

KANSAS RACING AND GAMING COMMISSION

MINUTES – FEBRUARY 17, 2023

CALL TO ORDER

(A.)

Chairman David Moses called the February 17, 2023, meeting to order at 10:00 a.m. The meeting was held at the Eisenhower State Office Building in Topeka, Kansas. Notice of this meeting was given to the public via the KRGC and Public Square websites. Commissioners Brandon Jones, Larry Turnquist, and Sheryl Spalding were also present. Others present included Executive Director Don Brownlee, General Counsel Judith Taylor, Director of Administration, Audit, and Finance Brandi White, Director of Sports Wagering and Licensing DJ Lopez, Director of IT&C-s Dennis Bachman, and other staff.

MOTION, APPROVE AGENDA

(B.)

MOTION, APPROVE January 13, 2023 MEETING MINUTES

(C.)

MOTION, APPROVE CONSENT AGENDA

(D.)

LOTTERY GAMING FACILITY REPORTS/ITEMS; BOOT HILL CASINO & RESORT

(E.1.a.)

Commissioner Jones (Spalding) moved to approve the agenda as amended. Motion carried 4-0.

Commissioner Spalding (Turnquist) moved to approve the minutes of the January 13, 2023 meeting. Motion carried 4-0.

Commissioner Turnquist (Jones) moved to approve the consent agenda (six items). Motion carried 4-0.

Diane Giardine, General Manager, reported:

- January 2023 revenue numbers compared to January 2022:
 - Total gaming revenue decrease 7.77%
 - Total slot revenue down 9.02%
 - Table games revenue up 2.61%
- January 2023 Sports Wagering revenue numbers
 - Retail Sportsbook Revenue \$15,678.13.
 - Down 153.08% from December 2022
 - Handle grew 193% from December 2022
 - Digital Sportsbook Revenue: \$2,333,293.40
 - Down 58.97% from December 2022
 - Handle grew 20% from December 2022
 - Hold being down is attributed to the AFC and NFC championship games, specifically the Chiefs vs Bengals.
- January 2023 Sports Wagering
 - Largest Events
 - Chiefs vs Bengals
 - Jacksonville vs Chargers

- Eagles vs Giants
 - Chiefs vs Jacksonville
- Top Sports
 - 38% of bets were placed on NBA games.
 - 37.7% of bets were placed on NFL games.
 - 17.2% of bets were placed on College Basketball games.
- February 2023 Sports Wagering
 - Largest Events through February 15th
 - 27% of bets were placed on the Super Bowl
 - All other events were NBA games.
 - Top Sports
 - 44.7% of bets were placed on NBA
 - 27% of bets were placed on NFL
 - 25.8% of bets were placed on College Basketball games
 - Super Bowl
 - Retail Sportsbook
 - There was a 400% increase in bets for the day.
 - Boot Hill Casino held -40% on Super Bowl bets.
 - NBA and College Basketball bets brought the handle for the day to -20%, the retail sportsbook was able to cover the losses. Holding about 7%.
 - 80% of bets were placed on the Chiefs.
 - Digital Sportsbook
 - 30% of the February handle was the Super Bowl
 - 80% of bets were placed on the Chiefs.
 - Hold was -43%, currently the sportsbook is still negative, but General Manager Giardine believes they will break even near the end of February. The next couple months appear to be promising for the sportsbook with March Madness occurring in the NBA.
 - Chairman Moses asked if there is any tracking of demographics or geo-location. General Manager Giardine explained that they do not receive this kind of data from their vendor. She does know that Draft Kings is receiving 35% - 40% of the Kansas market share. She said she would ask for the data from Draft Kings.
 - Events and Promotions:
 - Weekly Kiosk Games
 - Weekly Food and Beverage Specials
 - Gift Promotions

- \$20K Slot Tournament Mania
- VIP Promotions
- Promotions for United Wireless Arena Events
- Upcoming Entertainment & Events
 - Legends Only Gift – January 14
 - Glenn Miller Orchestra – February 4
 - Hairball – February 10
 - Kendra Scott Jewelry Gift – February 11 & 12
 - For King & Country – April 29
 - Soccer – Kansas Bandits – December – March
 - Football – Southwest Storm – March – May
 - State Basketball Tournament - March

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

Doug Lang, Vice President and General Manager, reported:

- January 2023 revenue numbers compared to January 2022:
 - Total gross gaming revenue up 2.1%
 - Total slot revenue down 3.1%
 - Table games revenue up 28.2%
- January 2023 Sports Wagering revenue numbers
 - Retail Sportsbook Revenue \$148,000.00.
 - Down 58% from December 2022
 - Digital Sportsbook Revenue: \$3,445,000.00
 - Up 54% from December 2022
- January 2023 Sports Wagering
 - \$59.8 million was wagered on FanDuel online.
 - \$1.32 million was wagered in person at FanDuel retail. Of this, \$659k was bet over the counter and \$673k was bet on the kiosks.
 - There was a total of 14,586 bets made in person at FanDuel retail.
 - The largest wager placed at retail was on Sunday, January 8 taking the Green Bay Packers to beat the Detroit Lions. The wager amount was \$25,885.50 and it lost.
 - The largest wager won at retail was on Tuesday, January 31 with the Kansas Jayhawks over the
 - Kansas State Wildcats. That wager was for \$16,102.50.
 - On Sunday, January 29, there was \$219,437 wagered at FanDuel retail making it the largest wagered day since sports wagering began on September 1st.
- Super Bowl
 - Digital Sportsbook
 - Lost \$3.5 million on Kansas Super Bowl wagers

- 92% of Kansas wagers were placed on the Chiefs
 - 25% more wagers are placed during the Super Bowl than any other betting period in the year. Followed by the opening weekend of March Madness
 - Chairman Moses asked if the \$59.8 million dollars wagered on FanDuel was nationwide or just Kansas. General Manager Lang confirmed that figure is just Kansas.
 - Retail Sportsbook
 - Lost \$85,000 on Super Bowl wagers
- Upcoming Events and Promotions:
 - Double Down | Friday and Saturdays
 - Black and Decker 40pc. Socket Set | Friday, February 17 | 2p-9p
 - Hosted Event | Saturdays in February | \$10,000 in Boyd Play or Free Bet | 6p-7:30p
 - QT gift cards | Friday, February 24 | 2p-9p
- Upcoming Entertainment & Events:
 - Wichita Flea Market | February 24-25 | Arena
 - USA Wrestling | March 3-5 | Arena

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

Dave Rice, Compliance Manager, reported:

- Admissions were up 29.8% compared to January 2022
- January 2022 revenue numbers compared to January 2022:
 - Total gross gaming revenue increase 15.5%
 - Slot revenue up 14.9%
 - Table games revenue up 22%
- January 2022 Sports Wagering revenue numbers
 - Retail Sportsbook Taxable Revenue was negative in January – a loss of \$138,979. Handle dropped 13% compared to December 2022. The loss is driven by the Chiefs AFC Championship game, NCA College Bowl Championship, and success of other local sports teams. The handle drop is attributed to fewer NFL games.
 - Platform Sportsbook Taxable Revenue was \$30,550. Handle dropped 8%. The handle drop is attributed to the decrease in NFL games.
- Top Events
 - Chiefs vs Cincinnati
 - Over 11,000 bets placed.

- Money line was the most popular wager with \$143,000 wagered. This was the biggest loss for the sportsbook at \$114,000.
- Cowboys vs 49ers
 - Biggest win for the sportsbook, winning \$72,000 on the game.
- Super Bowl
 - The digital sportsbook lost over \$1 million.
 - The retail sportsbook lost roughly \$1.5 million.
- January Sports Wagering
 - 7,000 bets were placed on the Kansas Jayhawk
 - 5,300 bets were placed on the Kansas Wildcats
 - 324 bets were placed on the Wichita State Shockers
- Recent/Upcoming Events and Promotions:
 - January 28 - \$25K Blizzards of Cash
 - February 1 - \$25K Progressive Drawings
 - February 4 – Slot Point Race
 - February 10 – Big Game Suitcase Event
 - February 12 – Big Game Big Drawing
 - February 19 – Daytona 500 Even or Odd Drawing
 - February 26 – Penn Millionaire Promotion
 - Penn Millionaire Slot Tournament – March 24
 - March 2 – Mad March Slot Tournaments
 - Preliminary Tournaments – March 2, 9, and 23
 - Grand Finale Tournament – March 30.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
KANSAS CROSSING
CASINO
(E.4.a.)

Jeff McKain, General Manager, reported:

- Admissions up 9.3% compared to January 2022
- January 2022 revenue numbers compared to January 2022:
 - Coin in up 2.0%
 - Table games drop up 20.1%
 - Net gaming revenue up 14.3%
 - Retail Sportsbook Revenue: -\$10,584
 - The retail sportsbook opened January 17th.
 - Digital Sportsbook Revenue: \$1,179,189
 - Handle grew 13.5%
- Super Bowl
 - Retail sportsbook handle was greatest on Super Bowl Sunday. The revenue for that day was -\$72,000.
 - A \$20 wager was placed on the exact score for the Super Bowl and paid out \$7,000.

- Platform partners reported that 73.2% of point spread wagers were on the Chiefs and 82.2% of money line wagers were on the Chiefs.
- The Digital Sportsbook revenue for the day was -\$2.7 million.
 - There are three platform partners, one of which had positive revenue numbers.
- Events and Promotions:
 - January
 - Kiosk games every Monday.
 - Kiosk games every Tuesday.
 - Camp 49 Hot promotional specials on Wednesday.
 - Casino Hot Seats every Thursday.
 - Card Shark promotion Friday the 6th, 13th, and 20th.
 - Cash is King month end promotion on Saturday the 28th.
 - Casino gift day every Saturday.
 - Corral concerts included Jackson Dean on Friday the 6th and Arch Allies on the 13th.
 - February
 - Kiosk games every Monday.
 - Kiosk games every Tuesday.
 - Camp 49 Hot promotional specials on Wednesday.
 - Casino Hot Seats every Thursday.
 - Love is in the Spins promotion Friday the 3rd, 10th and 17th.
 - 80's rock band Slaughter on Friday 24th.
 - Cash is King month end promotion on Saturday the 25th.
 - Casino gift day every Saturday.
- COVID-19
 - 2 cases in January and 2 so far in February.

COMMISSION ITEMS –
OLD BUSINESS (F.)

There was no old business.

COMMISSION ITEMS –
NEW BUSINESS; (G.)

There was no new business.

PUBLIC COMMENTS
(H.)

There were no public comments.

STAFF REPORTS
(I.1. and I.2.)

Judith Taylor, General Counsel, reported on the Voluntary Exclusion Program statistics for the month of January 2023 and transfer of ownership of the <https://ksgamblinghelp.com/> website.

- Commissioner Spalding asked who was taking over the <https://ksgamblinghelp.com/> site. General Counsel Taylor confirmed it is the Kansas Coalition on Problem Gambling.

Executive Director Brownlee reported:

- KRGC has filled the Government Relations Manager position, hiring Randy Evans February 6th. This position's duties will include the legislature, government relations, public information officer, oversight of regulations approval process, and coordinate the selection process for HHR.
 - Chairman Moses asks clarification on the position's responsibilities regarding regulations. Executive Director Brownlee says KRGC regulations must go through a state approval process. As well as being approved by the commissioners, regulations must be approved by the Department of Administration, the Attorney General's office, and the regulations go before the legislature's Regulatory Committee. The position's responsibilities will be shepherding the regulations through these processes. Chairman Moses asks if there has been any update on the sports wagering regulations that were sent to the Attorney General's office. Executive Director Brownlee says that there has not been an update.
 - Chairman Moses asks for clarification on the position's responsibilities regarding HHR. Executive Director Brownlee says that the commissioners will go through a selection process to determine who will receive organizational licenses. It will be this position's responsibility to coordinate the information, timing, meetings, and events of local officials in Sedgwick County, commissioners, and the applicant.
- KRGC is beginning to staff an investigation unit to deal sports wagering complaints and investigations, as well as illegal gambling investigations. Wade Schneider has been named the manager of that unit. Cedrick Daniels will be responsible for sports wagering complaints. Jim Root will continue as KRGC's lead agent for illegal gambling cases.
- KRGC plans to increase staffing with that unit but will not until the White-Collar Crime fund gets going. First deposits will not come into the fund until July of this year.

- The Illegal Gaming unit recently conducted an investigation of illegal electronic gaming machines in western Kansas. With the help of local law enforcement, warrants were served in three different counties. There were also warrants for two other locations, but by the time officers arrived the machines had been removed from the property.
 - Commissioner Spalding asks what happens after an illegal gambling device is seized. Executive Director Brownlee explains that KRGC seizes the machine, related currency, and paraphernalia. Then a forfeiture process occurs in civil court. The owner can argue in court for the return of the assets. It is possible for a criminal case to be brought, but that typically is up to the discretion of the local jurisdiction. Once the forfeiture process has occurred, if KRGC is awarded the machines, the machines are typically destroyed.
 - Commissioner Spalding asks whether it is rare for a criminal case to occur as a result of an illegal gaming device seizure. Executive Director Brownlee says that it is not rare, but more often-than-not it is only dealt with through civil forfeiture. He follows up noting that local jurisdictions do not prosecute these cases because they are short-handed and other cases are of a more serious nature. The Attorney General's office is also experiencing this issue and so their office is not prosecuting illegal gaming.
- Proposed HHR regulation were sent to industry partners. At the end of January, KRGC received suggestions back from those partners. KRGC is currently in the process of comparing those suggestions to the adopted draft regulations and adjusting them. Once completed, the regulations will be presented to the commissioners.
 - Commissioner Spalding asks what month KRGC will be meeting to discuss HHR. Executive Director Brownlee said that he does not know at this time but that it will be the commissioners that decide the meeting date.
- The HHR organizational license applications are due February 28th. KRGC has responded to seven entities who have expressed an interest in the application.
- This week committee hearings on KRGC's proposed budget in the House and Senate finished. The Senate Ways and Means Committee and the House Appropriations Committee have both approved the budget as recommended by the Governor. The next step is for the budget to come before the whole Senate and

House. This typically occurs towards the end of the legislative session.

- There have not been any gaming specific bills introduced this legislative session. There was an interim committee, that had suggested they would recommend a bill that would deal with commission board member compensation. However, this bill has not yet been introduced.
- The Missouri legislature is pursuing sports wagering legislation. There are two bills going through the legislature currently.
- The Oklahoma legislature also has proposed a sports wagering bill.
- Texas has introduced legislation that will start a process to approve seven resort casinos in Texas. Sports wagering will be considered a part of casino operations. There is also a standalone sports wagering bill.
- Last year nationwide, sports wagering revenue reached \$7.5 billion a 73% increase from 2021.
- GeoComply is the company assisting to ensure that betting is done within state boundaries. They provided the KRGC with some data following Super Bowl weekend.
 - During Super Bowl weekend, they processed 2.2 million geo-location checks in Kansas. Nationwide, they did over 100 million geo-location checks. 250,000 attempts from Missouri to wager in Kansas were blocked.
- According to American Gaming Association, 2022 gaming revenues increased 14% compared to 2021. December was the highest grossing month on record at \$5.4 billion. In-house casino gambling accounted for 79% of those commercial gaming revenues, sports wagering grew to 12%, and internet gambling accounted for 8%.
- There were only four states with brick-and-mortar casinos that showed a decrease from 2021 to 2022. Kansas was one of those with a 0.5% decrease. The other states were Michigan, Mississippi, and South Dakota. The Kansas City gaming market increased 1.5% from 2021 to 2022.
- The Crosswinds Casino in Park City, owned by the Wyandotte Tribe, has purchased a hotel south of the casino location. They are currently renovating the property and hope to open the property as part of the casino.
 - Chairman Moses asks to clarify if the hotel will be turned into a casino. Executive Director Brownlee clarifies that he

understands the intent is to keep the hotel as a hotel and that they will run a shuttle from the hotel to the casino.

- The next commission meeting is scheduled for March 17, 2023.
 - Commissioner Jones said he will not be able to attend. Chairman Moses asked Executive Director Brownlee if he anticipates information becoming available, as a result of the HHR organizational license application deadline, that needs to be shared with the commission. Executive Director Brownlee said that he anticipates information becoming available, but that no commission action will take place. Chairman Moses stated that the original meeting date will remain.

MOTION, EXECUTIVE SESSION;
CONFIDENTIAL BACKGROUND REPORTS
(J.3.)

Commissioner Jones (Spalding) moved that the Commission go into executive session for the purpose of reviewing confidential background reports presented today by the commission's security division. In addition to the commissioners, the confidential background reports portion included the executive director, general counsel, and director of sports wagering and licensing. The total time for the executive session was anticipated to be ten (15) minutes until 11:05 a.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 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. The motion carried 4-0, and the meeting was adjourned to executive session at 10:48 a.m.

RECONVENE
(J.2.)

The commission meeting returned to open session at 11:05 a.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Spalding present.

MOTION, EXECUTIVE SESSION; ATTORNEY-CLIENT PRIVILEGE
(J.3.)

Commissioner Spalding (Turnquist) moved that the Commission go into executive session for the purpose of consulting with the agency's attorney on attorney-client privileged communications. In addition to the commissioners, the attorney-client privileged communications will include the executive director and general counsel. After discussion, the total time for the executive session was anticipated to be hour (1) and ten (10) minutes until 12:17 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 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. The motion carried 4-0, and the meeting was adjourned to executive session at 11:07 a.m.

RECONVENE
(J.4.)

The commission meeting returned to open session at 12:18 p.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Spalding present. Chairman Moses noted that the executive session concluded at 12:17 p.m. but there was a delay reconnecting the recording equipment.

MOTIONS ON LICENSE
APPLICATIONS
(K.1.)

Commissioner Turnquist (Spalding) moved to *conditionally approve one* license application and *approve the remaining 206* license applications from the February 17, 2023, list of background reports referred to the commission for action. The motion carried 4-0.

OTHER BUSINESS

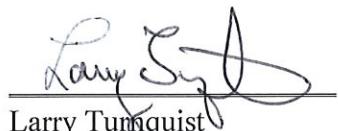
There were no other items for discussion or motion.

ADJOURNMENT
(L.)

Chairman Moses stated that the March 17, 2023, commission meeting will begin at 10:00 a.m. for an in-person meeting at the Eisenhower State Office Building in Topeka, Kansas.

Commissioner Jones (Spalding) moved to adjourn the meeting. Motion passed 4-0. The meeting was adjourned at 12:20 p.m.

SUBMITTED BY:



Larry Turnquist
Secretary

APPROVED BY:



David Moses
Chairman