KANSAS RACING AND GAMING COMMISSION

MINUTES – DECEMBER 11, 2020

CALL TO ORDER (A.)

Chairman Brandon Jones called the December 11, 2020 meeting to order at 10:06 a.m. The meeting was held via teleconference. Notice of this teleconference was given to the public via the KRGC website, Public Square website, and social media. Commissioners David Moses, Kelly Kultala, Larry Turnquist, and Dave Myres were also present. Others present included Executive Director Don Brownlee, General Counsel Judith Taylor, Director of Administration, Audit, and Finance Brandi White, Director of Electronic Gaming Roger Bailey, Director of Electronic Security and IT Dennis Bachman, Director of Security Joe Herridge, Recording Secretary Sarah Lynch-Chaput, and other staff.

MOTION, APPROVE AGENDA (B.)

Commissioner Moses (Myres) moved to approve the agenda. Motion carried unanimously.

MOTION, APPROVE NOVEMBER 13, 2020 MEETING MINUTES (C.1.)

Commissioner Kultala (Turnquist) moved to approve the minutes of the November 13, 2020 meeting. Motion carried unanimously.

MOTION, APPROVE CONSENT AGENDA (D.)

Commissioner Myres (Kultala) moved to approve the consent agenda. Motion carried unanimously.

LOTTERY GAMING FACILITY REPORTS/ITEMS; BOOT HILL CASINO & RESORT (E.1.a.)

Diane Giardine, General Manager, reported:

- November 2020 revenue numbers compared to November 2019:
  - Total gaming revenue down 10.26%
  - Total slot revenue down 10.74%
  - Table games revenue down 5.95%
- Events and Promotions:
  - Weekly Kiosk Games
  - Weekly Food and Beverage Specials
  - Stuff Your Stockings Hot Seats
  - Food & Toy Drive
  - Fairy Tales on Ice, April 9th
  - Everclear with Fastball, April 24th

- Lee Brice, May 14th
- Jeff Dunham, August 13th

- Boot Hill Casino's COVID-19 precautions and the impact on staff and patrons

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

Jeff Babinski, Vice President and General Manager, reported:

- November 2020 revenue numbers compared to November 2019:
  - Admissions down 41.3%
  - Total gross gaming revenue down 19.1%
  - Slot coin-in down 17.7%
  - Slot hold down 0.07 points
  - Table games drop down 27.0%
  - Table games hold up 2.1 points
  - Poker room remains closed
- Events and Promotions:
  - Wichita Flea Market, November 21st and 22nd
  - Wichita Farm Expo, December 2nd to 5th
  - Wichita Flea Market, December 19th and 20th
- Kansas Star Casino's COVID-19 precautions and the impact on staff and patrons

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

Rick Skinner, Vice President and General Manager, reported:

- November 2020 revenue numbers compared to November 2019:
  - Admissions down 39.8%
  - Total gaming revenue $8.8 million, a decrease of 34.8%
  - Slot revenue $8.4 million, a decrease of 29.2%
  - Table games revenue $418,000, a decrease of 70.7%
  - Poker room remains closed
- Events and Promotions:
  - Pie Giveaway, November 25th
  - Wireless Headphones Giveaway, December 4th
  - VIP Stuff your Stockings, December 5th
  - QuikTrip Gift Card Giveaway, December 19th
  - Win Free Play for a Year, December 26th
  - New Year's Eve Drawing - $100,000, December 31st
- Hollywood Casino's COVID-19 precautions and the impact on staff and patrons

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

Jeff McCain, General Manager, reported:

- November 2020 revenue numbers compared to November 2019:
  - Admissions down 43%
  - Net slot revenue down 18%
  - Table games drop down 23%
  - Net gaming revenue down 17%
- Events and Promotions:
  - Casino Hot Seats, December Mondays
  - Camp 49 Hot Seats, December Wednesdays
  - Casino Hot Seats, December Thursdays
  - Casino Gifts, December Saturdays
  - Kitchen Refresh Promotion, December Sundays
  - Bank Account Bonanza Grand Prize Drawing, December 25th
- Kansas Crossing Casino's COVID-19 precautions and the impact on staff and patrons

COMMISSION ITEMS – OLD BUSINESS (F.)

There were no old business items.

COMMISSION ITEMS – NEW BUSINESS (G.)

John Frieden of Frieden & Forbes, LLP presented a debt transaction approval request related to Boot Hill Casino and Resort. Clark Stewart, CEO of Butler National Service Corporation, also spoke.

PUBLIC COMMENTS (H.)

There were no public comments.

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

Sarah Lynch-Chaput, Paralegal, reported on the Voluntary Exclusion Program statistics for the month of November 2020.

Executive Director Brownlee reported:

- The Kansas Debt Setoff program began in the four casinos on November 16, 2020. In the first two weeks of the program, Boot Hill Casino had nine setoffs, Kansas Crossing Casino had twelve setoffs, Hollywood Casino had seventy-one setoffs, and Kansas Star Casino had a hundred and twenty-six setoffs. The debt recovered from these setoffs totaled over $273,000.

- The Kansas Senate has major leadership changes for the next session. The new Senate leaders will be: Ty Masterson, Senate President; Rick Wilborn, Senate Vice-President; Gene Suellentrop, Majority Leader; and Dinah Sykes, Minority Leader. The House leadership remains the same.
- KRGC is not initiating any legislation for next session, but there will likely be several sports wagering bills the agency will be following. KRGC is interested in changing the ownership background threshold from the current 0.5% to the industry standard of 5%.
- Traditionally, horse racing legislation has been introduced each year. It is unknown if this will be the case this year. There has been some interest in re-establishing some form of horse racing at the track in Eureka. The Woodlands race track was sold this past year to be used as an Amazon distribution center.
- As discussed at the last meeting, KRGC appealed the additional 5% shrinkage rate recommendation by the Division of Budget. KRGC negotiated with the Division of Budget to cut in half the additional shrinkage.
- Since June, when casino gaming opened back up, Missouri gaming revenue is down 11.8%, Iowa gaming revenue has been down 4.5%, and Kansas gaming revenue is down 16.3%.

EXECUTIVE SESSION; ATTORNEY-CLIENT PRIVILEGE AND BACKGROUND REPORTS (J.)

Due to the logistical issues of holding an executive session in the middle of the teleconference, the executive session was held immediately prior to the meeting. Prior notice of this change was given in the meeting agenda posted on the KRGC website and on the Public Square website. This procedure will only be used while the commissioners and KRGC staff are working from home due to the COVID-19 pandemic. The executive session was held for the purpose of confidential attorney-client privileged communications; discussion of confidential facility manager financial information; and reviewing the list of confidential backgrounds for licensing. In addition to the commissioners, the executive director and general counsel were included in the executive session portion for attorney-client privilege and confidential facility manager financial information. The commissioners, executive director, general counsel and director of security were included in the executive session portion for reviewing the list of confidential backgrounds for licensing. No action was taken

in executive session, and the subjects discussed were limited as previously described.

MOTIONS ON LICENSE APPLICATIONS (K.)

Commissioner Turnquist (Moses) moved to *conditionally approve* one license application, *deny* two license applications, and *approve* the remaining 123 license applications from the December 11, 2020 list of background reports referred to the commission for action. The motion carried unanimously.

MOTION, EXECUTIVE SESSION; CONFIDENTIAL REVIEW AND DISCUSSION OF DEBT TRANSACTION APPROVAL REQUEST (L.)

Commissioner Myres (Kultala) moved that the Commission go into executive session for the purpose of confidential review and discussion of the debt transaction approval request related to Boot Hill Casino and Resort. In addition to the commissioners, those included in the executive sessions were the executive director, general counsel, Todd Allen, Government Relations Manager, and representatives of Boot Hill Casino, as needed. The total time for the executive session was anticipated to be twenty-five minutes until 11:20 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 unanimously and the meeting was adjourned to executive session at 10:55 a.m.

RECONVENE (L.)

The commission meeting returned to open session at 11:20 a.m. with all commissioners present.

MOTION ON DEBT TRANSACTION APPROVAL REQUEST (L.)

Commissioner Moses (Kultala) moved that the commission approve the major debt transaction requested by facility manager Butler National Services Corporation. The motion carried unanimously.

OTHER BUSINESS

No other business.

ADJOURN (M.)

The next meeting of the commission is on January 15, 2021 at 10:00 a.m. The meeting will be held by teleconference. Commissioner Kultala (Myres) moved to adjourn the meeting. Motion carried unanimously. The meeting was adjourned at 11:25 a.m.

SUBMITTED BY:

Larry Turnquist
Secretary

APPROVED BY:

Brandon Jones
Chairman