

KANSAS RACING AND GAMING COMMISSION

MINUTES – OCTOBER 12, 2012

CALL TO ORDER:
(A.)

Chairman Jay Shadwick called the October 12, 2012, meeting to order at 10:00 am at 700 SW Harrison, Auditorium B, Suite 460, Topeka, Kansas. In addition to Chairman Shadwick, Commissioners Timothy Shultz, Dennis McKinney, and R. Eileen King 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
AMENDED AGENDA:
(B.)

Commissioner Shultz (King) moved to approve the agenda as amended. Motion passed unanimously.

MOTION, APPROVE
SEPTEMBER 14, 2012,
MEETING MINUTES:
(C.)

Commissioner King (Shultz) moved to approve the minutes of the September 14, 2012 as presented. 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:

- September revenue was approximately 5% under last year and approximately 20% under budget.
- Revenue is down due to the discontinuation of the motor coach program.
- Year-to-date they are 3.5% over budget.
- The breezeway construction continues and should be completed by the end of the month.

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

Scott Cooper, General Manager for the Kansas Star Casino, reported that:

- They are two months from opening up their expansion.
- Hiring related to the expansion is in progress.
- Hotel was scheduled to open around October 15th but has been moved back to October 24th, give or take a few days.
- September revenue:
 - Coin-in was down as was slot win compared to August, however September hold was up slightly.
 - Table games drop was down compared to August and win was up with hold over 20%.
 - Poker room revenue was down compared to August.

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

- September admissions were down almost 10% from August.

Aaron Rosenthal, Assistant General Manager for the Hollywood Casino at the Kansas Speedway, reported that:

- September revenue was down 1.7% compared to August.
- Market share was slightly up compared to August.
- There is a vacancy in the Director of Security position and applications are now being accepted.
- Bob Sheldon accepted the Kansas Corporation of the Year Award from the Kansas Office of Minority and Women Development.
- The 2nd Annual Hollywood Casino 400 festivities will start the week of October 15th, which will also include the second race of the year.

PRESENTATION OF
QUARTERLY REPORTS
ON STAFF OUT-OF-
STATE-TRAVEL,
LICENSING AND ILLEGAL
GAMBLING:
(F.1.)

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

DISCUSSION;
“JUNKET SERVICES”
PROPONENTS AND
OPPONENTS OF
CURRENT REGULATION:
(F.2.)

On October 5, KRGC issued a notice to all state and local agencies, lottery gaming facility managers, casino tour bus operators and other interested parties that it would take written and oral testimony at the October 12 meeting whether to amend the rules and regulations related to the licensing of persons providing junket services to lottery gaming facilities (casinos). Interested parties were invited to provide testimony. Sixteen individuals submitted written testimony, which was distributed to the commission. The following individuals presented oral testimony:

Speaking on behalf of less regulation:

- Keith Kocher, Director of Gaming Facilities, Kansas Lottery, (speaking in favor of less regulation, if possible);
- Ken Strobel, City Manager, Dodge City, Kansas;
- Sharon Stroburg, General Manager, Boot Hill Casino;
- Aaron Rosenthal, Asst. General Manager, Hollywood Casino;
- Scott Cooper, General Manager, Kansas Star Casino.

Speaking on behalf of existing regulation:

- Don Brownlee, Director of Security, KRGC;
- Judith Taylor, General Counsel, KRGC;
- Richard Petersen-Klein, Executive Director, KRGC.

PUBLIC COMMENTS:
(G.)

Chairman Shadwick solicited comments from the public. There were none.

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

Mr. Petersen-Klein reported that:

- The KRGC, by agreement with the Kansas Lottery, postponed publishing the revenue reports for September until after the Kansas Lottery's monthly meeting.
- The November 16th commission meeting will be held in Dodge City.

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

The Commission heard from Carol Spiker, Responsible Gambling Coordinator, who presented the voluntary exclusion report.

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

Chairman Shadwick announced that the Commission would move to executive session for background checks and attorney-client privilege discussions. Those included in the executive session were the commissioners, except Commissioner King, executive director, legal counsel and director of security. The combined time for the executive session was anticipated to be two hours, from 12:35 p.m. to 2:35 p.m., preceded by a 15 minute break. The meeting will reconvene at 2:35 p.m. 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.

RECONVENE:

The commission meeting reconvened at 2:35 p.m. with all members present as noted above.

MOTION REGARDING
LICENSES:
(J.1.)

Commissioner Shultz (McKinney) moved to *deny* three applicants from today's list of background reports referred to the commission for action and to *conditionally* approve one other from the list. Motion passed unanimously.

MOTION TO
CONDITIONALLY
APPROVE:
(J.1.)

Commissioner Shultz (McKinney) moved to extend Butler National's conditional license approval for another 60 days, to provide additional time for their accounting consulting firm to produce its final accounting report. If the final report is not produced within 60 days, Butler National is ordered to appear at the December commission meeting to show cause why their license renewal should not be denied. Motion passed unanimously.

MOTION TO APPROVE
LICENSES:
(J.1.)

Commissioner Shultz (McKinney) moved to approve the other 141 license applications from today's list of license applications. Motion passed unanimously.

ADJOURNMENT:
(K.)

Commissioner Shultz (McKinney) moved to adjourn at 2:38 p.m.
Motion passed unanimously.

SUBMITTED BY:

(Signature on File)

R. Eileen King
Secretary

APPROVED BY:

(Signature on File)

Jay T. Shadwick
Chair