

AGENDA

KANSAS RACING AND GAMING COMMISSION 10:00 a.m., Monday, September 8, 2008

AUDITORIUM A
Dwight D. Eisenhower State Office Building
700 SW Harrison, Suite 450
Topeka, Kansas

A. CALL TO ORDER

B. APPROVAL OF THE AGENDA

C. APPROVAL OF MINUTES

1. [Minutes of August 20, 2008](#)

D. CONSENT AGENDA

Items listed on the consent agenda are a variety of contracts and matters that are routine in nature. If requested by a commissioner, an item may be removed from the consent agenda and placed under Commission Items for further discussion and consideration.

1. Kansas Racing LLC - review and file contracts
 - a. [Habit 5 Business Services, LLC](#), Shawnee, KS, accounting systems implementation and consultant
 - b. [Heritage Tractor](#), Clinton, MO, purchase finishing mower
 - c. [Mass Mutual](#), Springfield, MA, company 401K
 - d. [Quality Mail Marketing, Inc.](#), Lenexa, KS, mail marketing
2. Reports
 - a. [Semi-annual Bingo Report](#) Alcoholic Beverage Control, Dept. of Revenue

E. EXECUTIVE SESSION

1. Attorney -client communication

F. FACILITY REPORTS/ITEMS

1. TRAK East
 - a. Status Report
2. Kansas Racing LLC (KRLLC)
 - a. Facility Report
3. TRAK Southeast (TRAK SE)
 - a. Status Report
4. Camptown Greyhound Park Inc.
 - a. Facility Report
5. Eureka Downs

- a. Status Report
- 6. Anthony Downs
 - a. Status Report

G. COMMISSION ITEMS

- 1. FY 2009-2010 Budget

Commission Action:

Commission review and discussion

Staff Presentation:

Don Cawby, Director of Administration

Neysa Thomas, Chief Fiscal Officer

Staff Recommendation:

Staff recommends approval

- a. [Staff Memo](#)

H. PUBLIC COMMENTS

I. STAFF REPORTS

- 1. Executive Director
- 2. Chief Gaming Officer
- 3. Assistant Attorneys General
- 4. Animal Health Officer
- 5. Calendar review
 - a. [Commission Meeting Calendar](#)

J. EXECUTIVE SESSIONS

- 1. Attorney-client communication
- 2. Background report
- 3. Personnel

K. FURTHER COMMISSION ACTION

- 1. Background Report

Commission Action:

Discussion, consideration and possible action

- a. Vicky Knapic

- 2. Approval of position

Commission Action:

Discussion, consideration and possible action

- a. Vicky Knapic

Anthony Fair Association Board Member

L. OTHER MOTIONS

M. ADJOURNMENT

KANSAS RACING AND GAMING COMMISSION

MINUTES – August 20, 2008

CALL TO ORDER:
(A.)

Chair Sader called the August 20, 2008, meeting to order at 10:05 am at the Topeka/Shawnee County Public Library, Topeka, Kansas. Commissioners Sader, Braun, Falstad, and Schwan were present when the meeting was called to order. Commissioner McKechnie joined the meeting at 10:17 am. Others present included Executive Director Stephen Martino; Chief Gaming Officer Robert Krehbiel; Director of Racing Frances Snell; Assistant Attorneys General Patrick Martin and Teri Canfield-Eye; Director of Audit/Electronic Security Charles LaBoy; Director of Security Don Brownlee; Director of Communications/Responsible Gaming Mike Deines; Director of Licensing Kit Bostrom; Director of Administration Don Cawby; Animal Health Officer D. Bryce Peckham, DVM; Commission Recording Secretary Linda Pendarvis and other staff.

MOTION, APPROVE
AGENDA:
(B.)

Commissioner Falstad (Schwan) moved to approve the amended agenda. Motion passed unanimously.

MOTION, APPROVE JULY
14, 2008, MEETING
MINUTES:
(C.)

Commissioner Braun (Falstad) moved to approve the minutes of the July 14, 2008, commission meeting as submitted. Motion passed unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

Commissioner Schwan (Falstad) moved to approve the consent agenda as follows:

1. TRAK East - review and approve simulcast contracts
 - a. Omaha Exposition & Racing Inc., D/B/A Horsemen's Park (incoming), *Horsemen's Park – Nebraska*; July 17 – July 20, 2008
 - b. Prairie Meadows Racetrack and Casino, Inc. (incoming) ADDENEUM, *Prairie Meadows Racetrack – Iowa*; July 11 – September 20, 2008
2. TRAK East – review and approve contracts
 - a. Halemar Specialties, Inc., *Peabody, MA*, racing blankets
 - b. TrackData Systems, *Cupertino, CA*, software package, database and communications program
 - c. Welborn Pet Hospital, *Kansas City, KS*, veterinarian services for adoption kennel

3. Kansas Racing LLC - review and file contracts
 - a. De Lage Landen, *Philadelphia, PA*, leasing of copy machines (previously approved; De Lage Landen acquired copier leases from Imagistics in March 2006)
 - b. OCE Imagistics, Inc., *Denver, CO*, copy machine maintenance
4. Camptown Greyhound Park – review and file contracts
 - a. Compass Logistics, *Las Vegas, NV*, transportation of equipment
 - b. Kelley Technologies, *Las Vegas, NV*, Removal of equipment
5. Anthony Fair Association – review and approve contracts
 - a. Rita Osborn, *Eureka, KS*, horse racing secretary
 - b. Tara Osborn, *Eureka, KS*, program production and race results reporting services

Motion passed unanimously.

PRESENTATION BY
KANSAS LOTTERY
COMMISSION:
(E.1.)

The commission heard a presentation by Mr. Keith Kocher of the Kansas Lottery regarding negotiation of race track management contracts.

PRESENTATION BY WILL
CUMMINGS OF
CUMMINGS
ASSOCIATES:
(E.2.)

The commission heard a presentation by Mr. Will Cummings of Cummings Associates regarding revenue projections and analysis of race track gaming and lottery gaming facilities.

MOTION TO RECESS:

Commissioner Braun (Schwan) moved to take a 10-minute recess at 11:35 am, to resume at 11:45 am.

RECONVENE:

The commission meeting reconvened at 11:52 am with all members present as previously noted.

STAFF PRESENTATION
REGARDING CLOSURE
OF THE WOODLANDS:
(E.3.)

The commission heard Mr. Martino present information regarding closure of The Woodlands.

CALL FOR PUBLIC
COMMENTS:
(F.)

Chair Sader called for public comments relating to racing, pari-mutuel, or closure of The Woodlands. The following individuals spoke:

- Doug Lawrence, Kansas Greyhound Association
- Tracy Wildey, Kansas Greyhound Association
- George Wingert, Ruffin Company
- David Assmann, Kansas Thoroughbred Association

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- Garry Stwalley, Kansas Quarter Horse Racing Association
- Lee Smith, Kansas Quarter Horse Racing Association
- Jim Gartland

MOTION TO RECESS: Commissioner Schwan (McKechnie) moved to take a 40-minute recess for lunch at 1:20 pm, to resume at 2:00 pm.

RECONVENE: The commission meeting reconvened at 2:05 pm with all members present as previously noted.

STATUS REPORT, TRAK EAST:
(G.1.a.) The commission heard the TRAK East status report, given by Mr. Will Gardiner, Administrative Manager.

REQUEST FOR WOODLANDS OPEN STAKE RACE:
(H.4.) The Woodlands and Trak East request approval to run an open stake race. \$10,771.42 is available for open stakes races that has accumulated from breakage proceeds this year so far. Each entry in the "stake" would receive an equal share, approximately \$761.38.

MOTION TO APPROVE WOODLANDS OPEN STAKE RACE:
(H.4.) Commissioner Falstad (Schwan) moved to approve the request to run an open stake race as outlined. Motion passed unanimously.

REQUEST TO RETAIN LICENSE, TRAK EAST:
(G.1.b.) Mr. Gardiner called the commission's attention to a written request by Mr. Carl A. Gallagher on behalf of TRAK East to maintain its license after the racing operations have shut down.

TABLE TRAK EAST REQUEST TO RETAIN LICENSE:
(G.1.b.) After discussion, the commission decided to table the TRAK East request to maintain its license until the shut-down process is complete and the commission has had an opportunity to confer further with counsel.

FACILITY REPORT, KRLLC:
(G.2.) The commission heard the Kansas Racing LLC (KRLLC) facility report from Mr. Jayme LaRocca, General Manager, with further comments from Mr. Howard Grace, owner of The Woodlands, and Bruce Schmitter, vice president of The Woodlands.

STATUS REPORT, TRAK SE:
(G.3.) There was no status report from TRAK SE.

FACILITY REPORT, CAMPTOWN GREYHOUND PARK:
(G.4.) The commission heard the Camptown Greyhound Park facility report given by Mr. Kevin Allis, General Manager for Pari-mutuel Operations.

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FACILITY REPORT,
EUREKA DOWNS:
(G.5.)

The Eureka Downs (KQHRA/GCFA) facility report was given by Mr. Lee Smith, General Manager.

STATUS REPORT,
ANTHONY DOWNS:
(G.6.)

The commission heard the Anthony Downs status report given by Mr. Allen Thomas, vice president of the Anthony Fair Association.

KHA REQUEST FOR
REIMBURSEMENT OF
EXPENSES:
(H.1.)

The commission heard Neysa Thomas, Chief Fiscal Officer, present the Kansas Horsemen's Association (KHA) request for reimbursement from the Kansas Bred Program for expenses for June 2008.

MOTION, APPROVE KHA
REQUEST FOR
REIMBURSEMENT OF
EXPENSES:
(H.1.)

Commissioner Braun (McKechnie) moved to approve the KHA request for reimbursement from the Kansas Bred Program for June 2008 contingent upon availability of funds. Motion passed unanimously.

DISCUSSION, FIRST
WAVE OF GAMING
REGULATIONS:
(H.2.)

The commission heard Mr. Martin discuss the first wave of gaming regulations, as follows:

- Article 101, General provisions and definitions
- Article 104, Minimum accounting and internal control standards
- Article 105, Security
- Article 106, Surveillance
- Article 112, Responsible gaming

MOTION, FORMAL
ADOPTION OF FIRST
WAVE OF GAMING
REGULATIONS:
(H.2.)

Commissioner Braun (McKechnie) moved for approval of the first wave of gaming regulations as indicated above. On a roll call vote, the motion passed unanimously.

DISCUSSION, REQUEST
FOR 60-DAY EXTENSION
TO COMPLETE
BACKGROUND
INVESTIGATIONS:
(H.3.)

The Commission heard Mr. Martino discuss requesting the governor's authorization for a 60-day extension for the southeast, south central, southwest, and northeast gaming zones to complete background investigations required by the Kansas Expanded Lottery Act.

MOTION, AUTHORIZE
REQUEST FOR
EXTENSION:
(H.3.)

Commissioner McKechnie (Braun) moved to authorize the request for a 60-day extension as outlined. Motion passed unanimously.

CALL FOR PUBLIC
COMMENTS:
(I.)

Chair Sader called for public comments. There were none.

Kansas Racing and Gaming Commission

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STAFF REPORT,
MARTINO:
(J.1.)

The commission heard a staff report from Mr. Martino.

STAFF REPORT,
KREHBIEL:
(J.2.)

The commission heard a staff report from Mr. Krehbiel.

STAFF REPORT,
ASSISTANT ATTORNEYS
GENERAL:
(J.3.)

The commission heard a staff report from Mr. Martin.

STAFF REPORT,
PECKHAM:
(J.4.)

The commission heard the Woodlands injury report from Dr. Peckham for June and July 2008.

STAFF REPORT, CAWBY:
(J.5.)

Mr. Cawby had no staff report.

EXECUTIVE SESSION:
(K.1.-3.)

It was determined that in view of time constraints, all executive sessions can be deferred until the September 8 meeting.

FURTHER COMMISSION
ACTION:
(L.)

Any further commission action resulting from the executive sessions will also be deferred until the September 8 meeting.

ADJOURN:

Commissioner Braun (Falstad) moved to adjourn at 3:47 pm. Motion passed unanimously.

SUBMITTED BY:

William Falstad
Secretary

APPROVED BY:

Carol H. Sader
Chair

Contract Review Cover Sheet

Contract Title: Consultant

Licensee: Kansas Racing, LLC

Name/Address of Other Party(s): Habit 5 Business Services, LLC
4701 Lone Elm
Shawnee, KS 66226

Subject Matter: Accounting Systems Implementation & Consultant

Contract Date: Invoiced

Duration: N/A

Renewal	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Changes	<input type="checkbox"/>	Yes (See Attached)	<input type="checkbox"/>	No Changes

Modification of Existing Agreement	<input type="checkbox"/>	Yes (See Below)
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Executed By: Robert Regnier – Wendy Malotte

Payment Terms/Changes: Net 30 - \$9,850.00
Net 30 - Pay within 30 days after invoice

Date Submitted: August 14, 2008

Submitted By: Jayne LaRocca

2nd Quarter Vendor Request

69
2517 D.1.a

Contract Review Cover Sheet

Contract Title: Purchase Finishing Mower

Licensee: Kansas Racing, LLC

Name/Address of Other Party(s): Heritage Tractor, Inc.

290 NW Highway 7

Clinton, MO 64735

Subject Matter: Purchase John Deere Rotary Finishing Mower

Contract Date: Invoiced

Duration: N/A

Renewal:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Changes:	<input type="checkbox"/> Yes (See Attached)	<input type="checkbox"/> No Changes

Modification of Existing Agreement:	<input type="checkbox"/> Yes (See Below)
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Executed By: JD St. Clair -- John Fankhauser

Payment Terms/Changes: \$5,300.98

Date Submitted: August 14, 2008

Submitted By: Jayme LaRocca

2nd Quarter Vendor Request

D.1.b
69
2519

Contract Review Cover Sheet

Contract Title: Company 401K

Licensee: Kansas Racing, LLC

Name/Address of Other Party(s): Mass Mutual
1295 State Street
Springfield, MA 01111

Subject Matter: Employee 401K Contribution
Employer Year-End Contribution

Contract Date: N/A

Duration: Open

Renewal:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Changes:	<input type="checkbox"/> Yes (See Attached)	<input checked="" type="checkbox"/> No Changes

Modification of Existing Agreement:	<input type="checkbox"/> Yes (See Below)
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Executed By: Jayme LaRocca

Payment Terms/Changes: \$12,954.41

Date Submitted: August 14, 2008

Submitted By: Jayme LaRocca

2nd Quarter Vendor Request

Contract Review Cover Sheet

Contract Title:	Mail Marketing	PROCESSED
Licensee:	Kansas Racing, LLC	2008 AUG 15 A 9:17
Name/Address of Other Party(s):	Quality Mail Marketing, Inc. 14844 W. 107 th Street Lenexa, KS 66215	RECEIVED KANSAS RACING AND GAMING COMMISSION
Subject Matter:	Production and mailing of "Club Woodlands" Newsletter (February & April)	
Contract Date:	Invoiced	
Duration:	N/A	
Renewal:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Changes:	<input type="checkbox"/> Yes (See Attached)	<input type="checkbox"/> No Changes
Modification of Existing Agreement:	<input type="checkbox"/> Yes (See Below)	
Executed By:	Denise Souza	
Payment Terms/Changes:	\$6,372.91	
Date Submitted:	August 14, 2008	
Submitted By:	Jayme LaRocca	

2nd Quarter Vendor Request

69
2518 D.1.d

REPORT TO RACING AND GAMING COMMISSION
01/01/08 to 06/30/08

K.S.A. 79-4715 – reports to racing and gaming commission. The director of alcoholic beverage control of the department of revenue shall submit to the Kansas racing and gaming commission semiannual activity reports concerning inspections and investigations of bingo operations in this state.

There were 66 investigations by compliance agents during this time period including

Educational	3
Routine	62
Complaints	1

The following actions during this time period were taken:

WARNINGS – 14

- 5 warnings for violation of K.S.A. 79-4705 (a) “On dates prescribed by the administrator, every operator shall make a return to the administrator upon forms prescribed by the administrator.”
- 1 warning for K.S.A. 79-4706 (z) (3) “A prize for a progressive game may start at an amount not to exceed \$250 and may be increased by no more than \$100 for each session during which the progressive game is continued. “
- 2 warnings for K.S.A. 79-4706 (u) “Every licensee who has gross receipts of @1.00 or more receive from participation in games, admission fees or charges and from any other source directly related to the operation or conduct of any receipts are deposited daily and from which all payments are made relation to the manage, operation or conduct of any games of bingo, except payment of prizes of less than \$200.”
- 1 warning for K.S.A. 79-4706 (p) (2) “One drawing during a session may be conducted by the licensee or the lessor of the premises.”
- 1 warning for K.A.R. 92-23-38 (a) (2) “Each licensee shall keep and maintain records that are necessary to determine the amount of tax due and to determine that the games of bingo operated or conducted by the licensee were operated or conducted in compliance with the bingo act. (2) the name of the operator or manager who conducted or operated each bingo game.”
- 4 warnings for K.A.R. 92-23-38 (a) (11) (c) “Each licensee shall keep and maintain records that are necessary to determine the amount of tax due and to determine that the games of bingo operated or conducted by the licensee were operated or conducted in compliance with the bingo act. (c) The books and records for the preceding four months shall be available without advance notice at all times that the licensee is operating or conducting games of bingo.”

- 118 fines for violation of:

- (117) K.S.A. 79-4705 (a) “On dates prescribed by the administrator, every operator shall make a return to the administrator upon forms prescribed by the administrator.”
Organizations were late in reporting. Fines were issued.
- (1) K.S.A. 79-4703 (a) “Any bona fide, nonprofit religious charitable, fraternal, educational or veterans organization with a tax exempt ruling from the Internal Revenue Service.”
Licensee was revoked and organization was ordered to terminate play.

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: September 8, 2008

AGENDA ITEM: **Review of FY 2009/FY 2010 Budget**

PRESENTER: Don Cawby, Director of Administration

ISSUE SUMMARY: The agencies annual budget must be submitted to the Division of the Budget on or before September 15, 2008. Documents both summarizing the budget and some budget detail will be provided to the Commission prior to the September 8, 2008 meeting.

COMMISSION ACTION REQUIRED/REQUESTED: Commission discussion, consideration and approval of the current and budget year's budget.

STAFF RECOMMENDATIONS: Staff recommends approval of the proposed budget, subject to technical changes to be made upon entering the budget into IBARS, the State Budget System.

September 2008 - August 2009

Commission Planner

SEPTEMBER

8 *Commission Meeting*

OCTOBER

3 *Commission Meeting*

Sep 2008						
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