

KANSAS RACING AND GAMING COMMISSION

MINUTES – APRIL 12, 2024

CALL TO ORDER

(A.)

Chairman David Moses called the April 12, 2024, 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 and the agency's social media pages. Commissioners 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.

MOTION, APPROVE AGENDA

(B.)

MOTION, APPROVE March 15, 2024 MEETING MINUTES

(C.)

MOTION, APPROVE CONSENT AGENDA

(D.)

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

(E.1.a.)

Commissioner Fleming (Turnquist) moved to approve the agenda. Motion carried 3-0.

Commissioner Turnquist (Fleming) moved to approve the minutes of the March 15, 2024, meeting. Motion carried 3-0.

Commissioner Fleming (Turnquist) moved to approve the consent agenda (eight items). Motion carried 3-0.

Diane Giardine, General Manager, reported:

- March 2024 revenue numbers compared to March 2023:
 - Total gaming revenue increased 1.50%
 - Total slot revenue was up 4.54%
 - Table games revenue was down 25.13%
- March 2024 Sports Wagering revenue numbers
 - Retail Sportsbook Revenue \$35,175.00
 - Up 206.29% from March 2023.
 - Handle was down 40%
 - Hold was up 300%
 - Digital Sportsbook Revenue: \$5,315,055.00
 - Down 5.42% from March 2023
 - Handle was up 20%
 - Hold was down 20%
 - March Top Events
 - Cardinals vs Dodgers
 - Illinois vs U Conn
 - Michigan State vs UNC
 - March Top Sports
 - College Basketball was 56% of handle
 - NBA was 14% handle

- MLB was 14% of handle
- Upcoming Events and Promotions:
 - \$100K Collect-and-Go Swipe and Win
 - \$22K Club Fund Blowout Drawing
 - Hoops Hysteria
 - Final Fridays Slot Tournaments
 - Weekly Kiosk Games
 - Weekly Food and Beverage Specials
 - Gift Promotions
 - Money Machine Promotion
 - VIP Promotions
- Upcoming Entertainment & Events
 - Eddie Montgomery – April 13
 - SW Kansas Storm Arena Football
 - Lonestar – June 7
 - Let the Good Times Rock – August 17
 - Felipe Esparza – August 24
 - Lost Tucanes De Tijuana – August 30
 - Roots & Boots – November 8

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

Alli Kuplen, General Manager, reported:

- March 2024 revenue numbers compared to March 2023:
 - Total gross gaming revenue was up 2.4%
 - Total slot revenue up 1.4%
 - Table games revenue up 13.5%
- March 2024 Sports Wagering revenue
 - Retail Sportsbook Revenue \$61,300.00.
 - Down from March 2023's revenue of \$127,300.00.
 - Handle was up but hold was at about 5%.
 - Digital Sportsbook Revenue: \$2,900,000.00
 - Down from March 2023's revenue of \$5,100,000.00.
- March 2024 Sports Wagering
 - \$70.37 million was wagered on FanDuel online.
 - \$1.33 million was wagered in person at FanDuel retail. Of this #, \$567k was bet over the counter and \$765k was bet on the kiosks.
 - The \$1.33 million wagered in retail in March was \$152k more than was wagered in retail in 2023.
 - There were 13,889 bets made in person at FanDuel retail.
 - The largest wager in retail was an \$12,823 straight wager on the Colorado Buffaloes +3.5 over the
 - Oregon Ducks in COLLEGE Basketball. The wager was a winner and paid out \$24,480.27.
 - We had 3 separate \$10,000+ wagers NCAA Basketball.
 - Our largest customer in retail wagered \$153,074 for March. This customer lost \$12,900 in the month.
 - We had over \$443k bet in retail during the first week of March Madness.
- Upcoming Events and Promotions:

- Double Down | Friday and Saturdays
- Sit & Go Slot Tournament | Thursdays in April | 5p-10p
- Amy Miller Signature Tote Gift Giveaway | Friday, April 5 | 4p-9p
- Amy Miller Signature Backpack Gift Giveaway | Friday, April 12 | 4p-9p
- Bliss 5-n-1 Hair Styler Gift Giveaway | Friday, April 19 | 4p-9p
- Bliss Blow Dryer Gift Giveaway | Friday, April 26 | 4p-9p
- Table Games and Slots Hot Seats | Saturdays in April | 5:30p-10p
- Emerald Tier Renewal Gift Giveaway | Saturday, April 27 | 4p-9p
- Cruising with the GM, “Know Before You Go” Dinner | Friday, April 12 | 6pm
- Host Event “Cruise with the GM” | Saturday March 23 | 6:00p-7:30p
- Upcoming Entertainment & Events:
 - Titanium Tier Renewal Event | Fire Club | 6:30p
 - Night Ranger | Arena | April 5
 - Cruising with the GM, “Know Before You Go” Dinner | Friday, April 12 | 6pm
 - Newly Hosted Meet and Greet | Friday, April 26 | 6p
 - Marauders Car Show | Arena | Saturday, April 27

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

Lydia Garvey, General Manager, reported:

- March 2024 admissions were up 11.1% compared to March 2023
- March 2024 revenue numbers compared to March 2023:
 - Total gross gaming revenue increased 3.3%
 - March 2024 was the highest gaming revenue month in the property’s history.
 - Slot revenue increased 4.8%
 - This difference was driven by volume.
 - Table games revenue decreased 7.7%
 - This difference was driven by hold.
- March 2024 Sports Wagering revenue numbers
 - Retail Sportsbook Taxable Revenue: \$544,308.00
 - Down 34.2% compared to March 2023
 - Handle was up 6%.
 - The facility had a great first weekend for March Madness. The sportsbook reserved seating was sold out and the facility had to open the space that was used for the interim sportsbook for additional seating.
 - Retail Sportsbook: Top Sports
 - NCAA Basketball was 62% of handle
 - NBA was 23% of handle
 - Digital Sportsbook Taxable Revenue: \$906,991.00
 - Down 1.9% compared to March 2023

- Handle was up 53%
- Digital Sportsbook: Top Sports
 - NCAA Basketball was 51% of handle
 - NBA was 19% of handle
- March Recent/Upcoming Events and Promotions:
 - April 5 - \$75K Three Strikes Punch Board
 - 2024 Sporting KC Park, Eat & Play
 - April 14 – Almost Tax Day Bonus
 - April 20 – Pick, Pull, & Win
 - May 3 – Take it or Leave It
 - May 4 – Day of Winners
 - May 4 – 5 – NASCAR Race Weekend
 - May 11 - \$50,000 Rollin Riches
 - May 24 – Pay Day Weekend
- Commissioner Fleming asked what General Manager Garvey was hearing in terms of the Kansas City Chiefs relocating. General Manager Garvey responded that she is only hearing what is reported in the press.
- Chairman Moses recalled that at onetime there was available land adjacent to the Speedway and asked if General Manager Garvey if that parcel remained intact or has a smaller footprint now. General Manager Garvey responded that they are not certain, but they are aware of some development going on and that they believe the Matel Adventureland Theme Park would encroach on that space.
- Chairman Moses requested that each facility discuss the Masters Tournament in their May report.

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

Jeff McKain, General Manager, reported:

- March 2024 admissions increased 5% compared to March 2023
- March 2024 revenue numbers compared to March 2023:
 - Coin in increased 1%
 - Table games drop up 11.2%
 - Net gaming revenue was down 4%
 - Volume was up but hold was down.
- March 2024 Sports Wagering revenue numbers
 - Retail Sportsbook Taxable Revenue: 4,452.00
 - Up compared to March 2023's revenue of \$2,652
 - Handle was up 23%
 - Largest retail wagers were three \$5,000 losing wagers on NCAA basketball. The largest winning wager was a \$7,500 NCAA basketball wager winning \$12,000.
 - Digital Sportsbook Taxable Revenue: \$537,585.00.
 - Down compared to March 2023's revenue of \$2,720,871
 - Handle was up 35%
- Events and Promotions:

- March
 - 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 Friday.
 - Players Edge Payouts month end promotion Saturday the 30th.
 - Casino gifts on Sunday.
 - Comedian Bobcat Goldthwait on the 2nd
- April
 - Casino Hot Seats every Monday.
 - Casino kiosk games every Tuesday
 - Camp 49 promotions every Wednesday.
 - Cash Drop promotion on Fridays.
 - VIP event on Saturday the 19th.
 - Players Edge Payouts (hot seats) promotion Saturday the 27th.
 - Casino gifts on Sunday.
 - Concerts included Texas Hippie Coalition 20th
- Covid-19
 - Zero cases in March, and no cases so far in April.
- Chairman Moses asked if the lottery gaming facilities have a collaborative or competitive relationship with one another. General Manager McKain said that it is about fifty-fifty, stating that when he needs guidance he has reached out to other General Managers and has had General Managers contact him. However, when it comes to finances, cards are kept close to the vest.

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

Scott Beeler, Golden Circle Representative, reported:

- Mr. Beeler noted that his recollection as one of the drafters of the Kansas Expanded Lottery Act was that the lottery gaming facilities were established in separate gaming zones so that there would be a lack of competition between the lottery gaming facilities and that the intention was that there would be collaborative effort.
- The color scheme for the paint and carpet are finalized.
- Mr. Beeler said he hoped to bring renderings of the facility to the next meeting so that Commissioners can see what the interior construction looks like.
- Design and layout plans for the count room, cage, and surveillance system are just about ready to be submitted to KRGC staff for review and approval.

- The Ghillie's progress continues. Brick walls are currently being constructed.
- Golden Circle, Inc. has retained a marketing company to begin a branding plan, but Mr. Beeler was not authorized to release the name of the company publicly.
- Golden Circle, Inc. has also started an industry search for key employees but has not started a formal hiring process.
- There are no changes in the schedule. The project is proceeding as the facility manager licensee continues to work with Courtney Barnaby.

COMMISSION ITEMS
– OLD BUSINESS (F.)

There was no old business.

COMMISSION ITEMS
– NEW BUSINESS;
AMENDED SPORTS
WAGERING
REGULATION
REVIEW
(G.)

Staff Attorney James Bain presented the amended sports wagering regulations highlighting the amendments that occurred during the regulatory approval process.

- Chairman Moses asked if the amended regulations contain a definition for "employee of a team". Staff Attorney Bain responded that there is not a definition for an "employee of a team".
- Chairman Moses noticed that the section that identified the Kansas Racing and Gaming Commission had been removed and asked if the commission was defined elsewhere. Staff Attorney Bain responded that many of the removal came at the request of the Attorney General's office. Mr. Bain further explained that the Office of the Attorney General feels that the existing gaming regulations define the commission and this section was redundant.

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 March 2024 and the 2024 first-quarter illegal gambling report.

- Commissioner Turnquist noted that the bar graph depicting Universal Wagering Exclusion enrollments had a zero and asked for clarification. Mr. Rogers explained that the zero reflected the number of people who completed a Universal Wagering Exclusion and that the earliest the agency could see a request for removal from the program would be September of this year.

Government Relations Manager Randy Evans reported:

- SB432: Regards sports wagering advertising. The bill has not had a hearing. Mr. Evans said that he was told the bill could resurface next year including language dealing with fantasy sports operators.
- SB458: Regards the civil asset forfeiture procedure. The Senate took the language from the House version of the bill with minor changes. The bill has passed in both the House and Senate. The bill allows for federal adoption, changed the burden of proof to clear and convincing evidence, as opposed to a preponderance of the evidence, the bill does not allow for a jury trial, the court may require a claimant to pay attorney's fee if they lose, but shall require a seizing agency to pay claimant attorney fees if the agency loses, and there were also changes to the KBIs reporting responsibility.
 - Commissioner Turnquist asked if the bill had been presented to the governor to sign. Mr. Evans confirmed that his understanding is that the bill has been presented to the governor.
 - Commissioner Fleming asked if the bill passed overwhelmingly. Mr. Evans confirmed that the bill passed unanimously.
 - Chairman Moses noted that bill's language was that the "claimant may pay attorney's fees" and asked if he is to conclude that is incumbent upon the person whose property was seized to initiate the action and that is why it is the claimant. Mr. Evans confirmed that was accurate. Chairman Moses confirmed that the jurisdiction that person would make that claim in would be whatever jurisdiction the property was seized in. Mr. Evans responded that he believes that is correct.
- SB535: Regards gaming device licensing. The bill has passed out of committee but has not been debated on the Senate floor.
 - Commissioner Fleming noted that the legislature has adjourned until later this month and asked what can be expected when they reconvene. Mr. Evans responded that anything could happen when the legislature reconvenes.
- HB2622: Regards the Kansas Clean Air Act. There has been no action on this bill.
- HB2532: Regards the taxation of HHR machines and how that money is distributed. Mr. Evans deferred to Director of Administration, Audit, and Finance Brandi White. Director White explained that the bill would take the 3% tax that previously would have come into the State Racing Fund and then it would have partially been used to cover commission expenses with the remainder going to the State

Gaming Revenue Fund. Under the new language, the entire 3% will be deposited into the Horse Breeding Development Fund and the Horse Racing Fund Benefit. Commission expenditures have always been covered under appropriations also to say that if there is not enough money in the State Racing Fund the commission has the authority to bill the licensee. Rather than the 3% tax on HHR, commission expenditures will be billed directly to the facility operator.

- Chairman Moses asked for the status of the bill. Director White confirmed that the bill had passed both the House and the Senate and was presented to the governor on April 9th. Chairman Moses asked if the governor has taken any action. Director White confirmed that the governor had not yet acted on the bill. Chairman Moses asked if Director White could recall who initiated the bill. Director White responded that she did not know, and that bill was a gut-and-go during conference committee. Chairman Moses asked if there was an opportunity for the commission to provide comment. Director White responded that the language as written appeared in bills that were discussed in previous sessions and the commission did submit a fiscal note on the legislation at that time. Commissioner Turnquist asked if the final version causes any issues for the commission. Director White explained that the commission still has a mechanism to bill and cover expenditures, so from the commission perspective it does not cause an issue. Director White further explained that commission staff have reviewed the management agreement with the facility operator and staff believe that the management agreement is irrelevant to the risk of a lawsuit. Chairman Moses followed up asking if the licensee had an opinion about the possible exposure of additional cost in the event that there are additional costs to oversee them or was the licensee unaware. Director White responded she assumes that the licensee was aware the bill was being considered last year and also that they know that this legislation has passed, but the commission has not heard from them. Chairman Moses noted that Mr. Beeler was still present and invited him to speak on this topic. Mr. Beeler noted that the licensee did not receive an opportunity to be heard on this legislation and that this does create exposure for the licensee. Mr. Beeler confirmed this a concern for the licensee and that they would not have supported that.

Executive Director Brownlee reported:

- KRGC has been having issues with the computer systems for the past few weeks. Staff have been trying to activate a new firewall, but the OITS system does not seem to like the new equipment. OITS is the state IT group that controls information technology statewide. Since KRGC is located in a state building, OITS controls all of the equipment the KRGC equipment connects with. So far, OITS and the firewall vending company are blaming each other on whose fault it is. Fortunately, the KRGC IT team in the past, and currently, have setup the agency with backup systems that have allowed the agency to continue operation.
 - Commissioner Turnquist asked if the KRGC had to receive approval before selecting a firewall vendor. Executive Director Brownlee explained that the previous firewall vendor had been on a three-year contract cycle and that Division of Purchasing said that could not be done anymore. KRGC sought another firewall vendor, the purchase of the new firewall was approved by the Division of Purchasing. KRGC has been caught between what OITS seems to want and what Division of Purchasing will allow.
- The Iowa tribe has recently negotiated a change in their compact to be able to offer sports wagering. It is anticipated that, much like the Prairie Band tribe has done, their sports wagering will be offered on-site within the casino.
 - Chairman Moses asked if KRGC has any involvement. Executive Director Brownlee explained that KRGC has no involvement with tribal sports wagering.
- Commissioners may have heard in the news that Missouri residents are travelling into Kansas to place sports wagers. Recently, Director of Sports Wagering and Licensing DJ Lopez researched this topic and found that since sports wagering took affect in Kansas at the interchange of I-435 and K-5 highway there have been 185,000 wagers placed at that junction. Commissioner Turnquist shared a story about a friend who was staying near the Kansas/Missouri border who was unable to wager because the side of the road he was on was not in Kansas. Executive Director Brownlee stated that he believes the geo-fencing does a very good job and that KRGC will occasionally get complaints from people who believe they should be able to place wagers but where outside of the geo-fence.
- The next scheduled meeting is May 17, 2024, in Topeka, KS.

- Chairman Moses noted that he has a scheduling conflict for the July 12th meeting but he may be able to work through the conflict.

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

Commissioner Turnquist (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 11:13 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 3-0, and the meeting was adjourned to executive session at 10:53 a.m.

RECONVENE
(J.2.)

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

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 as requested. After discussion, the total time for the executive session was anticipated to be forty-seven (47) 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 3-0, and the meeting was adjourned to executive session at 11:13 a.m.

RECONVENE
(K.2.)

The commission meeting returned to open session at 12:00 p.m. with Chairman Moses, Commissioner Turnquist, and Commissioner Fleming present.

MOTIONS ON
LICENSE
APPLICATIONS
(L.)

Commissioner Turnquist (Fleming) moved to *deny six* license applications, *conditionally approve one* license application, and *approve the remaining 184* license applications from the April 12, 2024, list of background reports referred to the commission for action. The motion carried 3-0.

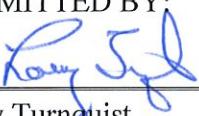
OTHER BUSINESS
(M.)

There were no other items for discussion or motion.

ADJOURNMENT
(N.)

Chairman Moses stated that the May 17, 2024, commission meeting will begin at 10:00 a.m. for an in-person meeting at the Eisenhower State Office Building in Topeka, Kansas.

SUBMITTED BY:



Larry Turnquist
Secretary

Commissioner Fleming (Turnquist) moved to adjourn the meeting. Motion passed 3-0. The meeting was adjourned at 12:01 p.m.

APPROVED BY:



David Moses
Chairman

