

KANSAS RACING AND GAMING COMMISSION

MINUTES – AUGUST 16, 2013

- CALL TO ORDER:
(A.)
- Chairman Timothy A. Shultz called the August 16, 2013, meeting to order at 10:00 a.m. at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. Vice-Chair 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.)
- Commissioner King (McKinney) moved to approve the agenda. Motion passed unanimously.
- MOTION, APPROVE JULY 19, 2013, MEETING MINUTES:
(C.)
- Commissioner McKinney (Moses) moved to approve the July 19, 2013 meeting minutes. Motion passed unanimously.
- MOTION, APPROVE CONSENT AGENDA:
(D.)
- Commissioner King (McKinney) moved to approve the agenda. Motion passed unanimously.
- LOTTERY GAMING FACILITY REPORTS/ITEMS; BOOT HILL CASINO AND RESORT:
(E.1.)
- Sharon Stroburg, General Manager, reported:
- For the month of July 2013, table games win decreased over prior months by approximately seven percentage points. This was due to an increased level of winners during the month, which led to just over a one percent decrease in July 2013 revenue over June 2013 revenue.
 - The truck give-away was won by a young woman from Dodge City. There was a record crowd with 1,800 people on the casino floor and record coin-in.
 - The Dodge City PRCA Rodeo and the Taste of the Wild West events were a success.
- LOTTERY GAMING FACILITY REPORTS/ITEMS; KANSAS STAR:
(E.2.)
- Scott Cooper, General manager, reported:
- July 2013 admissions per day were up four percent over June 2013.
 - July revenue numbers:
 - Total gaming revenue flat from June 2013.
 - Slot coin-in (handle) up four percent from June 2013.

- Slot win up five-and-a-half percent from June 2013. July hold was flat compared to June 2013.
- Table game drop up five percent from June 2013.
- Table game win down three percent from June 2013. Hold was 18.4 percent in July vs. twenty percent in June.
- Poker room revenue daily average up six percent from June 2013.
- The next concert at the Arena will be the band Journey, scheduled for August 24, 2013.
- The Kansas Star Casino continues to book upcoming acts in a variety of areas for the Arena.

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

Bob Sheldon, General Manager, reported:

- Visitation in July 2013 slightly exceeded July 2012.
- Gaming revenues for July 2013 also exceeded July 2012.
- Total gaming revenue was \$11.0 million in July 2013 which was \$1.1 million, or eleven percent greater than July 2012.
- Table games revenue was \$1.6 million, which was six percent less than prior year.
- Slot revenue was \$9.4 million, an increase of \$1.2 million, or fourteen percent, over last year.
- Hollywood Casino continued its normal compliment of weekly gaming promotions in the month of July. In addition to the standard promotional programming, Hollywood Casino held its first invitational slot tournament on Sunday, July 28, 2013 which was very well received by its customers. In Food & Beverage, Hollywood launched a “Hit the Strip” special at the Final Cut steakhouse, where every Thursday patrons can enjoy a 14 ounce strip steak, Caesar salad, loaded baked potato and fresh baked brioche for \$19.99.

COMMISSION ITEMS;
SEMI-ANNUAL
ACTIVITY REPORT
OF BINGO
OPERATIONS:
(F.1.)

Patsy Congrove, Administrator of Charitable Gaming, gave the semi-annual report of Bingo operations.

COMMISSION ITEMS;
CONSIDERATION OF
A FINAL DRAFT OF
PROPOSED
REGULATIONS
RELATED TO
LICENSING OF

Mr. Petersen-Klein spoke about the consideration of a final draft of proposed regulations related to licensing of junket service providers funded in whole or in part by lottery gaming facility managers under K.A.R. 112-102-1 and 112-102-2 as authorized by K.S.A. 74-8751 and 74-8772. The commission requested staff amend the proposed junket regulations to eliminate the current regulation that requires junket service providers to obtain certification prior to doing business

JUNKET SERVICE
PROVIDERS:
(F.2.)

with a gaming facility, eliminate the proposed amendment that would have permitted discretionary waiver of certification for a junket service provider under certain conditions, make minor changes to other proposed amendments, and submit an updated version of the regulation for public comment at September's meeting. Scott Cooper asked to review the revised regulation a week in advance before next month's meeting and Chairman Shultz asked that KRGC legal counsel send the draft to each of the three casino's general managers or their legal staff.

PUBLIC COMMENTS:
(G.)

There were no public comments.

STAFF REPORTS:
(H.1.)

Mr. Petersen-Klein, reported:

- The Voluntary Exclusion Program has surpassed 500 enrollees in July, with twenty-eight new enrollees during the month of July 2013.
- Dennis Bachman is now the permanent Director of IT and Electronic Security.
- The budget will be presented at next month's meeting.
- The next KRGC Commission Meeting will be held on September 13, 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, general counsel, director of security, and director of IT and electronic security. The total combined time for the executive sessions was anticipated to be two hours and forty-five minutes, from 11:30 a.m. until 2:15 p.m., preceded by a 10 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 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 1:05 p.m. with all members present as previously noted.

MOTION; CONTINUE
EXECUTIVE
SESSIONS:

Commissioner King (McKinney) moved to continue the executive sessions for the purpose of completing background reviews from 2:20 p.m. until 2:30 p.m. Motion passed unanimously.

(I.1.-3.)

RECONVENE: The commission meeting reconvened at 2:32 p.m. with all members present as previously noted.

MOTION TO DENY
LICENSE
APPLICATIONS:
(J.1.) Commissioner King (McKinney) moved to *deny* three license applications from the August 16, 2013, list of background reports referred to the commission for action (the "List"). Motion passed unanimously.

MOTION TO
APPROVE REQUEST
FOR
RECONSIDERATION
OF OCCUPATION
LICENSE: (J.1.) Commissioner McKinney (King) moved to *approve the request for reconsideration of one occupation license* application from the List. Motion passed unanimously.

MOTION TO
APPROVE LICENSES:
(J.1.) Commissioner King (McKinney) moved to *approve* the remaining 270 license applications appearing on the List. Motion passed unanimously.

MOTION REGARDING
TRANSFER OF PENN
NATIONAL ASSETS
TO A REAL ESTATE
INVESTMENT TRUST:
(J.1.) Commissioner McKinney (Moses) moved that the commission note in the minutes their concern that shifting of Penn National's assets to a real estate investment trust may impair the ability of one of the parent companies of Hollywood Casino to stand behind the company in periods of financial stress. However, the commission lacks authority to cause further review of the restructuring. Commissioner McKinney and Commissioner Moses in favor, Chairman Shultz against and Commissioner King abstained. The motion failed.

ADJOURNMENT:
(K.) Chairman Shultz reminded the commission that the next meeting will take place on September 13, 2013. Commissioner King (Moses) moved to adjourn the meeting. Motion passed unanimously. The commission meeting adjourned at 2:35 p.m.

SUBMITTED BY:

(Signature on file)

R. Eileen King
Secretary

APPROVED BY:

(Signature on file)

Timothy A. Shultz
Chairman