

NEBRASKA RACING & GAMING COMMISSION
MINUTES OF MEETING

DATE: February 10, 2023
TIME: 1:00 PM
LOCATION: Fonner Park, Bosselman Center
Rooms 3 and 4
700 E Stolley Park Rd
Grand Island NE, 68801

PRESENT COMMISSIONERS:

Dennis P Lee Chairman
Shane Greckel Vice Chairperson
Janell Beveridge Commissioner
Jeffrey Galyen Commissioner
Shelby Bakenhus Commissioner
Trent Loos Commissioner

ABSENT:

Tony Fulton Commissioner

Chm. Lee convened the meeting at 1:07 pm in compliance with the provision of Neb. Rev. Stat. 84-1411. Notice of the meeting was published in the Lincoln Journal Star on February 4, 2023. In addition, copies of such notice were sent to those on the Racing and Gaming Commission agenda mailing list. Notification was given to the public of the open meetings law and notification to its location for public view.

APPROVAL OF MEETING MINUTES AND FINANCIAL REPORTS

Lee moved to amend the January 13, 2023, Meeting Minutes under to note that Commissioner Galyen nominated Greckel as Vice Chair with Bakenhus seconding with the motion passing, instead of Beveridge seconding. Voting Aye: Lee, Greckel, Beveridge, Galyen, Bakenhus, Loos. Motion carried. Greckel moved with Bakenhus seconding to approve the January 13, 2023, meeting minutes with that amendment. Voting Aye: Lee, Greckel, Beveridge, Galyen, Bakenhus, Loos. Motion carried.

Galyen moved with Greckel seconding to approve the January 2023 Financial Reports. Voting Aye: Lee, Greckel, Beveridge, Galyen, Bakenhus, Loos. Motion carried. Executive Director Sage mentioned that the expenditures are high which will become normal with the addition of new staff.

APPROVAL OF SIMULCAST APPLICATIONS RECEIVED SINCE JANUARY 13, 2023

Mark Landis of Fonner Park appeared with a correction for Fonner Park's Simulcast Application to add the other Nebraska horse racetracks. Lynne McNally of the Nebraska HBPA is in support of receiving their signal in Lincoln and Omaha and approves the addition. Dan Cleary of Columbus also wants to accept their signal. Zach Madder of the Nebraska Thoroughbred Breeders association also approves the additions. Beveridge moved to approve Fonner Park's Simulcast Application to export their signal for simulcast purposes with the addition of Lincoln, Omaha and Columbus. Loos seconded. Voting Aye: Lee, Greckel, Beveridge, Galyen, Bakenhus, Loos. Motion passed. Items 3b, 3c, and 3d are withdrawn as they were placeholders.

HASTINGS EXPOSITION AND RACING (DBA FAIRPLAY PARK)

Director Sage reminded the commission that the absent officials need to be submitted thirty days before their race date. Galyen asked Brian Becker about the rules they are waving. Loos further inquired why they're having the waiver. Becker responded that they are running down the lane, there are no turns and no towers. Loos asked how officials get approved, Sage responded saying that he already knows most of the officials who have been part of the industry and if they are anyone new, they would be investigated. Sage further stated that these rules have always been waived but the time is coming to stop waving them. Loos suggested that they could be in compliance with the rule with a go pro. Greckel asked Becker if there is an expected cost to meet these regulations, both him and Sage were unaware of what that cost would be. Galyen moved and Greckel Seconded to approve Hastings Exposition and Racing's request to run a live race day of April 6, 2023, with post time at 4pm, the current listed Racing Officials for 2023, the waiver of NRG Rules 3.003.04 and 3.003.08 Title 294, with a Takeout Rate of 18% for the Win Pool which will be the only bet available. Voting Aye: Lee, Greckel, Beveridge, Galyen, Bakenhus, Loos. Motion carried.

GRAND ISLAND CASINO RESORT- UPDATED HOURS OF OPERATION

Greckel motioned to approve the updated hours of operation for Sunday through Thursday for 7am to 3am, Friday and Saturday 7am to 6:59am. Beveridge seconded. Voting Aye: Lee, Greckel, Beveridge, Galyen, Bakenhus, Loos. Motion carried.

SOUTH SIOUX CITY RACING AND EVENT CENTER

Galyen inquired if this is one race date with a backup date which McNally responded that this will be two days of live racing. Alexia Boggs asked if she could attempt to comply with the rules if they are still waived, Lee responded that is acceptable. Boggs also said they will offer win and place betting with a daily double. Bakenhus motioned and Loos seconded to approve South Sioux City Racing and Event Center's Request to change Live Race Dates from September 23 and 24 to June 10 and 11, 2023, for a 2pm post, waiver of NRG Rules 3.003.04 and 3.003.08 Title 294 and their takeout rate. Voting Aye: Lee, Greckel, Beveridge, Galyen, Bakenhus, Loos. Motion carried.

HORSEMEN'S PARK

Lynne McNally said this specific date will work as it's when Lincoln will be running at Legacy downs. Zach Madder of the breeders approves of this date. Lee moved and Beveridge seconded to approve Horsemen's Park Request to Run their Live Race Date on May 16, 2023, with a 1pm post time. Voting Aye: Lee, Greckel, Beveridge, Galyen, Bakenhus, Loos. Motion carried. McNally commented that she thanks South Sioux City Racing and Events Center for running two days as they create the purses with no simulcast.

HARRAH'S NEBRASKA & COLUMBUS EXPOSITION AND RACING

Tom Jackson appeared and said the Stewards stand tests have been returned as negative for asbestos and will proceed as planned. Construction will continue March 1st with a sprinkler system, upgrading the electrical service, adding lighting to the parking lot, framing the walls. Projected opening is sometime in the spring. Joe Morris said the one-mile track is roughed in, and the base will be added in April. Sage added that after the meeting he will meet with Morris

along with State Steward Bob Pollock and Association Steward Doug Schoepf for a review of their racetrack plans.

UPDATED VERSION OF NREGC MINIMUM INTERNAL CONTROL STANDARDS (MICS)

Director Sage described this update to the MICS contains regulations on Sports Wagering along with a few amendments of the original MICS. GLI helped create these MICS and these were sent to the industry for comments. McNally said she reviewed the and recommends the changes. Sage said sports wagering will happen sometime in May in the state. Greckel moved and Galyen seconded to approve the updated version of the Racing & Gaming Commission Minimum Internal Control Standards. Voting Aye: Lee, Greckel, Beveridge, Galyen, Bakenhus, Loos. Motion carried.

NEBRASKA HBPA REQUEST TO MAKE TRACK CHANGES AT LEGACY DOWNS

Chm. Lee wanted to take this item next. Gerald Wollesen appeared and said they hired GRW to help improve the safety of Legacy Downs with their recommendation to remove eight to ten inches off the surface and start again. The Nebraska HBPA approved their \$2.5 million dollar budget to replace the dirt and build a new rail with them training the staff at Legacy Downs to maintain the track and rail. Lee moved and Beveridge seconded to approve the changes to the track date of April 1, 2023. Voting Aye: Lee, Greckel, Beveridge, Galyen, Bakenhus, Loos. Motion carried. McNally also mentioned

DISCUSSION AND POSSIBLY ADOPT POTIONS ON CURRENT LEGISLATIVE BILLS

Before proceeding, Lee reminded everyone that they cannot change these bills but will accept comments on positions the Commission should take:

LB148- Sage described this bill as establishing everything west of the 100th meridian being excluded from the market study. McNally said the HBPA supports extending the bill, no position on the 100th meridian. Chris Neilson representing a family from Kimmel oppose the extension with no issue with the 100th meridian, saying there are 3,000 workers coming in, providing an opportunity for western Nebraska, calling their potential horserace track and casino the only one pulling in money out of state instead of keeping it in.

LB168- Sage described this bill involves sports betting with a change to allow betting on interstate colligate sports within Nebraska, will also be taxed but given to the Nebraska Opportunity Grant. Sage mentioned this would be another fund that staff will need to create. McNally of the HBPA is in support of this bill, neutral where the money goes.

LB311- Sage described this bill as delaying the market study until 2029. McNally explained to Commissioner Loos that after the gaming initiatives passed, there were a ton of new applicants who were interested in horse racing, who mainly described how their casinos will work. She continued saying this is how the market study came out as to guide the Commission if the state can support more than six racetracks and casinos with the 2025 date quickly approaching, which this bill would give the Commission more time to collect data and analyze to improve horse racing in Nebraska. Loos mentioned that it's not the Commission's job to determine the profitability of casinos, only to ensure they're following state statue. John Hassett of Bellevue Downs opposes this bill as it's supposed to research the six existing tracks when gaming was voted in during 2020, he also agrees with Loos that it's not the Commission's job to determine profitably. Greckel asked Hassett about his interpretation of this bill because none of the tracks

had a temporary casino or a fully fledged facility. Hassett said towns will be studied that do not have temporary casinos because Bellevue has casinos 10 minutes away.

LB542- Sage described this bill as some technical corrections. McNally said this bill is a placeholder if the Commission needs anything in legislation.

LB685- Sage described this bill to further regulate games of skill and to transfer the regulating authority from the Department of Revenue and Charitable Gaming to the Nebraska Racing and Gaming Commission. Brian Rocky the Director of Charitable Gaming with the Department of Revenue appeared in a neutral position, giving insights from his experiences and logistical concerns with cash devices. Currently there are 3,400 cash devices in 1,400 different locations. Rickey said the increased reporting on these devices is important also noting that the timeline of the transfer of duties is during the busiest time for the renewals of the decals on the machines. They found that businesses will sell items that no one will ever buy but that meets the legislature's requirement because they have a sales tax. Sage added that these games are not regulated, minors are seen playing these games along with a phone call he received from Kearney of someone winning a jackpot where the operator took a service fee and gratuity from the top. Sage also stressed that this revenue is not taxed and is cheating the citizens of Nebraska. McNally said the Nebraska HBPA supports this bill, stating there are more skill-based machines in the state than slot machines. The casino operators must pay the licensing fees, they don't. To get a slot machine, it needs approval by the commission, arrive five days later under NRGCA approval, be placed in a spot approved by Commission, and be audited randomly. Some of the marketing materials describe the games of skill as slot machines without regulation. Mike Shawdra spoke as a problem gambler saying these games are the biggest reason why people walk into Choices Treatment Center, staying neutral on the topic.

LB775- Sage described this bill as creating a legal definition of a horse racetrack enclosure along with creating judicial power, like stewards in horse racing, will create a hearing process where a board of people not associated with the property will review a violation and use a fines schedule to handle penalties. McNally with the Nebraska HBPA is in support, as there have been situations in the past that were difficult to navigate, with Warhorse supporting the hearing process. Director Sage is very supportive of this and will testify in favor.

Lee discussed that the commission should be supportive of legislative bills that involve the commission, like LB775. The other bills are up to legislature in Lee's opinion. Lee motioned that the commission take an official position in support of LB775 and be neutral on the others. Galyen seconded. Voting Aye: Lee, Greckel, Beveridge, Galyen, Bakenhus, Loos. Motion carried.

MEETINGS WITH ASSOCIATIONS

Nebraska Thoroughbred Breeders' Association- None

Nebraska Horsemen's Benevolent and Protective Association- McNally said that in committee it's very appreciated when the regulators are present, even in a neutral position to give information. There's also a text line set up that will send out texts regarding the track conditions. She said Mark Landis set up a reconciliation program that he's sharing with the other tracks for free.

Nebraska Quarter Horse Racing Association- Ed Zimba said they have created a website containing forms for racing and breeding along with online payments.

Nebraska Quarter Horse Breeders Association- None

PUBLIC COMMENTS

Mike Sciandra said March is National Problem Gambling Awareness Month. 250 Requests have been sent to communities to sign proclamations regarding problem gaming assistance. March 7 he will be at the capitol, and everyone is invited.

DIRECTOR'S UPDATE

Sage was brief appropriations hearing if February 16 and he'll be there testifying on that. March 17 is the next commission meeting, most likely in Lincoln. April 14 will be the commission meeting after that in Columbus.

ADJOURNMENT

Chm. Lee adjourned the meeting at 3:38pm.