

KANSAS RACING AND GAMING COMMISSION

MINUTES – MARCH 15, 2024

CALL TO ORDER

(A.)

Chairman David Moses called the March 15, 2024, meeting to order at 10:00 a.m. The meeting was held at the Kansas Crossing Casino in Pittsburg, Kansas. Notice of this meeting was given to the public via the KRGC and Public Square websites. Commissioners Brandon Jones, Larry Turnquist, and Mike Fleming 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, Director of Security Roger Bailey, Government Relations Manager Randy Evans, and other staff.

Chairman Moses thanked General Manager Jeff McKain for allowing the KRGC to hold the March meeting at the Kansas Crossing Casino and all of the staff who pitched in.

MOTION, APPROVE AGENDA

(B.)

Commissioner Jones (Fleming) moved to approve the agenda, with the addition of a legislative report. Motion carried 4-0.

MOTION, APPROVE FEBRUARY 16, 2024 MEETING MINUTES

(C.)

Commissioner Fleming (Turnquist) moved to approve the minutes of the February 16, 2024, meeting. Motion carried 4-0.

MOTION, APPROVE CONSENT AGENDA

(D.)

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

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

(E.I.a.)

Diane Giardine, General Manager, reported:

- February 2024 revenue numbers compared to February 2023:
 - Total gaming revenue down 1.38%
 - Total slot revenue was up 1.38%
 - Table games revenue was down 22.57%
 - This was due to a combination of hold being down about 18% and drop being down 5% year-over-year
- February 2024 Sports Wagering revenue numbers
 - Retail Sportsbook Revenue: -\$48,187.00
 - Down 2870.29% from February 2023.
 - Handle was up 109.5%
 - Digital Sportsbook Revenue: \$1,834,515.00
 - Up 191.73% from February 2023.
 - Handle was up 18%
 - February Top Events

- Super Bowl
 - West Virginia vs K-State
 - Baylor vs. TCU
- February Top Sports
 - College Basketball was 54% of handle
 - NBA was 16% of handle
 - NFL was 15% of handle
- Upcoming Events and Promotions:
 - Weekly Kiosk Games
 - Weekly Food and Beverage Specials
 - Gift Promotions
 - Collect & Go Kiosk Game and Promotion
 - VIP Promotions
 - Sportsbook Promotions
 - Final Four Ticket Giveaway – March 30
- Upcoming Entertainment & Events
 - KSHSAA State Basketball – March 4 – 9
 - Harlem Globetrotters – March 21
 - Lonestar – June 7
 - Let the Good Times Rock – August 17
 - Roots & Boots – November 8
- Chairman Moses asked if the facility usually sees more traffic when there are events going on at the event center. General Manager Giardine responded that they do see an increase in patrons. Chairman Moses followed-up by asking if there was any issues with minors attempting to gain access to the gaming floor. General Manager Giardine explained that they check for ID at the entrance, and people are expecting that, so there was not an issue.
- Commissioner Fleming asked if the event center is connected to the casino. General Manager Giardine explained that the two facilities are physically connected through a breezeway. General Manager Giardine further explained that Boot Hill has naming rights on the conference center, United Wireless has naming rights of the roughly 5,000 seat convention center, and that the event center is operated by the City of Dodge City.

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

Alli Kuplen, General Manager, reported:

- February 2024 revenue numbers compared to February 2023:
 - Total gross gaming revenue was up 1.7%
 - Total slot revenue up 0.2%
 - Table games revenue up 11.6%
- February 2024 Sports Wagering revenue
 - Retail Sportsbook Revenue: -\$87,300.00.
 - Down from February 2023's loss of -\$75,300.00.
 - Digital Sportsbook Revenue: \$1,400,000.00
 - Up from February 2023's revenue of \$180,000.00.
- February 2024 Sports Wagering
 - \$76.9 million was wagered on FanDuel online.

- \$58.6 million was wagered on FanDuel online.
- \$1.27 million was wagered in person at FanDuel retail. Of this #, \$589k was bet over the counter and \$683k was bet on the kiosks.
- There were 12,281 bets made in person at FanDuel retail.
- The largest wager in retail was an \$11,000 straight wager on the UFC. The wager was a winner and paid out \$12,505.
- There were seven separate \$10,000 wagers on the Super Bowl.
- The largest payout for the month was a \$100 parlay with 15 teams. The winning parlay wager paid out \$25,669.
- Our largest customer in retail wagered \$118,061 for February. This customer lost \$5,800 in the month.
- There was \$349,000 wagered on the Super Bowl in Retail.
- Sports wagering percentages for the month of February are as follows...Football 48%, Basketball 42%, Hockey 4%, MMA 3%, Tennis <1%, Golf <1%, Soccer <1%.
- February Upcoming Events and Promotions:
 - Double Down | Friday and Saturdays
 - Double Down | Friday and Saturdays
 - Hot Seats | Thursday, March 7,14,21, & 28 | 5:30p-10p
 - 18K Series Stand Mixer Gift Giveaway | Friday, March 1 | 4p-9p
 - Anti-Gravity Diffuser Gift Giveaway | Friday, March 8 | 4p-9p
 - Ziplock Storage Boxes Gift Giveaway | Friday, March 15 | 4pm-9pm
 - March Jamboree Scratcher | Saturday, March 16 | 2pm-8pm
 - Brookstone 5 compartment Bamboo organizer Gift Giveaway | Friday, March 22 | 4pm-9pm
 - Brookstone Turbo Hand Vac Gift Giveaway | Friday March 29 | 4pm-9pm
 - Host off Pace Mixer | Saturday March 2 | 6:00pm-7:30pm
 - Host Event “Cruise with the GM” | Saturday March 23 | 6:00pm-7:30pm
- February Upcoming Entertainment & Events:
 - USA Wrestling | Arena | March 2 & 3
 - Flogging Molly | Arena | Saturday, March 9 | 8pm
 - Three Dog Night | Arena | Saturday, March 30 | 8pm

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

Lydia Garvey, General Manager, reported:

- February 2024 admissions were down 3% compared to February 2023
- February 2024 revenue numbers compared to February 2023:
 - Total gross gaming revenue increased 3.3%
 - Slot revenue increased 2%
 - Table games revenue increased 13.4%
- February 2024 Sports Wagering revenue numbers
 - Retail Sportsbook Taxable Revenue: -\$1,569,238.00
 - Up 4.7% compared to February 2023

- Handle was up just under 1%
- Super Bowl was 31% of handle
- Retail Sportsbook: Top Events
 - Super Bowl
 - Miami Hurricanes vs. North Carolina Tar Heels
 - Jayhawks vs. Houston Cougars
- Digital Sportsbook Taxable Revenue: -\$383,967.00
 - Up 50% compared to February 2023
 - Handle was up 34%
- Digital Sportsbook: Top Sports
 - NCAA Basketball was 43% of handle
 - NBA was the second highest in handle
 - NFL was 12%
- February Recent/Upcoming Events and Promotions:
 - February 27 – Gas for a Year
 - March 1 – Drop & Win
 - March 1 – VIP Lucky Limits
 - March 2 - \$30K Lucky Clover Progressive Board
 - March 15 – PENN Play Pot of Gold
 - April 2 – Massive Gold Rush
 - April 5 - \$75K Three Strikes Punch Board
 - 2024 Sporting KC Park, Eat & Play
- General Manager Garvey reported that Al Thompson, VP of Casino Operations, has tendered his two-week notice.

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

Jeff McKain, General Manager, reported:

- General Manager McKain introduced the Kansas Crossing executive staff: Director of Finance Carrie Stapelcamp, Director of Marketing John Spiers, Director of IT Brian Kickler, Director of Human Resources Gary Madson, Director of Casino Operation Alex Burggraf, Food and Beverage Director Joe Leonardi, Director of Security and Facilities Joey Adams, Compliance Officer Roberta Sellers
- February 2024 admissions down 4.7% compared to February 2023
- February 2024 revenue numbers compared to February 2023:
 - Coin in down 6.6%
 - Table games drop up 23%
 - Net gaming revenue was down 11%
 - Hold for slots and table games was under the forecasted amount. It was the lowest table game hold since 2018.
- February 2024 Sports Wagering revenue numbers
 - Retail Sportsbook Taxable Revenue: -\$27,154.00
 - Up compared to February 2023's loss of -\$121,828
 - Largest single winning wager was on the Kansas City Chiefs to win the Super Bowl, the wager paid out \$13,750

- Largest overall wager of \$14,500 was on an NCAA Basketball game, the wager did not win.
- Digital Sportsbook Taxable Revenue: -\$882,806.00.
 - Up 73% compared to February 2023
- Events and Promotions:
 - February
 - Player Edge hot seats every Monday.
 - *Camp 49* promotions every Wednesday
 - *Rolling in the Dough* tables games promotion on Fridays.
 - *Love is the Spin* on Saturdays.
 - VIP event on Saturday the 16th.
 - *Players Edge Payouts* promotion Saturday the 24th.
 - Casino gifts on Sunday.
 - Concerts included Members Only on the 3rd and JUMP on the 17th.
 - March
 - Player Edge hot seats every Monday.
 - *Casino Hot Seats* every Monday.
 - *Camp 49* promotions every Wednesday.
 - *TG Pick-a-Chip* promotions on Fridays.
 - VIP event on Friday the 22nd.
 - *Shamrock Riches* promotion every Saturday.
 - *Players Edge Payouts* month end promotion Saturday the 30th.
 - Casino gifts on Sunday.
 - Comedian Bobcat Goldthwait on the 2nd
 - General Manager McKain noted that there were roughly 450 people in attendance, the performance went well, and that patrons made comments about wanting the performer to return.
- COVID-19
 - No cases in February and no cases in March.
- Commissioner Fleming recalled reading that there were plans to relocate the highway bypass and asked if this would have any effect on the casino. General Manager McKain responded that there has been a highway reconstruction project for about 20 years. As the project approached Pittsburg, there were concerns about where the highway would be placed. Currently, the Kansas Department of Transportation is reviewing whether the planned route is best, or whether a secondary route should be taken. General Manager McKain said that he believes that it will be another several year

process to have the survey done and determine the best way, but that the overall project is on hold.

- Chairman Moses asked whether the bypass project would require the Kansas Crossing Casino to relocate. General Manager McKain explained that there is a two-lane highway that cuts through Pittsburg that KDOT is wanting to widen and confirmed that the widening of the highway would not require the facility to move. General Manager McKain clarified that the only concern the facility manager would have is the amount of area that would be needed for the highway extension.

HISTORICAL HORSE
RACING FACILITY
LICENSEE
REPORTS/ITEMS;
GOLDEN CIRCLE
(E.5.a.)

Scott Beeler, Golden Circle Representative, reported:

- The demolition for the Golden Circle HHR facility is virtually complete. Construction is underway.
- The footings and the foundation for the Ghillies is finished.
- The footings for the previously reported 60sq.ft. extension have been put in place.
- The initial interior design plan is complete and will be fluid throughout the construction project.
- All interior and exterior plans have been signed-off by the Sedgwick County fire department.
- Golden Circle, Inc. staff have been in negotiations with historical horse racing machine manufacturers, staff have not gotten to the contract stage, but the process has been positive. Mr. Beeler said he expects to have more to report on this topic in the near future.
- Chairman Moses recalled seeing in the Wichita Business Journal an article regarding the Golden Circle project and asked if the reported opening date of September 2025 was accurate. Mr. Beeler responded that he thought he reported that at the previous commission meeting and that it does remain the target date. Chairman Moses also recalled that Courtney Barnaby was identified in the article as the General Manager for the facility. Mr. Beeler responded that he has effectively served in that capacity, but Golden Circle, Inc. has not gone through the process of review for any General Manager. Mr. Beeler further stated that as of today, Mr. Barnaby is a consultant. Chairman Moses asked as a follow-up question if Mr. Beeler could provide a brief update on how preparations for the licensing background investigations are going. Mr. Beeler responded that it is a long process and that there are interviews going on for all of those positions. Once the General Manager is selected, vetted, and licensed, that person will have a lot to say about who is hired on their staff, and so Golden Circle, Inc. is leaving some leeway for that to occur. At one time, it was expected that Mr. Barnaby would be the General Manager, but Mr. Barnaby is

still considering whether he wants to make the permanent move or just serve in the current capacity. To summarize, it's underway.

- Chairman Moses recalled last month that there was an addition to the GC Charities board and asked if there were any updates on expanding the board or additional members. Mr. Beeler responded that he can only repeat what the charity chair has indicated and that is that they have an intention of having a fifth board member, but they have not settled on anyone.

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.)

Garrett Rogers, Paralegal, reported on both the Voluntary Exclusion Program and Sports Wagering Exclusion Program statistics for the month of February 2024.

Government Relations Manager Randy Evans reported:

- SB432: regarding the prohibition of sports wagering advertising online. The bill has not had a hearing since the last commission meeting and was introduced on February 1st.
- SB458 & HB2606: both regard civil asset forfeiture. Both bills have passed in the originating body and have been sent to the other body. There has been one hearing. There is disagreement on parts of both bills, and it could end up in Conference Committee.
 - Chairman Moses asked for a summary of the key differences between the bills. Mr. Evans responded that the Senate bill allows for a jury trial, changes the burden of proof from preponderance of the evidence to clear and convincing evidence, and it allows for the seizing agency to pay the defendant's attorney's fees if the seized property is returned. Mr. Evans further explained that the House bill prohibits Federal adoption, it removes simple possession as one of the charges, and requires that the case be decided by the court and does not allow for a jury trial. Chairman Moses asked if KRGC has formally weighed in on the legislation. Mr. Evans responded that KRGC staff has testified in opposition to the Senate bill and provided neutral testimony on the

House bill. KRGC is opposed to the provisions of the Senate bill that would require the seizing agency to pay attorney's fees and the change to clear and convincing because proceeds from the illegal gaming machines are often comingled with legitimate business funds and distinguishing comingled monies would be difficult.

- HB2219: would allow for gambling losses to be written off on state income taxes. The bill has not yet had a hearing.
- SB535: would inadvertently create a loophole for manufacturers of gaming equipment to circumvent the licensing process by selling their equipment through an already licensed vendor. This bill was recently introduced and has not yet been reported to the commission. KRGC Staff Attorney James Bain will be testifying in opposition to this bill, arguing that in order to protect the integrity of gaming in Kansas, KRGC must be able to do background investigations on any entity trying to supply gaming equipment that would be connect to the central computer or is on the gaming floor.
 - Commissioner Fleming asked who the proponents of this bill are. Mr. Evans responded that Senator Mike Thompson proposed the bill, but list of proponents and opponents has not yet been issued.
 - Commissioner Turnquist asked if Mr. Evans is anticipating the Attorney General to become involved. Mr. Evans responded that they could become involved and that he thinks that after Monday there will likely not be anymore action on this legislation because of the possibility that this could require a review of the Kansas Expanded Lottery Act.
 - Chairman Moses asked Mr. Evans if those who want to testify at a legislative hearing have to sign-up in advance? Mr. Evans confirmed that was accurate, but that the deadline for sign-up was at 10:30am on March 15th.
 - Chairman Moses noted the use of the word "inadvertently" and asked Mr. Evans where that was coming from. Mr. Evans responded that it was from KRGC legal staff. Chairman Moses asked if the commission's position is that this is not an intentional circumvention of the licensing process, but rather a mistake that can be easily fixed. Mr. Evans responded that those who have Senator Thompson's ear may have worded this legislation purposefully, but that the senator's actions are inadvertent. Chairman Moses clarified that the legislation is intentional, but the senator

may not be aware of the consequences of the legislation. Mr. Evans confirmed that is his opinion.

- HB2622: would amend the Kansas Indoor Clean Air Act to prohibit smoking in lottery gaming facilities. This bill has only had one hearing and has not had a hearing since the last commission meeting.
 - Chairman Moses recalled a legislator who was encouraging a compromise and asked if Mr. Evans knew if there had been any of those discussions. Mr. Evans responded that he did not know.

Executive Director Brownlee reported:

- Introduced the KRGC enforcement agents of the Kansas Crossing Casino and the visiting agents from Hollywood Casino.
- On behalf of KRGC, thanked General Manager McKain for hosting the commission meeting.
- Missouri and Oklahoma have not passed sports wagering, although both have sports wagering bills in their legislatures.
- Commercial Casino in the United States won \$66.5 billion from gamblers in 2023. This was the industries best year ever and was a 10% increase from 2022 revenues.
 - Commercial Casinos do not include Tribal facilities as those figures are not yet available. It is anticipated that once the Tribal facilities are accounted for 2023 gaming revenue will be around \$110 billion.
 - Slot machines account for about 50%
 - Table games accounts for about 17%
 - Sports Wagering account for about 17%
 - Internet gaming accounts for about 11%
- The top four gaming states are Nevada, Pennsylvania, New Jersey, and New York
- On the Las Vegas strip, less than 27% of revenue comes from gaming. In 2023, 33% of their revenue came from hotels and about 18% coming from food and beverage.
 - It has been a recent trend on the Las Vegas strip that casinos are offering different kinds of amenities to patrons. And these revenue figures show where that's headed.
- In a report from Gaming Research and Consulting Firm the slot machine manufacturers Aristocrat has the highest market share of gaming machines, followed by Light and Wonder, IGT, Konami, and Everi in that order for market share of gaming machines. All of those entities are licensed by KRGC and do business in Kansas.

- Commissioner Turnquist asked whether there would be discussion on the recent event that occurred at Hollywood Casino. Executive Director Brownlee confirmed that it would be covered during executive session. Chairman Moses followed up asking if General Manager Garvey needs to be included in the executive session. Executive Director Brownlee responded that he did not believe it would be necessary.
- The next commission meeting is scheduled April 12, 2024, in Topeka, KS. Commissioner Jones has a conflict with that date and will not be able to attend.

MOTION, EXECUTIVE SESSION;
CONFIDENTIAL BACKGROUND REPORTS
(J.1.)

Commissioner Jones (Fleming) 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 twenty (20) minutes until 11:10 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 10:50 a.m.

RECONVENE
(J.2.)

The commission meeting returned to open session at 11:13 a.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Fleming present.

Chairman Moses noted that the executive session did end at 11:10 a.m. but there was a delay in returning back to the meeting room.

MOTION, EXECUTIVE SESSION; ATTORNEY-CLIENT PRIVILEGE
(K.1)

Commissioner Fleming (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, general counsel, and staff attorney James Bain. After discussion, the total time for the executive session was anticipated to be forty-five (45) minutes until 12:00 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 11:15 a.m.

RECONVENE
(K.2.)

The commission meeting returned to open session at 12:01 p.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Fleming present.

Chairman Moses noted that the executive session did end at 12:00 p.m. but there was a delay in returning back to the meeting room.

MOTIONS ON
LICENSE
APPLICATIONS
(L.)

Commissioner Turnquist (Jones) moved to *deny one* license application, *table one* license application, and *approve the remaining 172* license applications from the March 15, 2024, list of background reports referred to the commission for action. The motion carried 4-0.

OTHER BUSINESS
(M.)

There were no other items for discussion or motion.

ADJOURNMENT
(N.)

Chairman Moses stated that the April 12, 2024, commission meeting will begin at 10:00 a.m. for an in-person meeting at the Eisenhower State Office Building in Topeka, Kansas.

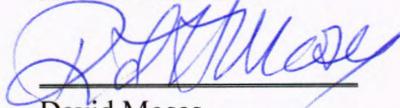
Commissioner Jones (Fleming) moved to adjourn the meeting. Motion passed 4-0. The meeting was adjourned at 12:04 p.m.

SUBMITTED BY:



Larry Turnquist
Secretary

APPROVED BY:



David Moses
Chairman