

KANSAS RACING AND GAMING COMMISSION

MINUTES – JULY 13, 2012

CALL TO ORDER:
(A.)

Chair Falstad called the July 13, 2012, meeting to order at 10:00 am at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. Commissioners Falstad, Shultz, Shadwick, and McKinney were present at the meeting. Others present included executive director Richard Petersen-Klein, director of security Don Brownlee; director of administration/finance Kathy Lewis; general counsel Judith Taylor; director of information technology Bill Smith; recording secretary Linda Pendarvis and other staff.

MOTION, APPROVE
AGENDA:
(B.)

Commissioner Shultz (McKinney) moved to approve the agenda as presented. Motion passed unanimously.

MOTION, APPROVE
JUNE 15, 2012, MEETING
MINUTES:
(C.)

Commissioner Shultz (McKinney) moved to approve the minutes of the June 15, 2012, commission meeting subject to review of recording and amendment, if necessary. Motion passed unanimously. Review of recording confirmed the minutes of June 15, 2012, commission meeting were accurate as presented.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

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

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

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

- Revenue for the month of June was approximately 12% greater than last year and 28% over budget.
- Construction continues for the 216 slots expansion, which is projected to open on September 1, 2012.

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

Scott Cooper, general manager for the Kansas Star Casino, reported:

- Construction for phase 1B is progressing on schedule.
- To date, \$42M in sub-contracts has been awarded, of which 89% has been to Kansas contractors.
- Slot revenues were down from May 2.8% (handle) and .3% (win). Table game win was down 8% from May.
- The Poker Room is averaging \$5,058/day, which is equal to the average over the past three months.
- Exchange of 101 new slot machines has been completed.
- Players Club membership is now over 130,000.
- The Kansas Star currently employees 570 people.

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

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

- During the month of June, overall business volumes were about equal to the month of May.
- Slots had a slightly lower hold percentage, and revenue decreased about 3.7% compared to May.
- Table games revenue increased 14.3%, mostly due to increased hold percentage over the previous month.

PRESENTATION BY
DEPARTMENT FOR
AGING AND DISABILITY
SERVICES (FORMERLY
SRS):
(F.1.)

The commission heard Angela Hagen, Director of Behavioral Health Services at the Department for Aging and Disability Services, report on FY 2012 revenues, FY 2012 expenditures, and FY 2013 budget as they relate to the 2% Problem Gambling and Other Addictions Fund. Commissioner McKinney pointed out that the problem gambling fund is a no limit fee fund, thus the \$740,000 budget could go up due to increased gaming revenue and suggested that KDADS consider this.

PRESENTATION BY BOYD
GAMING CORPORATION:
(F.2.)

In mid-May, Boyd Gaming Corporation entered into an agreement to acquire Peninsula Gaming, the owner of the Kansas Star Casino. The commission heard Keith Smith, President and CEO of Boyd Gaming, give a presentation introducing their company. He also introduced Bill Boyd, executive chairman and co-founder of Boyd Gaming; Marianne Johnson, executive vice president and vice-chair of the board; and Brian Larson, general counsel and executive vice president.

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

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

PUBLIC COMMENTS:
(G.)

Chair Falstad called for public comments. There were none.

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

Mr. Petersen-Klein reported that:

- The Governor has appointed a new commissioner, Eileen King. She is currently Riley County Treasurer and has held that position since 1985. Time for the confirmation hearing has yet to be set. Ms. King will be replacing Glenn Braun, who resigned from the commission to accept a judgeship in the 23rd Judicial District.
- KRGC has obtained the records for the Kansas Bred program.
- The State's fiscal year ended June 30, and the budget process is now upon us. More information will be forthcoming.

- The next commission meeting is scheduled for August 17.

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

The commission heard from Carol Spiker, responsible gambling coordinator, who reviewed the Voluntary Exclusion Report.

MOTION, EXECUTIVE
SESSIONS:
(I.1.- 2.)

Commissioner Shultz (McKinney) moved that the commission go into consecutive executive sessions for the purpose of (1) attorney-client communication and (2) to review the list of 216 confidential backgrounds for licensing. Those included in the executive session for attorney-client privilege 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, and director of security. The total combined time for the executive sessions was one hour, from 11:40 am until 12:40 pm, preceded by a 10-minute break. 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 12:40 pm with all members present as previously noted.

MOTION TO DENY
LICENSES:
(J.)

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

- i. Jade Freeman Level 3
- ii. Roderick Banks Level 2

Motion passed unanimously.

MOTION TO APPROVE
LICENSE APPLICATION
SUBJECT TO
CONDITIONS:
(J.)

Commissioner Shultz (Shadwick) moved for conditional approval of the request for reconsideration of a previous license denial for:

- i. Clifford Paxton Level 2

Motion passed unanimously.

MOTION TO APPROVE
REQUEST FOR
RECONSIDERATION:
(J.)

Commissioner Shultz (Shadwick) moved to approve the request for reconsideration of a previous license denial for:

- i. Brian Salmon Level 2

Motion passed unanimously.

MOTION TO TABLE
REQUEST:
(J.)

Commissioner Shultz (Shadwick) moved to table, for a period of 30 days, the corporate license renewal request of:

- i. Butler National Service Corporation

Motion passed unanimously.

MOTION TO APPROVE
LICENSES:
(J.)

Commissioner Shultz (Shadwick) moved to approve the other 211 license applications appearing on the list of confidential backgrounds for licensing. Motion passed unanimously.

ADJOURN:
(K.)

Commissioner Shadwick (McKinney) moved to adjourn at 12:43 pm. Motion passed unanimously.

SUBMITTED BY:

(Signature on File)

Timothy A. Shultz
Secretary

APPROVED BY:

(Signature on File)

Jay T. Shadwick
Vice-Chair