

MINUTES
KANSAS LOTTERY COMMISSION
Wednesday, July 18, 2007
1:30 p.m.
128 North Kansas Avenue
Topeka, Kansas 66603-3638

Call to Order

The regular monthly meeting of the Kansas Lottery Commission was called to order on Wednesday, July 18, 2007, at 1:30 p.m. by Chairperson Harold Nye. The meeting was conducted at Lottery headquarters, 128 North Kansas Avenue, Topeka, Kansas, and was open to the public. Security Director Gary Herman determined compliance with the *Open Meetings Law*. Minutes were recorded by Executive Secretary Mary Metzler.

Attendance

Commissioners Present	Commissioners Absent
Harold Nye, <i>Chairperson</i> - Hays	
Jeanine McKenna - Reading	
Michael Gayoso, Jr. - Pittsburg (via phone)	
Joni Franklin - Wichita	
Robert Van Cleave - Overland Park	

Staff: Ed Van Petten, Executive Director
Keith Kocher, Assistant Attorney General
Gary Herman, Director of Security
Dave Mackey, Director of IT
Jim Giordono, Director of Auto Ship
Sally Lunsford, Director of Communications
Colleen O'Neil, Director of Marketing
Steve Crabtree, Telecommunications Manager
Maria Aikman, Corporate Accounts Rep
Mary Metzler, Executive Secretary

Visitors: List of signed-in visitors attached and incorporated by reference to the official minutes.

By Phone:

Matthew Clark, *Pittsburg Morning Sun*

Introduction of Attendees

Executive Director Ed Van Petten introduced Robert Krehbiel to the Commission. Mr. Krehbiel was recently appointed by Governor Sebelius as the Chief Gaming Officer in Kansas. Mr. Krehbiel took the floor and informed the Commission that he was currently working closely with the Governor's staff to define his role. He said he intended to implement the type of expanded gaming in Kansas which was intended by Senate Bill 66, the Governor, and the legislature.

Approval of Minutes

Minutes of the previous meeting on June 22, 2007, were submitted to the Commission in their online agenda packets. There were no additions or corrections to any of the minutes as presented. **Commissioner McKenna moved to approve the minutes as presented; Commissioner Franklin seconded;** motion approved unanimously.

New Business:

(1) RULES Assistant Attorney General Keith Kocher

Lottery Rules

Assistant Attorney General Keith Kocher presented a written summary of the rules prior to the meeting, a copy of which is filed with the official minutes. Mr. Kocher first presented the Lottery rules rules to the Commission for approval as follows:

New Instant Game Rules

<i>Specific Instant Game Rules</i>	<i>Article 4</i>
K.A.R. 111-4-2592	"Midwest Millions" - Game No. 698
K.A.R. 111-4-2593	"True Blue \$200s" - Game No. 699
K.A.R. 111-4-2594	"Frankencash" - Game No. 706
K.A.R. 111-4-2595	"Holiday Gatherings" - Game No. 707
K.A.R. 111-4-2596	"Merry Music" - Game No. 708
K.A.R. 111-4-2597	"Blackjack" - Game No. 709
K.A.R. 111-4-2598	"Veterans Bucks" - Game No. 710
K.A.R. 111-4-2599	"\$500 Fanfare" - Game No. 711

Other New Rules

Lottery Retailers **Article 2**
K.A.R. 111-2-210 Kwik Shop “Ask for the Sale” Promotion

Hearing no questions or comments from the Commissioners, Chairman Nye called for a motion to approve the rules. **Commissioner Franklin moved to approve the rules as promulgated by Assistant Attorney General Kocher. Commissioner Van Cleave seconded;** motion carried unanimously.

Expanded Gaming Rules

Assistant Attorney General Keith Kocher then presented the rules pertaining to expanded gaming to the Commission. Mr. Kocher credited Dan Biles for assisting in the preparation of the expanded gaming rules. He further stated that the expanded gaming rules had not yet been approved by the Office of the Attorney General. Mr. Kocher presented the following expanded gaming rules:

Expanded Gaming Rules

Electronic Gaming Machines at Racetrack Gaming Facilities **Article 101**
K.A.R. 111-101-1. Definitions
K.A.R. 111-101-2 Allocation of Electronic Gaming Machines
K.A.R. 111-101-3 Privilege Fee Bids
K.A.R. 111-101-4 Credentialing or Certification
K.A.R. 111-101-5 Certifying Net Electronic Gaming Machine Income
K.A.R. 111-101-6 Advertising, Marketing, and Promotion Materials
K.A.R. 111-101-7 Kind, Type, Number and Location
of Electronic Gaming Machines
K.A.R. 111-101-8 Accounting and Reporting of Required Payments
from Racetrack Gaming Facility Managers
K.A.R. 111-101-9 Notices Regarding Released Information
K.A.R. 111-101-10 Floor Plan
K.A.R. 111-101-11 Surveillance Plan
K.A.R. 111-101-12 Security
K.A.R. 111-101-13 Equipment Tampering, Damage or Malfunctions
K.A.R. 111-101-14 Equipment Manipulation
K.A.R. 111-101-15 Equipment Installation, Maintenance or Repair
K.A.R. 111-101-16 Internal Controls
K.A.R. 111-101-17 Persons Prohibited from Playing
Electronic Gaming Machines

Following a brief discussion of the rules, **Commissioner Franklin moved to accept the expanded gaming rules. Commissioner McKenna seconded;** motion approved unanimously.

**(2) EXPANDED GAMING Executive Director Ed Van Petten
Assistant Attorney General Keith Kocher**

Request by Unified Government of Wyandotte County for Extension of Lottery Gaming Facility Application Deadline

Northeast Gaming Zone. The Unified Government of Wyandotte County submitted a letter dated June 28, 2007, to Executive Director Van Petten, requesting a 90-day extension of the gaming facility application process. Such an extension would allow for a total of 180 days from July 2, 2007, for all gaming facility applications in the Northwest Gaming Zone to be submitted to the Lottery Commission. The Unified Government of Wyandotte County cited the large number of proposals for facility management as a primary reason for the extension request. The 90-day extension was opposed by the City of Bonner Springs, who also submitted a letter. Both letters (Unified Government of Wyandotte County and City of Bonner Springs) were submitted to the Lottery Commission for consideration.

Following a discussion by the Commission, **Commissioner McKenna moved to approve the extension of 90 days for the Unified Government of Wyandotte County to submit their gaming facility applications to the Commission. Commissioner Gayoso seconded. Discussion: Executive Director Van Petten informed the Commission that the extension would be for the Northeast Gaming Zone. Commissioner McKenna amended her motion by striking “the Unified Government of Wyandotte County” and inserting “Northeast Gaming Zone.” Motion, as amended, was passed unanimously by the Commission.**

The new application deadline for the Northeast Gaming Zone will be Saturday, December 29, 2007.

(3) DIRECTOR’S REPORT Executive Director Ed Van Petten

- (1) Sales. Executive Director Van Petten reported that year end Fiscal Year 2007 sales were up by 2.05% over the previous year, despite a 27% reduction in Powerball sales.
- (2) Central Gaming Systems. Mr. Van Petten informed the Commission that five responses had been received pertaining to the central gaming systems and that staff was currently evaluating those responses.
- (3) Promotions. Mr. Van Petten informed the Commission that Lottery staff members were working on a promotion with the Great Santa Fe Trail Horse Race as well as preparing for the State Fair in Hutchinson.

Announcements

The next Commission was scheduled for Wednesday, August 15, 2007, at 11:15 a.m. via phone conference with the Commissioners. No changes to the meeting, as scheduled.

Adjournment

Having no further business, **Chairperson Nye called for a motion to adjourn. Commissioner Franklin moved to adjourn the meeting; Commissioner McKenna seconded.** Meeting adjourned at approximately 2:20 p.m.