

KANSAS RACING AND GAMING COMMISSION

MINUTES – AUGUST 17, 2012

- CALL TO ORDER:
(A.) Vice-Chair Jay Shadwick called the August 17, 2012, meeting to order at 10:02 am at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. Commissioners Shadwick, Shultz, 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; 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
JULY 13, 2012, MEETING
MINUTES:
(C.) Commissioner Shultz (McKinney) moved to approve the minutes of the July 13, 2012. Motion passed unanimously.
- MOTION, APPROVE
CONSENT AGENDA:
(D.) Commissioner Shultz (McKinney) 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:
- July revenue was approximately 4% over last year and 4% over budget.
 - Construction is proceeding on the gaming floor expansion with a projected opening of September 1, 2012.
 - Breezeway construction connecting the Boot Hill Casino with the United Wireless Arena is progressing.
 - BHCR participated in a successful Taste of the Wild West – a joint effort with the 22 counties in Southwest Kansas, in conjunction with Dodge City Days.
- 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. The hotel is tentatively scheduled to open in mid-October.
 - The focus is currently on the transition from phase 1A to 1B, which begins October 18.
 - To date the Kansas Star has awarded approximately \$48M in sub-contracts, of which 89% has been to Kansas contractors.
- LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
HOLLYWOOD:
(E.3.) Bob Sheldon, General Manager for the Hollywood Casino at the Kansas Speedway, reported that:
- The month of July saw business volumes trending over the month of June. Visitor numbers increased, which was

reflected in the slot revenue increasing 6.4% over June. Table games volume was flat, with table game win being down approximately 10.6% due to a lower hold percentage compared to the prior month. Total gaming revenues increased approximately 3.0%.

- July marketing programs gained in popularity, and growth continues to be seen in the players club and promotional redemptions.
- Casino staff continues to fine tune the slot machine mix, upgrading 70 slot game themes to video.

PRESENTATION OF SEMI-ANNUAL REPORT OF BINGO OPERATIONS:
(F.1.)

The commission heard Mr. Petersen-Klein present the semi-annual activity report of inspections and investigations of bingo operations for the period January 1, 2012, through June 30, 2012. The commission acknowledged receipt of the report.

PRESENTATION OF VOLUNTARY EXCLUSION PROGRAMS AT TRIBAL CASINOS:
(F.2.)

The commission heard Mark Dodd, Executive Director of the State Gaming Agency, report on the voluntary exclusion programs for problem gamblers at tribal casinos, in response to a commission request at the May 11, 2012, commission meeting.

- The State Gaming Agency has no regulatory authority over the tribal casinos other than the compacts entered into between the four tribes and the State. There is nothing in the compacts having to do with any voluntary exclusion-type programs.
- At the present time, two of the tribes have their own VEP programs, and two of the tribes do not. If the KRGC has an interest in exploring such programs further, Mr. Dodd suggested that the best way would probably be to approach the legislature, the tribes' lobbyists, or Chris Howell who is the tribal liaison in the Governor's office, rather than attempting to work through the State Gaming Agency due to its lack of authority.

PUBLIC COMMENTS:
(G.)

Vice-Chair Shadwick called for public comments. There were none.

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

Mr. Petersen-Klein reported that:

- Agency staff continues to work on the budget and will be presenting it at the September 14 commission meeting.
- Staff is working with the Boot Hill Casino and Resort on the change of its casino management system.
- Staff continues to work with the Kansas Star Casino on acquiring internal control amendments related to their expansion and transition. KRGC's offices at the Kansas Star are scheduled to be moved in mid-September. Staff there will need to begin processing an additional 400 new employees

for licensing.

- KRGC's licensing and security division coordinated a two-day seminar on money laundering. Around 60 individuals from various state and local law enforcement agencies participated.

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 173 confidential backgrounds for licensing. Those included in the executive sessions for commissioners, executive director, attorney staff, and security. The total combined time for the executive sessions was anticipated to be one hour, from 10:45 am until 11:50 am, preceded by a 5-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 11:50 am with all members present as previously noted.

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

Commissioner Shultz (McKinney) moved to continue the executive sessions from 11:55 am until 12:25 pm. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 12:25 pm with all members present as previously noted.

MOTION REGARDING
LICENSES:
(J.)

Commissioner Shultz (McKinney) moved:
To *deny*:

- Cole Zimmerman

To *conditionally approve*:

- Erica Morrison Level 2

To *conditionally deny* (60 days):

- Mark Dawn
- Joseph Messler

To *table* consideration for:

- Butler National (30 days)
- Kyichia Dawson (30 days)

Motion passed unanimously (following clarification by
Commissioner McKinney).

MOTION TO APPROVE
LICENSES:
(J.)

Commissioner Shultz (McKinney) moved to approve the other 167
license applications appearing on the list of confidential backgrounds
for licensing. Motion passed unanimously.

ADJOURN:
(K.)

Commissioner Shultz (McKinney) moved to adjourn at 12:27 pm.
Motion passed unanimously.

SUBMITTED BY:

Timothy A. Shultz
Secretary

APPROVED BY:

Jay T. Shadwick
Chair