of credit for race season 2008
4. Camptown Greyhound Park, Inc. – review and file contracts
 - a. [Ruffin Development](#), *Las Vegas, Nevada*, clean up and store equipment

E. FACILITY REPORTS/ITEMS

1. TRAK East
 - a. [Handle & Attendance Report](#)
 - b. Status Report
2. Kansas Racing LLC (KRLLC)
 - a. Status Report
3. TRAK Southeast (TRAK SE)
 - a. Status Report
4. Camptown Greyhound Park Inc.
 - a. Status Report

F. COMMISSION ITEMS

1. Request for approval of the Woodlands/United Tote hub contract
 - Commission Action:* Commission review and discussion
 - Staff Presentation: Charles LaBoy, Director of Audit and Electronic Security
 - Other Presenters: Kansas Racing LLC Representative
 - Staff Recommendation: Approval of the contract
 - a. [Staff Memo](#)
2. Woodlands race dates and post times
 - Commission Action:* Commission review and discussion
 - Staff Presentation: Frances Snell, Director of Racing
 - Other Presenters: Jayme LaRocca, Kansas Racing LLC
Will Gardiner, TRAK East
 - Staff Recommendation: Staff recommends approval
 - a. [Staff Memo](#)
 - b. [Letter from Jayme LaRocca](#)
 - c. [Memo from Board of Judges](#)
 - d. [Letter from Animal Health Officers](#)
3. TRAK East audited financial statements for calendar year 2007
 - Commission Action:* Commission review and discussion
 - Staff Presentation: Charles LaBoy, Director of Audit and Electronic Security
 - Staff Recommendation: Staff Recommends approval
 - a. [Staff Memo](#)
 - b. [Report on TRAK East Audit](#)
 - c. [TRAK East Financial Report](#)

4. Kansas Racing LLC audited financial statements for calendar year 2007
 - Commission Action:* *Commission review and discussion*
 - Staff Presentation: Charles LaBoy, Director of Audit and Electronic Security
 - Staff Recommendation: Staff Recommends approval
 - a. [Staff Memo](#)
 - b. [Report on KRLLC 2007 Audit](#)
 - c. [KRLLC 2007 Financial Statements](#)
 - d. [Management Letter](#)
 - e. [Response to Auditor's Management Letter](#)

5. Conditions for greyhound races for Anthony Downs
 - Commission Action:* *Commission review and discussion*
 - Staff Presentation: Frances Snell, Director of Racing
 - Staff Recommendation: Staff recommends approval
 - a. [Staff Memo](#)
 - b. [Anthony Conditions](#)

6. **KHA Reimbursement from Kansas Bred Program**
 - Commission Action:* *Commission review and discussion*
 - Staff Presentation:** **Don Cawby, Director of Administration**
 - Staff Recommendation:** **Staff recommends approval, subject to the availability of cash**
 - a. [Staff Memo](#)
 - b. [Reimbursement Request](#)

G. PUBLIC COMMENTS

H. STAFF REPORTS

1. Executive Director
2. Chief Gaming Officer
3. Assistant Attorneys General
4. Animal Health Officer
5. Calendar review
 - a. [Commission Meeting Calendar](#)

I. EXECUTIVE SESSIONS

1. Background reports
2. Attorney-client communication

J. FURTHER COMMISSION ACTION

1. Background Reports

Commission Action: *Discussion, consideration and possible action*

- a. Connie Garrison
- b. Fabian Guido
- c. Kim Jackson
- d. Deborah Kay Rice
- e. Roger Sweet
- f. David Turnbull
- g. Robert Stovall**

2. Approval of positions

Commission Action: *Discussion, consideration and possible action*

- a. Connie Garrison, Part-time Administrative Assistant, KRGC
- b. Kim Jackson, Administrative Officer, KRGC
- c. Roger Sweet, Operator/Line Technician, United Tote, The Woodlands

3. Approval of race official for Eureka Downs

Commission Action: *Discussion, consideration, and possible action*

Staff Presentation: Frances Snell, Director of Racing

Staff Recommendation: Staff recommends approval

a. [Staff Memo](#)

Deborah Kay Rice, Clerk of Scales

4. Approval of race official for Woodlands

Commission Action: *Discussion, consideration, and possible action*

Staff Presentation: Frances Snell, Director of Racing

Staff Recommendation: Staff recommends approval

a. [Staff Memo](#)

b. [Judges' Recommendation](#)

Fabian Guido, Clerk of Scales

5. Approval of race stewards for Eureka & Anthony

Commission Action: *Discussion, consideration, and possible action*

Staff Presentation: Frances Snell, Director of Racing

Staff Recommendation: Staff recommends approval

a. [Staff Memo](#)

Robert Stovall, Chief Steward

Neal Guilfoyle, Associate Steward

David Turnbull, Associate Steward

K. ADJOURNMENT

KANSAS RACING AND GAMING COMMISSION

MINUTES

May 9, 2008

CALL TO ORDER:
(A.)

Chair Sader called the May 9, 2008, meeting to order at 10:02 am at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. Commissioners Sader, Braun, Falstad, McKechnie, and Schwan were present at the meeting. Others present included Executive Director Stephen Martino; Director of Racing Frances Snell; Assistant Attorney General Patrick Martin; Director of Audit/Electronic Security Charles LaBoy; Director of Security Don Brownlee; Director of Communications/Responsible Gaming Mike Deines; Director of Licensing Kit Bostrom; Director of Administration Don Cawby; Animal Health Officer D. Bryce Peckham, DVM; Commission Recording Secretary Linda Pendarvis and other staff.

MOTION, APPROVE
AGENDA:
(B.)

Commissioner Braun (Schwan) moved to approve the amended agenda as presented. Motion passed unanimously.

MOTION, APPROVE
APRIL 17, 2008,
MEETING MINUTES:
(C.)

Commissioner Falstad (Schwan) moved to approve the minutes of the April 17, 2008, commission meeting as amended. Motion passed unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

Commissioner McKechnie (Braun) moved to approve the consent agenda as follows:

1. TRAK East - review and approve simulcast contracts
 - a. Delaware Racing Association (incoming), *Delaware Park - Delaware*; April 19, 2008 through November 11, 2008
 - b. Fairmont Park, Inc. (incoming), *Fairmont Park Race Track - Illinois*; April 18, 2008, through September 1, 2008
 - c. Indiana Downs (incoming), *Indiana Downs - Indiana*; April 25, 2008 through July 8, 2008; and July 16, 2880 through November 8, 2008
 - d. Prairie Meadows Racetrack and Casino, Inc. (incoming), *Prairie Meadows Racetrack - Iowa*; April 18, 2008 through July 5, 2008
 - e. Retama Development Corporation (incoming), *Retama Park - Texas*; April 25, 2008 through June 22, 2008; and

August 29, 2008 through November 15, 2008

- f. River Downs Jockey Club, Inc. (incoming), *River Downs – Ohio*; April 11, 2008 through September 1, 2008
- g. TrakNet Media Group, LLC (incoming), *Arlington Park – Illinois*; May 2, 2008 through September 21, 2008
- h. TrakNet Media Group, LLC (incoming), *Calder Race Course – Florida*; January 9, 2009 through January 2, 2009 (approval contingent upon approval of 2009 license and recognized group approval)
- i. TrakNet Media Group, LLC (incoming), *Churchill Downs – Kentucky*; April 26, 2008 through July 6, 2008 and October 20, 2008 through November 29, 2008
- j. TrackNet Media Group, LLC (incoming), *Ellis Park – Kentucky*; July 2, 2008 through September 1, 2008
- k. TrackNet Media Group, LLC (incoming), *Golden Gate Fields – California*; May 14, 2008 through June 22, 2008 and September 17, 2008 through December 21, 2008
- l. TrackNet Media Group, LLC (incoming), *Hollywood Park – California*; April 23, 2008 through July 13, 2008
- m. TrackNet Media Group, LLC (incoming), *Hoosier Park – Indiana*; April 5, 2008 through July 12, 2008 and August 29, 2008 through November 23, 2008
- n. TrackNet Media Group, LLC (incoming), *Laurel Park – Maryland*; April 2, 2008 through December 31, 2008
- o. TrackNet Media Group, LLC (incoming), *Lone Star Park – Texas*; April 10, 2008 through July 27, 2008 and September 26, 2008 through November 29, 2008
- p. TrackNet Media Group, LLC (incoming), *The Meadows – Pennsylvania*; April 2, 2008 through December 31, 2008
- q. TrackNet Media Group, LLC (incoming), *Pimlico Race Course – Maryland*; April 17, 2008 through June 7, 2008
- r. TrakNet Media Group, LLC (incoming), *Remington Park – Oklahoma*; August 21, 2008 through December 14, 2008
- s. TrakNet Media Group, LLC (incoming), *Thistledown – Ohio*; May 1, 2008 through October 25, 2008
- t. Wonderland Greyhound Park, Inc. (incoming), *Wonderland Greyhound Park – Massachusetts*; April 26, 2008 – September 12, 2008
- u. Canterbury Park (incoming), *Canterbury Park – MN*; May 3, 2008 through September 1, 2008
- v. Nebraska State Fair (incoming), *Nebraska*; May 9, 2008 through July 13, 2008
- w. Racing Associates of Colorado (incoming), *Arapahoe*

Park – CO; May 24, 2008 through August 10, 2008

2. Kansas Racing LLC - review and approve contracts
 - a. NetSuite, *San Mateo, CA*, Accounting Program
 - b. Porlier Outdoor Advertising, *Foristell, MO*, Outdoor Advertising
3. Eureka Downs – review and approve contracts
 - a. Copper Kettle Restaurant, *Eureka, KS*, Concessions
 - b. Greenwood County, *Eureka, KS*, Equipment rental
 - c. Richard Nye, *Claremore, OK*, Track Consultant
4. TRAK East – review and approve contracts
 - a. American Greyhound Track Operators Association, *West Palm Beach, FL*, Annual Dues
5. The Anthony Fair Association – review and approve contracts
 - a. Gene Wilson & Associates, *Pond Creek, OK*, Photofinish and video
 - b. Brad Broyles, *Eureka, KS*, Assistant horse race starter
 - c. Rita Osborn, *Eureka, KS*, Program production and results reporting
 - d. MOC Insurance Services, *San Francisco, CA*, Jockey insurance

Motion passed unanimously.

MOTION,
EXECUTIVE
SESSION:
(E.1.)

Commissioner Schwan (Braun) moved that the commission go into a 15-minute executive session from 10:10 am to 10:25 am for the purpose of attorney-client communication. Those included in the executive session were the commission, Mr. Martino, and Mr. Martin. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as a part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 10:28 am with all members present as previously noted.

FACILITY REPORT,
TRAK EAST:
(E.2.)

The commission heard the TRAK East facility report, given by Mr. Will Gardiner, Administrative Manager.

FACILITY REPORT,
KRLLC:
(E.3.)

The commission heard the Kansas Racing LLC (KRLLC) facility report from Mr. Jayme LaRocca, General Manager. Mr. Howard Grace, of W. M. Grace Company, gave a construction update.

FACILITY REPORT,
EUREKA DOWNS:
(E.4.)

The commission heard the Eureka Downs (KQHRA/GCFA) facility report, given by Mr. Lee Smith, General Manager.

FACILITY REPORT,
TRAK SE:
(E.5.)

The commission heard comments on TRAK SE presented by Mr. David McLane, attorney for TRAK SE.

FACILITY REPORT,
CAMPTOWN
GREYHOUND PARK:
(E.6.)

The commission heard the Camptown Greyhound Park facility report given by Mr. Kevin Allis, General Manager for Pari-mutuel Operations, with further comments from George Wingert, lobbyist for Ruffin Cos.

DISCUSSION,
EXTENSION OF
TRAK EAST/KRLLC
MGMT. CONTRACT:
(F.1.)

Mr. Martin discussed a request to extend the existing TRAK East/Kansas Racing, LLC Facility and Management Agreement term until 60 days from the date KRLLC reaches a race track gaming facility management agreement with the Kansas Lottery Commission or six months from May 1, 2008, whichever comes first.

MOTION, APPROVE
REQUEST TO
EXTEND MGMT.
CONTRACT:
(F.1.)

Commissioner Schwan (Falstad) moved to grant the requested extension effective April 30, 2008, for a period of until 60 days after execution of a race track gaming facility management agreement between Kansas Racing LLC and the Kansas Lottery Commission or six months, whichever comes first. Motion passed unanimously.

DISCUSSION, CREDIT
FOR WOODLANDS
OVERPAYMENT OF
LICENSE FEES:
(F.2.)

Mr. LaBoy discussed the Woodlands' request for a credit against future license fee payments to recoup a \$1,000 overpayment resulting from a revised April racing schedule.

MOTION, APPROVE
REQUEST FOR
CREDIT:
(F.2.)

Commissioner Falstad (Schwan) moved to approve the reimbursement request as submitted. Motion passed unanimously.

DISCUSSION, KHA
REQUEST FOR
DISTRIBUTION OF
BREEDING
DEVELOPMENT
FUND MONEY FOR

The commission heard Chief Fiscal Officer Neysa Thomas discuss the Kansas Horsemen's Association (KHA) request for distribution of Breeding Development Fund Money for 2008.

2008:

(F.3.)

MOTION, APPROVE
DISTRIBUTION OF
BREEDING
DEVELOPMENT
FUND MONEY:

(F.3.)

Commissioner Schwan (McKechnie) moved to approve the Kansas Horsemen's Association (KHA) request for distribution of Kansas Bred money for Quarter Horse and Thoroughbred racing for 2008, subject to the availability of funds, as follows:

Eureka Downs:

- \$22,500 for Kansas Bred Futurity (Quarter Horses)
- \$10,000 for Kansas Bred Derby (Quarter Horses)
- \$200 available to Kansas Bred Quarter Horses in all Quarter Horse overnite races and the trial races for the Kansas Jackpot Prep Stakes races
- \$1,000 per Thoroughbred race will be added with a cap of \$15,000
- \$2,500 will be approved for a Thoroughbred stake race if the track will match the funds.

Anthony Downs:

- All Quarter Horse races will have \$200 each available to Kansas Bred horses
- \$1,000 per Thoroughbred race will be added with a cap of \$15,000
- \$2,500 will be approved for a Thoroughbred stake race if the track will match the funds.

Woodlands:

- All Quarter Horse overnite races including the stakes trials will have \$200 available to Kansas Bred Quarter Horses.
- There will also be \$2,500 KBDF added to the Kansas Jayhawk Stakes. (Quarter Horses)
- Thoroughbred proposal will be determined at a later date.

Motion passed unanimously.

DISCUSSION,
CONSIDERATION OF
INVOICED EXPENSES
FOR KHA
MEDIATION:
(F.4.)

Mr. Martin discussed the invoice received by the Kansas Horsemen's Association for services ordered by the KRGC to mediate a joint recommendation on statutorily required regulations.

MOTION, APPROVE
INVOICED EXPENSES
FOR KHA
MEDIATION:
(F.4.)

Commissioner Braun (Falstad) moved for approval for KHA to pay the mediator's invoiced fees as reasonable and necessary for conducting the mediation. Motion passed unanimously.

DISCUSSION,
ANNUAL AUDITED
FINANCIAL
STATEMENTS OF
WICHITA
GREYHOUND
CHARITIES FOR 2007:
(F.5.)

Mr. LaBoy presented copies of the 2007 annual audited financial statements of Wichita Greyhound Charities for the commission's review and consideration.

MOTION, APPROVE
ANNUAL AUDITED
FINANCIAL
STATEMENTS OF
WICHITA
GREYHOUND
CHARITIES FOR 2007:
(F.5.)

Commissioner McKechnie (Schwan) moved to approve Wichita Greyhound Charities' 2007 annual audited financial statements as presented. Motion passed unanimously.

DISCUSSION.
ANNUAL AUDITED
FINANCIAL
STATEMENTS OF
WICHITA
GREYHOUND PARK
FOR 2007:
(F.6.)

Mr. LaBoy presented copies of the 2007 annual audited financial statements of Wichita Greyhound Park for the commission's review and consideration.

MOTION, APPROVE
ANNUAL AUDITED
FINANCIAL
STATEMENTS OF
WICHITA
GREYHOUND PARK
FOR 2007:
(F.6.)

Commissioner Falstad (Schwan) moved to approve Wichita Greyhound Park's 2007 annual audited financial statements as presented. Motion passed unanimously.

DISCUSSION,
RACING OFFICIALS
FOR EUREKA
DOWNS:

The commission heard Ms. Snell present the slate of racing officials for Eureka Downs.

(F.7.)

MOTION, APPROVE
RACING OFFICIALS
FOR EUREKA
DOWNS:
(F.7.)

Commissioner McKechnie (Braun) moved that the following individuals be approved as race officials for Eureka Downs for the 2008 meet:

Lee Smith, General Manager

Rita Osborn, Racing Secretary and Horsemen's Bookkeeper

Tara Osborn, Back up Horsemen's Bookkeeper

Alton Hoover, Back up Racing Secretary

Angie Lowe, Mutuel Manager

Tim Mitchell, Starter, Identifier, Paddock Judge

Motion passed unanimously.

DISCUSSION,
REQUEST FOR
FINGERPRINT
WAIVER:
(F.8.)

The commission heard Ms. Bostrom; Lee Smith, General Manager at Eureka Downs; and Dan Bird, General Manager at Anthony Downs, discuss a request by Eureka Downs and Anthony Downs for a waiver of the fingerprint requirements for certain employees licensed to work during the 2008 race meet.

MOTION, APPROVE
WAIVER OF
FINGERPRINT
REQUIREMENTS:
(F.8.)

Commissioner Falstad (Braun) moved to waive the fingerprint requirements for temporary and short-term employees working at Eureka Downs and Anthony Downs.

Motion passed unanimously.

MOTION TO RECESS

Commissioner Falstad (Schwan) moved that the commission take a 5-minute recess from 11:40 am until 11:45 am. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 11:48 am with all members present as previously noted.

DISCUSSION, 2008
ANTHONY DOWNS
FAIR RACE DATES:
(F.9.)

The commission heard Ms. Snell present the requested 2008 fair race dates for Anthony Downs.

MOTION, APPROVE
2008 ANTHONY
DOWNS FAIR RACE
DATES:
(F.9.)

Commissioner Schwan (McKechnie) moved to approve the following 2008 fair race dates for Anthony Downs: July 11, 12, 13, 18, 19, and 20.

Motion passed unanimously.

DISCUSSION, 2008
WAGERING FORMAT
FOR ANTHONY
DOWNS:
(F.10.)

The commission heard Mr. LaBoy discuss the proposed 2008 wagering format for Anthony Downs.

MOTION, APPROVE
2008 ANTHONY
DOWNS WAGERING
FORMAT:
(F.10.)

Commissioner Falstad (Schwan) moved to approve the 2008 wagering format for Anthony Downs as presented.

Motion passed unanimously.

DISCUSSION, 2008
SURETY BOND
AMOUNT FOR
ANTHONY DOWNS:
(F.11.)

The commission heard Mr. LaBoy discuss the proposed 2008 surety bond amount for Anthony Downs.

MOTION, APPROVE
2008 SURETY BOND
AMOUNT FOR
ANTHONY DOWNS:
(F.11.)

Commissioner Falstad (Braun) moved to approve the Anthony Downs surety bond amount of \$34,433.

Motion passed unanimously.

DISCUSSION, 2008
ANTHONY DOWNS
CONDITION BOOK:
(F.12.)

The commission heard Ms. Snell discuss the 2008 condition book for Anthony Downs.

MOTION, APPROVE
2008 ANTHONY
DOWNS CONDITION
BOOK:
(F.12.)

Commissioner Falstad (Braun) moved to approve the 2008 condition book for Anthony Downs with changes as noted.

Motion passed unanimously.

DISCUSSION,
FUTURE KRGC
MEETING DATES:
(F.13.)

The commission heard Mr. Martino discuss suggested future meeting dates for the Kansas Racing and Gaming Commission.

MOTION, APPROVE
FUTURE KRGC
MEETING DATES:
(F.13.)

Commissioner Schwan (Braun) moved to approve the following 2008 meeting dates: July 14, August 20, September 8, October 3.

Motion passed unanimously.

CALL FOR PUBLIC
COMMENTS:
(G.)

Chair Sader called for public comments.

- Doug Lawrence – Exec. Director, Kansas Greyhound Assn.

STAFF REPORT,
MARTINO:
(H.1.)

The commission heard a staff report from Mr. Martino.

STAFF REPORT,
KREHBIEL:
(H.2.)

There was no staff report from Mr. Krehbiel.

STAFF REPORT,
ASST. ATTORNEYS
GENERAL:
(H.3.)

The commission heard a staff report from Mr. Martin.

STAFF REPORT,
PECKHAM:
(H.4.)

The commission heard the Woodlands injury report from Dr. Peckham for March 2008.

STAFF REPORT,
CAWBY:
(H.5.)

The commission heard a calendar review from Mr. Cawby.

MOTION,
EXECUTIVE
SESSION:
(I.1.)

Commissioner Falstad (Schwan) moved that the commission go into executive session from 12:35 pm to 1:10 pm for the purpose of reviewing 23 background investigation reports. Those included in the executive session were the commission, Mr. Martino, Mr. Martin, Mr. Brownlee, and security staff. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as a part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 1:10 am with all members present as previously noted.

MOTION, APPROVE
BACKGROUND
REPORTS:
(J.1.)

Commissioner Falstad (Schwan) moved to approve the background investigation reports of Richard Allen, Charles Alstrom, Daniel Bird, John Blevins, Kenneth Boulware, Thomas A. Burlingham, Michael George, Aurby Herridge, Zachary Kimsey, Jayme LaRocca, Judy Laster, Martin Miller, Philip Morrell Jr., Fashad Rezvani, Jeanette Smillie, Richard Morgan, Timothy Tkacik, Martin Vanderwerff, Jennifer Wesco, Ronald Moorhouse, Mark Probst, Bill Hunt, Breanna

Colbert. Motion passed unanimously.

DISCUSSION,
RACING OFFICIALS
FOR THE
WOODLANDS:
(J.2.)

The commission heard Ms. Snell's presentation of racing officials for The Woodlands.

MOTION, APPROVE
RACING OFFICIALS
FOR THE
WOODLANDS:
(J.2.)

Commissioner Schwan (Falstad) moved to approve the following racing officials for The Woodlands:

- Jayme LaRocca, General Manager
- Zachary Kimsey, Starter
- Breanna Colbert, Clerk of Scales

Motion passed unanimously.

MOTION, APPROVE
POSITIONS:
(J.3.)

Commissioner Braun (McKechnie) moved to approve the following positions:

- Richard Allen; State Auditor III, KRGC
- Charles Alstrom; TRAK-East Board of Director's Member
- John Blevins; Director of Security, Anthony Downs
- Kenneth Boulware; Security Guard, The Woodlands
- Thomas A. Burlingham; State Auditor III, KRGC
- Michael George; Security Guard, The Woodlands
- Aurby Herridge; Unclassified Temporary Enforcement Agent, KRGC
- Judy Laster; Backup Money Room Manager, the Woodlands
- Martin Miller; Tote Operator, United Tote Portland Hub
- Philip Morrell, Jr.; Public Service Executive II, KRGC Topeka Office
- Fashad Rezvani; Director of Food and Beverage, The Woodlands
- Jeanette Smillie; Tote Operator, United Tote Portland Hub
- Richard Morgan, Assistant General Manager, the Woodlands
- Timothy Tkacik; Tote Manager, United Tote Portland Hub
- Martin Vanderwerff; Assistant Tote Manager, United Tote Portland Hub
- Jennifer Wesco; Board Member, Camptown
- Ronald Moorhouse, Tote Operator, United Tote Portland Hub
- Mark Probst, Tote Operator, United Tote Portland Hub
- Bill Hunt, Tote Operator, United Tote at Kansas tracks

Motion passed unanimously.

MOTION,
EXECUTIVE
SESSION:

Commissioner Schwan (Falstad) moved that the commission go into executive session at 1:15 pm for the purpose of attorney-client communication, to resume at 1:30 pm. Those included in the executive session were the commission, Mr. Martino, and Mr. Martin. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as a part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 1:30 pm with all members present as previously noted.

ADJOURN:

Commissioner Braun (McKechnie) moved to adjourn at 1:32 pm. Motion passed unanimously.

SUBMITTED BY:

William Falstad
Secretary

APPROVED BY:

Carol H. Sader
Chair

KANSAS

KANSAS RACING AND GAMING COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

May 8, 2008

Mr. William Gardiner
Administrative Director, TRAK East
P.O. Box 12036
Kansas City, KS 66112-2036

Re: Harrah's Bossier City Investment Company, L.L.C. (incoming)
Harrah's Louisiana Downs - Louisiana
May 17, 2008 - October 18, 2008


Dear Mr. Gardiner:

Kansas Racing, LLC/The Racing Association of Kansas East (d/b/a The Woodlands) is hereby given conditional approval to conduct the simulcast wagering on incoming signals in accordance with the terms and conditions of the above-referenced simulcast contract.

This approval is conditioned upon satisfactory completion of the scheduled tote test and upon ratification by the Kansas Racing and Gaming Commission at its next regular meeting.

Very truly yours,

KANSAS RACING AND GAMING COMMISSION
CAROL H. SADER, CHAIR


Jan Murray
KRGK Auditor

cc: Debbie Frost, Mutuel Manager, Woodlands
Kevin King, Simulcast Coordinator, Woodlands
Jayme LaRocca, General Manager, Woodlands
David Schultz, Chief Audit Officer, KRGK
Linda Pendarvis, KRGK / Agenda Packet
Contract File (WDS08/0036)

KANSAS

KANSAS RACING AND GAMING COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

May 14, 2008

Mr. William Gardiner
Administrative Director, TRAK East
P.O. Box 12036
Kansas City, KS 66112-2036

Re: New York Racing Association Inc. (incoming)
Aqueduct, Belmont Park, Saratoga Race Course - New York
May 15, 2008 - December 31, 2008

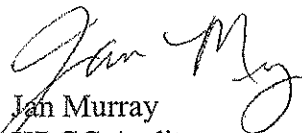
Dear Mr. Gardiner:

Kansas Racing, LLC/The Racing Association of Kansas East (d/b/a The Woodlands) is hereby given conditional approval to conduct the simulcast wagering on incoming signals in accordance with the terms and conditions of the above-referenced simulcast contract.

This approval is conditioned upon satisfactory completion of the scheduled tote test and upon ratification by the Kansas Racing and Gaming Commission at its next regular meeting.

Very truly yours,

KANSAS RACING AND GAMING COMMISSION
CAROL H. SADER, CHAIR


Jan Murray
KRGK Auditor

cc: Debbie Frost, Mutuel Manager, Woodlands
Kevin King, Simulcast Coordinator, Woodlands
Jayme LaRocca, General Manager, Woodlands
David Schultz, Chief Audit Officer, KRGK
Linda Pendarvis, KRGK / Agenda Packet
Contract File (WDS08/0038)

KANSAS

KANSAS RACING AND GAMING COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

May 7, 2008

Mr. William Gardiner
Administrative Director, TRAK East
P.O. Box 12036
Kansas City, KS 66112-2036

Re: Ruidoso Downs Racing, Inc. (incoming)
Ruidoso Downs - New Mexico
May 23, 2008 - September 1, 2008

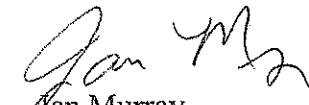
Dear Mr. Gardiner:

Kansas Racing, LLC/The Racing Association of Kansas East (d/b/a The Woodlands) is hereby given conditional approval to conduct the simulcast wagering on incoming signals in accordance with the terms and conditions of the above-referenced simulcast contract.

This approval is conditioned upon satisfactory completion of the scheduled tote test and upon ratification by the Kansas Racing and Gaming Commission at its next regular meeting.

Very truly yours,

KANSAS RACING AND GAMING COMMISSION
CAROL H. SADER, CHAIR


Jan Murray
KRGC Auditor

cc: Debbie Frost, Mutuel Manager, Woodlands
Kevin King, Simulcast Coordinator, Woodlands
Jayme LaRocca, General Manager, Woodlands
David Schultz, Chief Audit Officer, KRGC
Linda Pendarvis, KRGC / Agenda Packet
Contract File (WDS08/0035)

KANSAS

KANSAS RACING AND GAMING COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

May 8, 2008

Mr. William Gardiner
Administrative Director, TRAK East
P.O. Box 12036
Kansas City, KS 66112-2036

Re: Sterling Suffolk Racecourse, LLC (incoming)
Suffolk Downs - Massachusetts
May 9, 2008 - November 8, 2008

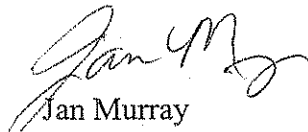
Dear Mr. Gardiner:

Kansas Racing, LLC/The Racing Association of Kansas East (d/b/a The Woodlands) is hereby given conditional approval to conduct the simulcast wagering on incoming signals in accordance with the terms and conditions of the above-referenced simulcast contract.

This approval is conditioned upon satisfactory completion of the scheduled tote test and upon ratification by the Kansas Racing and Gaming Commission at its next regular meeting.

Very truly yours,

KANSAS RACING AND GAMING COMMISSION
CAROL H. SADER, CHAIR


Jan Murray
KRGK Auditor

cc: Debbie Frost, Mutuel Manager, Woodlands
Kevin King, Simulcast Coordinator, Woodlands
Jayme LaRocca, General Manager, Woodlands
David Schultz, Chief Audit Officer, KRGK
Linda Pendarvis, KRGK / Agenda Packet
Contract File (WDS08/0037)

Contract Review Cover Sheet

Contract Title: Proposal

Licensee: Kansas Racing, LLC

Name/Address of Other Party(s): Century Fire Sprinklers, Inc.
1233 Southwest Blvd
Kansas City, Kansas 66103

Subject Matter: 2008 Annual Backflow Testing

Contract Date: May 9, 2008
Duration: Invoiced

Renewal: Yes No
Changes: Yes (See Attached) No Changes

Modification of Existing Agreement: Yes (See Below)

Executed By: John Fankhauser

Payment Terms/Changes: \$435.00

Date Submitted: May 15, 2008

Submitted By: Jayme LaRocca

69
2509

Contract Review Cover Sheet

Contract Title: Wyandotte County Fair

Licensee: Kansas Racing, LLC

Name/Address of Wyandotte County Fair Association, Inc.

Other Party(s): P.O. Box 12190

Kansas City, KS 66112

Subject Matter: Parking Lot / Grounds Rental

Contract Date: March 14, 2008

Duration: July 29, 2008 through August 2, 2008

Renewal: Yes No

Changes: Yes (See Attached) No Changes

Modification of Existing Agreement: Yes (See Below)

Executed By: Jennifer Hauk – Jayme LaRocca

Payment Terms/Changes: No Charge (See Contract)

Date Submitted: May 12, 2008

Submitted By: Jayme LaRocca

69
2508
D.2.b

Contract Review Cover Sheet

Contract Title: "Letter of Credit"

Licensee: Kansas Quarter Horse Racing Association, Inc.
(DBA Eureka Downs)

Name/Address of Other Party(ies): Emprise Bank
200 N. Main
El Dorado, KS 67042

Subject Matter: Letter of Credit for Race Season 2008 - \$43,400

Contract Date/Duration: 2008 Race Season - Maturity Date - 9/30/08

Renewal:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Change:	<input checked="" type="checkbox"/> No size attached changes	<input type="checkbox"/> No Change

Indication of Consideration:	<input checked="" type="checkbox"/> None Attached
------------------------------	---

Executed By: Fred Puthoff, Albert Hogoboom and Renee Jones
Emprise Bank

Payment Terms: Secured with Certificate of Deposit - \$43,400

Date Submitted: 5/22/08

Submitted By: Fred Puthoff

8/329

Contract Review Cover Sheet

Contract Title: Ruffin Development

Licensee: New Frontier Casino at Camptown Greyhound Park

Name/Address of Other Party(ies): Ruffin Development
6600 Amelia Earhart Ct.
Las Vegas, NV 89119

Subject Matter: Clean up and store Gilly's kitchen and bar equipment

Contract Date/Duration: No Contract

Renewal: No

Changes: No

Modification of Existing Agreement: No

Executed By: _____

Payment Terms: Invoice only
\$119,750.00

Date Submitted: April 17, 2008

Submitted By: Michelle Beneke

Z
218
D.4.a

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: May 30, 2008

AGENDA ITEM: **Request for approval of the Woodlands / United Tote hub contract.**

PRESENTER: Kansas Racing LLC Representative
Charles LaBoy, Director of Audit and Electronic Security

ISSUE SUMMARY: The Woodlands has requested Commission approval of their contract with United Tote to reconfigure the system architecture of their totalizator system from an on-site central system to an off-site hub system. Staff has conducted inspections and tests of the hub system as well as backgrounds for the hub employees.

COMMISSION ACTION REQUIRED/REQUESTED: Commission review, discussion and approval.

STAFF RECOMMENDATIONS: Staff recommends approval of the contract.

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: May 30, 2008

AGENDA ITEM: **Woodlands Race Dates and Post Times**

PRESENTER: Frances Snell, Director of Racing
Jayme LaRocca, Kansas Racing LLC.
Will Gardiner, TRAK East

ISSUE SUMMARY: The following amendments have been submitted by the Kansas Racing LLC and TRAK East for review and approval by the Commission. The Commission must approve changes in race date(s) and post time(s).

COMMISSION ACTION REQUIRED/REQUESTED: Commission approval.

STAFF RECOMMENDATIONS: Staff recommends approval.

OTHER: Included are written staff recommendations from the Board of Judges and Commission Veterinarians.

the
WOODLANDS



Kansas City, Kansas

PROCESSED

2008 MAY 22 A 9:18

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KANSAS RACING AND
GAMING COMMISSION

May 19, 2008

Mr. Stephen Martino
Executive Director
Kansas Racing & Gaming Commission
700 SW Harrison – Suite 420
Topeka, KS 66603-3754

Dear Mr. Martino:

Due to the number of greyhounds on our active list and discussions with the greyhound kennels and Racing Judges, we request approval to eliminate our Wednesday Twilight performance and have simulcast only on this day.

We also request approval to change our Friday post time from 4:00 PM to 7:00 PM. We believe by doing this, it gives us an opportunity to increase our attendance, handle and revenues on this day.

Following would be our new weekly schedule effective Monday, June 9, 2008:

Monday	4:00
Tuesday	Dark
Wednesday	Simulcast Only
Thursday	4:00
Friday	7:00
Saturday	1:00 / 7:00
Sunday	1:00

Please contact me if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads 'Jayme LaRocca'. The signature is written in a cursive, flowing style.

Jayme LaRocca
General Manager

Cc: Frances Snell
Board of Judges
Jan Murray
William Gardiner

PROCESSED **Kansas Racing & Gaming Commission**

2008 MAY 22 A 8:12

Memo

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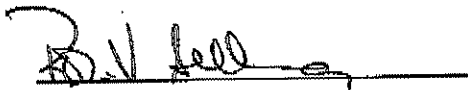
To: Stephan Martino, Executive Director
From: Board of Judges, Kansas City
CC: Frances Shell, KRGC Director of Racing
Date: May 21, 2008
Re: Race Dates

The Judges would like to recommend approval of the submitted race date changes for the remainder of the 2008 racing season. The Woodlands would like to reduce racing to five days per week with a total of six cards per week. Additionally they would like to change post time on Friday to a 7:00 p.m. evening performance in lieu of the 4:00 p.m. twilight card that is currently being run.

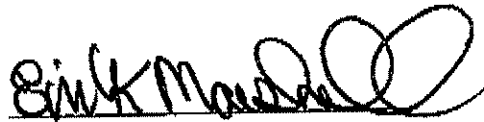
The Judges are in favor of these changes because as things stand now, there are not enough active greyhounds on the compound to continue running the current schedule (110 races/6 days per week). The extra day of rest that would be generated by racing five days per week will help the greyhounds recoup from racing.

Changing the Friday card from a twilight performance to an evening performance should help the purses. Most of the twilight cards handle better off track than on track. This has a negative impact on purses so moving Friday to an evening performance should help the handle.

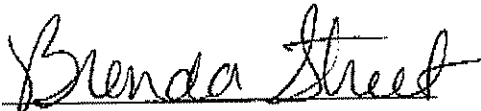
If you have any questions please give us a call.



Robin V. Sellman



Erin K. Marshall



Brenda Street

KANSAS

KANSAS RACING AND GAMING COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

May 21, 2008

Mr. Stephen Martino
Executive Director
Kansas Racing & Gaming Commission
700 SW Harrison- Suite 420
Topeka, KS 66603-3754

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2008 MAY 21 P 4: 11
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KANSAS RACING AND
GAMING COMMISSION

Dear Mr Martino,

In response to the memo from Mr. LaRocca dated 5-19-2008 the veterinary staff at The Woodlands submit the following:

Based upon the decreasing active list and the increasing numbers of injuries we recommend approval of the request to eliminate the Wednesday Twilight performance. The change in post time from 4:00PM to 7:00PM is not an animal health issue and does not need to be addressed by veterinary staff.

SA Brown DVM
Sheryl A. Brown, D.V.M.
Asst. Animal Health Officer

D.A. Hogan
D.A. Hogan, D.V.M.
Asst. Animal Health Officer

cc: D. Bryce Peckham, D.V.M
Board of Judges
Frances Snell

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: May 30, 2008

AGENDA ITEM: **Audited financial statements of TRAK East for the year ended December 31, 2007**

PRESENTER: Charles LaBoy, Director of Audit and Electronic Security

ISSUE SUMMARY: The Racing Association of Kansas East has submitted copies of their 2007 audited financial statements to the Commission for review and approval. Staff review is complete and a report is included in the agenda material.

COMMISSION ACTION REQUIRED/REQUESTED: Commission review and approval of the audit report.

STAFF RECOMMENDATIONS: Staff recommends approval.

Memo

To: Charles LaBoy, Director of Audit & Electronic Security
From: David J. Schultz, Chief Audit Officer
CC:
Date: May 21, 2008
Re: The Racing Association of Kansas East ("TRAK East") – 2007 Audit

I have reviewed the audited financial statements of TRAK East for the year ended December 31, 2007.

McGladrey & Pullen has issued an unqualified opinion on the financial statements of TRAK East for the year ended December 31, 2007. An unqualified independent auditors report means that all required statements are included in the report, auditing standards were followed during the engagement, sufficient evidence has been accumulated and the financial statements are presented in accordance with generally accepted accounting principles.

Significant changes noted in the financial statements:

Statement of Financial Position- The balance in the receivable from Kansas Racing, LLC at December 31, 2007 decreased by \$426,241 from the ending balance in 2006. Substantially all of the cash from this transaction was used to pay down trade and other payables that TRAK East owed to vendors and others at the end of 2006. Both total assets and total liabilities decreased by approximately \$332,200 from the prior year end balances, principally due to these receivable/payable transactions.

Statement of Activities- Revenues and expenses other than charitable contributions each declined in 2007 by approximately 8%, with the residual amount of \$75,000 earmarked for distribution to charitable organizations. The largest decrease noted in the expenses was in the account, Lease and Management Fees which decreased by \$607,700.

Statement of Cash Flows- The significant transactions reflected in this financial statement principally relate to the aforementioned receipt of cash from Kansas Racing LLC and the use of that cash in operations and payments of liabilities.

Other comments- The Notes to Financial Statements include the normal disclosures required by generally accepted accounting principles and do not indicate any information that should be further disclosed in my report. Additionally, the entity did not receive a management letter at the completion of their audit and the communication from the auditors contained only the standard disclosures required by Statement on Auditing Standards No. 114. These required disclosures do not indicate any issues that should be further disclosed here in my report.

McGladrey & Pullen

Certified Public Accountants

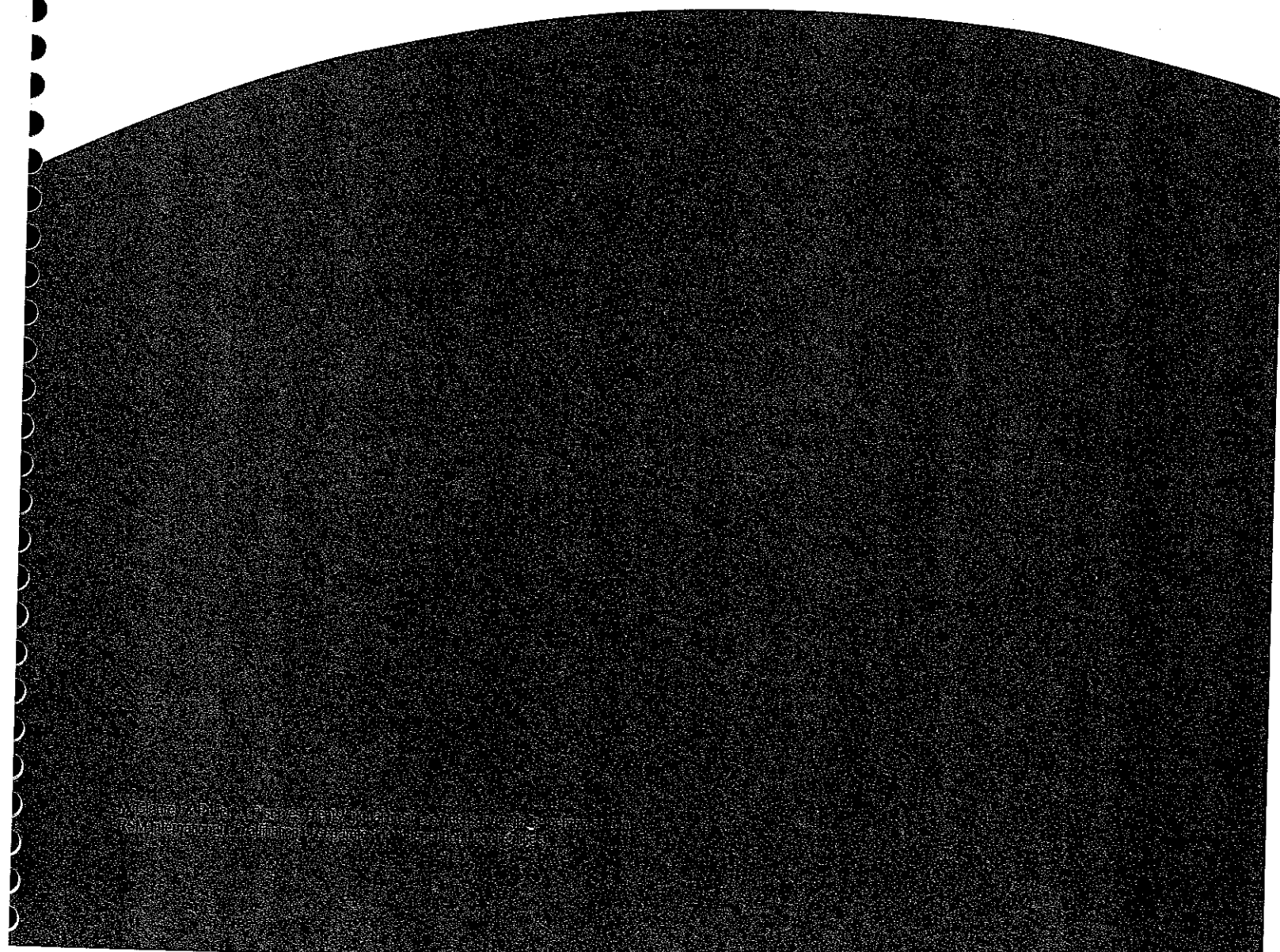
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2008 MAY 13 A 9:34

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KANSAS RACING AND
GAMING COMMISSION

**The Racing Association
of Kansas East**

Financial Report
12.31.07



Contents

Independent Auditor's Report	1
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Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
The Racing Association of Kansas East
Kansas City, Kansas

We have audited the accompanying statements of financial position of The Racing Association of Kansas East as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Racing Association of Kansas East as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Kansas City, Missouri
May 2, 2008

The Racing Association of Kansas East

Statements of Financial Position
December 31, 2007 and 2006

Assets	2007	2006
Cash and Cash Equivalents		
Cash, general	\$ 601,784	\$ 540,718
Cash, reserve fund	421,526	448,225
	<u>1,023,310</u>	<u>988,943</u>
Receivables:		
Trade		
Kansas Racing, L.L.C	201,282	141,811
Prepaid expenses	94,185	520,426
	7,400	7,200
	<u>\$ 1,326,177</u>	<u>\$ 1,658,380</u>
Liabilities and Net Assets		
Liabilities		
Payables		
Trade		
Other	\$ 807,928	\$ 1,197,313
Accrued expenses	274,691	299,711
	<u>243,558</u>	<u>161,356</u>
Net Assets, unrestricted	1,326,177	1,658,380
	-	-
	<u>\$ 1,326,177</u>	<u>\$ 1,658,380</u>

See Notes to Financial Statements.

The Racing Association of Kansas East

Statements of Activities
Years Ended December 31, 2007 and 2006

	2007	2006
Revenue		
Pari-mutuel commissions	\$ 10,179,107	\$ 11,164,923
Host fee and other	450,250	403,316
	<u>10,629,357</u>	<u>11,568,239</u>
Expenses, Other Than Charitable Contributions		
Program expenses		
Statutory		
Kansas pari-mutuel taxes	1,695,108	1,859,398
Purses	2,715,101	3,053,908
Daily license fees	78,485	113,926
Other	382,755	-
Mutuels department		
Payroll	539,930	563,365
Other	138,346	130,902
Racing department		
Payroll	813,507	757,942
Other	656,009	659,887
Simulcasting department		
Payroll	46,039	68,356
Other	2,088,199	2,277,367
Supplemental purses	177,901	206,178
Supporting services		
General and administrative	48,790	20,108
Lease and management fees (Note 2)	1,174,187	1,781,902
	<u>10,554,357</u>	<u>11,493,239</u>
Increase in unrestricted net assets before charitable distributions	75,000	75,000
Charitable distributions	75,000	75,000
Change in unrestricted net assets	-	-
Net Assets, Unrestricted		
Beginning	-	-
Ending	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements

The Racing Association of Kansas East

Statements of Cash Flows
Years Ended December 31, 2007 and 2006

	2007	2006
Cash Flows From Operating Activities:		
Change in net assets	\$ -	\$ -
Adjustments to reconcile change in unrestricted net assets to net cash (used in) operating activities:		
Change in assets and liabilities:		
(Increase) decrease in trade receivables	(59,471)	422,329
(Increase) decrease in prepaid expenses	(200)	14,177
(Decrease) in trade and other payables	(414,405)	(427,113)
Increase (decrease) in accrued expenses	82,202	(9,839)
Net cash (used in) operating activities	<u>(391,874)</u>	<u>(446)</u>
Cash Flows From Investing Activities:		
Payments from (advances to) affiliate	<u>426,241</u>	<u>(301,245)</u>
Net increase (decrease) in cash and cash equivalents	34,367	(301,691)
Cash and Cash Equivalents:		
Beginning	988,943	1,290,634
Ending	<u>\$ 1,023,310</u>	<u>\$ 988,943</u>

See Notes to Financial Statements

The Racing Association of Kansas East

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: The Racing Association of Kansas East (TRAK East) was incorporated in February 1988, as a Kansas not-for-profit corporation. In July 1988 the Kansas Racing and Gaming Commission (KRGC) granted TRAK East an organization license to conduct pari-mutuel greyhound and horse racing in Wyandotte County, Kansas. The license has a term of 25 years, subject to periodic reviews by KRGC. Simulcasting legislation was approved in 1992 for Kansas pari-mutuel racetracks. Simulcast signals are accepted from and sent to various dog and horse tracks throughout the United States.

KRGC has granted Kansas Racing, L.L.C. (Kansas Racing) an ownership and management license to operate these racetracks, known as "The Woodlands." Kansas Racing and TRAK East have executed an agreement whereby TRAK East leases The Woodlands' facilities from Kansas Racing and Kansas Racing provides management services to TRAK East. See Note 2.

Following is a summary of TRAK East's significant accounting policies:

Accounting estimates and assumptions: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: TRAK East considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At times throughout the year cash in the bank may be in excess of FDIC insurance limits. TRAK East has not experienced any losses due to this.

Cash reserve fund: The cash reserve fund is cash held in a segregated account to provide for payment of statutory liabilities under the Kansas Parimutuel Racing Act (the Act). TRAK East also provides the State of Kansas with a bond as additional security for payment of these liabilities.

Receivables: Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Receivables are considered past due after 30 days. Interest is not charged on past due accounts.

The Racing Association of Kansas East

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Revenue recognition: Revenues are derived from legislated pari-mutuel commissions withheld from total dollars wagered (pari-mutuel handle). The legislated pari-mutuel commissions are 18% for win, place and show bets and up to 23% for multiple and exotic bets. Total pari-mutuel handle for the years ended December 31, 2007 and 2006 is as follows:

	2007	2006
Dog, live	\$ 9,038,063	\$ 10,052,097
Horse, live	1,253,969	1,518,298
Simulcast	37,549,296	40,933,631
	<u>\$ 47,841,328</u>	<u>\$ 52,504,026</u>

Statutory expenses: Statutory expenses are determined and paid in accordance with the Act

Distribution of net revenues: The lease and management agreement requires a minimum \$75,000 distribution of net revenues (change in unrestricted net assets from operations) to charitable tax-exempt organizations meeting certain other criteria as specified in the Act. For the years ending December 31, 2007 and 2006, distributions were \$75,000.

Current and deferred income taxes: TRAK East is subject to federal and state income taxes. A private letter ruling has been received from the IRS allowing the charitable distributions as ordinary and necessary business expenses.

Recently Issued Accounting Standards: The Financial Accounting Standards Board (FASB) has issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective as of the beginning of fiscal years that begin after December 15, 2007. The Company is currently evaluating the effects of implementing this new standard.

Note 2. Lease Commitments and Management

TRAK East has an agreement with Kansas Racing for the lease of The Woodlands and management and consulting services through July 2013. The agreement has been approved by KRGC and had an original term of 25 years with renewal options. However, Kansas Racing has the ability to close the dog or horse racing facilities, or cease pari-mutuel operations altogether. The agreement provides that Kansas Racing has guaranteed minimum net revenue levels for TRAK East to be distributed to charitable organizations. TRAK East incurs statutory expenses, mutuels

The Racing Association of Kansas East

Notes to Financial Statements

Note 2. Lease Commitments and Management (Continued)

department and racing department expenses, direct legal and accounting fees and all other expenses necessary to make charitable distributions. Kansas Racing incurs all other operating expenses, including debt service, of The Woodlands. TRAK East is charged for lease and management fees as determined based on operating cash flow, as defined in the agreement, reduced by the guaranteed net revenues to be distributed to charitable organizations. TRAK East is currently in negotiations with Kansas Racing to extend the management agreement including the provisions related to the annual amount of charitable donations.

Total expense under the lease and management fee agreement was \$1,174,187 and \$1,781,902 for the years ended December 31, 2007 and 2006, respectively.

TRAK East also leases automatic totalisator services, closed circuit television equipment, artificial lure equipment and photo finish equipment under operating leases. Totalisator rent is based on a percentage of total handle. Rent for the other equipment is charged on a daily or performance basis. Total rent expense applicable to the leases was approximately \$905,000 and \$987,000 for the years ended December 31, 2007 and 2006, respectively. Substantially all of the leases have remaining terms of one to three years. Rent expense in succeeding years will be predicated on the number of greyhound and horse performances and total handle.

Note 3. Simulcast Racing

TRAK East accepts simulcast signals from various dog and horse tracks throughout the country. Under agreements with these host facilities, TRAK East is allowed to present their races for pari-mutuel wagering at The Woodlands. The host tracks are paid stipulated fees for the use of their signals. There are additional agreements between TRAK East and designated dogmen and horsemen groups which provide for the distribution of a percentage of net simulcasting proceeds as purses after allowing for specified simulcast operating expenses.

TRAK East also has agreements with various dog and horse tracks throughout the country to send out a simulcast signal from The Woodlands. Under these agreements, the tracks receiving the signal from The Woodlands are allowed to present races held at The Woodlands for pari-mutuel wagering at their facilities. TRAK East is paid stipulated fees for the use of their signals.

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: May 30, 2008

AGENDA ITEM: **Audited financial statements of Kansas Racing, LLC for the year ended December 31, 2007**

PRESENTER: Charles LaBoy, Director of Audit and Electronic Security

ISSUE SUMMARY: Kansas Racing, LLC has submitted copies of their 2007 audited financial statements to the Commission for review and approval. Staff review is complete and a report is included in the agenda material.

COMMISSION ACTION REQUIRED/REQUESTED: Commission review and approval of the audit report.

STAFF RECOMMENDATIONS: Staff recommends approval.

Memo

To: Charles LaBoy, Director of Audit & Electronic Security
From: David J. Schultz, Chief Audit Officer
CC:
Date: May 21, 2008
Re: Kansas Racing LLC – 2007 Audit

I have reviewed the audited financial statements of Kansas Racing, LLC for the year ended December 31, 2007.

Clifton Gunderson LLP has issued an unqualified opinion on the financial statements of Kansas Racing LLC for the year ended December 31, 2007. An unqualified independent auditors report means that all required statements are included in the report, auditing standards were followed during the engagement, sufficient evidence has been accumulated and the financial statements are presented in accordance with generally accepted accounting principles. Disclosure in the Notes to Financial Statements indicates that several factors, including continued financial support from the owner group and the potential future gaming revenues, have been considered by management in contemplating that the Company can continue as a going concern.

Property and Equipment: Property and equipment increased in 2007 by approximately \$1,209,000, with \$492,000 of the increase attributable to the Construction in Progress related to gaming at the racetrack.

Note payable-bank: A bank note payable of approximately \$83,000 is shown in the 2007 financial statements as current. This note matures in July 2008, and the entire balance will be due and payable.

Accounts Payable and Accrued Liabilities: Accounts payable and Accrued Liabilities, owed to non affiliates, have remained at roughly the same amount as shown in 2006. The combined amounts, exceeding \$700,000 in both years, is currently payable and additional financing will be required, either from external sources or the ownership group to extinguish these debts.

Member's Equity: Member's Equity increased by approximately \$802,000 in 2007. This increase included \$4,531,000 of additional investments by the Member, offset by the net loss in 2007 of approximately \$3,729,000.

Communications to the Board of Directors-Management letter: Independent auditing firms communicate certain matters to the Board of Directors in connection with the examination of the entity's financial statements. This communication to Kansas Racing LLC, in the form of a management letter, reports several significant deficiencies in internal control, including:

1) a lack of segregation of duties within the accounting department of the Company. These audit findings include lack of segregation over cash receipts and disbursement functions, payroll functions, purchasing and parking lot and food and beverage revenue transactions.

In management's response, the lack of segregation over receipts and disbursements, purchasing and payroll have been addressed and the controls the Company has put in place will enhance the internal controls in these areas. The response indicates that additional controls with respect to revenue recording of parking lot and food and beverage revenue will be implemented.

2) reconciliation problems and a lack of over/under procedures to be followed when variances are detected in revenues.

Management's response indicates that the Company will be enhancing internal controls over both the inventory and the recording of food and beverage transactions by observing inventory counts using accounting personnel and improving procedures used to tie out daily revenues recorded to the revenue reports rendered by the food and beverage department.

3) IT controls, including access to various modules or applications within the accounting system.

Management's response indicates the Company is upgrading its accounting system and is enhancing internal controls with respect to access and rights within the system.

4) issues with vendor listings and the updating of same.

In management's response, they indicate that during the implementation of the new accounting system, the vendor listing will be given a complete review to insure that outdated vendors are deleted and current vendor information is accurate and updated.

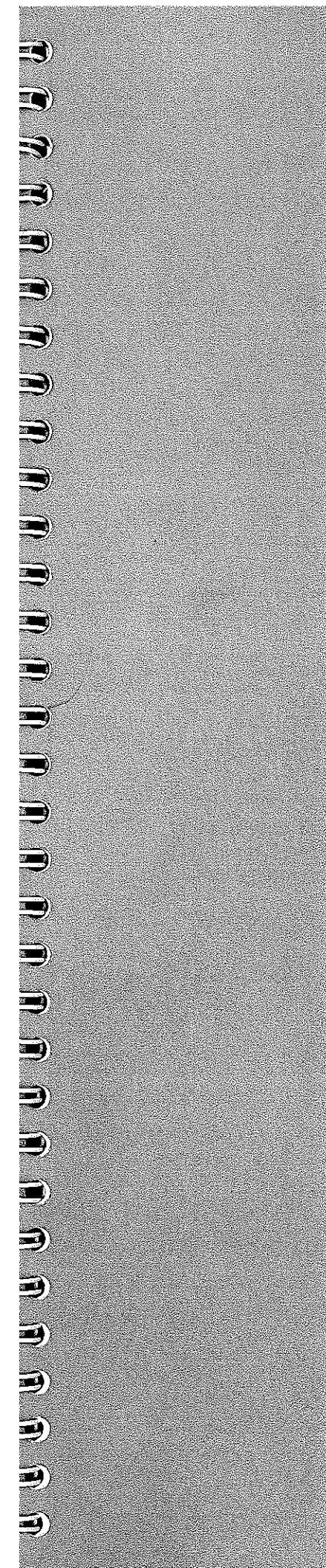
5) miscellaneous other IT issues related to lack of documentation and turnover in the department.

A new IT manager has been working on documentation issues and recovery plan issues. This area has experienced turnover but management indicates that these issues are being addressed on an ongoing basis.

6) fixed asset review and consideration of performing an inventory of the fixed assets of the Company.

In management's response, it is indicated that most of the fixed assets, except for the buildings will be fully depreciated at the end of 2008, but management will consider performing an inventory of all fixed assets and determine whether any assets with remaining net book value have impairment issues to consider.

The policies and procedures that management has implemented or intends to implement in the near future, based on the responses they have provided, will enhance internal controls and should mitigate many of the deficiencies reported in the management letter from Clifton Gunderson to the Company



KANSAS RACING, L.L.C.
Kansas City, Kansas

FINANCIAL STATEMENTS
December 31, 2007 and 2006

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Independent Auditor's Report

Board of Directors
Kansas Racing, L.L.C.
Kansas City, Kansas

We have audited the accompanying balance sheets of Kansas Racing, L.L.C. as of December 31, 2007 and 2006, and the related statements of operations, member's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas Racing, L.L.C. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Clifton Gunderson LLP

St. Joseph, Missouri
March 26, 2008

KANSAS RACING, L.L.C.
BALANCE SHEETS
December 31, 2007 and 2006

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,995	\$ 1,067
Accounts receivable	19,152	9,527
Inventories	52,197	58,989
Prepaid expenses	<u>94,814</u>	<u>209,700</u>
Total current assets	<u>179,158</u>	<u>279,283</u>
PROPERTY AND EQUIPMENT		
Land	3,943,000	3,943,000
Land improvements	1,365,799	1,365,799
Buildings and improvements	5,759,443	5,495,994
Construction in progress	491,583	-
Equipment	<u>4,361,132</u>	<u>3,907,150</u>
Total, at cost	15,920,957	14,711,943
Less accumulated depreciation	<u>5,940,068</u>	<u>5,530,765</u>
Total property and equipment	<u>9,980,889</u>	<u>9,181,178</u>
DEPOSITS		
	<u>3,000</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 10,163,047</u>	 <u>\$ 9,460,461</u>

LIABILITIES AND MEMBER'S EQUITY

	<u>2007</u>	<u>2006</u>
CURRENT LIABILITIES		
Current maturities of:		
Notes payable	\$ 82,808	\$ 28,153
Capital lease	9,836	9,091
Accounts payable:		
Cash account overdrafts	-	21,319
Trade	402,360	438,927
Real estate and property taxes	153,462	150,405
Affiliates	94,186	520,427
Related parties	518,805	161,869
Member	1,290,877	1,259,334
Accrued liabilities	157,379	118,086
Deferred revenue	2,250	10,961
	<u>2,711,963</u>	<u>2,718,572</u>
LONG-TERM LIABILITIES		
Notes payable, less current maturities	-	82,808
Capital lease, less current maturities	22,155	31,991
	<u>22,155</u>	<u>114,799</u>
Total long-term liabilities	<u>22,155</u>	<u>114,799</u>
Total liabilities	<u>2,734,118</u>	<u>2,833,371</u>
MEMBER'S EQUITY	<u>7,428,929</u>	<u>6,627,090</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 10,163,047</u>	<u>\$ 9,460,461</u>

The accompanying notes are an integral part of the financial statements.

KANSAS RACING, L.L.C.
STATEMENTS OF OPERATIONS
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
REVENUES		
Leases and management fees, affiliate	\$ 1,174,187	\$ 1,781,905
Admissions, programs, and other racing income	448,343	684,826
Concession sales	1,158,906	1,323,575
Other income	<u>122,377</u>	<u>122,970</u>
Total revenues	2,903,813	3,913,276
COST OF GOODS SOLD		
	<u>511,090</u>	<u>608,589</u>
Gross profit	<u>2,392,723</u>	<u>3,304,687</u>
OPERATING EXPENSES		
Salaries, wages, and employee benefits	2,865,575	2,451,706
Operation of facilities	1,334,862	1,135,805
Professional and consulting services	112,649	54,780
Legislative efforts	80,229	106,671
Rent	72,221	56,583
Utilities	754,998	773,803
Marketing	250,729	253,116
Administrative	231,008	196,461
Depreciation	<u>409,303</u>	<u>367,034</u>
Total operating expenses	<u>6,111,574</u>	<u>5,395,959</u>
Net loss from operations	(3,718,851)	(2,091,272)
OTHER EXPENSE		
Interest expense and finance charges	<u>10,310</u>	<u>11,095</u>
NET LOSS	<u>\$ (3,729,161)</u>	<u>\$ (2,102,367)</u>

The accompanying notes are an integral part of the financial statements.

KANSAS RACING, L.L.C.
STATEMENTS OF MEMBER'S EQUITY
Years Ended December 31, 2007 and 2006

ENDING BALANCE, DECEMBER 31, 2005	\$ 7,502,545
Additional investment by member	1,226,912
Net loss - 2006	<u>(2,102,367)</u>
ENDING BALANCE, DECEMBER 31, 2006	6,627,090
Additional investment by member	4,531,000
Net loss - 2007	<u>(3,729,161)</u>
ENDING BALANCE, DECEMBER 31, 2007	<u>\$ 7,428,929</u>

The accompanying notes are an integral part of the financial statements.

KANSAS RACING, L.L.C.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (3,729,161)	\$ (2,102,367)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	409,303	367,034
Effects of changes in operating assets and liabilities:		
Accounts receivable	(9,625)	57,689
Inventories	6,792	(8,462)
Prepaid expenses	114,886	(32,628)
Accounts payable	(33,510)	35,899
Accrued liabilities	(245,141)	6,572
Accounts payable - affiliates	(426,241)	301,246
Deferred revenue	(8,711)	10,961
	(3,921,408)	(1,364,056)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(836,522)	(237,594)
Construction deposits	(3,000)	37,622
	(839,522)	(199,972)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash account overdrafts	(21,319)	21,319
Member contributions	4,531,000	1,226,912
Advances from member	31,543	106,671
Advances from related party	268,878	
Payments on long-term liabilities	(37,244)	(24,416)
Cash received from notes payable	-	108,440
	4,772,858	1,438,926
Net cash provided by financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,928	(125,102)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,067	126,169
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 12,995	\$ 1,067

The accompanying notes are an integral part of the financial statements.

KANSAS RACING, L.L.C.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kansas Racing, L.L.C. (the Company) was formed as a Kansas Limited Liability Company in July 1998 to operate and manage racing and gaming facilities in Kansas. On December 31, 1998, Kansas Racing purchased, out of a bankruptcy proceeding, 100% of the common stock of S.R. Food and Beverage Company (SRFB) and substantially all of the assets of adjacent greyhound and horse racing tracks in Kansas City, Kansas known as The Woodlands. The Woodlands was an established facility where greyhound racing began in September of 1989, with thoroughbred and quarter horse racing commencing in May of 1990. It began accepting year-round greyhound and horse simulcast signals in May of 1992.

SRFB supplied all concession services for The Woodlands. On December 30, 2004, SRFB was dissolved into Kansas Racing, L.L.C.

The Company is a one-member limited liability company wholly owned by Mid-Continent Racing and Gaming III.

The Kansas Racing and Gaming Commission (the Commission) has granted Kansas Racing an ownership and management license to operate these tracks. In accordance with Kansas law, the license to conduct pari-mutuel greyhound and horse racing at The Woodlands was granted to The Racing Association of Kansas East (TRAK East), a Kansas not-for-profit organization. All of the licenses related to The Woodlands were initially granted until 2013, subject to periodic review by the Commission.

Kansas Racing, L.L.C. and TRAK East executed an agreement, last modified on December 31, 2005, whereby TRAK East leases The Woodlands' facilities from Kansas Racing, L.L.C. and Kansas Racing, L.L.C. provides management services to TRAK East.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated into the Company's financial statements include the estimated useful lives of depreciable assets. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Company considers all liquid investments with initial maturity dates of less than three months as cash equivalents.

PROMOTIONAL ALLOWANCES

In accordance with common racing and gaming industry practice, the retail value of food and beverages furnished gratuitously to customers and employees is excluded from reported revenue.

KANSAS RACING, L.L.C.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of uncollateralized returned checks and are stated at the check amount. Management reviews returned checks periodically and writes off balances as they deem them uncollectible.

INVENTORIES

Inventories consist principally of clubhouse food, concessions, liquor, gift shop, and print shop items. Inventory items are valued at the lower of cost or market. Cost is calculated using the first-in, first-out (FIFO) method.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated on the straight-line method over their estimated useful service lives. Estimated lives range from 15 to 39 years for buildings and land improvements and 3 to 12 years for equipment. Maintenance and repair expenditures are charged to current expenses, while improvements are capitalized.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

ADVERTISING

The Company expenses advertising costs as incurred.

INCOME TAXES

Kansas Racing, L.L.C. operates as a single-member limited liability company, and accordingly is a disregarded entity under the Internal Revenue Code. Accordingly, the Company's taxable income (loss) is included in that of its sole member, a Subchapter S corporation, and no provision or liability for income taxes is included in these financial statements.

KANSAS RACING, L.L.C.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 3 – NOTES PAYABLE – BANK

	<u>2007</u>	<u>2006</u>
Note payable - bank matured December 6, 2007.	\$ -	\$ 9,682
Note payable - bank matures July 20, 2008, payable in monthly installments of \$2,285 including interest of 9.5%, with a balloon payment of \$73,475 at maturity. Collateralized by printing equipment.	82,808	101,279
Total	82,808	110,961
Less current portion	82,808	28,153
Long-term portion	\$ -	\$ 82,808

NOTE 4 – CAPITAL LEASE

Kansas Racing, L.L.C. leases equipment under an agreement that is classified as a capital lease. The leased asset had a cost of \$49,484 and accumulated depreciation of \$19,794 and \$9,987 as of December 31, 2007 and 2006, respectively. The total balance due on this lease was \$31,991 at December 31, 2007 and \$41,082 at December 31, 2006, with monthly payments of \$1,001. The interest on this lease is imputed at 7.9%.

Minimum future lease payments under the capital lease, at December 31, 2007, for each of the remaining years and in the aggregate are:

2008	\$ 12,012
2009	12,012
2010	12,012
Total	36,036
Less: Amount representing interest	4,045
Present value of lease payments	\$ 31,991

NOTE 5 – MANAGEMENT AGREEMENT

Under Kansas statutes, Kansas Racing, L.L.C. is not granted any race days and does not generate any pari-mutuel commissions. The Commission has granted Kansas Racing, L.L.C. the facility ownership and management licenses.

KANSAS RACING, L.L.C.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 5 – MANAGEMENT AGREEMENT (CONTINUED)

TRAK East has executed an agreement with the Company for the lease of The Woodlands, plus management and consulting services through April 2008. The agreement has been approved by the Commission and has an original term of 25 years with renewal options. Kansas Racing, L.L.C. has the ability, within the agreement, to close the dog or horse racing facilities, or cease pari-mutuel operations altogether. The Company guaranteed minimum net revenue levels for TRAK East, to be available for distribution to charitable organizations. TRAK East incurs statutory expenses, mutuels department and racing department expenses, direct legal and accounting fees, and all other expenses necessary to its operations. The Company incurs all other operating expenses, including debt service, of The Woodlands. TRAK East is charged for lease and management fees under a formula that is based on operating cash flow, as defined in the agreement, reduced by the guaranteed net revenues to be available for distribution to charitable organizations. The charitable donation for 2007 and 2006 was \$75,000.

The Company is currently negotiating with TRAK East to develop a new agreement in conjunction with adding Class III Gaming at the Woodlands.

Total revenue under the lease and management fee agreement was \$1,174,187 for the year ended December 31, 2007 and \$1,781,905 for the year ended December 31, 2006. The Company had a payable due to TRAK East of \$94,186 and \$520,427 at December 31, 2007 and 2006, respectively.

NOTE 6 – PROMOTIONAL ALLOWANCES

The retail value of merchandise, food, and beverages furnished gratuitously to customers and employees during the years ended December 31, 2007 and 2006 was \$14,162 and \$51,187, respectively.

The estimated cost to the Company of providing the above benefits was \$6,245 for 2007 and \$23,536 for 2006.

KANSAS RACING, L.L.C.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 7 – RELATED PARTY ACTIVITIES

The Company has various amounts that are payable to related parties at December 31, 2007 and 2006. None of these balances are interest bearing.

<u>Description</u>	<u>Accounts Payable</u>	
	<u>2007</u>	<u>2006</u>
St. Joseph Riverboat Partners	\$ 142,229	\$ 142,229
Grace Entertainment	16,144	14,240
Grace Development	160,432	5,400
Grace Financial	<u>200,000</u>	<u>-</u>
Subtotal	518,805	161,869
 Mid Continent Racing and Gaming III	 <u>1,290,877</u>	 <u>1,259,334</u>
 Total Related Parties	 <u>\$ 1,809,682</u>	 <u>\$ 1,421,203</u>

During 2007, the Company's Parent contributed cash of \$4,531,000 as an additional investment.

During 2006, the Company's Parent contributed cash of \$925,000 and paid bills of \$301,912.

NOTE 8 – ADVERTISING

Advertising expenses for the years ended December 31, 2007 and 2006 were \$250,729 and \$253,116 respectively.

NOTE 9 – CASH FLOW DISCLOSURES

	<u>2007</u>	<u>2006</u>
Cash paid for interest	\$ 10,310	\$ 9,183
Fixed assets purchased and included in accounts payable	\$ 284,434	\$ 98,473
Fixed assets purchased and included in related party payables	\$ 88,058	\$ -

KANSAS RACING, L.L.C.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 10 – PENSION PLAN

The Company participates in a defined contribution pension plan (the Plan) that is qualified under Internal Revenue Code Section 401(k). The Plan provides for annual Company contributions equal to 25 percent of each eligible participant's individual contribution of up to 6 percent of compensation. Employees may make additional contributions to the Plan up to a specified limit. The funds of the Plan are deposited with a trustee and invested at the employee's option in one or more investment funds. Total Company expense for the Plan amounted to \$5,678 and \$9,708 for 2007 and 2006, respectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases certain vehicles under operating leases expiring in May 2008. Payments due in 2008 total \$2,476. The lease has not been extended. Lease payments totaled \$7,128 for each of the years ending December 31, 2007 and 2006.

Commitments

The Company is subject to various federal and state regulations regarding the care, use and containment of various products, which the Company either does or has handled. The Company is contingently liable for any associated costs which could arise from the handling, use, and containment of these products.

Items included in construction in progress are expected to be completed during 2008 and consist of the renovation and construction of a temporary facility to accommodate Casino gaming. There are no additional commitments related to completing the facility as of audit date.

Contingencies

The Company's financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. The Company has consistently incurred substantial losses since its inception and through the financial statement date. In response to these losses, management has made a number of changes, including both cost cutting measures and growth steps aimed at building on the Company's current revenue base. During 2007, the owners contributed capital of \$4,531,000.

KANSAS RACING, L.L.C.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies (Continued)

Legislation allowing electronic gaming machines (slots) to be placed at Kansas pari-mutuel race tracks was passed and signed in 2007. In order to qualify for the machines, the track owner must negotiate a contract with the Kansas Lottery Commission. Negotiations have been ongoing and the parties expect to have a final contract within the near future. The contract would allow 800 slot machines at the Woodlands. Once signed, the contract must be approved by the Kansas Lottery Commission and by The Kansas Racing and Gaming Commission. Kansas Racing, L.L.C. and the principals of the Company must file a background information disclosure. Once approved, the Company will receive a gaming license. Construction of the gaming area will begin once the lottery contract is signed and is expected to take four months to complete with an opening date of early September 2008.

While this process continues, the Company's parent and primary lender has pledged the necessary continued support to maintain the Company's cash flow and continued operations. If the Company's expansion efforts fail, the ownership may elect to close the racing facility and pursue alternative business uses of the property. Management believes that significant opportunities are available for development of the property for alternative use, and that those alternative uses would provide sufficient cash flows for the Company to continue as a viable operating entity.

These efforts and alternative options are the basis for management's assertion that the financial statements appropriately contemplate the Company's continuation as a going concern.

This information is an integral part of the accompanying financial statements.

PROCESSED

2008 MAY -1 A 9:23

Board of Directors
Kansas Racing, L.L.C.
Kansas City, Kansas

RECEIVED
KANSAS RACING AND
GAMING COMMISSION

In planning and performing our audit of the financial statements of Kansas Racing, L.L.C. as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered The Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Significant Deficiencies

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements, that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

SEGREGATION OF DUTIES

The Company has multiple instances of insufficient segregation of duties. The following is a summary of various segregation of duties issues identified during the audit.

The accounting department has the ability to receive mail, make deposits, record deposits, prepare checks, and can access the blank check stock. These duties should be segregated.

The controller has the ability to sign payroll checks, record payroll transactions via general journal entries, and issue payroll checks. The entire accounting department has the ability to record payroll transactions via general journal entries and the payroll manager receives checks directly from ADP. The Company should have someone separate from the payroll manager, receive the checks from ADP and sort through them to ensure there are no fictitious employees.

There appears to be little supervision of parking lot revenue. Most members of the accounting department have access to payments received in currency or checks and can record sales and cash receipts via the cash receipts journal, as well as the general journal detail. The individual in charge of the parking lot revenue maintains the list of approved customers and also handles the receipts prior to deposit. Additionally, there is insufficient segregation of duties issues related to recording the z-tapes for daily food and beverage and signing the form approving the daily activity. These particular duties should be segregated to ensure that parking and food and beverage revenues are properly recorded.

The controller has the authority to approve a purchase transaction, prepare a check and change on-line master files for accounts payable. Additionally, the entire accounting department has the ability to initiate a purchase transaction as well as change on-line master files for accounts payable to vendors. The changes related to vendor files should be restricted to very few individuals to limit the potential to change information for vendors. Additionally, the inventory manager purchases inventory, maintains custody of inventory, counts inventory and updates the ending inventory report. The purchaser of inventory should be segregated from the person who maintains custody of the assets, or proper approvals should be given.

The Company lacks segregation of duties with regard to who has access to record general journal entries, modification of chart of accounts, and who can adjust a closed period. General entries should be prepared by staff and reviewed by the controller, the controller and assistant controller should be the individuals closing the general ledger for month and year end, and only limited approved officers should be able to adjust books for a closed period.

REVENUE TESTING

Through our testing of the revenue process, we noted two instances of twenty three days tested, where the z-tape did not tie to the days activity. These variances totaled approximately \$527. Due to these errors, we were unable to rely on the daily z-tape reconciliation controls. The Company should review and approve the z-tape totals on a daily basis and ensure these tapes tie to the deposit and the Aloha system. In the event there is an error, the Company should establish an over/short procedure and provide and approve documentation for why this variance occurred.

IT CONTROLS

During our testing of IT Controls, we noted a series of deficiencies related to the IT functions for the Company. The following is a summary of IT deficiencies we noted during our audit:

The Company currently uses Great Plains as its primary accounting software. It is using version 8 of this software, although a new version is available. The software appears to be stable and no known crashes or incidents have occurred in the last year. However, Version 8 only provides for two levels of security: full access and view only access. Consequently, most accounting staff have full access to the software. Also, no one on staff knows how to add or delete users, so Tectura (consultants) must be called in to add new users and any other maintenance.

The Company is not aware of any documentation for its IT systems. While documentation may exist, the fact that no one knows where it is essentially is the same as it not existing. Backup procedures are particularly risky. Current backup tapes are not large enough to do a full backup of the entire server. The accounting database gets backed up but the system has never been tested to be sure it can be restored. No known circumstances have required the restoration of a backup in the past year.

In the event of an interruption in services (hardware failure, fire, water leak, etc.), there is no plan in place to get operations up and running again quickly. The formation of a documented disaster recovery plan is recommended.

Other Matters

In addition to the significant deficiencies discussed above, we noted the following matters which we would like to bring to your attention.

FIXED ASSETS

Currently a number of older fixed assets are grouped together making it difficult to properly account for all of the older assets of the facility. The Company should consider performing an inventory of their fixed assets and write-off any fixed asset that are impaired or are no longer at the facility. This would allow for the client to write down their assets to the net realizable value for fixed assets.

VENDOR LISTINGS

The Company should continue to update and monitor its approved vendor list. During our review of the vendor list, we noted that of the 712 approved vendors, approximately 498 contained no address information. Additionally, there appear to be some older vendors that need to be cleared out of the system. The Company should continually monitor its vendor listing to ensure complete information is provided and that the vendor is a current customer. Having an accurate approved vendor listing is an important control procedure.

Other IT Issues

The server was built in-house and has no known documentation or warranties. No known crashes or incidents have occurred in the last year. Management is aware that in the event of a hardware failure, it would be difficult to repair the system quickly. We do understand that they plan on replacing the unit with a standardized, purchased unit in the near future.

Turnover has occurred in several positions, but as a matter of policy the employee is removed from network access in a reasonable amount of time. Of particular concern to the IT department is the turnover of the single staff member in that department. Robert Regnier was hired in August 2007 as IT Director and began implementing several updates to the network (such as Active Directory), but left after a few months. Brian, the current IT person, has only been there for a short time and has not had time to get familiar with all the systems. To correct shortcomings in this area, plans include transferring over two staff members from other locations to help out.

A Fox Pro database was built by a consultant to track AR receipts and maintain a bank register for reconciliation. While there are no indications of problems with this database, any custom built software that creates input information for the GL presents a certain amount of risk and should be separately tested for accuracy.

This communication is intended solely for the information and use of management, Board of Directors and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Clifton Gunderson LLP

March 26, 2008

the
WOODLANDS



Kansas City, Kansas

May 19, 2008

Kansas Racing and Gaming Commission
Attn: Charles LaBoy
700 SW Harrison, Suite 420
Topeka, KS 66603-3754

RE: Response to Auditor's Management Letter

In their letter dated March 26, 2008, Clifton Gunderson, L.L.P., independent auditors for Kansas Racing, L.L.C., documented as part of their audit procedures, certain comments and recommendations for improvement in the Company's system of Internal Control.

This letter is provided to outline the auditor's comments and Management's decisions relating to their recommendations for improvement.

Accounting Department

The Company has made many changes in the accounting department since year end. First, a new accounting system is currently being implemented to replace Great Plains and many of the in-house subsidiary registers. The new system is on an internet-based platform. Therefore, back-up procedures are performed off-site and disaster recovery would be provided by the software provider.

As we complete the implementation process, we are reviewing all accounting procedures for accuracy, internal control, and efficiency. Some issues noted by the auditors have already been addressed. To better segregate duties and maintain a sufficient degree of internal control over cash disbursement activities we have instituted the following changes:

1. All purchase requests must be entered into the accounting system and approved by the department manager and general manager before an order is placed. If the purchase exceeds \$5,000 the request must further be approved by executive management.
2. Signing authority on all bank accounts has been changed so that no accounting department personnel can sign checks.
3. Blank check stock has been moved and is now maintained by the Assistant Controller in a locked cabinet so that the accounts payable clerk that prepares the checks does not have access to the check stock.

P.O. Box 12036 ♦ 9700 Leavenworth Road ♦ Kansas City, Kansas 66109
(913) 299-9797 ♦ FAX (913) 299-9804 ♦ www.woodlandskc.com

Similar segregation of duties issues have been addressed when reviewing the payroll process as well.

1. Manual payroll checks are prepared by the payroll administrator, but can only be signed by management.
2. Beginning in June, the payroll administrator will no longer receive the payroll checks directly from ADP and disburse them. All payroll checks will be received by Human Resources where they will be reviewed for fictitious employees and then sorted for disbursement.
3. The payroll administrator will also provide detail payroll reports to the General Manager and Assistant General Manager for review.

As we continue the implementation of new accounting procedures, we will further review all cash receipts functions including controls over revenues from parking lot events. Management also intends to develop daily revenue audit procedures to review and tie out daily revenue reports provided by the Food & Beverage department to the daily cash deposit. Any discrepancy will be investigated and documented.

Food & Beverage – Inventory

The Company has continued to experience turnover in the Director of Food and Beverage position. The same purchasing procedures as outlined above have been implemented in Food & Beverage. However, Accounting and Management will work with the department to review the segregation of receiving dock responsibilities from the custodial responsibilities of inventory and to revise the procedures for performing and reporting physical inventories. Accounting representatives will be periodically scheduled to observe and record test counts of the inventory along with the food and beverage personnel assigned to the counting procedures.

IT Controls and Other Issues

As discussed above, Great Plains v8 is being replaced with a new accounting system. As users are added to the new system, their access and rights within that system are assigned on an as-needed basis based on their role within the company. By restricting access to certain areas and activities, we will be able to ensure that only the system administrator will be able to make modifications to closed periods or other highly sensitive areas. The new system also has a detailed audit trail tracking all entries and changes made by each user.

As with any time a Company experiences turnover, the new IT Manager has been working through a period of become familiar with the current systems that are in place. He is currently working to organize and/or develop the appropriate systems documentation and recovery plans for our current framework, as well as evaluating changes or upgrades that are or will be needed in the near future. He has also reviewed the technology back-up procedures currently in place to ensure the Company can restore its data and resume operations in a timely manner in case of a system failure.

Other Matters

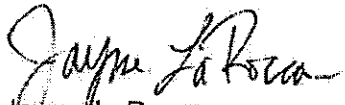
Fixed Asset Review—many of the older fixed asset items are grouped together in the accounting system because the property was purchased through a bankruptcy proceeding and the aggregate purchase price was allocated to various fixed asset

categories by outside accountants. Most of the older assets are or will be fully depreciated at the end of 2008 with the exception of the buildings. Management will consider the suggestion to perform a full fixed asset inventory and review assets with remaining depreciable lives for impairment.

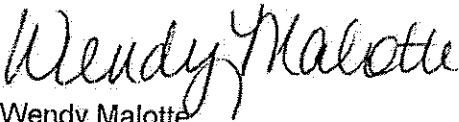
Vendor Listings—as part of the migration to the new accounting system, the Company is performing a review of the vendor listing being brought over and will edit it to eliminate outdated vendors that are no longer in use. We will also review each vendor record to ensure complete vendor information is available for vendors we do business with.

While the preceding comments are not intended to be all encompassing, they are to be considered as a foundation for efforts to improve Internal Control and Accounting Procedures. These procedures will be refined and improved as we continue to adjust to the present conditions.

Yours truly,



Jayme LaRocca
General Manager



Wendy Malotte
Assistant Controller

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: May 30, 2008

AGENDA ITEM: **Conditions for Greyhound races for the Anthony Downs**

PRESENTER: Frances Snell, Director of Racing

ISSUE SUMMARY: The Anthony Fair Association d/b/a Anthony Downs requests approval of the conditions for greyhound races for the 2008 meet. The draft conditions were reviewed by the staff.

COMMISSION ACTION REQUIRED/REQUESTED: Commission review and approval.

STAFF RECOMMENDATIONS: Staff recommends approval.



Tim Horan, Racing Secretary, P.O. Box 101, Abilene, Ks 67410
785-263-4761

Dear Greyhound Owner:

We are looking for another great year at Anthony Downs for 2008. We are hoping to receive \$18,000 in purses and will again the \$1,000 Maiden Debut and the \$5,000 Anthony Downs Challenge. Here is a breakdown of the stake purses:

\$1,000 Maiden Debut Purses	\$5,000 Challenge Purses
1st-\$650	1st- \$2,800
2nd-\$250	2nd-\$1,100
3rd-\$100	3rd- \$450
	4th- \$200
	5th- \$150
	6th- \$100
	7th- \$100
	8th- \$100

Pari-mutuel purses will be: 1st-50%, 2nd-25%, 3rd-15%, and 4th-10%. Added money will be paid as follows: 1st-65%, 2nd-25%, 3rd-10%. Kansas Bred purse supplements will also be paid to the winning Greyhounds.

Our goal is to give each Greyhound three starts: Friday and Sunday the first week and Saturday the second. Of course the Greyhound qualifying for the Challenge will draw in on Sunday. Greyhounds that draw in on Saturday of the first week will draw in on Friday and Sunday of the second. **Not every Greyhound is guaranteed three starts but we will do our best this year to accomplish that goal.**

The top Greyhounds, as determined by the Racing Secretary, will form the active list. The remaining Greyhounds will be placed on the inactive list, to be activated when necessary. Greyhounds with the best 114 schooling times, plus four Secretaries' picks will make up the active list.

The owner of each Greyhound must be licensed in Kansas and the trainer must have proof of vaccination status for rabies, bordetella and DA₂PP before schooling on July 7. To be safe you **should** have this done by July 1. Also you and your help must be licensed before schooling. You should get licensed either at the Racing Commission office in Topeka to become licensed by fax or mail. The state office will be open on Monday morning but schooling has been moved up to 8:30 a.m.

If you plan to enter Greyhounds at Anthony please call me at home 785-263-4761 or at work 785-263-4660. **I must have racing lines no later than July 2.**

Sincerely,

Tim Horan, Racing Secretary

the Racing Secretary, after schooling all Greyhounds, and considering their past performance, shall classify and assign them to their proper grades.

3. The winner of a race will advance one grade until reaching C. The winner of a M (Maiden) race will advance to Grade D.

4. The Racing Secretary may reclassify a Greyhound at any time, but not more than one grade higher or lower.

5. Greyhounds falling in a race shall be considered a starter.

6. If a Greyhound fails to finish 1st, 2nd or 3rd, in 3 consecutive starts (except in Grade E or M), or fails to earn more than one third in four consecutive starts in the same grade, that Greyhound will be lowered one grade. In Grade E, a Greyhound may fail to finish 1st, 2nd, 3rd or 4th in six consecutive starts before being dropped from further use.

7. The Racing Secretary shall determine the proper grades for the races.

8. Under the supervision of the Commission Steward and the Racing Secretary, the entries for all races, except those provided for in sections 10, 11 and 14, shall be drawn by lot at least one day prior to the running of the race, so that owners and trainers may be present if they so desire. The Greyhounds left over after the drawing shall have priority in the next races to be drawn and the Racing Secretary shall print a priority list (leftover list) by grades and shall post that list on the bulletin board or in an area designated by the Racing Secretary.

9. The Racing Secretary may make up the added purse races.

10. Greyhounds of different grades or of the same grade may be used in races designated with the letter T. These races may be made up by the Racing Secretary using the blind draw method and shall be designated by the letter T or their respective grade. A start in a T race will not count in the lowering of the lesser grade Greyhound.

11. Where T races are indicated, the regular grade of the Greyhound shall be also listed.

12. The program shall indicate the grade of each race of the page listing the entries for that race. The grades of the races in which each entry participated shall be indicated in front of the names of the winners of those races in the past performance lines.

13. All stake and sweepstake races shall be indicated with the letter S. These races may be made up by the Animal Health Officer using entries received for each specific race. A start in an S race will count in the raising and lowering of the Greyhounds.

14. Any Maiden at the request of the owner or trainer to the Racing Secretary, may be moved into Grade E and then must abide by all the provisions of the grading system. Maidens shall be designated with the letter M in parentheses on the program after the name of the Greyhound.

15. Maidens, upon reaching the age of two years, shall be graded and then must abide by all provision of the grading system. A Greyhound will be considered as turning two on the first day of the month in which it was born.

Weight Regulations

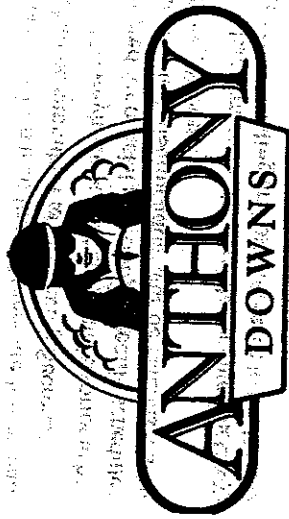
Section Six

1. Each Greyhound shall be weighed not less than one hour before the time of the first race of the day unless prior permission is granted by a Racing Judge.

2. Before any Greyhound schools or races, each owner or trainer shall establish the racing weight of the Greyhound with the Clerk of Scales.

3. If there is a variation of more than one and one-half pounds above or below the established weight of the Greyhound at weigh-in time, the Racing Judges may order said Greyhound scratched.

4. If any Greyhound loses more than two pounds while in the lockout, the Racing Judges shall order the Greyhound scratched. However, if the loss of weight does not impair the Greyhound's ability to compete, in the opinion of the Animal Health Officer, the Racing Judges may allow the Greyhound to race. Each Greyhound that is a weight loser shall be identified with the initial WL on the racing program.



Greyhound Racing Conditions

General Provisions

Section One

1. All Greyhounds must be properly registered with the National Greyhound Association in Abilene, KS.

2. All kennels; owners and trainers must be licensed by the Kansas Racing and Gaming Commission prior to official schooling. Anyone not properly licensed will not be permitted to school Greyhounds.

3. Trainers are responsible to see that the proper Greyhounds are weighed in for official racing and official schooling races at the time appointed by the Racing Secretary.

4. Any Greyhound not in compliance with the weight regulations of the Kansas Racing and Gaming Commission will be scratched and may school officially to be re-entered for racing, as determined by the Racing Judges and Animal Health Officer.

5. All trainers are responsible for providing racing muzzles; basket muzzles, collars and leads, all in good condition. Greyhounds must wear a racing muzzle and racing blanket approved by the racing judges for both official races and official schooling races.

6. A Greyhound's four past performance lines,

or all past performance lines if there are fewer than four, shall be submitted to the Racing Secretary.

7. All Greyhounds must be identified prior to being entered for official schooling. Specific schedules for Greyhound identification will be established by the Racing Secretary.

8. Each trainer is responsible for entering Greyhounds for schooling and official races to the Racing Secretary.

9. Any Greyhound withdrawn in official racing must be withdrawn no later than one-half hour before the time designated for the draw. Any Greyhound withdrawn after that time will not be eligible for re-entry until the race in which the Greyhound was withdrawn has been run. No substitution for the withdrawn Greyhound shall be made from the kennel that withdrew the Greyhound. Each Greyhound that has been withdrawn after the printing of the program (declared final) shall be deemed scratched.

10. Any Greyhound scratched by the Animal Health Officer will be placed on the Vet's List for a period of three days and many not school during that time.

11. KRC badges must be worn at all times with the picture side out. Anyone not wearing their badge will not be permitted in restricted areas and will not be permitted to weigh in.

12. Trainers or assistant trainers are the only individuals permitted to weigh in Greyhounds. Kennel helpers are not.

13. Trainers or assistant trainers, kennel owners or Greyhound owners are not permitted on the racing surface during the post parade, during the race, or after the race for any reason unless approved by the Racing Judges and Animal Health Officer.

14. Trainers, assistant trainers, kennel owners or Greyhound owners are not permitted in the area designated for lockout. Only individuals as listed in the KRC Administrative Rules and Regulations, Article 112-6-4 (e) are permitted in this area.

Lease Agreements

Section Two

Anyone racing Greyhounds owned by other individuals, corporations, partnerships, or kennels must have a notarized lease agreement providing the following information:

A. Greyhound owner and kennel owner address and telephone number.

B. Percentage of regular and stake purses to be paid to lessor.

C. Beginning and ending dates of lease

D. Terms of the lease

E. Name(s) of the Greyhound(s)

2. Appropriate leases are available through the Racing Secretary.

Purses

Section Three

1. Greyhounds will earn points on the basis of 50 percent for first place, 25 percent for second, 15 percent for third and 10 percent for fourth.

2. Greyhound purses will be paid in two separate periods. The first period of racing will be July 11, 12 and 13. The second period will be July 18, 19 and 20. The checks for each period will be made available on the following Wednesday providing all test samples have been cleared by the Kansas Racing and Gaming Commission.

3. \$18,000 in added purse monies will be distributed on various races throughout the racing meet.

4. Added purses will be paid to Greyhounds finishing first, second and third based on the following percentages: 1st-65 percent; 2nd-25 percent; 3rd-10 percent.

5. Kansas Bred purse supplements will be paid for any Kansas Bred Greyhound finishing first as defined by the KRC Administrative Rules and Regulations Article 112-13-5. These purses will be paid for the combined meet and will be available on Wednesday, July 23, 2008.

Qualifying

Section Four

1. All Greyhounds will be required to officially school at least one time before being entered for racing.

2. All Greyhounds must be at least 15 months of age to compete.

3. No Greyhounds will be permitted to compete in wagering races that did not finish in an official schooling race.

4. No Greyhound will be permitted to compete further in the race meet should it stop running during a race for reason other than jams, spills, interference, equipment malfunctions or injury as determined by the Racing Judges or Animal Health Officer.

5. No Greyhound will be permitted to race that does not conform to the satisfaction of the Paddock Judge with identification as listed on the National Greyhound Association registration paper.

6. No transfer of ownership registration will be accepted during the race meet. Any transfer of ownership must be completed before the Greyhound is entered to race.

7. No Greyhound will be permitted to race that has been disqualified from another track or shows two "interfered" comments. A Greyhound with one "interfered" comment must have two current satisfactory lines to be eligible.

8. The top Greyhounds, as determined by the Racing Secretary, will form the active list. The remaining Greyhounds will be placed on the inactive list, to be activated when necessary.

Greyhound Grading System

Section Five

1. There will be four grades in use during the race meet - C, D, E and M.

2. The Racing Secretary shall be responsible for the proper grading of the Greyhounds under the provision of this section. Before the opening of the race meet,

Greyhound Racing Schedule

Wednesday July 2

5 p.m.Entry deadline, mail or fax lines to Tim at 785-263-4689

Sunday, July 6

Noon We will need a list of entries and past performance lines by Wednesday July 2. Contact the Racing Secretary (785-263-4660 ask for Tim Horan) for arrangements. Minor changes/scratches must be made by noon Sunday at Anthony.

Monday, July 7

8: 30 a.m.Official schooling (Trainers must get licensed State in Topeka)

After School About 2 hour after schooling draw for Friday's races.

Friday, July 11

11:30 a.m. Draw for Saturday's Races

4:00 p.m. Weigh in for races

5:00 p.m. Schooling if needed

5:30 p.m. Evening races (**\$1,000 Maiden Debut**)

Saturday, July 12

11:30 a.m. Draw for Sunday's races

Noon Official schooling (only if needed)

12:30 p.m. Weigh in for races

2 p.m. Afternoon races

Sunday, July 13

11:30 a.m. Draw for Friday's races

12:30 p.m. Weigh in for races

2:00 p.m. Afternoon races

After races Draw for Friday (if needed)

Friday, July 18

11:30 a.m. Draw for Saturday's races

4:00 p.m. Weigh in for races

5:30 p.m. Evening races

Saturday, July 19

11:30 a.m. Draw for Sunday's races

12:30 p.m. Weigh in for races

2:00 p.m. Afternoon races

Sunday, July 20

12:30 p.m. Weigh in for races

2:00 p.m. Afternoon races (**\$5,000 Feature**)



For unofficial schooling on
the Anthony Track contact

Rex Adkisson

Contact Tim at timh@ngagreyhounds.com, 785-263-4660 (work), 785-263-4761 (home) 785-479-1496 (cell)

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: May 30, 2008

AGENDA ITEM: **KHA Reimbursement from Kansas Bred Program**

PRESENTER: Don Cawby, Director of Administration

ISSUE SUMMARY: The Kansas Horsemen's Association (KHA) is requesting reimbursement of \$2,144.35 for expenses incurred for the operation of the Kansas Bred Program in March 2008. The expenses presented for reimbursement are consistent with expenses incurred by the KHA in the past.

The Commission is authorized by K.S.A. 74-8830 to "contract with and designate an official registering agency to implement the registration of horses." The Commission's contract with the KHA provides that funds shall be withdrawn from the Kansas Bred Program account only for maintaining and administering the program in accordance with the agreement and only with the prior approval of the Commission or the Commission's executive director.

COMMISSION ACTION REQUIRED/REQUESTED: Commission discussion, consideration and possible action on the request for reimbursement.

STAFF RECOMMENDATIONS: Staff recommends approval of the expenses, subject to the availability of cash.

May 7, 2008

Stephen Martino
Executive Director
Kansas Racing Commission
700 SW Harrison
Topeka, Ks. 66603

Dear Mr. Martino,

The Kansas Horsemen's Association would like to request that the Kansas Racing and Gaming Commission approve for payment, from the Kansas Bred Registry, the expenses that have been incurred by the KHA for the month of March 2008. The March expenses are \$2144.35. Payment will be based on the availability of funds. All expenses have been filed with the KRGC.

Sincerely,



Joyce Billings
Kansas Horsemen's Association

May 2008 - April 2009

Commission Planner

May 2008						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

May

- 8 *Commission Meeting - TBD by Executive Director*
- 9 *Commission Meeting*
- 29 *Commission Meeting - TBD by Executive Director*
- 30 *Commission Meeting*

Nov 2008						
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29	30					

June

- 16 *Commission Meeting - TBD by Executive Director*
- 17 *Commission Meeting*

Dec 2008						
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28	29	30	31			

July

- 14 *Commission Meeting*

Jul 2008						
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August

- 20 *Commission Meeting*

Jan 2009						
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September

- 8 *Commission Meeting*

Aug 2008						
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31						

October

- 3 *Commission Meeting*

Feb 2009						
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29	30	31				

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Apr 2009						
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Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: May 30, 2008

AGENDA ITEM: **Race Official for Eureka Downs**

PRESENTER: Frances Snell, Director of Racing
KQHRA/GCFA Representative

ISSUE SUMMARY: The following individual has been submitted by the Kansas Quarter Horse Racing Association (KQHRA)/Greenwood County Fair Association (GCFA) d/b/a Eureka Downs for review and approval by the Commission. The Commission must decide if the individual named should be permitted to act in the capacity requested.

<u>Individual</u>	<u>Official Position</u>
Kay Rice	Clerk of Scales

COMMISSION ACTION REQUIRED/REQUESTED: Commission review and approval.

STAFF RECOMMENDATIONS: Approve the race official, subject to the steward's approval. The Director of Racing spoke to Robert Stovall, Chief Steward of the meet, regarding the proposed 2008 race official.

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: May 30, 2008

AGENDA ITEM: **Race Official for Woodlands**

PRESENTER: Frances Snell, Director of Racing

ISSUE SUMMARY: The following individual has been submitted by the Woodlands for review and approval by the Commission. The Commission must decide if the individual named should be permitted to act in the capacity requested.

Individual
Fabian Guido

Position
Clerk of Scales

COMMISSION ACTION REQUIRED/REQUESTED: Commission and judges review and approval.

STAFF RECOMMENDATIONS: Approve the race official, subject to the judges' approval.

OTHER: A written recommendation from the Woodlands judges is attached (signatures on file).

Memo

To: Stephen Martino, Executive Director
From: Board of Judges, Kansas City
CC: Frances Snell, KRGC Director of Racing
Date: May 23, 2008
Re: Race Official Recommendation

The Board of Judges would like to recommend approval of Fabian Guido for the race official position of Clerk of Scales. Mr. Guido has been previously employed at The Woodlands as a Clerk of Scales. He is familiar with the position and its responsibilities.

Mr. Guido is currently licensed as a maintenance employee (facility) as well as an employee of the racing department (organization). He will be keeping his position in maintenance as his place of full time employment. We see no conflict of interest in this crossover between a facility maintenance employee and a race official.

If you have any questions regarding Mr. Guido please contact the Judges.

Robin V. Sellman

Erin K. Marshall

Brenda Street

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: May 30, 2008

AGENDA ITEM: **Stewards for Eureka and Anthony**

PRESENTER: Frances Snell, Director of Racing

ISSUE SUMMARY: The commission must appoint three stewards to serve at each horse meet. The stewards meet the statutory and background requirements.

<u>Individual</u>	<u>Position</u>
Robert Stovall	Chief Steward
Neal Guilfoyle	Associate Steward
David Turnbull	Associate Steward

COMMISSION ACTION REQUIRED/REQUESTED: Commission approval is required.

STAFF RECOMMENDATIONS: Staff recommends approval.