

## KANSAS RACING AND GAMING COMMISSION

### MINUTES – MAY 17, 2024

#### CALL TO ORDER

(A.)

Chairman David Moses called the May 17, 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 Brandon Jones, Larry Turnquist, and Mike Fleming were also present. Others present included Executive Director Don Brownlee, General Counsel Judith Taylor, 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.)

Commissioner Jones (Fleming) moved to approve the agenda. Motion carried 4-0.

#### MOTION, APPROVE April 12, 2024 MEETING MINUTES

(C.)

Commissioner Turnquist (Fleming) moved to approve the minutes of the April 12, 2024, meeting. Motion carried 3-0.

Commissioner Jones abstained from the vote as he was absent from the April 12, 2024, meeting.

#### MOTION, APPROVE CONSENT AGENDA

(D.)

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

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

(E.1.a.)

Diane Giardine, General Manager, reported:

- April 2024 revenue numbers compared to April 2023:
  - Total gaming revenue decreased 4.78%
    - The decrease in revenue is attributed to a calendar issues; April 2023 had 5 Saturdays and Sundays and April 2024 had 5 Mondays and Tuesdays.
  - Total slot revenue was down 2.82%
  - Table games revenue was down 20.37%
    - Hold was down 15% compared to the previous year.
- April 2024 Sports Wagering revenue numbers
  - Retail Sportsbook Revenue \$52,213.00
    - Up 339.76% from April 2023.
    - Handle was down 50%
    - Hold was up 625%
  - Digital Sportsbook Revenue: \$5,105,322.00
    - Up 29.75% from April 2023
    - Handle was up 59%
    - Hold was down 19%
  - April Top Events
    - Royals vs Orioles
    - Clippers vs Mavericks

- Purdue vs UConn
- April Top Sports
  - MLB was 47% of handle
  - NBA was 30% handle
  - College Basketball was 7.3% of handle
  - WNBA was 2.2% of handle.
  - US Masters was about 1% of handle
  - That Sunday, the US Masters Tournament was about 35% of handle and 70% of bets were held.
  - Most bets were on Scotty Scheffler to win. Scheffler had three times more handle and twice as many bets than any other golfer.
  - Largest winning wager was on Scotty Scheffler to win the tournament and paid out about \$5,500.
- Upcoming Events and Promotions:
  - Weekly Kiosk Games
  - Weekly Food and Beverage Specials
  - Gift Promotions
  - \$100,000 Candy Crush
  - VIP Promotions
- Upcoming Entertainment & Events
  - SW Kansas Storm Arena Football
  - Lonestar – June 7
  - Sesame Street Live – June 29
  - 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:

- April 2024 revenue numbers compared to April 2023:
  - Total gross gaming revenue was down 5.1%
  - Total slot revenue down 4.4%
  - Table games revenue down 8.6%
    - Hold was high, but revenue was down to a decrease in volume.
- April 2024 Sports Wagering revenue
  - Retail Sportsbook Revenue \$123,300.00.
    - Flat compared to April 2023's revenue of \$123,600.00.
  - Digital Sportsbook Revenue: \$4,900,000.00
    - Up from April 2023's revenue of \$4,075,000.00.
- April 2024 Sports Wagering
  - \$60.69 million was wagered on FanDuel online.
  - There were 8,660 bets made in person at FanDuel retail.
  - The largest wager in retail was an \$11,250 straight wager on the Oklahoma City Thunder -4.5 over the New Orleans Pelicans in the NBA Playoffs. The wager not a winner.
  - Our largest customer in retail wagered \$198,291.25 for April. This customer lost \$6,854 in the month.

- NBA and MLB were by far the most bet on sports in the month of April.
- UFC and Boxing both did well in April as these sports draw big crowds to the Sportsbook.
- The UConn vs. Purdue was the most popular event with a handle of \$69,475.
- The Masters Tournament had total bet count of 170 and a handle of \$4,400. It was the most popular golf tournament in the retail sportsbook.
- Upcoming Events and Promotions:
  - Double Down | Friday and Saturdays
  - Two-Step Slot Tournament | Saturday, May 3 | 2p-8p
  - Sweet Treats Earn and Get Kiosk Game | Thursdays in May | 10am – 11:59pm
  - Blackstone Tabletop Fireplace Gift Giveaway | Friday, May 3 | 4p-9p
  - Margarita Cocktail Mixer Set Gift Giveaway | Friday, May 10 | 4p-9p
  - 21-Can Cooler Gift Giveaway | Friday, May 17 | 4p-9p
  - LED Beanbag Outdoor Toss Gift Giveaway | Friday, May 24 | 4p-9p
  - Grab Bag Gift Giveaway | Friday, May 31 | 4p-9p
  - Gone Country Table Games and Slots Hot Seats | Saturday, May 11, 18 & 25 | 5:30p-10p
- Upcoming Entertainment & Events:
  - Mulvane High School Graduation | May 19
  - Kansas High School Rodeo | Arena | May 21-26
  - Southern Plains Wrestling | Arena | June 1 – June 2
- General Manager Kuplen introduced Justin Willenbrink, Director of Table Games, as he will likely be presenting on behalf of Kansas Star Casino during the June commission meeting.

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

Dave Rice, Compliance Manager, reported:

- April 2024 admissions were down 3% compared to April 2023
- April 2024 revenue numbers compared to April 2023:
  - Total gross gaming revenue increased 3%
  - Slot revenue increased 1.5%
  - Table games revenue increased 17.2%
    - April 2024 was the best April in the facility's history.
- April 2024 Sports Wagering revenue numbers
  - Retail Sportsbook Taxable Revenue: \$494,462.00
    - Up 16.6% compared to April 2023
    - Handle was up \$1.1 million
  - Retail Sportsbook: Top Sports
    - NBA was 36% of handle
    - MLB was 30% of handle
    - The Masters Tournament was about 2% of handle.

- There were 1,600 wagers placed on the Masters Tournament.
- The largest wager was \$4,000 for the Brooks Koepka to win the first round. The wager lost.
- Largest payout was on a \$700 wager for Tommy Fleetwood to finish in the top five, that paid out \$5,950.
- Digital Sportsbook Taxable Revenue: \$479,040.00
  - Down 48.2% compared to April 2023
  - Handle was up 112%
  - Hold was down 4.4%
- Digital Sportsbook: Top Sports
  - MLB was 32.5% of handle
  - NBA was 26.9% of handle
- April Recent/Upcoming Events and Promotions:
  - May 4 – 5 – NASCAR Race Weekend
  - May 11 - \$50,000 Rollin Riches
  - May 24 – Pay Day Weekend
  - June 1 - \$500 every 15 Minutes
  - June 8 – VIP Mystery Drum
  - June 21 – Hollywood Hot Seats

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

Jeff McKain, General Manager, reported:

- April 2024 admissions decreased 13% compared to April 2023
- April 2024 revenue numbers compared to April 2023:
  - Coin in decreased 5%
  - Table games drop increased 20%
  - Net gaming revenue was down 1%
- April 2024 Sports Wagering revenue numbers
  - Retail Sportsbook Taxable Revenue: \$33,387.00
    - Up 73% compared to April 2023
    - Handle was down 5.7%
    - The largest wagers were two \$16,900 wagers on the NBA, both wagers lost.
    - The largest winning wager was \$10,000 MLB wager.
  - Digital Sportsbook Taxable Revenue: \$1,097,647.00.
    - Down compared to April 2023's revenue of \$1,694,588
    - Handle was up 6.7%
    - 41% of handle was on NBA, 32% of handle was on MLB, and 20% of handle was on NCAA Basketball
- Events and Promotions:
  - April
    - Casino Hot Seats every Monday.
    - Casino kiosk games every Tuesday

- Camp 49 promotions every Wednesday.
- Cash Drop promotions on Fridays.
- VIP event on Friday the 19th.
- Players Edge Payouts (hot seats) month end promotion Saturday the 27th.
- Casino gifts on Sunday.
- Concerts included Texas Hippie Coalition 20<sup>th</sup>.
- May
  - Casino Hot Seats every Monday.
  - Casino kiosk games every Tuesday
  - Camp 49 promotions every Wednesday.
  - Table Games Card Shark promotion on Fridays.
  - VIP event on Saturday the 17th.
  - Players Edge Payouts (hot seats) promotion Saturday the 25th.
  - Casino gifts on Sunday.
  - The Mixtapes concert will be on the 30<sup>th</sup>.
- Covid-19
  - Zero cases in April, and no cases so far in May.

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

Jason Watkins, Golden Circle Representative, reported:

- The facility remains under construction. The steel beams for Ghillies have gone up, as well as the steel beams for the Northern extension. Concrete has been poured for the gaming floor. All designs are now complete and have been submitted to the City of Park City.
- Hosted a tour for the Executive Director and some of the KRGC staff.
- Don Trent has been hired as the Cage & Compliance Manager. Courtney Barnaby and Tim Merril joined Mr. Watkins in attending the meeting.
- There have been two additions to the original plan. A “Bar-cade” featuring video games, miniature bowling alley, and golf simulators has been added. Also, an expanded outdoor patio that will have bocce ball, corn hole, and about eight or ten pickle ball courts has been added.
- The facility is still on target for the September 2025 opening date.
- Chairman Moses asked if there was any update regarding charity board members. Mr. Watkins responded that there is nothing new to report on board members.
- Chairman Moses asked Mr. Watkins what the names and positions are for the individuals who joined Mr. Watkins to the meeting. Mr. Watkins responded that he believes the positions are still somewhat undefined but clarified that the persons were Courtney Barnaby and Tim Merril and that one would likely take the General Manager position and the other will be an executive operations oversight roll.

COMMISSION ITEMS  
– OLD BUSINESS;  
AMENDED SPORTS  
WAGERING  
REGULATION  
REVIEW (F.)

Staff Attorney James Bain presented the amended sports wagering regulations highlighting the amendments that occurred during the regulatory approval process. Mr. Bain noted that there was one requested change from Draft Kings from the packet that was provided to commissioners and the public. Draft Kings has requested that K.A.R. 112-204-4(a)7 be amended so that new pool mechanics be submitted fourteen days prior to the pool becoming active. Mr. Bain said he understood their argument to be that since the KRGC has a three-day window to approve the pool mechanics that the current 30-day requirement is too long. Mr. Bain further explained that currently the pool mechanic requests go to the Kansas Lottery and are not submitted to the KRGC.

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 both the Voluntary Exclusion Program and Sports Wagering Exclusion Program statistics for April 2024.

Government Relations Manager Randy Evans reported:

- That there has not been any movement on the bills that the agency was watching.
- HB2622 regarding the Kansas Clean Air Act has not had another hearing.
- SB432 regarding sports wagering advertising has not had a hearing.
- The civil asset forfeiture bill did pass, and the legal department is reviewing that to determine how that will affect the agency.
- HB2532 regarding a 3% tax on HHR was vetoed by the Governor's Office due to how the 3% tax was distributed.
- In the omnibus bill there was a two-year proviso that directs the money to pay agency regulation fees first and the remainder of the money goes to the two horsemen groups.
- The Missouri legislature did not pass sports wagering this session. However, two groups, Winning for Missouri Education and a collaboration of six professional sports teams, are trying to propose a constitutional amendment that would appear on the November ballot. This is the same process the state used to legalize marijuana. The groups needed 170,000 signatures for the amendment to appear

on the ballot and were able to collect 340,000 signatures. The Missouri Secretary of State's Office confirmed that they are currently reviewing the signatures. Once the signatures are verified, the amendment will go on the November ballot.

- Commissioner Fleming asked if there will be any organized opposition. Mr. Evans responded that in the articles he has read, there does not appear to be any opposition. Commissioner Fleming commented that the amendment is likely to pass. Mr. Evans agreed and said that he has read that if the amendment were to pass, sports wagering could be operating in Missouri by January 2025.
- Chairman Moses asked if Mr. Evans agreed that the initial impact will be in the Kansas City area, the Hollywood Casino area, and the Kansas Crossing area. Mr. Evans explained that there are several different sports wagering proposals; one is to have the books be tied to a casino, another would be to have the "skin" at the professional sports arena. Chairman Moses clarified that Mr. Evans meant that the wagering would occur at the actual venues. Mr. Evans confirmed that was correct. Chairman Moses noted that is not something that is allowed in Kansas and would be a significant difference if Missouri were to take that route. Mr. Evans agreed. Chairman Moses asked if there has been any chatter to revisit arena wagering in Kansas if Missouri were to pass it. Mr. Evans said not that he has heard.

Executive Director Brownlee reported:

- The computer issues that were reported last month have been resolved. The issue ended up being with a piece of equipment on the OITS side not communicating correctly with KRGC servers.
- In the last couple of months, compliance auditors have been out to all four casinos to review table games and cage operations.
- Staff Attorney Eleazar Rundus is working on HHR regulations.
- As Mr. Watkins indicated, KRGC staff met with Golden Circle management in Wichita and have agreed to have regular meetings to discuss regulations and operational issues. KRGC has shared the rough ideas on HHR regulations; mirroring regulations that KRGC uses on the casino side for facility operations. The Golden Circle team is reviewing those and comparing them to what their plans might consist of.

- Director of Security, Roger Bailey, has put together a tentative timeline for staff hiring and training as the agency gears up for the tentative opening date of September 2025.
- The amount of money that the 3% tax on HHR revenue is projected to be a substantial amount. A portion of that money will go to the Kansas horsemen groups whose intent is to update facilities in the Eureka area and begin running parimutuel horse meets. They believe that once the flow of HHR money comes to them it will be a significant attraction for horse breeders and trainers from all over the country to come to Eureka. That is all to say that in the distant future, we may be back in the horse business.
- Harrah's has opened a racino in Columbus, Nebraska earlier this week. This is the first permanent facility to open; it will have 400 slot machines, 11 table games, and horse racing. They anticipate opening in August. The three other temporary facilities are currently building out into permanent facilities. The permanent facility in Omaha is anticipated to open in August, the one in Lincoln is anticipated to open next fall, the one in Grand Island is anticipated to open sometime next year.
  - Commissioner Fleming asked whether each facility is a racino. Executive Director Brownlee confirmed that was correct, noting that the state also has five tribal casinos.
- The next scheduled meeting is June 14, 2024, in Topeka, KS.
  - Chairman Moses noted that he has a conflict for the July commission meeting. Executive Director Brownlee stated that the commissioners could decide during the June meeting what action to take regarding the July meeting date.
- Chairman Moses commented that he had run into the person who holds a position in the State of Louisiana that is akin to our Director of Licensing and Sports Wagering. Chairman Moses recalled discussing how their state handles HHR and has their contact to share with staff.

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, director of sports wagering and licensing, Financial Investigator Todd Allen, and Enforcement Agent Cory Miller. The total time for the executive session was anticipated to be twenty (20) minutes until 11:00 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 10:40 a.m.

RECONVENE  
(J.2.)

The commission meeting returned to open session at 11:00 a.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Fleming present.

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

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, director of sports wagering and licensing, Financial Investigator Todd Allen, and Enforcement Agent Cory Miller. The total time for the executive session was anticipated to be ten (10) minutes until 11:15 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 11:05 a.m.

RECONVENE  
(J.4.)

The commission meeting returned to open session at 11:15 a.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Fleming present.

MOTION, EXECUTIVE  
SESSION;  
CONFIDENTIAL  
BACKGROUND  
REPORTS  
(J.5.)

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, director of sports wagering and licensing, Financial Investigator Todd Allen, and Enforcement Agent Cory Miller. The total time for the executive session was anticipated to be ten (10) minutes until 11:25 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 11:15 a.m.

RECONVENE  
(J.6.)

The commission meeting returned to open session at 11:25 a.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Fleming present.

MOTION, EXECUTIVE  
SESSION;  
CONFIDENTIAL  
BACKGROUND  
REPORTS  
(J.7.)

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, director of sports wagering and licensing, Financial Investigator Todd Allen, and Enforcement Agent Cory Miller. The total time for the executive session was anticipated to be ten (10) minutes until 11:40 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 11:30 a.m.

RECONVENE  
(J.8.)

The commission meeting returned to open session at 11:40 a.m. with Chairman Moses, Commissioner Jones, 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 sixty (60) minutes until 12:40 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 11:40 a.m.

RECONVENE  
(K.2.)

The commission meeting returned to open session at 12:40 p.m. with Chairman Moses, Commissioner Jones, Commissioner Turnquist, and Commissioner Fleming present.

MOTIONS ON  
LICENSE  
APPLICATIONS  
(L.)

Commissioner Turnquist (Jones) moved to *deny three* license applications and *approve the remaining 160* license applications from the May 17, 2024, list of background reports referred to the commission for action. The motion carried 4-0.

The motion to deny ANZ Solutions' license application passed 3-1. Commissioner Fleming voted in favor of granting the license.

OTHER BUSINESS;  
AMENDED SPORTS  
WAGERING  
REGULATION  
REVIEW  
(M.)

Commissioner Jones (Turnquist) moved to approve the amended sports wagering regulations with the allowance for staff to make grammatical and formatting changes. Motion carried 4-0.

Chairman Moses thanked KRGC staff for all their work and expressly thanked Staff Attorney James Bain for his efforts.

Staff Attorney James Bain asked what the commission's decision was on the requested amendment from Draft Kings. Chairman Moses explained that the requested amendment was incorporated into the previous motion.

ADJOURNMENT  
(N.)

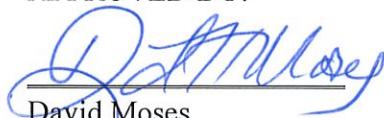
Chairman Moses stated that the June 14, 2024, commission meeting will begin at 10:00 a.m. for an in-person meeting at the Eisenhower State Office Building in Topeka, Kansas.

SUBMITTED BY:

  
\_\_\_\_\_  
Larry Turnquist  
Secretary

Commissioner Jones (Turnquist) moved to adjourn the meeting. Motion passed 4-0. The meeting was adjourned at 12:43 p.m.

APPROVED BY:

  
\_\_\_\_\_  
David Moses  
Chairman

