

## KANSAS RACING AND GAMING COMMISSION

### MINUTES – JANUARY 18, 2013

CALL TO ORDER:  
(A.)

Chairman Jay Shadwick called the January 18, 2013, meeting to order at 10:00 a.m. at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. In addition to Chairman Shadwick, Commissioners Dennis McKinney, R. Eileen King and David H. Moses were present at the meeting. Commissioner Timothy Shultz was absent. Others present included Executive Director Richard Petersen-Klein, Director of Security Don Brownlee, Interim Director of Administration and Finance Brandi White, General Counsel Judith Taylor, Director of IT Bill Smith, recording secretary Chris Vega and other staff.

MOTION, APPROVE  
AGENDA:  
(B.)

Commissioner McKinney (Moses) moved to approve the agenda. Motion to approve the agenda passed unanimously.

MOTION, APPROVE  
NOVEMBER 16, 2012,  
MEETING MINUTES:  
(C.)

Commissioner Moses (King) moved to approve the minutes of the December 14, 2012. Motion passed unanimously.

MOTION, APPROVE  
CONSENT AGENDA:  
(D.)

Richard Petersen-Klein stated Internal Control Amendment HW27 was withdrawn for further review. Commissioner King (McKinney) moved to approve the consent agenda as amended. Motion passed unanimously.

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

Bob Sheldon, General Manager, reported that:

- Total gaming revenue for December was \$10.9 million, an increase of 11.1% over November.
- Table games revenue was \$2.1 million, or 24.6% over November. Slot revenue was \$8.8 million, or 8.3% over November.
- There were 170,378 total visitors compared to 159,027 in November, which had one less day.

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

Scott Cooper, General Manager, reported that:

- All areas of the permanent casino expansion are now open to the public.
- December admissions were 14.8% higher than November.
- There were 882 team members on payroll as of 12/31/12.
- Initial construction work has begun on the Arena conversion.
- December revenues compared to November are:
  - Slot coin-in up 2%
  - Slot win down 2.7%

- Slot hold slightly lower
- Table game drop up 27%
- Table game win up 17%
- Table game hold 18.6%, down from 20.3%
- Poker room average revenue up 10.9%

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

Sharon Stroburg, General Manager, reported that:

- December came in approximately 4% under last year's revenue and 4% under last month (November).
- The ability to increase revenue for the quarter continues to be negatively impacted by the decrease in motor coach business.

COMMISSION ITEMS;  
(F.1.)

Mr. Petersen-Klein reported on staff out-of-state travel, licensing and illegal gaming.

PUBLIC COMMENTS;  
(G.)

Debra Neal, Pathways to Empowerment in Lenexa, Kansas, addressed the commission regarding lack of funding from the problem gambling fund.

STAFF REPORTS;  
(H.1)

Mr. Petersen-Klein, reported that:

- Voluntary Exclusion Program (VEP) application approvals for December were up from November.
- KRGC is working through the Governor's Coordinator for Native American Affairs to work with the four resident Indian tribes with whom the State has tribal-state compacts to develop a cooperative VEP program.
- The February 15, 2013, commission meeting will be held in the city of Mulvane, Kansas, starting at 1:00 p.m.

MOTION, EXECUTIVE  
SESSIONS:  
(I.1.-3.)

Chairman Shadwick moved that the commission go into consecutive executive sessions for the purpose of (1) attorney-client communication, and (2) reviewing the list of confidential backgrounds for licensing. Those included in the executive sessions were the commissioners, executive director, legal counsel, and director of security. Butler National Service Corporation representatives were included during background review of the company's license to discuss the license condition currently in place. The total combined time for the executive sessions was anticipated to be two hours, from 11:00 a.m. until 1:00 p.m., preceded by a short 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 1:00 p.m. with all members present. Additional time was needed to review confidential backgrounds for licensing, and a motion to continue the executive session for an additional 30 minutes was made by Commissioner McKinney (King). Motion passed unanimously. Meeting reconvened again at 1:30 p.m.

MOTION TO APPROVE CERTIFICATION: (J.1.) Commissioner Moses (King) moved to approve certification of Butler National Services Corporation without conditions. Motion passed unanimously.

MOTION OF INSTRUCTION: (J.1.) Commissioner Moses (King) moved to require Butler National Service Corporation to give to KPMG, within 5 business days, a waiver to permit KPMG to discuss all accounting issues discussed over the past several months directly with the executive director, and for Butler National Service Corporation to direct KPMG, in writing, to prepare a written response to the executive director who will provide a list of what questions he considers outstanding. KPMG's response will be directed to the executive director. All costs are to be paid by Butler National Service Corporation. Motion passed unanimously.

MOTION REGARDING LICENSES: (J.1.) Commissioner King (McKinney) moved to *deny* six applicants from the January 18, 2012 list of background reports referred to the commission for action (the "List"). Motion passed unanimously.

MOTION TO CONDITIONALLY APPROVE: (J.1.) Commissioner King (McKinney) moved to conditionally approve three license applications from the List. Motion passed unanimously.

MOTION TO TABLE: (J.1.) Commissioner King (McKinney) moved to table two license applications from the List. Motion passed unanimously.

MOTION TO DENY RECONSIDERATION: (J.1.) Commissioner King (McKinney) moved to deny the reconsideration of one license application from the List. Motion passed unanimously.

MOTION TO APPROVE RECONSIDERATION: (J.1.) Commissioner King (McKinney) moved to approve one request for reconsideration from the List. Motion passed unanimously.

MOTION TO APPROVE LICENSES: (J.1.) Commissioner King (McKinney) moved to approve the remaining 162 license applications appearing on the List. Motion passed unanimously.

MOTION OF  
INSTRUCTION:  
(J.1.)

Commissioner McKinney (King) moved to direct the executive director to prepare a Request For Proposal to hire an accounting consultant to provide the commission guidance for accounting practices policies, and review accounting practices of licensed gaming operators for compliance with applicable laws, rules, regulations and principles. Motion passed unanimously.

ADJOURN:  
(K.)

Commissioner King (McKinney) moved to adjourn the meeting. Motion passed unanimously. The commission meeting adjourned at 1:42 p.m.

SUBMITTED BY:

*(Signature on File)*

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R. Eileen King  
Secretary

APPROVED BY:

*(Signature on File)*

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Jay T. Shadwick  
Chair