

KANSAS RACING AND GAMING COMMISSION

MINUTES – FEBRUARY 17, 2012

CALL TO ORDER:
(A.)

Chair Falstad called the February 17, 2012, meeting to order at 10:05 am at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. Commissioners Falstad, Shultz, Shadwick, and McKinney were present at the meeting. Commissioner Braun was absent. Others present included executive director Richard Petersen-Klein; director of security Don Brownlee; director of administration/finance Kathy Lewis; general counsel Judy Taylor; director of information technology Bill Smith; recording secretary Linda Pendarvis and other staff.

MOTION, APPROVE
AGENDA:
(B.)

Commissioner Shultz (Shadwick) moved to approve the agenda as submitted. Motion passed unanimously.

MOTION, APPROVE
JANUARY 13, 2012,
MEETING MINUTES:
(C.)

Commissioner Shadwick (Shultz) moved to approve the minutes of the January 13, 2012, commission meeting as presented. Motion passed unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

Commissioner Shultz (Shadwick) moved to approve the consent agenda as submitted. Motion passed unanimously.

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

Sharon Stroburg, general manager of the Boot Hill Casino and Resort, reported that:

- Projected opening for the Hampton Inn and Suites is March 15.
- Last week there was a \$100,000 jackpot winner, which is the largest jackpot won at a Kansas state-owned casino to date.
- Gaming revenue was almost 3% above budget for January 2012 – 12% above January 2011, and 8% above December of 2011. Gaming revenues are trending almost 14% above last year.

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

Scott Cooper, general manager for the Kansas Star Casino:

- Updated the commission on construction for the permanent casino. They have exceeded the \$30 million mark in expenditures on the next phase, 99% of which has gone to local subcontractors.
- They are currently on schedule for an early January 2013 opening of the permanent casino.
- They are in the process of adding 100 more slot machines, three more table games, and a five-table poker room to the floor.
- Revenue for January exceeded the first-month's projection.

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

Bob Sheldon, General Manager for the Hollywood Casino at the Kansas Speedway, reported that:

- Their February 3 opening was very successful. Visitor volume had to be restricted the first two days because of the crowds.
- Open positions are still being filled.
- A new TV commercial will begin airing prior to month end.

KANSAS LOTTERY
COMMISSION REPORT:
(F.)

The commission heard Keith Kocher, director of gaming facilities for the Kansas Lottery, comment on the current status of casinos.

PRESENTATION OF 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, 2011, through December 30, 2011. The commission acknowledged receipt of the report.

PRESENTATION OF
DEPARTMENT OF SRS FY
2012 ACTUALS, FY 2012
EXPENDITURES, AND FY
2013 BUDGET
PERTAINING TO THE 2%
PROBLEM GAMBLING
AND ADDICTIONS FUND:
(G.2.)

A representative of the Department of SRS failed to appear to give the presentation. The Chair suggested that a written report be requested from SRS to be included in the next agenda packet. In the absence of an SRS representative, Carol Spiker summarized the report. Discussion ensued.

PRESENTATION OF
QUARTERLY REPORTS
ON STAFF OUT-OF-STATE
TRAVEL, LICENSING,
AND ILLEGAL
GAMBLING:
(G.3.)

Mr. Petersen-Klein presented the quarterly reports on staff out-of-state travel, licensing, and illegal gambling.

DISCUSSION,
CONDITIONAL
APPROVAL OF KANSAS
STAR POKER:
(G.4.)

Mr. Petersen-Klein presented Kansas Star's request for an accommodation to the commission's procedures for approving changes to internal controls and casino operations. The Kansas Star decided to open a poker room in response to customer demand while KRGC staff was in the process of certifying the Hollywood Casino for opening. Kansas Star was unable to timely provide the KRGC all of the necessary changes related to the poker room for review and finalization to be able to place the request on the February commission meeting agenda. Finally, the Kansas Star had already hired additional dealers for the poker room expecting to open the poker room February 20, 2012, and believed that some of the newly-hired dealers would not report for work if the poker room opening was delayed. Therefore, Kansas Star needed the commission to

modify the approval process, so the opening of the poker room would not be postponed until after the March commission meeting. The KRGC staff recommended a conditional order of approval to accommodate Kansas Star's situation with the understanding that such requests are not to be repeated. The commission expressed great dissatisfaction with Kansas Star's failure to plan better to allow for the normal commission approval processes to work and the fact that it hired dealers before any approval had been obtained. The commission stressed that any accommodation granted should not be considered a precedent and indicated that any future request for such accommodation would not be viewed favorably.

MOTION, CONDITIONAL
APPROVAL OF KANSAS
STAR POKER:
(G.4.)

Commissioner Shadwick (Shultz) moved to conditionally approve the Kansas Star Casino's poker room accommodation request as set forth in the proposed conditional approval order. On a vote of three to one, the motion passed, with Commissioner McKinney dissenting.

PUBLIC COMMENTS:
(H.)

Chair Falstad called for public comments. There were none.

STAFF REPORT,
EXECUTIVE DIRECTOR:
(I.1.)

Mr. Petersen-Klein updated the commission on staff activities:

- KRGC budget is continuing through the legislative process.
- There are a number of bills in the legislature related to the Kansas Expanded Lottery Act, many of which are looking to encourage activity in the Southeast Gaming Zone, as well as encourage the opening of horse and dog tracks.. There is also a bill in the House advocating a gaming zone in the North Central part of the state.
- Some of the bills the KRGC continues to follow pertain to the smoking exemption for casinos in Kansas.
- There is also a bill concerning KRGC commissioner compensation. That bill is currently on the House floor but has not been scheduled for debate.

STAFF REPORT,
RESPONSIBLE
GAMBLING
COORDINATOR:
(I.2.)

The commission heard from Carol Spiker, responsible gambling coordinator, who reviewed the voluntary exclusion report.

MOTION, EXECUTIVE
SESSION:
(J.1.)

Commissioner Shadwick (Shultz) moved that the commission go into a 20-minute executive session from 11:30 am to 11:50 am for the purpose of attorney-client privilege. Those included in the executive session were the commissioners, executive director, and general counsel. 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 meeting reconvened at 11:50 am

MOTION, EXECUTIVE
SESSION:
(J.2. and 3.)

Commissioner Shultz (Shadwick) moved that the commission go into executive session for the purpose of discussing personnel matters and then move immediately to an executive session to review confidential background reports and licensing. Those included in the executive session for personnel were the commissioners, executive director, and general counsel. Those included in the executive session for background reports and licensing were the commissioners, executive director, general counsel, director of security, and other security personnel as needed. The total combined time for the executive sessions was 1 hour and 25 minutes, from 11:55 am until 1:20 pm. 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 1:20 pm with all members present as previously noted.

STATEMENT FOR
RECORD:

Commissioner McKinney requested that the record reflect that the KRGC feels it is necessary and prudent for the effective accomplishment of the KRGC's assigned mission that if an assistant attorney general is appointed by Attorney General Schmidt to the KRGC, the person appointed should be housed at the KRGC and employed full-time within the agency. Since the commission and the Attorney General have been unable to negotiate a mutually agreeable arrangement for such an appointment by the Attorney General, the commission believes it is in the best interests of the commission and the public to discontinue such negotiations and move forward with other options. The commission believes that the recent opening of two additional casinos, bringing the total number of casinos regulated by KRGC to three, requires that the commission move forward immediately to increase the KRGC's legal staff by one attorney in an effort to have the legal resources necessary to meet the legal demands the additional casinos will have on the KRGC.

MOTION, DENY
LICENSES:
(K.)

Commissioner Shultz (Shadwick) moved to deny the licenses of:

- Jody Palmer
- Catherine Eismont
- Steven Isaacson
- Bryan Quinn
- Maria Gomez

- Nicole Thomas (Request for Reconsideration)
Motion passed unanimously.

MOTION TO APPROVE
LICENSE SUBJECT TO
CONDITIONS:
(K.)

Commissioner Shultz (McKinney) moved to grant a six-month license to:

- Joan Blankman
which would give her time to meet the conditions that were discussed in the executive session. Motion passed unanimously.

MOTION TO APPROVE
LICENSES:
(K.)

Commissioner Shultz (Shadwick) moved to approve all other license applications:

- a. KRGC New Employee Applications:
 - i. John Connett IT Consultant
 - ii. Brett Jacobs Enforcement Agent
 - iii. Scott Todd Enforcement Agent
- b. Aristocrat Technologies employee *license*:
 - i. Debra Perez Level 2
- c. Bally Gaming employee *licenses*:
 - i. Jamie Bates Level 2
 - ii. Jeffrey Hart Level 2
 - iii. Sivakumar Kanagavel Level 2
 - iv. David Kropp Level 2
 - v. Joseph Pelle Level 2
- d. Butler National Corporation employee *license*:
 - i. Craig Stewart Level 1
- e. GLI employee *licenses and renewals*:
 - i. Aaron Green Level 3
 - ii. Jignasa Gusani Level 3 (Renewal)
 - iii. John Hall Level 3 (Renewal)
 - iv. Paul Magno Level 3 (Renewal)
 - v. James Maida Level 3 (Renewal)
 - vi. Jeffrey Warmkessel Level 3 (Renewal)
 - vii. Yoong Yong Level 3
- f. GTECH employee *license renewal*:
 - i. Jason Bickham Level 2 (Renewal)
- g. Hydeman Company employee *licenses*:
 - i. James Chilson Level 2
 - ii. Joshua Hydeman Level 2
 - iii. Steven Miller Level 2
- h. Shufflemaster employee *licenses*:
 - i. William Lefever Level 2
- i. Boot Hill Casino employee *licenses and renewals*:
 - i. Diane Giardine Level 1

ii.	Dawn Roberts	Level 1	
iii.	Luis Batres	Level 2	
iv.	Cat Bui	Level 2	(Renewal)
v.	Geneva Cecil	Level 2	
vi.	Steven Deno	Level 2	
vii.	Adam Fontenelle	Level 2	(Renewal)
viii.	Daniel Hadovanic	Level 2	
ix.	Ruth Hammer	Level 2	(Renewal)
x.	Johanna Henao	Level 2	
xi.	Margaret Krominga	Level 2	
xii.	Scott Pray	Level 2	
xiii.	Andrew Reitberger	Level 2	
xiv.	Kansas Reynolds	Level 2	
xv.	Warren Robbins	Level 2	(Renewal)
xvi.	Savannah Sidebottom	Level 2	
xvii.	Andrea Stegman	Level 2	(Renewal)
xviii.	Sandy Styles	Level 2	
xix.	Quang Vo	Level 2	
xx.	Scott Whelchel	Level 2	
xxi.	Susana Aguirre	Level 3	(Renewal)
xxii.	Margarita Andazola	Level 3	(Renewal)
xxiii.	Daisy Beatriz	Level 3	(Renewal)
xxiv.	Margarita Caraveo-DeMedina	Level 3	(Renewal)
xxv.	Jessica Coghil	Level 3	
xxvi.	Denia Cepero Gonzalez	Level 3	
xxvii.	Miriam Guillen	Level 3	(Renewal)
xxviii.	Nathan Schaller	Level 3	(Renewal)
j.	Hollywood Casino employee licenses:		
i.	Dennis Bennett	Level 1	
ii.	Kevin Roth	Level 1	
iii.	Anthony Adair	Level 2	
iv.	Jacquelyn Arnold	Level 2	
v.	Carson Auguste	Level 2	
vi.	Chris Courtney	Level 2	
vii.	Evelyn Duncan	Level 2	
viii.	Dion Gonzales	Level 2	
ix.	Curtis Griffin, Jr.	Level 2	
x.	Eileen Kelly	Level 2	
xi.	Bobby Lowery	Level 2	
xii.	Zachary Olberding	Level 2	
xiii.	Charles Siglin	Level 2	
xiv.	Christopher Townsend	Level 2	

xv.	Douglas Tunnell	Level 2
xvi.	Judie Vang	Level 2
xvii.	Chad West	Level 2
xviii.	Tammy Wright	Level 2
xix.	Mahlet Abebe	Level 3
xx.	Abraham Abosete	Level 3
xxi.	Alicia Agee	Level 3
xxii.	Shahpar Ali-Beighi	Level 3
xxiii.	David Alvarado	Level 3
xxiv.	Danielle Ammons	Level 3
xxv.	Franklin Aquino	Level 3
xxvi.	Lara Armendariz	Level 3
xxvii.	Alexis Avery	Level 3
xxviii.	Mary Balano	Level 3
xxix.	Benjamin Bass	Level 3
xxx.	Wanphen Beatty	Level 3
xxxi.	Werkenh Bekele	Level 3
xxxii.	Tezerawork Belaghe	Level 3
xxxiii.	Maria Bernnal	Level 3
xxxiv.	Donald Bratton	Level 3
xxxv.	Diana Cevallos	Level 3
xxxvi.	Dolores Chapa	Level 3
xxxvii.	Eric Coleman	Level 3
xxxviii.	Mark Gardner	Level 3
xxxix.	Matthew Hickel	Level 3
xl.	Sherri Houck	Level 3
xli.	Katey Kibler	Level 3
xlii.	Ronald Mallari	Level 3
xliii.	Maribel Martinez	Level 3
xliv.	Donna Miller	Level 3
xlv.	Jennifer Peterson	Level 3
xlvi.	Walter Sanford	Level 3
xlvii.	Robert Shields II	Level 3
xlviii.	Cinderella Smith	Level 3
xlix.	Raymond Springfield	Level 3
l.	Anthony Taylor	Level 3
k.	Kansas Star Casino employee licenses:	
i.	JoAnn Bates	Level 2
ii.	Rebekah Bell	Level 2
iii.	Rusty Bourg	Level 2
iv.	Brent Brown	Level 2
v.	Michael Burgess	Level 2

vi.	Alex Burggraf	Level 2
vii.	John Bustraan	Level 2
viii.	Nova Callicott	Level 2
ix.	Barbara Cannady	Level 2
x.	Chelsey Carruthers	Level 2
xi.	Bynthia Freeman	Level 2
xii.	Julie Gile	Level 2
xiii.	David Hyle	Level 2
xiv.	Stephen Hyle	Level 2
xv.	Scott Johns	Level 2
xvi.	Pamela Karlake	Level 2
xvii.	Lisa Keesling	Level 2
xviii.	Tassanee Knight	Level 2
xix.	Leroy Lake	Level 2
xx.	Van Mai	Level 2
xxi.	Chad McCoskey	Level 2
xxii.	Christopher McDaniel	Level 2
xxiii.	Kathy Meeker	Level 2
xxiv.	Roger Morris	Level 2
xxv.	Beth Norris	Level 2
xxvi.	Mark Province	Level 2
xxvii.	Jessica Robinson	Level 2
xxviii.	Thomas Ross	Level 2
xxix.	Alisha Sandell	Level 2
xxx.	Robert Scheid	Level 2
xxxi.	Joyce Simon	Level 2
xxxii.	Cooper Stewart	Level 2
xxxiii.	Scott Stickney	Level 2
xxxiv.	Vikki Stone	Level 2
xxxv.	Deedra Sweat	Level 2
xxxvi.	Ryan Thrun	Level 2
xxxvii.	Nichole Tindall	Level 2
xxxviii.	Toney Turney Jr.	Level 2
xxxix.	Lyn Twitchell	Level 2
xl.	Dana Vaughn	Level 2
xli.	Debra Weber	Level 2
xlii.	Marcella Whalen	Level 2
xliii.	Audrey Wilson	Level 2
xliv.	Samantha Wilson	Level 2
xlv.	Fredia Carmouche	Level 3
xlvi.	Lea Gaspard	Level 3
xlvii.	Kevin Polito	Level 3

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| xlvi. | Doug Schreiber | Level 3 |
| xlix. | Scott Smith | Level 3 |
| 1. | Jamie Ward | Level 3 |
| li. | Teresa Williams | Level 3 |
| lii. | Lorenda Willis | Level 3 |
| liii. | Natasha Young | Level 3 |
- Motion passed unanimously.

ADJOURN:
(L.)

Commissioner Shadwick (Shultz) moved to adjourn at 1:22 pm.
Motion passed unanimously.

SUBMITTED BY:

(Signature on File)

Timothy A. Shultz
Secretary

APPROVED BY:

(Signature on File)

William Falstad
Chair