

KANSAS RACING AND GAMING COMMISSION

MINUTES – MARCH 15, 2013

CALL TO ORDER:
(A.)

Vice-Chairman Timothy Shultz called the March 15, 2013, meeting to order at 10:00 a.m. at 700 SW Harrison, Auditorium B, Suite 460, Topeka, Kansas. In addition to Vice-Chairman Shultz, Commissioners Dennis McKinney, R. Eileen King and David H. Moses were present at the meeting. Chairman Jay Shadwick 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, Interim Director of IT and Electronic Security Dennis Bachman, recording secretary Chris Vega and other staff.

MOTION, APPROVE
AGENDA:
(B.)

Executive Director Petersen-Klein stated that there are two changes related to the consent agenda, item D.1.a. Addendum is an addition to the list of approvals and revocations for the gaming components and a typographical change related to D.2.c. that the amendment for HW27 should actually be HW28. Commissioner King (McKinney) moved to approve the agenda as amended. Motion to approve the agenda passed unanimously.

MOTION, APPROVE
FEBRUARY 15, 2013,
MEETING MINUTES:
(C.)

Commissioner Moses (King) moved to approve the minutes of the February 15, 2013. Motion passed unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

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

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

Sharon Stroburb, General Manager, reported that:

- February revenue came in approximately 14% under February 2012 and just over 2% from January.
- BHCR was adversely impacted for February with two blizzard snowstorm conditions occurring during the month, accumulating over 18 inches of snow in Dodge City. High winds caused snow removal for roads in the surrounding areas to be spread over several days.

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

Scott Cooper, General Manager, reported that:

- February admissions per day were 14% higher than February 2012.
- February revenue numbers:
 - Total gaming revenue up 3.6% from February 2012.
 - Slot coin-in (Handle) up 2% from February 2012.

- Slot win up 1% from February 2012. February hold percentage up slightly from the year before.
- Table game drop down 16% from February 2012
- Table game win up 12% from February 2012. Hold 24.3% vs. 18.3%.
- Poker room revenue daily average down 5% from January 2013.
- Construction work on the Arena conversion is on schedule.

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

Aaron Rosenthal, Assistant General Manager, reported that:

- February revenues were strong despite some weather challenges and calendar differences compared to prior months.
- Visitation was about equal to January although February had three fewer days. Business volume on a daily basis compared favorably to January.
- Total gaming revenue was \$10.4 million, which was 2.7% higher than January.
- Table games revenue was \$1.4 million, down \$248,000.00 from January.
- Slot revenue was \$8.8 million, an increase of \$563,000.00 or 6.8% over January.
- First slot tournament, which took place in February, was quite successful and well received by patrons.
- At the end of February, business was hampered significantly by the snowstorm that dropped about a foot of snow in the area.

COMMISSION ITEMS;
(F.1.-2.)

Mr. Petersen-Klein reported bingo operations for the period of July through December of 2012. Mr. Petersen-Klein presented proposed changes to junket regulations under consideration. Public comment on the junket issue was offered and three individuals offered testimony.

PUBLIC COMMENTS;
(G.)

Keith Kocher, Kansas Lottery, commented on entertainment at the Kansas Star Arena.

STAFF REPORTS;
(H.1)

Mr. Petersen-Klein, reported that:

- Voluntary Exclusion Program (VEP) has 394 enrolled as of the end of February and 26 new applicants for the month of February 2013, which was an increase from 20 applicants for the month of February, 2012.
- He met with Representative Crum to discuss the commission's concerns regarding the Problem Gambling Fund.
- KRGC continues to meet with tribal leaders regarding

possible joint efforts to exclude problem gamblers from all casinos in Kansas.

- Two bills are currently in legislative committees, including legalization of raffles and the modification of KELA to lower the investment in the southeast gaming zone and to adjust the revenue distribution from slot machines at racetracks.
- Mr. Petersen-Klein introduced Dennis Bachman, the KRGC's Interim Director of IT and Electronic Security.
- The next KRGC Commission meeting will be held on April 19, 2013.

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

Vice-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 90 minutes, from 11:45 a.m. until 1:15 p.m., preceded by a 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. Commissioner McKinney (King) made a motion to adjourn to executive session. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 1:25 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 20 minutes was made by Commissioner McKinney (King). Motion passed unanimously. Meeting reconvened again at 1:45 p.m.

PREVIOUSLY TABLED
LICENSE APPLICATIONS:
(J.1.)

Commissioner Shultz noted that two backgrounds previously tabled at January 2013 meeting were withdrawn by applicants. No further action required.

MOTION REGARDING
LICENSES:
(J.1.)

Commissioner King (McKinney) moved to *deny* four applicants from the March 15, 2013, 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* with the extension of temporary work permits, five license applications from the List. Motion passed unanimously.

MOTION TO TABLE:
(J.1.)

Commissioner King (McKinney) moved to table consideration of one license application from the List. Motion passed unanimously.

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

Commissioner King (McKinney) moved to deny the request for reconsideration of one license application from the List. Motion passed unanimously.

MOTION TO APPROVE
LICENSES:
(J.1.)

Commissioner King (McKinney) moved to approve the remaining 240 license applications appearing on the List. Motion passed unanimously, except Commissioner Moses abstained from voting on one applicant from the list of approvals. Motion to approve the license of the applicant Commissioner Moses abstained from passed.

ADJOURN:
(K.)

Commissioner King (McKinney) moved to adjourn the meeting. Motion passed unanimously. The commission meeting adjourned at 1:47 p.m.

SUBMITTED BY:

(Signature on File)

R. Eileen King
Secretary

APPROVED BY:

(Signature on File)

Timothy A. Shultz
Vice-Chair