

KANSAS RACING AND GAMING COMMISSION

MINUTES – NOVEMBER 12, 2010

CALL TO ORDER:
(A.)

Chair Sader called the November 12, 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 participated via teleconference. Others present included Interim Executive Director Patrick Martin; Deputy Director of Security Don Brownlee; Deputy Director of Audit/Electronic Security Charles LaBoy; Director of Communications/Responsible Gambling Mike Deines; Recording Secretary Linda Pendarvis and other staff.

MOTION, APPROVE
AMENDED AGENDA:
(B.)

Commissioner McKechnie (Braun) moved to approve the amended agenda as submitted. Motion passed unanimously.

MOTION, APPROVE
OCTOBER 13, 2010,
MEETING MINUTES:
(C.)

Commissioner Falstad (Braun) moved to approve the minutes of the October 13, 2010, commission meeting as submitted. Motion passed unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

Commissioner Schwan (Falstad) 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:

- In the Southwest gaming zone, net gaming revenue at Boot Hill Casino and Resort continues to be near pre-opening projections. Additionally, Boot Hill will become a Kansas Lottery retailer for certain lottery games. Last, the events center adjacent to Boot Hill (and which is separately owned) anticipates opening in early 2011.
- In the South Central zone, contract proposals were approved for Peninsula Gaming and Global Gaming. \$25,000,000 in privilege fees from each are due next week. The Review Board's consultants present their analyses at its December 1 meeting.
- In the Northeast zone, Mr. Kocher and Mr. Ed Van Petten, Executive Director of the Kansas Lottery, responded to the commission's request for a discussion about project changes to the Hollywood Casino at Kansas Speedway. The project changes are memorialized in an August 27, 2010 letter from Penn National Gaming, Inc. to the Kansas Lottery. There was significant discussion about the changes themselves, the process leading to the changes, and what precedent this practice establishes for other gaming zones. The commission

recognized that Kansas Lottery has a strong commitment to maintaining the integrity of gaming in Kansas and to seeing that other processes are performed as transparently as possible.

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

Mark Kashuda, general manager of the Boot Hill Casino and Resort, gave Boot Hill's report:

- October revenue showed a 5-6% increase over September, partially because there were five weekends in the month.
- November is off to a good start. Hunting season will bring some patrons and Boot Hill has targeted a promotion at them.
- Poker tournaments are going well and have shown a significant positive effect in poker winnings.
- Mr. Van Petten mentioned that starting today there is a joint promotion between the Lottery and the Boot Hill Casino and Resort called "Boot Hill Bounty."

LOTTERY GAMING
FACILITY
REPORTS/ITEMS:
(F.2.)

Jeff Boerger, president of Kansas Speedway Development Corporation, reported on the Hollywood Casino at the Kansas Speedway.

- He distributed the monthly construction report from Turner Construction and reported that construction is going extremely well.

GAMING LABORATORIES
INTERNATIONAL
ANNUAL REPORT:
(G.1.)

The commission heard Kevin Mullally, general counsel and director of government affairs for Gaming Laboratories International (GLI), provide GLI's annual review of Kansas and emerging technology issues:

- GLI has provided testing laboratory services to the commission for three years. Over the past year, GLI's biggest priority was to ensure the proper opening of the Boot Hill Casino and Resort. To that end, GLI tested the GTECH central computer system, the casino's slot management system, all electronic gaming machines and component parts.
- Mr. Mullally reviewed the services provided by GLI and discussed technological issues that will affect Kansas and other casinos in the future.
- He stated that the commission should be congratulated for being the first jurisdiction to have a complete set of responsible gambling programs in place before its casino opened.

PUBLIC COMMENTS:
(H.)

Chair Sader called for public comments. There were none.

STAFF REPORT, MARTIN:
(I.1.)

The commission heard a staff report from Mr. Martin:

- The Kansas Lottery Gaming Facility Review Board had its

first meeting in Sumner County. The Board's next meeting will be December 1, when it will hear from its consultants. The Review Board expects to make its final selection on December 15.

- The Review Board's selection is scheduled to be considered for final approval at the commission's January 14, 2011, meeting.
- Assuming a final approval, then two new casinos will be opening by 2012 (Hollywood Casino and the Sumner County casino). The commission will have a busy coming year preparing for those casinos.

STAFF REPORT, DEINES:
(I.2.)

The commission heard a staff report from Mr. Deines:

- There are currently 18 individuals in the self-exclusion program.
- Twenty-eight relevant calls were made to the Kansas HelpLine in October.
- The commission has a re-designed website.
- He discussed how self-excluded people are identified at the casinos and discussed new technology that KRGC is considering. Kevin Mullally contributed to the discussion with information about policy goals in responsible gambling programs.

MOTION, EXECUTIVE
SESSION:
(J.1.)

Commissioner Schwan (Falstad) moved that the commission take a 5-minute break followed by a 20-minute executive session from 11:45 am to 12:05 pm for the purpose of attorney client communication. 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 12:07 pm with all members present as previously noted.

MOTION, EXECUTIVE
SESSION:
(J.2.)

Commissioner Falstad (Braun) moved that the commission go into a 5-minute executive session from 12:10 pm until 12:15 pm for the purpose of discussing a personnel matter. Those included in the executive session were the commission, Mr. Martin, and Mr. Brownlee. 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, PERSONNEL
MATTER:
(J.2.)

Commissioner Braun (Falstad) moved that the commission waive paragraph 5 of the Code of Conduct's gift prohibitions as it relates to employee Dan Konrade and his family member who is a licensee. Motion passed unanimously.

MOTION, EXECUTIVE
SESSION:
(J.3.)

Commissioner Schwan (Falstad) moved that the commission go into a 25-minute executive session from 12:20 pm until 12:45 pm for the purpose of considering 25 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.

McKECHNIE EXITS
TELECONFERENCE

Commissioner McKechnie exited the teleconference at 12:20 pm.

RECONVENE:

The commission meeting reconvened at 12:45 pm with all members present as previously noted.

MOTION, APPROVE
LICENSES:
(J.3.)

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

- a. Boot Hill Casino and Resort employees:
 - i. Misti Alexander Level 2
 - ii. Marta Argueta Level 2
 - iii. Michelle Coates Level 2
 - iv. Stephanie Cook Level 2
 - v. James Eberle Level 2
 - vi. Sabin Esquibel Level 2
 - vii. Karen Genereux Level 2
 - viii. Thuy Hoang Level 2
 - ix. Melissa James Level 2
 - x. Yvonne Sauer Level 2
 - xi. Shea Simmons Level 2
 - xii. Maria Arguero Level 3
 - xiii. Kirstie Collins Level 3
 - xiv. Carlos DeJesus Level 3
 - xv. Guadalupe Douglas Level 3

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| xvi. | Ofelia Esquivel | Level 3 |
| xvii. | Catherine Gilbert | Level 3 |
| xviii. | Consuelo Lopez | Level 3 |
| xix. | Gabriela Perez | Level 3 |
| xx. | Gloria Rubio | Level 3 |
| xxi. | Nathan Schaller | Level 3 |
| xxii. | Maria Valdivia | Level 3 |
| xxiii. | Paula Valenzuela | Level 3 |
| xxiv. | David Wade | Level 3 |

Motion passed unanimously.

MOTION, DENY
LICENSES:
(J.3.)

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

- a. Boot Hill Casino and Resort employee:
 - i. Abdifatah Sahal Level 3

Motion passed unanimously.

ADJOURN:

Commissioner Braun (Schwan) moved to adjourn at 12:50 pm.
Motion passed unanimously.

SUBMITTED BY:

(Signature on File)

William Falstad
Secretary

APPROVED BY:

(Signature on File)

Carol H. Sader
Chair