

## KANSAS RACING AND GAMING COMMISSION

### MINUTES – FEBRUARY 17, 2011

CALL TO ORDER:  
(A.)

Chair Falstad called the February 17, 2011, meeting to order at 10:00 am at 700 SW Harrison, Auditorium B, Suite 460, Topeka, Kansas. Commissioners Falstad, Braun, Sader, Schwan, and McKechnie were all present at the meeting. Others present included Interim Executive Director Neysa Thomas; Assistant Attorney General Patrick Martin; Director of Security Don Brownlee; Director of Audit/Electronic Security Charles LaBoy; Director of Administration Don Cawby; Recording Secretary Linda Pendarvis and other staff.

MOTION, APPROVE  
AMENDED AGENDA:  
(B.)

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

MOTION, APPROVE  
JANUARY 14, 2011,  
MEETING MINUTES:  
(C.)

Commissioner Sader (McKechnie) moved to approve the minutes of the January 14, 2011, commission meeting as submitted. Motion passed unanimously.

MOTION, APPROVE  
CONSENT AGENDA:  
(D.)

Commissioner Sader suggested that Item D.4. be pulled from the consent agenda and added to an executive session for further discussion. Commissioner Schwan (Braun) moved to approve the consent agenda with that change noted. 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. Mr. Kocher noted that:

- Kansas Star is currently working to determine which of their two building sites will be used.
- He pointed out that the possibility exists that both the Kansas Star and the Hollywood casino might open at or near the same time in early 2012. The Lottery has requested that both casinos notify them no later than April 1, 2011, as to what their earliest opening date is going to be, in order to allow time for both the Lottery and KRGC to gear up for the openings.
- Boot Hill Casino and Resort has nearly reached the \$10 million mark in money generated for the state.
- The new deadline for applications to be submitted for the Southeast Zone is April 21, 2011.

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

Mark Kashuda, general manager of the Boot Hill Casino and Resort, reported that:

- Boot Hill Casino and Resort recorded a solid January, improving performance by 5% over January 2010. February

is projected to finish about 12% higher than February 2010.

- BHCR received a very favorable letter from the Kansas Department of Revenue concerning their ability to refuse access of minors to the facility.
- The United Wireless Arena opened to the public last week. The first concert will be tonight (February 17, 2011). Miranda Lambert is scheduled to perform on April 8, 2011.

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

Marty Naumann, general manager for Hollywood Casino at the Kansas Speedway, reported:

- He distributed the monthly report from Turner Construction and reported that construction continues to go well.

LOTTERY GAMING  
FACILITY  
REPORTS/ITEMS:  
(F.3.)

Brent Stevens, CEO of Peninsula Gaming Partners, LLC, reported on progress at the Kansas Star Casino:

- He introduced Scott Cooper, who will be General Manager of the Kansas Star Casino; and Wendy Runde, Assistant General Manager.
- He gave an overview of Peninsula Gaming and their operating philosophy. Prospective vendors and employees may apply online; to date over 800 employment applications have been received.

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

The commission heard Patsy Congrove, administrator of charitable gaming for the Department of Revenue, present the semi-annual activity report of inspections and investigations of bingo operations for the period July 1 to December 31, 2010. The commission acknowledged receipt of the report.

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

The commission heard Neysa Thomas discuss the Kansas Horsemen's Association (KHA) request for reimbursement from the Kansas Bred Program for expenses for November 2009 in the amount of \$337.50, subject to the ability of funds.

MOTION, APPROVE KHA  
REQUEST FOR  
REIMBURSEMENT OF  
EXPENSES:  
(G.2.)

Commissioner McKechnie (Braun) moved to approve the KHA request for reimbursement from the Kansas Bred Program for November 2009 in the amount of \$337.50, subject to the availability of funds. Motion passed unanimously.

DISCUSSION, "WAVE  
FIVE" GAMING  
REGULATIONS:  
(G.3.)

The commission heard Patrick Martin discuss "Wave Five" gaming regulation revisions as follows:

- K.A.R. 112-101-6 – Disqualification criteria
- K.A.R. 112-102-8 – Disqualification criteria
- K.A.R. 112-103-2 – License levels
- K.A.R. 112-103-4 – Application for a license
- K.A.R. 112-103-5 – Applicant identification
- K.A.R. 112-103-8 – Disqualification criteria for a level I, level II, or

level III license

- K.A.R. 112-103-15 – License mobility; limitations
- K.A.R. 112-104-1 – Definitions; internal control system
- K.A.R. 112-104-8 – Retention, storage, and destruction of records
- K.A.R. 112-104-13 – Patron deposits
- K.A.R. 112-104-14 – Cage and main bank
- K.A.R. 112-104-15 – Countroom and main bank requirements
- K.A.R. 112-104-16 – Accounting controls for the cage and main bank
- K.A.R. 112-104-32 – Unclaimed winnings
- K.A.R. 112-105-1 – Security department
- K.A.R. 112-105-2 – Security plan
- K.A.R. 112-105-3 – Emergency operations plan
- K.A.R. 112-106-1 – Surveillance system
- K.A.R. 112-106-2 – Surveillance system plan
- K.A.R. 112-106-5 – Surveillance room
- K.A.R. 112-106-6 – Monitoring
- K.A.R. 112-107-3 – Submission for testing and approval
- K.A.R. 112-107-5 – Transportation of LFGs
- K.A.R. 112-107-10 – Master list of approved gaming machines
- K.A.R. 112-107-21 – Progressive LFG's
- K.A.R. 112-107-22 – Wide-area progressive system
- K.A.R. 112-108-18 – Tournament chips and tournaments
- K.A.R. 112-108-36 – Required personnel for specific table games
- K.A.R. 112-108-55 – Shipment of table games and table game mechanisms
- K.A.R. 112-110-3 – Central computer system security
- K.A.R. 112-112-1 – Office of responsible gambling
- K.A.R. 112-112-3 – Responsible gambling plan
- K.A.R. 112-112-4 – Self-exclusion list
- K.A.R. 112-112-7 – Confidentiality of the self-exclusion list
- K.A.R. 112-112-9 – Procedure for removal from the self-exclusion list

MOTION, REVISIONS TO  
"WAVE FIVE" GAMING  
REGULATIONS:  
(G.3.)

Commissioner Sader (McKechnie) moved to approve the revised regulations as presented. On a roll call vote, the motion passed unanimously.

DISCUSSION, 2010  
ANNUAL REPORT:  
(G.4.)

The commission heard Mr. Cawby present the KRGC 2010 Annual Report.

MOTION, APPROVE 2010  
ANNUAL REPORT:  
(G.4.)

Commissioner Schwan (Braun) moved to approve the Annual Report as presented. Motion passed unanimously.

PUBLIC COMMENTS:  
(H.)

Chair Falstad called for public comments and the following people spoke:

- Richard Baldwin, Acting Executive Director of the State Gaming Agency, announced that he will be retiring on March 4, 2011. A replacement has not yet been named.

STAFF REPORT, THOMAS:  
(I.1.)

The commission heard a staff report from Ms. Thomas:

- Ms. Thomas announced that the budget has been accepted by the Governor with very little change. It has been reviewed and accepted in the Senate Ways and Means Committee and is currently being reviewed in the House. Minimal changes are anticipated.

RESPONSIBLE  
GAMBLING REPORT,  
SPIKER:  
(I.2.)

The commission heard a responsible gambling report from Carol Spiker, Responsible Gambling Coordinator, who reported that:

- 25 voluntary exclusions exist to date, which represents a full calendar year's data. Data largely parallels national figures with the exception of the ethnicity represented in the Dodge City area. Several exclusions have been received from the Kansas City area in anticipation of the Kansas Star opening.

STAFF REPORT, CAWBY:  
(I.3.)

The commission heard a staff report from Mr. Cawby.

MOTION, EXECUTIVE  
SESSION:  
(J.1.)

Commissioner Schwan (Sader) moved that the commission take a five-minute break, followed by an executive session for a period of 25 minutes from 11:35 am to 12:00 pm for the purpose of receiving confidential information. Those included in the executive session were the commission, Ms. Thomas, 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 12:00 pm with all members present as previously noted.

MOTION, APPROVE  
DISCIPLINARY REVIEW  
BOARD SETTLEMENTS:  
(J.1.)

Commissioner Sader (McKechnie) moved that the commission approve the disciplinary review board settlement agreements in matters 2010-004 and 2010-005. Motion passed unanimously.

MOTION, EXECUTIVE  
SESSION:  
(J.2.)

Commissioner Schwan (McKechnie) moved that the commission adjourn into executive session for a period of one hour, from 12:00 pm until 1:00 pm, for the purpose of reviewing confidential background reports. Those included in the executive session were the commission, Ms. Thomas, 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 1:00 pm with all members present as previously noted.

MOTION, APPROVE  
LICENSES:  
(K.)

Commissioner Braun (Schwan) moved to approve the following backgrounds, certificates or licenses:

A. ShuffleMaster employees:

- i. Michael Boley Level 2
- ii. John Brassfield Level 2
- iii. Brian Finton Level 2
- iv. Gregory Walser Level 2

B. Konami employee:

- i. Paul Vick Level 2

C. WMS Employee

- i. Joseph Lewis Level 2

D. Penn National employee:

- i. Steven Snyder Level 1

E. Spielo/GTECH employee:

- i. Serge Allah Level 2
- ii. Christopher Hawk Level 3

F. Bowe Bell & Howell employee:

- i. Bryan Phipps Level 2

G. Butler National employee:

- i. Sharon Stroburg Level 1

H. KRGC employees:

- i. Holly Anderson Level 1
- ii. Corbin Spellman Level 1

I. Boot Hill Casino and Resort employees:

- i. Stacy Bush Level 2
- ii. Emma Cecil Level 2
- iii. Christopher Conrardy Level 2
- iv. Jessica Dominguez Level 2
- v. Kathy Konrade Level 2
- vi. Larry Lemaster Level 2
- vii. Souk Luangchia Level 2
- viii. Terry Lucas Level 2
- ix. James Myers Level 2
- x. Dominique Owens Level 2
- xi. Jimmy Parks Level 2
- xii. Raymond Ritchey Level 2

- xiii. Kayla Schriener Level 2
- xiv. Renata Troncoso Level 2
- xv. Ricardo Correa Level 3
- xvi. Leonardo Garcia Level 3
- xvii. Sandra Ventura Level 3

Motion passed unanimously.

MOTION, DENY LICENSE:  
(K.)

Commissioner Braun (Schwan) moved to deny the license requested for:

- I. Boot Hill Casino and Resort employee:
  - i. Sheena Gingrich Level 2

Motion passed unanimously.

ADJOURN:

Commissioner Braun (McKechnie) moved to adjourn at 1:02 pm.  
Motion passed unanimously.

SUBMITTED BY:

*(Signature on File)*

---

Barry L. Schwan  
Secretary

APPROVED BY:

*(Signature on File)*

---

William Falstad  
Chair