

KANSAS RACING AND GAMING COMMISSION

MINUTES – APRIL 9, 2010

- CALL TO ORDER:
(A.)
- Chair Sader called the April 9, 2010, meeting to order at 10:05 am at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. Commissioners Sader, Braun, Falstad, and Schwan were present at the meeting. Commissioner McKechnie was absent. Others present included Executive Director Stephen Martino; Assistant Attorney General Patrick Martin; Deputy Director of Audit/Electronic Security Charles LaBoy; Deputy Director of Security Don Brownlee; Director of Communications/Responsible Gaming Mike Deines; Recording Secretary Linda Pendarvis and other staff.
- MOTION, APPROVE
AMENDED AGENDA:
(B.)
- Commissioner Schwan (Braun) moved to approve the amended agenda as presented. Motion passed unanimously.
- MOTION, APPROVE
MARCH 12, 2010,
MEETING MINUTES:
(C.)
- Commissioner Falstad (Schwan) moved to approve the minutes of the March 12, 2010, commission meeting as submitted. Motion passed unanimously.
- MOTION, APPROVE
CONSENT AGENDA:
(D.)
- Commissioner Falstad (Braun) moved to approve the consent agenda as indicated by Mr. LaBoy, to include approval of the 45 listed electronic gaming machine hardware components and electronic lottery facility games and the revocation of the seven listed electronic gaming machine software components.
1. Electronic Gaming Machines and Electronic Lottery Facility Games (spreadsheet of machines and games attached)
- Motion passed unanimously.
- KANSAS LOTTERY
COMMISSION REPORT:
(E.)
- The commission heard Keith Kocher, director of gaming facilities for the Kansas Lottery, report on the current status of casinos:
- Through the end of March, Boot Hill Casino and Resort is at approximately \$11.6 million in total revenue, which is over \$2.5 million to the State. The \$110,000 per day figure is still on target – to reach the \$40 million per year projection. The events center near Boot Hill is progressing nicely and is still on track to be completed by February of 2011.
 - Southeast Zone: No activity. If no one has applied by a week from today, the deadline will be automatically extended into July.
 - Northeast Zone: Groundbreaking is three weeks from today.
 - South Central Zone: The Governor denied extension of that request as of yesterday. The developer has withdrawn as of this morning, and the Lottery will be directing that the \$25 million privilege fee be refunded. Bidding will be re-opened.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS:
(F.1.a.)

The commission heard a report from Clark Stewart, president of Butler National Service Corp. d/b/a Boot Hill Casino and Resort:

- Almost 25,000 people have registered for the Players Club.
- Planning on the hotel will begin soon with an anticipated opening in 2011.
- A question was raised concerning the geographic area represented by the patrons. Less than 25% of the total business is coming from the local area.
- Mr. Martino mentioned that a conference call took place yesterday with Boot Hill, and it is anticipated that in the future a pre-commission meeting call will take place before each commission meeting.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS:
(F.1.b.)

The commission heard a report from Marty Naumann, V.P. of Operations at the Hollywood Casino at Kansas Speedway:

- Groundbreaking will take place on Friday, April 30, at 11 am. Lieutenant Governor Troy Findley will be present.
- April 14 the Speedway board will meet to approve the road course, and there will be racing in 2011. Kansas Entertainment is still confident that a second date will be agreed upon with NASCAR.

The commission heard a report from Latoria Chinn, Compliance Officer of Construction with Kansas Entertainment LLC.

The commission heard a report from Carl Yaeger with Berger Devine Yaeger architects.

DISCUSSION, SEMI-
ANNUAL ACTIVITY
REPORT OF BINGO
OPERATIONS:
(G.1.)

Mr. Martin introduced Patsy Congrove, Director of Charitable Gaming from the Department of Revenue, who provided additional information on the Semi-Annual Activity Report presented at the March 12 meeting.

DISCUSSION, KHA
REIMBURSEMENT FROM
KANSAS BRED
PROGRAM:
(G.2.)

The commission heard Mr. LaBoy discuss the Kansas Horsemen's Association (KHA) request for reimbursement from the Kansas Bred Program for expenses for April and May 2009 in the amounts of \$2,230.71 and \$2,205.06, subject to availability of funds.

MOTION, KHA
REIMBURSEMENT FROM
KANSAS BRED
PROGRAM:
(G.2.)

Commissioner Falstad (Schwan) moved to approve reimbursement for April and May 2009, subject to availability of funds. Motion passed unanimously.

DISCUSSION, BOOT HILL CASINO AND RESORT INTERNAL CONTROL WAIVERS/AMENDMENTS: (G.3.)

The commission heard Mr. LaBoy present four waivers/amendments submitted by the Boot Hill Casino and Resort relating to its internal control plan, plus the February 2010 financial statements. Due to the confidential nature of the information, he recommended that they be discussed in executive session.

MOTION, EXECUTIVE SESSION: (G.3.)

Commissioner Braun (Schwan) moved that the commission recess into executive session for a period of 15 minutes, from 11:00 to 11:15 am, for the purpose of receiving confidential data to protect the financial affairs, security, and other trade secrets of the certified manager. Included in the executive session were the commission, Mr. Martino, Mr. Martin, Mr. LaBoy, and other KRGC staff. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 11:15 am with all members present as previously noted.

MOTION, APPROVAL OF BOOT HILL CASINO AND RESORT INTERNAL CONTROL WAIVERS/AMENDMENTS: (G.3.)

Commissioner Falstad (Schwan) moved to approve the four waivers/amendments to the Boot Hill Casino internal control plan as follows:

- Approve waivers BH60, BH62, BH63, and BH64.

Motion passed unanimously.

DISCUSSION, COMPLIANCE AUDIT OF ANTHONY DOWNS FOR 2009: (G.4.)

The commission heard Mr. LaBoy discuss the compliance Audit of Anthony Downs for 2009. The audit revealed \$51,061 in profit that staff believed should be reclassified as a liability per the 2009 commission order granting the parimutuel license to the Anthony Fair Association. The Anthony Fair Association's accountant analyzed the \$51,061 and has identified an additional \$48,462 in expenses that they believe should be allowed to be charged against the entry fee items and grant money. KRGC staff needs time to meet with Anthony to go over the items on a line-by-line basis. Staff recommends tabling this matter until they have had time to meet with Anthony Fair Association to go over the audit findings, and the matter will be brought up again at the May 14, 2010, commission meeting.

MOTION, COMPLIANCE AUDIT OF ANTHONY DOWNS FOR 2009: (G.4.)

Commissioner Braun (Schwan) moved to table approval of the compliance audit of Anthony Downs until the May 14, 2010, meeting. Motion passed unanimously.

DISCUSSION, ANNUAL AUDITED FINANCIAL STATEMENTS OF WICHITA GREYHOUND CHARITIES, INC. FOR THE YEAR ENDED DECEMBER 31, 2009:

The commission heard Mr. David Schultz, KRGC Chief Audit Officer, discuss the annual audited financial statements of Wichita Greyhound Charities, Inc. for the year ended December 31, 2009. This entity has suspended operations since the fall of 2007, but it did post a net income of \$71,000 due entirely to an inner-company transfer of liabilities.

MOTION, ANNUAL
AUDITED FINANCIAL
STATEMENTS OF
WICHITA GREYHOUND
CHARITIES, INC. FOR THE
YEAR ENDED DECEMBER
31, 2009:
(G.5.)

Commissioner Falstad (Schwan) moved to accept the annual audited financial statements of Wichita Greyhound Charities, Inc. for the year ended December 31, 2009. Motion passed unanimously.

DISCUSSION, ANNUAL
AUDITED FINANCIAL
STATEMENTS OF
WICHITA GREYHOUND
PARK, INC. AND
SUBSIDIARY FOR THE
YEAR ENDED DECEMBER
31, 2009:
(G.6.)

The commission heard Mr. David Schultz discuss the annual audited financial statements for Wichita Greyhound Park, Inc. for the year ended December 31, 2009. Wichita Greyhound Park, Inc. also suspended operations in 2007, and it posted a net loss of \$947,000. Included in that loss is the \$71,000 transfer of liabilities from Wichita Greyhound Charities, Inc. Mr. Schultz distributed an amended sheet of information.

MOTION, ANNUAL
AUDITED FINANCIAL
STATEMENTS OF
WICHITA GREYHOUND
PARK, INC. AND
SUBSIDIARY FOR THE
YEAR ENDED DECEMBER
31, 2009:
(G.6.)

Commissioner Falstad (Schwan) moved to approve the annual audited financial statements for the year ended December 31, 2009, as amended. Motion passed unanimously.

DISCUSSION, EXTENSION
REQUEST ON THE
ANNUAL AUDITED
FINANCIAL STATEMENTS
OF THE RACING
ASSOCIATION OF
KANSAS EAST FOR THE
YEAR ENDED DECEMBER
31, 2009:
(G.7. and G.8.)

The commission heard Mr. Charles LaBoy discuss an extension request on the annual audited financial statements of The Racing Association of Kansas East for the year ended December 31, 2009. Kansas Racing LLC has also requested a 60-day extension of the due date for their 2009 audited financial statements. Neither of the letters was signed by the licensees. Mr. LaBoy expressed hesitation to recommend approval of the extension requests because they lacked signatures.

MOTION, EXTENSION
REQUEST ON THE
ANNUAL AUDITED
FINANCIAL STATEMENTS
OF THE RACING
ASSOCIATION OF
KANSAS EAST FOR THE
YEAR ENDED DECEMBER
31, 2009:
(G.7. and G.8.)

Commissioner Schwan (Braun) moved to extend the due date on the annual audited financial statements of The Racing Association of Kansas East and Kansas Racing LLC, for the year ended December 31, 2009, for 30 days from April 9, with a new deadline of May 9. Motion passed unanimously.

DISCUSSION,
PRESENTATION OF KRGC
ANNUAL REPORT FOR
THE YEAR 2009:
(G.9.)

The commission heard Mr. Martino discuss the KRGC annual report for the year 2009.

MOTION, APPROVAL OF
KRGC ANNUAL REPORT
FOR THE YEAR 2009:
(G.9.)

Commissioner Braun (Falstad) moved to approve the KRGC annual report for the year 2009. Motion passed unanimously.

CALL FOR PUBLIC
COMMENTS:
(H.)

Chair Sader called for public comments. There were none.

STAFF REPORT,
MARTINO:
(I.1.)

The commission heard a staff report from Mr. Martino:

- Reminded the commission to file their Statements of Substantial Interest by the end of the month.
- Yesterday Governor Parkinson rejected the requested extension of the Kansas Lottery Gaming Facility Review Board for the South Central gaming zone that was initiated by the applicant Chisholm Creek. It appears that a consequence of that has been the withdrawal of the applicant today.
- Today is Mr. Martino's last day as executive director of KRGC. He expressed thanks to the commission and staff and announced that Mr. Patrick Martin would be serving as interim executive director.

STAFF REPORT, DEINES:
(I.2.)

The commission heard a staff report from Mr. Deines:

- There are currently six individuals registered in the voluntary exclusion program.
- During the month of March there were 32 appropriate calls on the help line. Slot machines continue to be the primary game of preference among those seeking help.
- There were 519 visitors on the Kansas Gambling Help website, which more than tripled the amount of traffic from preceding months.

STAFF REPORT, CAWBY:
(I.3.a.)

Mr. Cawby was not at the meeting, but Chair Sader mentioned that the October meeting has been changed from October 15 to October 13.

MOTION, EXECUTIVE
SESSION:
(J.1.)

Commissioner Falstad (Schwan) moved that the commission take a 5-minute break followed by an executive session for 15 minutes from 12:15 pm until 12:30 pm for the purpose of attorney-client communication regarding litigation matters. 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 12:30 pm with all members present as previously noted.

MOTION, EXECUTIVE
SESSION:
(J.2.)

Commissioner Falstad (Schwan) moved that the commission go into executive session from 12:30 pm to 1:15 pm for the purpose of hearing 25 background reports. Those included in the executive session were the commission, Mr. Martino, Mr. Martin, 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 1:15 pm with all members present as previously noted.

MOTION, DENY
LICENSES:
(K.)

Commissioner Braun (Falstad) moved to deny the following licenses:

- a. Level II Gaming Licenses
 - i. Cardenas, Jesus
 - ii. Lang, Jaime D.
 - iii. Tapia, Juan M.

Motion passed unanimously.

MOTION, APPROVE
LICENSES:
(K.1.)

Commissioner Braun (Schwan) moved to approve the following licenses:

- a. Level I Gaming Licenses
 - i. Fleming, Larry
 - ii. Gardiner, Robert
- b. Level II Gaming Licenses
 - i. Bennett, Kimberly M.
 - ii. Brock, Kendra
 - iii. Dome, Toni L.
 - iv. Eichman, Kevin D.
 - v. Kerns, Scott W.
 - vi. Medina, Arianne E.
 - vii. Myers, Susan K.
 - viii. O'Brien, Erin

- ix. Paul, Michelet
- x. Roberts, Dawn R.
- xi. Roberts, Tyler J.
- xii. Sauer, Allen D.
- xiii. Smith, Marilyn A.
- xiv. Weber, Garrett D.
- c. Level III Gaming Licenses
 - i. Bustillos, Kristal R.
 - ii. Conde, Stephanie
 - iii. Garcia, Diaz C.
 - iv. Klassen, Elizabeth
 - v. Law (Molinar), Jennie D.
 - vi. Ochoa, Thalia J.

Motion passed unanimously.

ADJOURN: Commissioner Braun (Schwan) moved to adjourn at 1:20 pm.
Motion passed unanimously.

SUBMITTED BY:

(Signature on File)

William Falstad
Secretary

APPROVED BY:

(Signature on File)

Carol H. Sader
Chair

Approved Software

3.31.2010

Manufacturer	File Number	ID Number	Version	Game Name
SHUFFLE MASTER	PA-73-SHU-02-02	HARDWARE	DECKMATE SHUFFLER	DECK MATE
SHUFFLE MASTER	PA-73-SHU-02-02	HARDWARE	DECKMATE SHUFFLER	BLACKJACK
SHUFFLE MASTER	MO-122-SHU-07-01	DECK MATE	V1.11	SOFTWARE DECK MATE
WMS	MO-73-WMS-10-09	SSSG-000-1650	1650/H13.12	OPERATING SYSTEM
WESTERN MONEY	MO-72-WEM-10-01	FLS-US20-371012	371012	N/A
IGT	MO-22-IGT-10-41	M6048F 2.15 198 2.03	2.15/2.03	N/A
ARISTOCRAT	PA-22-ARI-08-03	MACHINE	N/A	N/A
ARISTOCRAT	MO-22-ARI-08-160	HARDWARE	P/N 07-41439	N/A
ARISTOCRAT	PA-22-ARI-08-03	HARDWARE	P/N 01-70046	N/A
ARISTOCRAT	PA-22-ARI-08-03	HARDWARE	P/N 07-41490	N/A
ARISTOCRAT	PA-22-ARI-08-03	HARDWARE	P/N 07-10262	N/A
ARISTOCRAT	PA-22-ARI-08-03	HARDWARE	P/N 07-41438	N/A
ARISTOCRAT	PA-22-ARI-08-03	HARDWARE	P/N 07-10269	N/A
ARISTOCRAT	MO-22-ARI-09-05	1.00-60421	RFX GEN7	5 KOI
ARISTOCRAT	MO-22-ARI-09-11	1.00-60445	RFX GEN7	5 DRAGONS DYNASTY
ARISTOCRAT	MO-22-ARI-09-55	HARDWARE	01-70049	N/A
ARISTOCRAT	MO-22-ARI-09-55	HARDWARE	07-41466	N/A
ARISTOCRAT	MO-22-ARI-09-59	HARDWARE	04-15086 A	N/A
ARISTOCRAT	MO-22-ARI-09-72	HARDWARE	579849	N/A
ARISTOCRAT	MO-73-ARI-09-28	1.01-60601	RFX GEN7	Skin Deep Cherries
ARISTOCRAT	MO-22-ARI-09-76	1.02-60388	RFX GEN7	Big Ride
ARISTOCRAT	MO-73-ARI-09-44	1.02-60375	GEN7	Jungle Joe Searching High and Low Beat the Bandits
ARISTOCRAT	MO-73-ARI-09-53	1.00-60602	RFX GEN7	Same Way Sevens
ARISTOCRAT	MO-73-ARI-09-58	1.02-60600	RFX GEN7	Hillbillions
ARISTOCRAT	MO-73-ARI-09-68	1.00-60603	RFX GEN7	Pow-tastic Sevens
ARISTOCRAT	MO-22-ARI-09-94	1.01-60700	GEN7	Fortune Princess Beat the Bandits
ARISTOCRAT	MO-73-ARI-09-83	1.00-60677	GEN7	King Cobra
ARISTOCRAT	MO-22-ARI-10-03	Linux Operating System	3.03.0	N/A
ARISTOCRAT	MO-22-ARI-10-06	SET CHIP	7.00.22	N/A
ARISTOCRAT	MO-22-ARI-10-11	2.57.0-1.56.0	GEN7	N/A
ARISTOCRAT	MO-73-ARI-10-12	1.00-60605	RFX GEN7	Oaks Day Kentucky Derby
ARISTOCRAT	MO-73-ARI-10-13	1.00-60606	RFX GEN7	Run for the Roses Kentucky Derby
ARISTOCRAT	MO-73-ARI-10-14	HARDWARE	593058	Kentucky Derby



Mark Parkinson, Governor
Stephen Martino, Executive Director

RACING AND GAMING COMMISSION

ARISTOCRAT	MO-73-ARI-10-14	HARDWARE	590180	Kentucky Derby
ARISTOCRAT	MO-22-ARI-10-12	Firmware	VF1.1.0a	N/A
ARISTOCRAT	MO-22-ARI-10-12	Operation System	VOS5.12600.0-1	N/A
ARISTOCRAT	MO-22-ARI-10-12	Graphic Sequence	VGS1.1.0b	N/A
ARISTOCRAT	MO-22-ARI-10-12	Vertex	1.1.0.3	N/A
WMS	MO-73-WMS-10-10	DB09-000-1000	1000/H13-10	Tiger's Realm
WESTERN MONEY	Y-166-WEM-10-01	PXC.exe	4.0.11.0	N/A
WESTERN MONEY	SY-166-WEM-10-01	CXC.exe	12.0.12.0	N/A
IGT	MO-22-IGT-10-44	DIAGNOSTIC-014-04	57509390	AVP
KONAMI GAMING INC.	MO-22-KON-09-18	HARDWARE	995106	N/A
KONAMI GAMING INC.	MO-22-KON-09-18	HARDWARE	995107	N/A
KONAMI GAMING INC.	MO-22-KON-10-01	HARDWARE	K-0424(A)	N/A

Revoked Software				
KONAMI GAMING INC.	MO-07-KON-08-75	PROV101G12	GAME PROGRAM	PIRATE ROSE
KONAMI GAMING INC.	MO-07-KON-08-75	PROV101G12	GAME PROGRAM	PIRATE ROSE
KONAMI GAMING INC.	MO-07-KON-08-75	PROV101G12-CF	SOUND/GRAPHICS	PIRATE ROSE
KONAMI GAMING INC.	MO-07-KON-09-74	PROV102G12	GAME PROGRAM	Pirate's Rose
KONAMI GAMING INC.	MO-07-KON-09-74	PROV102G12	GAME PROGRAM	Pirate's Rose
KONAMI GAMING INC.	MO-07-KON-09-74	PROV102G12-CF	SOUND/GRAPHICS	Pirate's Rose
WMS	MO-22-WMS-09-62	SB09-000-1020C2	1020/H9.22	Tiger's Realm