

## MINUTES

### SPECIAL MEETING KANSAS LOTTERY COMMISSION Monday, May 5, 2008 9:30 a.m. Pioneer Room, Capitol Plaza Hotel Topeka, Kansas

#### Call to Order

A special meeting of the Kansas Lottery Commission was called to order on Monday, May 5, 2008, at approximately 9:30 a.m. by Chairperson Harold Nye. **The purpose of the special meeting was to consider entering into a contract with Kansas Penn Gaming, LLC, the sole casino applicant in the Southeast Gaming Zone.** No other business was scheduled to be conducted. The meeting was conducted in the Pioneer Room at the Capitol Plaza Hotel in Topeka, Kansas, and was open to the public. Security Director Gary Herman determined compliance with the *Open Meetings Law*. Minutes were recorded by Mary Metzler, Executive Secretary.

#### Attendance

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

#### Participating

**Staff:** Ed Van Petten, Executive Director  
Keith Kocher, Director of Gaming Facilities  
Stephen Durrell, Assistant Attorney General  
Gary Herman, Security Director  
Sally Lunsford, Director of Communications  
Mary Metzler, Executive Secretary

**Visitors:** A list of signed-in visitors is attached to the official minutes.

**Special Business:**

**EXPANDED GAMING . . . . . Director of Gaming Facilities Keith Kocher**

**Southeast Gaming Zone . . . . . Kansas Penn Gaming, LLC**

*Opening Remarks*

Director of Gaming Facilities Keith Kocher presented opening remarks to the Commission. He first introduced Dan Biles, attorney at law on behalf of the Kansas Lottery, as well as three individuals representing Kansas Penn Gaming, LLC. Those individuals were:

- Thomas Aureimma, Vice President, Compliance
- Norm Nelms, Vice President, Design & Construction
- John Petersen, Attorney at Law.

Mr. Kocher directed the Commissioners to a “checklist” he prepared, which outlined the duties of the Kansas Lottery Commissioners in their consideration of entering into a contract with the casino applicants in the gaming zones. (A copy of the checklist is appended to these original minutes.)

*Kansas Lottery Presentation*

Mr. Kocher reviewed the following documents with the Commissioners:

- (1) Overview of Kansas Penn Gaming, LLC,
- (2) Analyses of Financial Ability and Class III Gaming Experience (prepared by Economist Richard Schuetz), and
- (3) Lottery Gaming Facility Management Contract.

A copy of those documents is incorporated as part of these minutes.

Mr. Kocher informed the Commission that the proposed contract with Kansas Penn Gaming, LLC included language that would allow this applicant to “phase-in” the casino in the Southeast Gaming Zone. Exhibit D in the contract delineates the infrastructure phasing plan and scheduled implementation dates of the plan. Mr. Kocher informed the Commission that the absolute deadline for completion was January 1, 2011. Mr. Kocher also informed the Commission that while the Lottery did not *like* the phase-in plan, no legal restrictions appeared to prohibit such a phase-in plan. He further explained that the only reason such a phase-in plan could be considered in this zone was due to the fact that there was no competition in this gaming zone.

Mr. Kocher informed the Commission that per the analyses prepared by Mr. Schuetz, the applicant was financially able to perform the duties of a casino manager and met the required gaming experience. Mr. Kocher confirmed that applicable tax clearances had been obtained.

*Kansas Penn Gaming, LLC Presentation*

Mr. Thomas Auriemma presented a summary of the proposal prepared on behalf of Kansas Penn Gaming, LLC to the Commission for review. A copy of his report is incorporated as part of these minutes. Mr. Auriemma informed the Commission that his company was clearly committed to this project even though it was proposing a “phase-in” plan. He said that Penn Gaming owns the rights to the Hollywood theme name, which would be used in this proposed casino, and that it has been very successful in other states. He said that his company has very well managed talent.

*Motion*

Following deliberation, **Commissioner McKenna moved to approve the application of Kansas Penn Gaming, LLC. Commissioner Franklin seconded. Commissioner McKenna amended her motion to incorporate language which now stated that she moved to approve the contract with Kansas Penn Gaming, LLC, and to forward the applicant’s contract to the Lottery Gaming Facility Review Board. Commissioner Franklin seconded the amendment. Motion, as amended, was approved unanimously.**

**Adjournment**

There was no other business. **Commissioner McKenna moved to adjourn the meeting; Commissioner Wunsch seconded.** Meeting adjourned at approximately 10:30 a.m.