

KANSAS RACING AND GAMING COMMISSION

MINUTES – MAY 16, 2014

CALL TO ORDER:
(A.)

Vice-Chairman Dennis McKinney called the May 16, 2014, meeting to order at 10:00 a.m. at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. Commissioners R. Eileen King and David H. Moses were present. Chairman Timothy Shultz was absent. Others 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 AS AMENDED:
(B.)

There was an addition to Item K on the agenda in which electronic gaming systems will be discussed during executive session for commission approval. Commissioner King (Moses) moved to approve the agenda as amended. Motion passed unanimously.

MOTION, APPROVE
APRIL 11, 2014, MEETING
MINUTES:
(C.)

Commissioner King (McKinney) moved to approve the minutes of the April 11, 2014 meeting. Motion passed unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

Commissioner Moses (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:

- For the month of April 2014, Boot Hill Casino and Resort (BHCR) experienced a decrease in total gaming revenue of 5.84 percent over prior year. Total gaming revenue was down in comparison to previous month as well. This was attributed to both a decrease in slot hold and table games hold over previous month and year.
- A ribbon cutting ceremony will take place Memorial Day weekend for the Buffalo and Longhorn exhibit. Ms. Stroburg handed out an informational packet in regards to the exhibit.
- BHCR is active again with the Dodge City Convention and Visitor's Bureau in which Ms. Stroburg has a seat.
- The bus trips to BHCR are going great and have received

positive feedback from customers. BHCR is going to try nighttime line runs beginning in June.

- Comfort Suites has broken ground in Dodge City.

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

Daniel Ihm, Assistant General Manager, reported:

- April admissions were down ten percent from April 2013.
- Construction of the Kansas Star Casino convention/meeting space is under way with a projected opening date during the first quarter of 2015.
- Even though half of the space in the arena was used, the Asian concert that was held in the arena on April 19th was a sell-out show with 3,200 to 3,500 in attendance. Due to this event, \$700,000.00 was dropped on table games. Kansas Star is looking to host another one of these events in October or November of this year.
- April revenue numbers compared to April 2013:
 - Total gaming revenue down 12.7 percent.
 - Slot coin-in (handle) down 12.6 percent.
 - Slot hold down 0.3 percent.
 - Table game drop down 6.6 percent.
 - Table game hold up 4.4 percent.
 - Poker room revenue down 12.7 percent.
- Upcoming events at the Kansas Star Casino Arena are:
 - Rodeo (May 23rd and 24th).
 - National Roping Championship (June 6th and 7th).
 - Pat Benatar/Rick Springfield concert (July 17th).
 - American Idol Live concert (August 2nd).

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

Bob Sheldon, General Manager, reported:

- April revenue numbers compared to April 2013:
 - Total gaming revenue was \$11.2 million, up \$118,000, or 1.1 percent.
 - Table games revenue was \$1.8 million, up 3.3 percent.
 - While volume in table games was marginally ahead of last year, an increase in hold percentage also contributed to year over year gain.
 - Slot revenue was \$9.4 million, up 0.7 percent.
- Along with programmed promotional offers during the month, Hollywood Casino held an invitational slot tournament and also had the grand prize drawing for their

\$25,000 Hidden Treasures Giveaway.

- Attendance was good for their Easter Sunday Special in the Epic Buffet, and also for their Kansas City Royals watch party/meet and greet with John Mayberry in the Turn 2 Sports Bar & Restaurant.

COMMISSION ITEMS –
OLD BUSINESS;
(F.)

- Mr. Petersen-Klein reported that the Permanent Regulation changes were in the approval process. The Temporary Regulation changes were ready for commission adoption following additional input from gaming facility managers and compliance officers. The temporary regulation changes include K.A.R.'s 112-104-1, 112-104-9 and 112-108-13 related to definitions, comps and gaming chips.
- Clint Patty, the attorney representing BHCR, addressed the commission regarding the addition of 112-104-9(d), that included a specific reference to Internal Revenue Code section 26 USC 274, which addresses the deductibility of complimentary expenses and suggested the reference be eliminated.

MOTION TO ADOPT
TEMPORARY
REGULATION AND
INITIATE THE APPROVAL
PROCESS

Commissioner Moses (King) moved to adopt the temporary regulations as presented and initiate the approval process. Motion passed unanimously.

COMMISSION ITEMS –
NEW BUSINESS;
(G.)

There was no new business to discuss in regards to commission items.

PUBLIC COMMENTS:
(H.)

George Wengert inquired whether any applications have been received for casinos in the Southeast Kansas gaming zone.

STAFF REPORTS;
(I.)

Mr. Petersen-Klein, reported:

- The number of enrollees in the Voluntary Exclusion Program from the month of April dropped as opposed to March, which was Problem Gambling Awareness month.
- KRGC's financial report compares favorably to prior year and prior months.
- Due to scheduling conflicts, the commission meetings for June and July were tentatively rescheduled with proposed

dates as follows:

- June 13, 2014 moved one week to June 20, 2014 at 10:00 a.m.
- July 11, 2014 moved to July 17, 2014 at 1:00 p.m.

MOTION, EXECUTIVE
SESSIONS:

(J.)

Vice-Chairman McKinney moved that the commission go into executive session for the purpose of (1) attorney/client privilege (2) electronic security 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 IT and electronic security and director of security. The total time for the executive sessions was anticipated to be one hour and ten minutes, from 11:05 a.m. until 12:15 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 (King) made a motion to adjourn to executive session. Motion passed unanimously. Adjourned to executive session at 11:05 a.m.

RECONVENE:

The commission meeting returned to open session at 12:20 p.m. with all members present.

MOTION TO DENY,
CONDITIONALLY
APPROVE, TABLE, AND
APPROVE LICENSE
APPLICATIONS

(K.)

Commissioner King (Moses) moved to *deny* three applications, to *conditionally approve* one application, to *table* one application for thirty days and *approve* the remaining 161 license applications from the May 16, 2014 list of background reports referred to the commission for action. Motion passed unanimously.

MOTION TO APPROVE
PROPOSED ELECTRONIC
SYSTEM APPROVALS:

(K.)

Commissioner McKinney (King) moved to approve the gaming software discussed and recommended by staff with a notation that the Aristocrat SY-73-ARI-13-08 Gateway.exe file was a re-write, and the commission revokes the Aristocrat SY-73-ARI-13-08 Gateway.exe file prior to re-write as indicated by the attached listing of approved and revoked gaming software with notations. Motion passed unanimously.

ADJOURN:

(L.)

Commissioner King (Moses) moved to adjourn the meeting. Motion passed unanimously. The commission meeting adjourned at 12:23

p.m.

SUBMITTED BY:

(Signature on file)

R. Eileen King
Secretary

APPROVED BY:

(Signature on file)

David H. Moses
Commissioner