

KANSAS RACING AND GAMING COMMISSION

MINUTES – SEPTEMBER 13, 2013

CALL TO ORDER:
(A.)

Chairman Timothy Shultz called the September 13, 2013, meeting to order at 10:06 a.m. at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. Vice-Chairman Dennis McKinney, Secretary Eileen King and Commissioner David H. Moses were also present. Staff members present included Executive Director Richard Petersen-Klein, General Counsel Judith Taylor, Director of Security Don Brownlee, Director of Administration and Finance Brandi White, Director of IT and Electronic Security Dennis Bachman, recording secretary Chris Vega and other staff.

MOTION, APPROVE
AGENDA:
(B.)

Vice-Chairman McKinney (King) moved to approve the agenda. Motion passed unanimously.

MOTION, APPROVE
AUGUST 16, 2013,
MEETING MINUTES:
(C.)

Commissioner King (Moses) moved to approve the August 16, 2013 meeting minutes. Motion passed unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

Vice-Chairman McKinney (King) moved to approve the consent agenda. Motion passed unanimously.

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

Sharon Stroburg, General Manager, reported:

- August 2013 revenue saw a slight decrease from July of .04%.
- Promotional activity at the beginning of the month (truck giveaway) made for a strong month early on, but with back to school, the second half of the month was lighter than anticipated.
- There will be another promotional activity (4-wheeler giveaway) every week for the next few weeks.
- Buses will be traveling to Boot Hill Casino and Resort within the next few months.
- Boot Hill Casino and Resort has entered into a partnership with the convention center on the south side of town.

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

Scott Cooper, General Manager, reported:

- August admissions per day were down two percent from July 2013.
- In August the Kansas Star Casino checked 29,281 ID's (12.5 percent of customers entering the casino) with 155 denied entry due to being under the age of 21.

- August revenue numbers compared to July 2013:
 - Total gaming revenue flat.
 - Slot coin-in (handle) down three percent.
 - Slot win up two percent. August hold up.
 - Table game drop flat.
 - Table game win up seventeen percent. Hold 21.5 percent vs. 18.4 percent.
 - Poker room revenue up three percent.
- The Journey concert held at the Kansas Star Arena on August 24th played to a sold out house.
- Upcoming Kansas Star Arena events are:
 - Don Gay Bull Riding: September 26th – 28th.
 - Wrestling: October 4th
 - Bellator MMA (Televised): October 11th
 - Tim McGraw: October 12th

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

Bob Sheldon, General Manager, reported:

- Visitation in August 2013 showed a strong increase over August 2012, resulting in a corresponding increase in Gaming Revenue.
- August revenue numbers compared to August 2012:
 - Total gaming revenue was \$11.4 million in August, an increase of \$1.8 million, or eighteen percent.
 - Table games revenue was \$1.7 million, or a seven percent increase.
 - Slot revenue was \$9.7 million, an increase of \$1.7 million, or twenty percent.
- August weekly gaming promotions were complimented by the addition of the Grand Am Race, which was held over the weekend of August 16th and 17th. On August 23rd, Hollywood Casino held a Hot August Nights sweepstakes drawing where over \$15,000 in cash and free play was won. One winner walked away with \$10,000 in cash.
- In Food and Beverage, Hollywood Casino continued to see a strong response to their “Hit the Strip” special at the Final Cut steakhouse.

COMMISSION ITEMS;
FY 2014-2015 BUDGET:
(F.1.)

Mr. Petersen-Klein reported on the Fiscal Year 2014-2015 budget, which is a combined budget of the Kansas Racing and Gaming Commission and Kansas State Gaming. Mr. Petersen-Klein reported that gross salaries and wages have been reduced in the amount of \$300,000, including the elimination of commissioner salaries through the Appropriations Bill last year. Commissioner Moses inquired if there are any other officials appointed to commissions and boards that have the restrictions/prohibitions like those imposed on this commission as to what type of work the commissioners do, what kind

of clients they have and so forth and have the restrictions been in place since day one of KRGC having a commission. Mr. Petersen-Klein does not believe that other boards or commissions have the same type of restrictions and that the restrictions to KELA have been in place since KELA was established. Commissioner Moses asked that by taking these funds away, the legislation has increased the revenue of the casino operators, which is correct. Commissioner Moses inquired about what would be the best way to ask the legislators to put the commissioner salaries back in the budget. Mr. Petersen-Klein stated that aside from a motion, the other way would be to lobby the legislature. Mr. Jamie Nickoley, Director of Enforcement with the Kansas State Gaming agency, reported on his agency's budget and advised there were no changes from the previous budget.

MOTION, EXECUTIVE SESSION:

Commissioner Moses (King) moved to go into executive session for the purpose of discussing legal issues regarding the budget. Those included in the executive session were the commissioners, executive director and general counsel. The total time for the executive session was anticipated to be five minutes, from 10:45 a.m. to 10:50 a.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 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 10:53 a.m. with all members present as previously noted.

Vice-Chairman McKinney and Commissioner Moses asked Mr. Petersen-Klein whether it was correct that, if a request is made for an increase in commissioner pay, State tax dollars would not be involved. Mr. Petersen-Klein said that would be correct because the entire budget comes from the casinos and vendors and not from the State General Fund. Issues related to commissioner pay were discussed. Questions clarified included: the commission has to pass a motion to direct the executive director to put commissioners' salaries back in the budget; there are no tax dollars involved; and two of three casinos are headquartered out of state.

MOTION, TO INCLUDE COMMISSIONER SALARIES IN THE BUDGET

Vice-Chairman McKinney (Moses) moved to direct the executive director to include the commissioners' salaries in the budget. Motion passed on a three-to-one vote.

MOTION, TO APPROVE BUDGET AS AMENDED:

Commissioner King (Moses) moved to approve the FY 2014-2015 budget as amended. Motion passed unanimously.

COMMISSION ITEMS;
CONSIDERATION OF A REVISED FINAL DRAFT OF PROPOSED REGULATIONS RELATED TO THE LICENSING OF JUNKET SERVICE PROVIDERS:
(F.2.)

Following comments from facility managers, commissioners discussed changes to the junket regulation.

MOTION, KRGC STAFF REGULATION AS REVISED BE PASSED ON TO STATE FOR APPROVAL

Chairman Shultz (McKinney) moved to approve the KRGC staff proposed junket regulation, with revisions, and forward for formal review under the Kansas rules and regulations filing act. Motion passed unanimously.

COMMISSION ITEMS;
PUBLIC COMMENTS ON PROPOSED AMENDMENTS TO K.A.R. 112, ARTICLE 104 ACCOUNTING AND INTERNAL CONTROLS, AND ARTICLE 108, TABLE GAMES:
(F.3.)

Chairman Shultz suggested that discussion on proposed amendments to KRGC regulations be tabled for a month and asked that KRGC staff coordinate with compliance officers of the three casinos and other interested parties regarding the revisions to these regulations. KRGC staff can advise the operators of the reason for the changes and the impact the changes would have on the operations of the casinos, and allow the casino operators input into the amendments before scheduling the topic for public comment and action by the commission.

MOTION, TABLE PUBLIC COMMENTS ON PROPOSED AMENDMENTS TO K.A.R. 112, ARTICLE 104 AND ARTICLE 108 FOR ONE MONTH

Commissioner Moses (McKinney) moved to table public comment on proposed amendments to K.A.R. 112, Article 104, Accounting and Internal Controls, and Article 108, Table Games, to give time for KRGC staff to meet with compliance officers. Motion passed unanimously.

PUBLIC COMMENTS;
(G.)

There were no public comments.

STAFF REPORTS;
(H.1)

Mr. Petersen-Klein, reported that:

- Voluntary Exclusion Program (VEP) remains consistent.
- He is meeting monthly with KDADS representatives regarding the problem gambling fund. Currently KDADS is in the process of determining how they want to spend the monies that were approved through the budget process with the additional \$450,000 to be used for awareness programs. In addition, KDADS is going to use some of the funds to upgrade and coordinate the collection and analysis of data.

Additional monies will be applied towards treatment. Chairman Shultz told Mr. Petersen-Klein that he appreciated him meeting with KDADS regularly and making certain that the problem gambling issue remains in their minds because it is really important to him personally.

- The contract between the Kansas Greyhound Association (KGA) and the Kansas Racing and Gaming Commission expired on December 31, 2007, and the last communication between KRGC and KGA was in 2010. However, KRGC recently learned that KGA continued to register greyhounds. Mr. Petersen-Klein suggested the commission hold hearings on the need to continue greyhound registration. Chairman Shultz recommended giving the KGA the same opportunity to comment publicly on the matter that the Kansas Horsemen's Association was given regarding registration of racehorses.

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

Chairman Shultz 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. The total combined time for the executive sessions was anticipated to be 60 minutes, from 12:05 p.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 King (McKinney) made a motion to adjourn to executive session. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 1:08 p.m. with all members present as previously noted.

MOTION TO DENY
LICENSE APPLICATIONS,
CONDITIONALLY
APPROVE LICENSE
APPLICATIONS, TO
APPROVE A REQUEST
FOR RECONSIDERATION,
TO APPROVE LICENSE
APPLICATIONS:
(J.1.)

Commissioner King (Moses) moved to *deny* six license applications, *conditionally approve* five license applications with extension of temporary work permits, *approve* one request for reconsideration and *approve* the remaining two hundred license applications from the September 13, 2013, list of background reports referred to the commission for action. Motion passed unanimously.

ADJOURN:
(K.)

Commissioner King (Shultz) moved to adjourn the meeting. Motion passed unanimously, commission meeting adjourned at 1:11 p.m.

SUBMITTED BY:

(Signature on file)

R. Eileen King
Secretary

APPROVED BY:

(Signature on file)

Timothy A. Shultz
Chair