

KANSAS RACING AND GAMING COMMISSION

MINUTES – JULY 19, 2013

CALL TO ORDER:
(A.)

Chairman Timothy A. Shultz called the July 19, 2013, meeting to order at 10:06 a.m. at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. In addition to Chairman Shultz, Commissioners Dennis McKinney and David H. Moses were present at the meeting. Commissioner R. Eileen King was absent. Jay Shadwick resigned from the commission prior to the meeting. Others present included Executive Director Richard Petersen-Klein, Director of Security Don Brownlee, Director of Administration and Finance Brandi White, Interim Director of IT and Electronic Security Dennis Bachman, recording secretary Chris Vega and other staff.

MOTION, APPROVE
AGENDA:
(B.)

There were two amendments to the July agenda: 1.) the addition of the Kansas Star monthly report to the agenda packet; and 2.) withdrawal from the consent agenda of Kansas Star's Internal Control KS122. Commissioner Moses (McKinney) moved to approve the agenda as amended. Motion passed unanimously.

MOTION, APPROVE
JUNE 13, 2013, MEETING
MINUTES:
(C.)

Commissioner Moses proposed a correction to the minutes to reflect that both he and Commissioner McKinney spoke on the topic of Boot Hill Casino and Resort's "safe areas". Commissioner Moses (McKinney) moved to approve the June 13, 2013 minutes as corrected. Motion passed unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

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

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

Sharon Stroburg, General Manager, reported:

- For the month of June 2013, revenue decreased by 1% compared to June 2012.
- Fiscal year-to-date May to June, 2.3% ahead of prior year.
- BHCR is fully compliant with the requirements and K.A.R.'s in regards to motorcoach and junket business. BHCR plans to restart its motorcoach junkets, based on the parameters that were set out in its promotional materials that they submitted.
- BHCR is working to commence its first airline junket during the Dodge City PRCA Rodeo and the Taste of the Wild West. The anticipated airline junkets will originate out of Missouri. Chairman Shultz inquired if BHCR was proceeding under the current regulations and Ms. Stroburg stated that they are.
- Last month, the commission inquired about BHCR's building's safety in the event there is a tornado. Ms. Stroburg

stated that BHCR performed a couple of tornado drills, with two shifts of employees participating as well as some patrons. There are 31 deemed “safe areas”. The casino floor can be deemed as the 32nd “safe area” if a patron pulls a chair over the top of them and sits up against a bank of slot machines. The walls are 18 gauge structural studs which are throughout the entire building. The roof on BHCR is an engineer steel structure which supports 100,000 pounds of rooftop units that are built on and attached to the roof. BHCR will continue to practice the tornado drills along with fire drills.

- BHCR submitted semi-annual TIPS/Responsible Alcohol Serving/Responsible Gaming report for the six-month period ending June 30, 2013.

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

Scott Cooper, General manager, reported:

- Assistant General Manager, Wendy Runde, received a promotion to General Manager of the Debuque, IA, property within the Boyd system. Dan Ihm, who was present, was introduced to the commission, as the new Assistant General Manager.
- June admissions per day were down 3% compared to May 2013.
- June revenue numbers:
 - Total gaming revenue down 4% from May 2013.
 - Slot coin-in (Handle) slightly up from May 2013.
 - Slot win down 8% from May 2013. June hold flat to May 2013.
 - Table game drop up 5% from May 2013.
 - Table game win up 4% from May 2013. Hold 20% in June vs. 21.2% in May.
 - Poker room revenue daily average down 2% from May 2013.
- The band, Daughtry, kicked off the first arena concert on June 29, 2013. The next concert will be the band, Journey, on August 24, 2013. The Tim McGraw concert was rescheduled to October 12, 2013, due to a last minute conflict with the concert on July 5, 2013 to benefit the tornado victims in Moore, OK. To discover which events will draw people to the arena, various activities have been scheduled to take place (equestrian events, comedians, MMA fights).

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

Bob Sheldon, General Manager, reported:

- Visitation in June was flat; last year’s gaming revenues continued to show a positive trend.
- Total gaming revenue was \$10.7 million in June 2013 which was \$1.1 million, or 12% greater than June 2012.

- Table games revenue was \$1.8 million, which was 6% less than last year.
- Slot revenue was \$9.0 million, an increase of \$1.2 million, or 16%, over last year.
- Hollywood Casino had their normal complement of weekly gaming promotions throughout June. Hollywood Casino concluded their \$30,000 Sizzling Summer Giveaway with the grand prize drawing which drew a strong attendance for that weekend. In Food & Beverage, Hollywood Casino kicked off their Sizzling Summer Barbeque specials which offer a selection of their house made BBQ items created specifically for each of its restaurants.

COMMISSION ITEMS;
QUARTERLY REPORTS
ON OUT-OF-STATE
TRAVEL, LICENSING AND
ILLEGAL GAMBLING:
(F.1.)

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

COMMISSION ITEMS;
ELECTION OF OFFICERS:
(F.2.)

Commissioner Moses (Shultz) moved that Commissioner Dennis McKinney be elected as Vice-Chair of the commission. Motion passed unanimously. Commissioner King will remain as the commissioner Secretary.

PUBLIC COMMENTS:
(G.)

There were no public comments.

STAFF REPORTS:
(H.1.)

Mr. Petersen-Klein, reported:

- On the Voluntary Exclusion Program.
- With the approval of the FY2014 budget, the legislature increased funding specifically for problem gambling from \$740,000 per year to \$1.2 million. KDADS is in the process of meeting with stakeholders and making a determination as to where the additional \$450,000 will be spent.
- The next KRGC Commission Meeting will be held on August 16, 2013.

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

Chairman Shultz moved that the commission go into executive session for the purpose of (1) attorney-client communication, (2) security information and (3) reviewing the list of confidential backgrounds for licensing. Those included in the executive sessions were the commissioners, executive director, director of security, and interim director of IT and electronic security. The total combined time for the executive sessions was anticipated to be two hours and fifteen minutes, from 10:50 a.m. until 1:05 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. Commissioner McKinney (Moses) made a motion to adjourn to executive session. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 1:05 p.m. with all members present.

MOTION TO DENY
LICENSE APPLICATION:
(J.1.)

Vice-Chairman McKinney (Moses) moved to *deny* seven license applications from the July 19, 2013, list of background reports referred to the commission for action (the "List"). Motion passed unanimously.

MOTION TO
CONDITIONALLY
APPROVE LICENSES
WITH EXTENSION:
(J.1.)

Vice-Chairman McKinney (Moses) moved to *conditionally approve, with the extension of temporary work permits*, two license applications from the List. Motion passed unanimously.

MOTION TO APPROVE
REQUEST FOR
RECONSIDERATION OF
OCCUPATION LICENSE:
(J.1.)

Vice-Chairman McKinney (Moses) moved to *approve the request for reconsideration of occupation license* of two occupation license applications from the List. Motion passed unanimously.

MOTION TO DENY
REQUEST FOR
RECONSIDERATION OF
OCCUPATION LICENSE:
(J.1.)

Vice-Chairman McKinney (Moses) moved to *deny the request for reconsideration of occupation license* one license application from the List. Motion passed unanimously.

MOTION TO TABLE
CONSIDERATION OF
OCCUPATION LICENSE
APPLICATION:
(J.1.)

Vice-Chairman McKinney (Moses) moved to *table consideration* of one occupation license application from the List. Motion passed unanimously.

MOTION TO EXTEND
TEMPORARY WORK
PERMIT:
(J.1.)

Vice-Chairman McKinney (Moses) moved to *extend the temporary work permit for 90 days* of one occupation license application from the List. Motion passed unanimously.

MOTION TO APPROVE
LICENSES:
(J.1.)

Vice-Chairman McKinney (Moses) moved to *approve* the remaining 256 license applications appearing on the List. Motion passed unanimously.

ADJOURNMENT:
(K.)

Chairman Shultz reminded the commission that the next meeting will take place on August 16, 2013. Vice-Chairman McKinney (Moses)

moved to adjourn the meeting. Motion passed unanimously. The commission meeting adjourned at 1:13 p.m.

SUBMITTED BY:

(Signature on file)

Dennis McKinney
Vice - Chairman

APPROVED BY:

(Signature on file)

Timothy A. Shultz
Chairman