

KANSAS RACING AND GAMING COMMISSION

MINUTES – JULY 17, 2014

- CALL TO ORDER:
(A.)
- Chairman Timothy Shultz called the July 17, 2014, meeting to order at 1:00 p.m. at 700 SW Harrison, Auditorium B, Suite 460, Topeka, Kansas. Commissioners Dennis McKinney, R. Eileen King and David H. Moses were present. 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, Michelle Neis for recording secretary Chris Vega and other staff.
- MOTION, APPROVE
AGENDA:
(B.)
- Commissioner King (Moses) moved to approve the agenda. Motion passed unanimously.
- MOTION, APPROVE
JUNE 20, 2014, MEETING
MINUTES:
(C.)
- Commissioner King (Moses) moved to approve the minutes of the June 20, 2014 meeting. 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.)
- Ryan Deutsch, Controller, reported:
- For the month of June 2014, Boot Hill Casino and Resort (BHCR) experienced a decrease in total gaming revenue of 6.27% from May 2014. A decrease in both EGM coin-in and table game drop contributed to the decrease in total gaming revenue.
 - Total visitation was down due to the start of harvest for many farmers in southwest Kansas.
 - Dodge City Days will take place July 25, 2014 through August 3, 2014.
 - The Wild West Heritage Foundation's cattle drive will be August 2, 2014.
 - BHCR will have a Dodge Ram truck giveaway on August 3, 2014.
 - Commissioner McKinney inquired about how the junket trips

are going. Mr. Deutsch reported 300 to 500 patrons per month from junket services, but it will take a long time to build up volume from the junket business. In the future BHCR would like to do overnight trips.

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

Scott Cooper, General Manager, reported:

- June 2014 admissions were down fifteen percent from June 2013.
- Construction of the Kansas Star Casino convention/meeting space and adjacent equestrian building is on schedule for fourth quarter 2014 opening.
- The 150 room hotel expansion is scheduled to open by the end of July 2014.
- Steelwork for the conference space is in progress.
- Work on the southeast parking lot is complete.
- June revenue numbers compared to June 2013:
 - Total gaming revenue down ten percent.
 - Slot coin-in (handle) down twelve percent.
 - Slot hold up one percent.
 - Table game drop down twelve percent.
 - Table game hold up one percent.
 - Poker room revenue up six percent.
- Upcoming events at the Kansas Star Casino Arena are:
 - 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:

- June 2014 revenue numbers compared to June 2013:
 - Total gaming revenue was \$10.4 million, down \$302,000, or 2.8 percent.
 - Table games revenue was \$1.4 million, down \$376,000, or 21.2 percent. This variance was due primarily to a large swing in hold percentage.
 - Slot revenue was \$9.0 million, up \$74,000, or 0.8 percent.
- The month of June is usually impacted in the early weeks by seasonality. There was one less Saturday in June 2014 than in June 2013.
- Marketing and promotional efforts in June 2014 were consistent with prior months.

- On Friday, June 20, 2014 Hollywood held the Grand Prize “Spring into Summer” drawing where one lucky winner walked away with \$15,000 in cash and nine other guests won other prizes of varying amounts.

COMMISSION ITEMS –
OLD BUSINESS;
(F.)

- There were no Commission items pertaining to old business to discuss.

COMMISSION ITEMS –
NEW BUSINESS;
(G.)

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

PUBLIC COMMENTS:
(H.)

There were no public comments at this meeting.

STAFF REPORTS;
(I.)

Mr. Petersen-Klein, reported:

- The number of enrollees in the Voluntary Exclusion Program exceeded 800 as of June 2014. When looking at the numbers by month, there is a distinct reduction in the number of applicants since March when KDADS advertising of the “Know Your Limits” campaign ended.
- KRGC’s financial report compares favorably to prior year and prior months.
- The budget process begins in earnest starting in August. Since the budget process has gone to a two-year format, the KRGC will present a three year budget. One will be a revision of Fiscal Year End (FYE) 2015, which we are currently in, and two new ones, FYE’s 2016 and 2017, as part of the budget process. KRGC will also incorporate into that, the possibility of a new facility in the Southeast gaming zone. KRGC will budget for the Lottery Gaming Facility Review Board to select a lottery gaming facility manager and additional KRGC personnel to regulate a fourth gaming facility. The budget will be presented at the September 12, 2014 meeting. The budget is actually due to the Division of Budget by September 15, 2014.
- The Kansas Lottery opened the application process for the Southeast gaming zone on July 14, 2014 which initially closes December 19, 2014 but may be extended.
- The next Commission meeting will be held on Friday, August

15, 2014 at 10:00 a.m. The semi-annual responsible gambling reports from the operators of each casino and the semi-annual Bingo report from the Kansas Department of Revenue are expected to be addressed at that time.

MOTION, EXECUTIVE
SESSIONS:

(J.)

Chairman Shultz moved that the commission go into executive session for the purpose of (1) attorney/client privilege and (2) reviewing the list of confidential backgrounds for licensing. Those included in the executive sessions were the commissioners, executive director, general counsel, and director of security. The total time for the executive sessions was anticipated to be one hour, from 1:30 p.m. until 2:30 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 (Moses) made a motion to adjourn to executive session. Motion passed unanimously. Adjourned to executive session at 1:30 p.m.

RECONVENE:

The commission meeting returned to open session at 2:30 p.m. with all members present.

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

(K.)

Commissioner King (McKinney) moved to *deny* two applications, to *conditionally approve* four applications for sixty days and *approve* the remaining 257 license applications from the July 17, 2014 list of background reports referred to the commission for action. Motion passed unanimously.

ADJOURN:

(L.)

Commissioner King (Moses) moved to adjourn the meeting. Motion passed unanimously. The commission meeting adjourned at 2:34 p.m.

SUBMITTED BY:

(Signature on file)

R. Eileen King
Secretary

APPROVED BY:

(Signature on file)

Timothy A. Shultz

Chairman