

KANSAS RACING AND GAMING COMMISSION

MINUTES – JUNE 3, 2010

- CALL TO ORDER:
(A.) Chair Sader called the June 3, 2010, meeting to order at 10:03 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 Interim Executive Director Patrick Martin; Deputy Director of Audit/Electronic Security Charles LaBoy; Deputy Director of Security Don Brownlee; Deputy Director of Administration Don Cawby; Director of Communications/Responsible Gaming Mike Deines; Recording Secretary Linda Pendarvis and other staff.
- MOTION, APPROVE AMENDED AGENDA:
(B.) Commissioner Braun (Schwan) moved to approve the amended agenda as submitted. Motion passed unanimously.
- MOTION, APPROVE MAY 14, 2010, MEETING MINUTES:
(C.) Commissioner Falstad (Schwan) moved to approve the minutes of the May 14, 2010, commission meeting as submitted. Motion passed unanimously.
- MOTION, APPROVE CONSENT AGENDA:
(D.) Commissioner Falstad (Braun) moved to approve the consent agenda, as submitted. 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:
- Boot Hill Casino and Resort is closing in fairly quickly on \$4 million transferred to the State through the end of May.
 - The Lottery continues to receive inquiries about the South Central gaming zone. The Lottery is optimistic that an applicant may apply before the July 22 deadline.
- LOTTERY GAMING FACILITY REPORTS/ITEMS:
(F.1.) Clark Stewart, president of Butler National Service Corp. d/b/a Boot Hill Casino and Resort reported that the Boot Hill Casino and Resort continues to perform well. There were more visitors in May than in any previous month since opening. Revenue was slightly down, and Boot Hill is investigating the reasons behind that.
- LOTTERY GAMING FACILITY REPORTS/ITEMS:
(F.2.) Jeff Boerger, president of Kansas Speedway Development Corporation, reported on the Hollywood Casino at the Kansas Speedway:
- Construction progress continues at Kansas Speedway.
 - The Hollywood casino has launched a temporary website at <http://hollywoodcasinokansas.com>. Once construction is complete, Hollywood will introduce a permanent website.
 - Mr. Boerger introduced Latoria Chinn, formerly compliance coordinator with Kansas Speedway. Ms. Chinn recently started her own consulting company – Trini-Con, Thel & Beck, and continues to consult for Kansas Speedway. Ms. Chinn reported

on Kansas Speedway's government compliance work to date.

DISCUSSION, KHA
REIMBURSEMENT FROM
KANSAS BRED PROGRAM:
(G.1.)

The commission heard Don Cawby, deputy director for administration, discuss the Kansas Horsemen's Association (KHA) request for reimbursement from the Kansas Bred Program for expenses for June 2009 through October 2009 in the amount of \$711.02, subject to availability of funds.

MOTION, APPROVE KHA
REQUEST FOR
REIMBURSEMENT OF
EXPENSES:
(G.1.)

Commissioner Schwan (Falstad) moved to approve the KHA request for reimbursement from the Kansas Bred Program for June 2009 through October 2009 in the amount of \$711.02, subject to the availability of funds. Motion passed unanimously.

DISCUSSION,
COMPLIANCE AUDIT OF
ANTHONY DOWNS FOR
2009:
(G.3.)

The commission heard Charles LaBoy, deputy director for audit and electronic security, discuss the compliance audit of Anthony Downs for 2009. After further staff review, Anthony Downs' 2009 profit is \$15,961. Under the existing Conditional Order for Anthony Downs, that amount should be disbursed to certain entrants.

Jerry Johnson appeared for the Kansas Thoroughbred Association. In part, he stated that Kansas horsemen do not want any distribution of profits from Anthony.

MOTION, COMPLIANCE
AUDIT OF ANTHONY
DOWNS FOR 2009:
(G.3.)

Commissioner Braun (Schwan) moved to approve of the Anthony Downs 2009 financial report as submitted, showing a profit of \$15,961. Motion passed unanimously.

MOTION, APPROVE
EUREKA DOWNS 2009
FINANCIAL REPORT:

Commissioner Braun (Schwan) moved that the financial report previously submitted by Eureka Downs be approved under the same accounting procedures being used for the Anthony Downs 2009 financial report. Motion passed unanimously.

MOTION, AMEND PRIOR
APPROVAL OF 2009
EUREKA DOWNS
FINANCIAL REPORT:

Accordingly, commissioner Braun (Schwan) moved to amend the commission's May 14 approval of the 2009 Eureka Downs financial report. Motion passed unanimously.

MOTION, AMEND MOTION
FOR 2009 EUREKA DOWNS
FINANCIAL STATEMENT:

Commissioner Braun (Schwan) moved to clarify the last motion to add that it reduces a \$14,488 balance on the 2009 Eureka Downs financial statement to zero. Motion passed unanimously.

MOTION,
INTERPRETATION OF
ANTHONY DOWNS
CONDITIONAL ORDER:

Commissioner Braun moved to interpret Anthony Downs' 2009 Conditional Order, paragraph 1, and the words "enhanced purses" to include enhancement of purses in future parimutuel horse meets, the money to be retained by Anthony Downs for future parimutuel enhancement of purses.

MOTION WITHDRAWN:

Commissioner Braun withdrew his motion.

- DISCUSSION: The commission discussed possibilities to ensure that Anthony Downs would use the 2009 profits to better the parimutuel racing industry and interests in Kansas.
- MOTION, AMEND ANTHONY CONDITIONAL ORDER: Commissioner Braun (Schwan) moved that the commission interpret the last sentence of paragraph 1 of the 2009 Anthony Downs conditional order (p.10 therein) to allow Anthony Downs to retain the profit of \$15,961 for purposes of enhancing 2009 or future parimutuel purses. The motion passed on a vote of three to one, Commissioner Falstad opposed.
- MOTION, INTERPRET 2009 EUREKA DOWNS CONDITIONAL ORDER: Commissioner Braun (Schwan) moved that the 2009 conditional order for Eureka Downs be interpreted the same as the order for Anthony Downs. Motion passed unanimously.
- DISCUSSION, AUDITED FINANCIAL STATEMENTS OF KANSAS RACING, LLC AND THE RACING ASSOCIATION OF KANSAS EAST FOR THE YEAR ENDED DECEMBER 31, 2009: (G.2.a-c.) The commission heard David Schultz, chief audit officer, discuss the annual audits of the financial statements of Kansas Racing, LLC and TRAK East for the year ended December 31, 2009.
- MOTION, AUDITED FINANCIAL STATEMENTS OF KANSAS RACING, LLC AND THE RACING ASSOCIATION OF KANSAS EAST FOR THE YEAR ENDED DECEMBER 31, 2009: (G.2.a-c.) Commissioner Schwan (Falstad) moved to accept the annual audits of the financial statements for Kansas Racing, LLC and TRAK East for the year ended December 31, 2009. Motion passed unanimously.
- PUBLIC COMMENTS: (H.) Chair Sader called for public comments.
- Mr. Jerry Johnson thanked the commission for their action today and spoke favorably about the character of Dan Bird to ensure that the residual profit would be used for the betterment of horse racing.
- STAFF REPORT, MARTIN: (I.1.) The commission heard a staff report from Mr. Martin:
- Mr. Martin expressed appreciation to Charles LaBoy and Dave Schultz for their auditing work.
 - Staff is being asked to share the knowledge they acquired in constructing Kansas's regulatory framework with other jurisdictions that are new to gambling.
 - Mr. Martin summarized the agency's illegal gaming activities, including that since 2008, KRGC has received 664 total complaints – 122 so far this year. The majority of complaints involve quarter pushers.

STAFF REPORT, DEINES:
(I.2.)

The commission heard a staff report from Mr. Deines:

- There are eight names on the voluntary exclusion list – six lifetime bans and two two-year bans.
- There were 24 “appropriate” calls to the helpline in May.
- There were 225 visitors to the *ksgamblinghelp.com* website in May.
- Carol Spiker will attend the National Conference on Problem Gambling for the agency.

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

The commission heard a staff report from Mr. Cawby:

- The July 2010 commission meeting has been moved from July 16 to July 9.

MOTION, EXECUTIVE
SESSION:
(J.1.)

Commissioner Falstad (Schwan) moved that the commission adjourn into executive session for the purpose of attorney client communication for a period of 20 minutes from 11:55 am until 12:15 pm, to be preceded by a 5-minute break. Those included in the executive session were the commission 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 12:15 pm with all members present as previously noted.

MOTION, EXECUTIVE
SESSION:
(J.2.)

Commissioner Braun (Schwan) moved that the commission adjourn into executive session for a period of 30 minutes from 12:20 pm to 12:50 pm to hear 20 confidential background reports. Those included in the executive session were the commission, 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 12:50 pm with all members present as previously noted.

MOTION, APPROVE
LICENSES:
(K.)

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

- a. Boot Hill Casino and Resort employees:
 - i. Dang, Andy L. Level 2
 - ii. Marrufo, Marcos D. Level 2
 - iii. Mohammad, Mohammed Level 2

- | | |
|--------------------------|---------|
| iv. Ochoa, Sylvia | Level 2 |
| v. Padron-Acosta, Jose | Level 2 |
| vi. Snell, Kezia J. | Level 2 |
| vii. Cruz, Monica A. | Level 3 |
| viii. Frost, Bradley K. | Level 3 |
| ix. Gutierrez, Alejandro | Level 3 |
| x. Heredia, Jennifer R. | Level 3 |
| xi. Hussein, Zakiya A. | Level 3 |
| xii. McMahon, Tad | Level 3 |
| xiii. Monge, Martina | Level 3 |
| xiv. Perez, Vanessa | Level 3 |
| xv. Stout, Sarah D. | Level 3 |

Motion passed unanimously.

MOTION, DENY LICENSES:
(K.1.)

Commissioner Braun (Schwan) moved to deny the following certificates or licenses:

- a. Boot Hill Casino and Resort employees:
- | | |
|-------------------------|---------|
| i. Blanco, Hugo | Level 2 |
| ii. Tena-Alvarez, Randy | Level 2 |
| iii. Torrez, Sean D. | Level 2 |
| iv. Wells, Deanna K. | Level 2 |
| v. Dyer, Taylor R. | Level 3 |

Motion passed unanimously.

ADJOURN:

Commissioner Braun (Schwan) moved to adjourn at 12:53 pm. Motion passed unanimously.

SUBMITTED BY:

(Signature on File)

William Falstad
Secretary

APPROVED BY:

(Signature on File)

Carol H. Sader
Chair

Recommended for Approval					
	Manufacturer	File Number	ID Number	Version	Game Name
1	ARISTOCRAT	MO-22-ARI-10-29	66B290197211	2.90/2.11	N/A
2	BALLY	MO-166-BAL-10-03	66B290198211	2.90/2.11	MEI CASHFLOW FIRMWARE
3	IGT	MO-22-IGT-08-521	HARDWARE	P/N 76943300W	RGB REEL CONTROLLERS
4	IGT	MO-22-IGT-08-521	HARDWARE	P/N 76943400W	RGB REEL CONTROLLERS
5	IGT	MO-22-IGT-08-521	HARDWARE	P/N 76943500W	RGB REEL CONTROLLERS
6	IGT	MO-22-IGT-09-167	BFDB0004	AVP	AVP DYNAMIC BUTTON
7	IGT	MO-31-IGT-09-29	HARDWARE	75439601W	MEGAJACKPOTS WHEEL OF FORTUNE TRIPLE DIAMOND
8	SHUFFLE MASTER	LO-08-SHU-08-02	TABLE GAME		ULITMATE TEXAS HOLD'EM
9	SHUFFLE MASTER	MA-00-SHU-10-01	TABLE GAME		FORTUNE PAI GOW POKER
10	WMS	MO-22-WMS-10-71	66B210197211_WMS	2.10/2.11	MEI BILL ACCEPTOR FIRMWARE
11	WMS	MO-22-WMS-10-76	SC04-000-1030C0	1030 H9.23	ZEUS
12	WMS	MO-22-WMS-10-81	SC07-000-1030C0	1030 H9.23	WILD SAFARI
Recommend Revocation					
	Manufacturer	File Number	ID Number	Version	Game Name
1	WMS	MO-22-WMS-09-57	SC04-000-1020C0	1020 H9.23	ZEUS remove by July 31, 2010
2	WMS	MO-22-WMS-09-58	SC07-000-1020C0	1020 H9.23	WILD SAFARI remove by July 31, 2010
3	WMS	MO-73-WMS-10-09	SSSG-000-1650	1650/H13.12	Operating System