

**IOWA RACING AND GAMING COMMISSION
MINUTES
JANUARY 10, 2008**

The Iowa Racing and Gaming Commission (IRGC) met at Stoney Creek Inn & Conference Center, 5291 Stoney Creek Court, Johnston, Iowa, on Thursday, January 10, 2008. Commission members present were Kate Cutler, Chair; Gerry Bair, Vice Chair, and members Diane Hamilton, Greg Seyfer and Toni Urban.

Chair Cutler called the meeting to order and requested a motion regarding the agenda. Jack Ketterer, IRGC Administrator, advised that Item 7 – Review of Iowa Code Section 99F.6(4)a – would be moved up on the agenda and become Item 4, with the agenda being renumbered accordingly. Commissioner Bair moved to approve the agenda as amended. Commissioner Urban seconded the motion, which carried unanimously.

Chair Cutler moved to approval of the minutes. Commissioner Seyfer moved to approve the minutes of the November 8, 2007 meeting and December 11, 2007 telephonic meeting as submitted. Commissioner Bair seconded the motion, which carried unanimously.

Chair Cutler called on Mr. Ketterer for announcements. Mr. Ketterer recognized thoroughbred owner Maggi Moss for her nomination for an Eclipse Award as one of the outstanding thoroughbred owners in the nation, competing against international figures. He noted there are three finalists with the decision being made the end of January or early February.

Mr. Ketterer moved to the upcoming meetings:

- February – No Meeting
- March 6, 2008 Commission Meeting – Stoney Creek Inn, Johnston, IA
- April 17, 2008 Commission Meeting – Diamond Jo Worth, Northwood, IA
- June 5, 2008 Commission Meeting – Wild Rose Emmetsburg, Emmetsburg, IA

The March meeting will be the renewal of the gambling boat and gambling structure licenses. There will also be a discussion by Commission members on additional licenses in the state. This issue was addressed last March, at which time Commission members expressed a desire to wait until next year after Waterloo had been open a few months prior to addressing the issue again.

Chair Cutler moved to the review of Iowa Code Section 99F.6(4)a –Simultaneous Submissions – by Jeff Peterzalek, Assistant Attorney General. Mr. Ketterer stated that he sought the review, and discussed this matter with Mr. Peterzalek, in an effort to enable the quarter horse and standard bred organizations and Prairie Meadows Racetrack & Casino (PMR&C) to move ahead with the three-year agreements that they negotiated last fall. The joint submission process has seemed difficult for all the parties to accomplish, and has not been accomplished since the law was passed. He noted that Commissioner Seyfer raised the issue of the Declaratory Ruling Order that the Commission issued in August 2006. At that time, the Commission considered several interpretations as the language is somewhat ambiguous, and lends itself to several interpretations. After much deliberation, the Commission settled on all agreements being submitted jointly and included with the license renewal and application for race dates for any of them to be considered. That has never occurred.

Mr. Ketterer advised that he and Mr. Peterzalek then sought an answer to Commissioner Seyfer's question as to the impact of the Declaratory Order Ruling and its effect on any future action or interpretation by the Commission. He stated that Mr. Peterzalek would address that issue.

Mr. Peterzalek echoed Mr. Ketterer's comment that the Commission has previously entered a Declaratory Order Ruling interpreting the specific statute dealing with the "jointly submitted" language. He concurred that the language is somewhat ambiguous and does lend itself to more than one potential interpretation. Mr. Peterzalek stated that it is the Commission's duty to interpret the statute in accordance with the law and/or facts presented to them, which was done in this case. The Commission concluded, based upon the facts, statutory authority, and the Commission's analysis, that "'jointly submitted" means all agreements related to purses with horse groups identified in Prairie Meadows' application for race dates must be submitted together."

Mr. Peterzalek noted that as that verbiage was included in a Declaratory Order Ruling, the legal authority would support the position that the Declaratory Order is binding on the Commission absent any change in facts, law, or circumstances. He noted that one of the authorities provided is that the reason for a Declaratory Order is to provide advice and binding guidance, not only to the public, but to the Commission and future Commissions on issues that may be important to participants in the area being regulated. Mr. Peterzalek stated it was his recommendation that absent any change in the law, circumstances or facts that the Declaratory Order Ruling entered in August of 2006 would and should still be followed by the Commission with respect to the interpretation of that specific Code Section.

Mr. Ketterer stated that based on Mr. Peterzalek's interpretation, there can be no change in the status quo, meaning that later on the agenda the Commission can not approve the purse agreements between PMR&C and the quarter horse and standard bred organizations as there is no agreement with the thoroughbreds in light of the fact that PMR&C applied for and received racing dates for thoroughbreds. He noted that race

dates and purses for 2008 were set by the Commission in November. All three horsemen's groups can continue to negotiate agreements for 2008 on matters of mutual interest other than purses and race dates. The quarter horse and harness organizations and PMR&C can submit the language from their three-year agreements and submit them in September with PMR&C's 2009 Race Date application for 2009 and 2010 if they choose. The thoroughbreds and PMR&C will need to reach an agreement sometime before September and submit that agreement for any of the agreements to be considered by the Commission, assuming PMR&C applies for race dates for all three types of racing as they have done the past several years.

Mr. Ketterer indicated this was an attempt to facilitate or move forward with the agreements that have been submitted, but it did not work out as hoped. He asked for an update with regard to negotiations with the thoroughbred group later in the agenda.

Commissioner Bair asked what would occur if the Commission looked back and determined they erred in how they ruled in the Declaratory Order Ruling. He wondered if it is incumbent upon the Commission to review the Declaratory Ruling and, with public input, take another look at the issue.

Mr. Peterzalek indicated there are a couple of different mechanisms in place for reviewing the Declaratory Order, including the consideration of another Declaratory Order. He stated that a Declaratory Order Ruling issued by the Commission essentially has the same effect as a final ruling in a contested case proceeding, and would be subject to judicial review. He reiterated that the only reason to review or vacate the Declaratory Order Ruling would be a change in the law, facts, or circumstances. Someone who challenged such a new Declaratory Order may have some basis for their challenge.

Hearing no further comments or questions for Mr. Ketterer or Mr. Peterzalek, Chair Cutler moved to the Rules being submitted for final adoption. Mr. Ketterer noted these rules were submitted under Notice of Intended Action at the October Commission meeting; and that there was no public input at the public hearing. In lieu of reviewing all of the proposed rules, Mr. Ketterer called for any questions. As there were none, he recommended that the proposed rules be approved for final adoption.

Commissioner Bair requested that Mr. Ketterer give a brief overview of the rule making process. Mr. Ketterer did so. He noted that the Commission's process provides three opportunities for public input on the proposed rules. Commissioner Bair noted that the rule making process has been in place for thirty years.

Hearing no comments or questions concerning the rules, Chair Cutler requested a motion. Commissioner Bair moved to approve the rules for final adoption. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-01)

Chair Cutler moved to the contract approval portion of the agenda and called on Isle of Capri Bettendorf (IOCB). Barron Fuller, General Manager at IOC Marquette, presented a contract with Sedona Staffing for temporary staffing services on behalf of Bettendorf.

Hearing no comments or questions concerning the contract, Chair Cutler requested a motion. Commissioner Urban moved to approve the contract as submitted by IOCB. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-02)

Chair Cutler called on Argosy Casino. Kees Eder, General Manager, presented the following contracts for Commission approval:

- PowerTech – Automatic Switch – Power Source Upgrade
- Alter & Alvarez – Legal Services

Commissioner Bair asked about the legal services contract with a firm in St. Louis, Missouri. Mr. Eder advised the firm is retained by corporate, and has provided services for approximately ten years. Commissioner Bair asked if any services are performed by local attorneys. Mr. Eder answered in the negative.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by Argosy. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-03)

Chair Cutler called on Harrah's. Jeannie Magdefrau, Vice President of Finance, presented a contract with Mid-America Center for a luxury lease suite agreement.

Hearing no comments or questions regarding the contract, Chair Cutler requested a motion. Commissioner Urban moved to approve the contract as submitted by Harrah's. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-04)

Chair Cutler called on the isle casino & hotel at Waterloo (the isle). Kim Hardy, General Manager, presented the following contracts for Commission approval:

- Mediacom Communications – Television Service
- PAW Marketing – Marketing Promotional Items
- Altofer, Inc. – Maintenance for Emergency Generator
- Aramark – Laundering Service

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by the isle. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-05)

Chair Cutler called on Diamond Jo Worth (DJW). Jesus Aviles, General Manager, presented a contract with Sysco Food Service for food, non-alcoholic beverages, smallwares and equipment.

Hearing no comments or questions concerning the contract, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contract as submitted by DJW. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-06)

Chair Cutler called on Diamond Jo (DJ). Mr. Aviles presented the following contracts for Commission approval:

- Konami Gaming – Slot Machines, Conversions and Parts
- Sysco Food Service – Food, Non-Alcoholic Beverages, Smallwares, and Equipment

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Bair moved to approve the contracts as submitted by DJ. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-07)

Chair Cutler called on Ameristar Casino. Teresa Meyer, General Manager, presented the following contracts for Commission approval:

- Amsan Nogg Chemical & Paper – Cleaning Equipment Supplies & Services
- Constellation New Energy – Utility
- Data Business Equipment – Cage Equipment & Service Contract
- Dell Marketing – Computer Equipment
- Gary Platt Manufacturing – Slot Stools for Casino
- Gas Mart – Vehicle Fuel
- Greenberg Fruit Company - Produce
- Iron Mountain – Document Storage
- Jacobson Fish Company – Seafood Purchases
- Nebraska Iowa Supply Company, Inc. – Boat Fuel
- Pentzien, Inc. – Vessel Slip Maintenance
- Trane Company – Water Heaters
- Global Surveillance – Cameras & Related Equipment

Commissioner Urban asked for an explanation regarding the contracts with a non-Iowa address, but that are considered to be an Iowa vendor. Ms. Meyer explained that the corporate office may be out-of-state, but that the product is being purchased in Iowa. She used the contract with Gas Mart as an example; the main office is in Kansas, but the actual gas is purchased in Iowa. Ms. Meyer noted that two of the criteria for being considered an Iowa vendor is that goods are distributed through a distributor located in

Iowa, and goods, resources or services are provided by a vendor whose headquarters/home office is located outside Iowa, but which has a tangible business location and does business in Iowa.

Hearing no further comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by Ameristar. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-08)

Chair Cutler called on Riverside Casino & Golf Resort (RCGR). Dan Kehl, President, distributed a copy of the Winter 2007 Iowa Golf Magazine, which has an article on the GIVE Foundation. The Foundation is a cooperative arrangement between the Iowa PGA Association, the Veterans Administration Medical Center in Iowa City and RCGR that teaches injured veterans the rules and etiquette of golf. The veterans are then fitted for their own free clubs, which are customized to their swing/abilities and takes their injuries into consideration. Mr. Kehl indicated the article is going to be reprinted in the PGA national magazine this month. The PGA hopes to take this program national. Mr. Kehl advised the Commission that the Blue Top Ridge Golf Course at RCGR was rated as one of the top three courses in the country.

Mr. Kehl presented the following contracts for Commission approval:

- State University of Iowa Hospitals & Clinics – Health Plan Costs 2007 – Medical
- Pharmaceutical Technologies, Inc. – Health Plan Costs 2007 – Pharmacy
- Low Tide, LLC & Kehl Development Corp. – Lease of Aircraft
- First Administrators, Inc. – Health Plan Benefit Administrator
- Postini, Inc. – E-mail Security for Enterprises
- Wells Fargo – Debt Refinancing

Mr. Kehl indicated Riverside experienced a great fall, and just implemented a profit sharing program for the employees, which has been well received.

Hearing no further comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by RCGR. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-09)

Chair Cutler called on Wild Rose Emmetsburg (WRE). Tom Timmons, Vice President of Operations for Wild Rose Entertainment, presented the following contracts for Commission approval:

- Central Credit LLC – Check Guarantee Services
- KW Electric – Electrical Work
- MetLife SBC – Employee Benefits

- Peterson Contractors, Inc. – Removal of Water from Beneath Casino Floor

Mr. Timmons advised the Commission that WR Entertainment had requested, and received, permission in July to refinance the debt for the Emmetsburg and Clinton projects under one loan with the Dubuque Bank and Trust. During the last five or six months, Dubuque Bank and Trust has been unable to put the package together. Mr. Timmons advised that Dubuque Bank and Trust will maintain the debt financing for the Clinton project, and West Bank will maintain the Emmetsburg financing. He stated that he had a term letter with him, which he sent to Mr. Ketterer and Brian Ohorilko, Director of Gaming, last Friday.

Mr. Ketterer stated that he did not believe Commission action was necessary as there was essentially no change in the existing debt financing, except a better interest rate. Mr. Timmons indicated that was correct, and that there was no change in the amounts being borrowed.

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by WRE. Commission Urban seconded the motion, which carried unanimously. (See Order No. 08-10)

Chair Cutler called on WR Clinton (WRC). Tim Bollmann, General Manager, presented the following contracts for Commission approval:

- River Marine, LLC – Sale of Mississippi Belle II Vessel, Associated Support Barges, Marine Equipment and Miscellaneous FFE
- Midwest Lumber Museum – Sale and Donation of Land to Midwest Lumber Museum
- Control Installation of Iowa – Purchase and Installation of Digital Surveillance Hardware and Software for new Wild Rose Casino Project
- Martin Brothers Distributing – Purchase and Installation of Kitchen and HVAC Fixtures and Equipment for New Wild Rose Casino Project
- ABC Electrical Contractors L.L.C. – Provide Low Voltage Cabling and Installation for new Wild Rose Casino Location
- Wellmark Blue Cross Blue Shield of Iowa – Provide Employee Health Benefits
- Wild Rose Entertainment – Increase Value of Management Contract to reflect Full Year of Operation (RP)
- Holmes Murphy - Insurance Provider
- Lamar Advertising – Billboard Advertising
- Kelly Heating and Oil – Diesel Fuel for Boat
- Wild Rose 401K Plan – Change in Vendor Name

Mr. Ketterer asked for a construction update. Mr. Bollmann advised that due to the winter weather, the project is approximately a week behind.

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Bair moved to approve the contracts as submitted by WRC. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-11)

Chair Cutler called on IOC Marquette (IOCM). Barron Fuller, General Manager, presented a contract with Windsor Place Inn for guest lodging.

Commissioner Bair noted the contract was with a facility across the river. Mr. Fuller advised that there are ongoing discussions in an attempt to get another hotel in the Marquette/McGregor vicinity, whether it is their own or by a chain. He indicated they also utilize local properties, but they don't meet the \$100,000 threshold for submission.

Hearing no further comments or questions concerning the contract, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contract as submitted by IOCM. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-12)

Chair Cutler called on Catfish Bend Casino II (CBC). Jerry Baum, General Manager, presented the following contracts for Commission approval:

- Fleck Sales – Purchase of Beer
- Golden Eagle – Purchase of Beer
- HyVee Wine & Spirits – Purchase of Liquor
- Hall Towing – Store and Move Vessel
- Hoyer, Reding, and Santiago – Legal Work
- ShuffleMaster – Shuffler and Games Lease
- Solutions, Inc. – Marketing and Advertising
- Southeast Iowa Regional Riverboat Commission – Payment to Not-for-Profit License Holder
- Employee Benefit System – Employee Health Insurance
- Holmes Murphy – Property and Liability Insurance

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Urban moved to approve the contracts as submitted by CBC. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-13)

Chair Cutler called on Dubuque Greyhound Park & Casino (DGP&C). Bruce Wentworth, General Manager, presented the following contracts for Commission approval:

- Medical Associates HMO – Employee Health Insurance
- Medical Associates HMO – Employee Health Insurance

- Qwest – T1 Phone Line
- International Assoc. of Machinists – Labor Agreement for Mutuel Department
- International Union of Operating Engineers – Labor Agreement for Maintenance Dept.
- Konami Gaming, Inc. – Purchase Slot Machines and Equipment
- Bally Technologies – Purchase Slot Machines and Equipment
- Bally Technologies – Lease Slot Machines
- Micro Gaming Technologies – Rich Rewards Kiosks
- Anderson Weber, Inc. – Shuttle Bus Lease

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by DGP&C. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-14)

Commissioner Bair asked about gaming equipment companies located in Iowa. Mr. Ketterer noted that IGT had a presence in Council Bluffs. He stated that another company, Midwest Gaming, who primarily manufactures Class 2 gaming machines and bingo equipment is also located in Council Bluffs.

Chair Cutler called on Bluffs Run Greyhound Park regarding their request to amend the previously approved race dates for 2008. Ms. Magdefrau requested the following amendments:

- Change the number of racing performances for June from 21 to 22 to correspond with the number shown on the racing calendar; and increase the number of races from 325 to 330 to reflect the additional performance shown on the calendar, and
- The calendar shows Bluffs Run closed on Easter; however the date reflected is for April 27th, the date of the Eastern Orthodox Easter, instead of March 23, 2008, which is the date recognized by the majority of individuals in Iowa. Bluffs Run is requesting permission to switch out the schedules shown on the racing calendars for March 23rd and April 27th. The performance would start at 4:00 PM on April 27th.

Mr. Ketterer advised that he had received a letter from the Iowa Greyhound Association stating that they had no objections to the requested amendments. Hearing no additional comments or questions concerning the request, Chair Cutler requested a motion. Commissioner Bair moved to approve Bluffs Run's request to amend the approved race dates for 2008. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-15)

Chair Cutler called on PMR&C. Gary Palmer and Dan Doocy, General Manager and Racing Secretary respectively, presented the season approvals for the thoroughbred and mixed meets for Commission approval.

Chair Cutler called on Mr. Ketterer for comments. Mr. Ketterer stated that the purse supplement agreements normally include other matters of mutual interest between the track and the horsemen's organizations. He noted that PMR&C has reached purse supplement agreements with the quarter horse and standard bred associations for three year agreements, even though it was determined earlier in the meeting that the Commission can not approve those agreements as PMR&C has not reached an agreement with the thoroughbred group. Mr. Ketterer asked if there has been any progress in reaching an agreement with the thoroughbreds. Mr. Palmer advised that the parties are negotiating on two points at this time – one which goes to PMR&C's board on January 23rd. He asked Mr. Doocy to discuss the second issue – determination on the number of additional races. Mr. Doocy advised that this issue deals with Section 9 of the ancillary agreement, which indicates there would be no fewer than nine races per day during the thoroughbred meet, pending availability of horses, and no fewer than six races per day during the mixed meet. PMR&C amended the agreement to read no fewer than five thoroughbred races per day from September 1 to the end of the meet. The area of concern centers on when and how the determination would be made to have an extra race per day, and if it happened prior to September, which breed on which day would get the extra race if both breeds have the availability. It was determined that the Racing Department would make the determination based on established criteria and let the horsemen know in advance.

Chair Cutler called for any additional comments. Mr. Ketterer suggested that the Commission hear the update concerning the track surface. Mr. Palmer advised that Bob Gorla, Director of Facilities, and Tim Mallicoat from Hallett Materials, were present to address this issue. Mr. Gorla stated that a new surface was put on the racetrack in November 2007. He advised that Michael DePew with Environmental Technology Services served as the consultant to help determine the correct mix of material. Hallett Materials provided Mr. DePew with samples of the available sand and dirt, which he analyzed, and then came up with two kinds of sand and one kind of dirt that would be suitable for the mix. A 45-45-10 blend of materials, with the final result being 87.2% sand, 7% silt and 5.8% clay, was installed on the track. Mr. DePew performed spot checks while the mix was being formulated, and has analyzed the final result, and has indicated that he is pleased with the final result.

Mr. Ketterer asked if anything was done to the base of the track, or if just the track surface was replaced. Mr. Gorla indicated just the track surface was replaced. Mr. Ketterer asked if there was an abundance of material to replace portions of the surface as the live race meet proceeds due to rain, the effects of normal racing, etc. Mr. Gorla advised there is sufficient material of the old mix; however, every bit of material that could be located for the new track surface has been utilized. He indicated there are several tons to be made, but that can not be done in the winter. Mr. Gorla advised that

Hallett Materials is searching for more sand in Iowa and Nebraska at this time. Mr. Gorla stated that PMR&C has approximately 4,000 tons of backup material in the old mix. Mr. Ketterer stated that if PMR&C felt there were problems with the old track surface, it would not be the best choice to put that material back on the track. Mr. Gorla concurred, stating that it is PMR&C's intention, along with the research being conducted by Hallett Materials, to have more material made. He reiterated that all of the sand that could be located in Iowa and surrounding states has been used. Mr. Ketterer requested an update on the materials search at the April meeting, which takes place a couple days prior to the start of the thoroughbred meet.

Commissioner Hamilton asked how close this mixture is to a synthetic track surface. Mr. Gorla indicated they are not anywhere close; that PMR&C's track is a dirt surface.

Commissioner Bair asked if there was any kind of precedent for the mix used. Mr. Gorla advised there is a significant amount of analyzing done to determine the correct mix. He noted that Mr. DePew works with numerous tracks across the country to help determine the right mixture – the right granular size of sand with no sharp edges to cut the horses' hooves and various gradations so that it binds with the other materials and holds together. Mr. Gorla indicated the process is very complicated, and that the surface at PMR&C is probably unique to PMR&C as are the surfaces at the other tracks as they are working with local materials. Mr. Ketterer advised that dirt tracks are 85-90% sand with some silt/clay mixture to bind the sand together. The sand allows the track to drain following a rain. The climate of the track locale also makes a difference as to the makeup of the track surface.

Commissioner Urban thanked Dr. Keith Soring, Director of Racing for IRGC, for his updates on the synthetic tracks. She asked Mr. Palmer if PMR&C was continuing to study the synthetic track issue. Mr. Gorla advised that staff members from PMR&C would be attending a conference early this summer with track superintendents from across the country. He indicated the conference is being held at a track location that has installed the synthetic surface.

Hearing no further comments or questions concerning the season approvals or the track surface, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the season approvals for the thoroughbred only and mixed meets, including the following staff contingencies:

- The immediate written notification of any change in racing official positions.
- The completion of necessary IRGC licensing and DCI backgrounds.
- Continuation of all import/export simulcast contracts being reviewed and approved by IRGC staff.
- Prior notification and approval of any schedule changes: race days, post times, or the number of races.

Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-16)

Mr. Palmer noted that Mr. Ketterer had asked Mr. Palmer to ask the following questions of the PMR&C Board:

- Is it a priority with PMR&C and its Board, based upon \$200 Million AGR per year, to have a thoroughbred and quarter horse racing program that is the best or equal to the best in the region and attracts the best horses, trainers, jockeys and, therefore, the most fans; or
- Are PMR&C and its Board only interested in allocating the minimum amount for purses and other resources to fulfill statutory and regulatory requirements?

He indicated that he had a response from the Board, which he distributed to the Commission. Mr. Palmer asked that either he, Jack Bishop, Chair of the Board, or Tom Flynn, legal counsel, be consulted if there were any questions concerning the response.

Chair Cutler and Mr. Ketterer requested a synopsis of the response. Mr. Palmer read the response into the record. A copy is attached and incorporated in its entirety by this reference. Mr. Palmer noted that the response contains thoughts from all 15 board members on these two questions.

Commissioner Urban noted that the “heat” is on PMR&C as there have been many articles recently regarding the costs associated with racing. She encouraged Mr. Palmer and PMR&C to look at possible changes: racing dates, etc. Commissioner Urban noted that PMR&C has numerous people to satisfy, and while they have done things well, there is always room for improvement.

Chair Cutler asked if PMR&C had any time line associated with the last paragraph. Mr. Palmer indicated that it was a constant, on-going process. Commissioner Cutler asked how the Commission would know that an evaluation had taken place. Mr. Palmer advised they would make the Commission aware of the evaluation and any steps taken as a result.

Mr. Ketterer concurred with Chair Cutler’s comments. He stated that it has not been apparent, at least to this Commission, how PMR&C does feel on these issues. Mr. Ketterer indicated they are important issues and should be evaluated by the Board; however, no one knows where the Board stands or why they have taken a specific position. He suggested that if the Board could put a plan in writing for racing for the next three-to-five years, it would not only be helpful for the Commission and horsemen, but also for PMR&C.

Commissioner Hamilton noted that one of the items not mentioned in the response was the economic impact of the horse industry in Iowa. She noted one of the recent articles in

the Des Moines Register mentioned a figure of approximately \$250 million, which she feels needs to be kept in mind when individuals talk about doing away with horse racing, and is just as important as the amount paid out in purses.

Commissioner Urban asked if there was a breakdown of the costs. Mr. Palmer answered in the affirmative, and then asked if she was referring to the \$29-30 million cost of racing. Commissioner Urban indicated she was referring to the economic impact figure. Mr. Palmer advised there was a study done eight to ten years ago by a professor at Iowa State University. He noted there was controversy surrounding that study as well. He recommended that another study be done. Mr. Palmer stated that he personally does not hear any talk about getting rid of horse racing by anyone on the Board, but does read the comments printed in the newspaper. One of the concerns of management and the Board is where expenses can be minimized while maximizing purses based on the numbers from the recent internal study.

Commissioner Hamilton stated that she thought the numbers would be higher than they were eight-to-ten years ago, due to the increased costs, etc., but concurred that it would be beneficial to have a new study done.

Chair Cutler also asked for a breakdown of the \$29-30 million losses associated with the racing program. Mr. Palmer advised the Commission normally receives that information in the annual audit. Chair Cutler noted that allocated costs are fixed costs that would still be incurred if racing was not taking place. She asked for information that would provide additional clarity on this issue as the Commission does receive questions on this matter.

Commissioner Bair asked if an official report was released on the racing costs. Mr. Palmer advised that it was part of an internal audit performed every year that shows the losses on the pari-mutuel side. Additionally, the Board requested that staff prepare a listing of costs associated with racing, which was done to the best of their ability.

Mr. Ketterer asked Mr. Palmer how much money goes to Polk County each year from PMR&C. Mr. Palmer answered approximately \$27 million, including rent and profit-sharing. Mr. Ketterer asked how much of those funds go back into capital improvements at PMR&C. Mr. Palmer indicated none. Chair Cutler indicated she thought that was the point Mr. Ketterer was attempting to make.

Hearing no further comments or questions on this matter, Chair Cutler moved to the additional contracts. Mr. Palmer submitted the following contracts for Commission approval:

- Audio Visual Inc. – Audio Visual Equipment, Parts & Service
- Bankers Trust Company – ATM Services Agreement Renewal (RP)
- Control Installation of Iowa, Inc. – Surveillance Equipment
- Daktronics, Inc. – Electronic Display Equipment
- Des Moines Register – Advertising & Subscription Expense

- Hockenbergs Foodservice Equipment – Food Service Equipment & Supplies
- Imagine This – Promotional Items
- Konami Gaming Inc. – Purchase of Various Slot Games
- Mid-Iowa Solid Waste Equipment Company – Waste Handling Equipment
- Players Travel Inc. – Promotional Travel
- Trans-Lux West Corporation – Electronic Display Equipment

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Urban moved to approve the contracts as submitted by PMR&C. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-17)

Chair Cutler moved to the hearing for Catfish Bend Casinos II (CBC) for a violation of Iowa Code Section 99F.9(5) (Wagering-age restriction). Mr. Ketterer advised that a Stipulated Agreement had been reached with CBC. He noted that on September 8, 2007, a minor female and six companions were not challenged by a security officer at the turnstile. The underage female exited the facility, re-entered five minutes later without being challenged at which time she gambled for approximately five hours. The following day, September 9th, the same underage female and three companions entered the facility unchallenged, and gambled for 2-3 hours. On September 14th, a security officer requested identification from the underage female and her companions. They stated they were frequent patrons and requested that he contact a second security officer who could vouch for them. The second officer did vouch for the group. The underage female played a slot machine, had further contact with the second security officer, and bought in at a craps table and roulette table later on. She was discovered when another CBC employee advised the manager on duty that an underage person was playing roulette. After being escorted from the gaming floor, and being interviewed by Division of Criminal Investigation agents, the individual admitted she was nineteen years of age, and acknowledged that she had been admitted on previous occasions without being asked for identification.

Mr. Ketterer stated that staff and CBC had agreed on a \$20,000 administrative penalty, and asked for the Commission's approval.

Hearing no comments or questions concerning the Stipulated Agreement, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the Stipulated Agreement as submitted. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-18)

Commissioner Bair asked if there was a casino that was going to pursue legal action against a minor. Chair Cutler indicated she thought it was Riverside. Commissioner Bair asked the status. Ken Bonnet advised that the individual has vanished from the face of the earth; they have been unable to locate her in order to serve her with papers. He indicated that Riverside would pursue action against any minor in a similar situation.

Chair Cutler moved to Administrative Business. Mr. Ketterer advised that he is sitting on a couple of hearings involving voluntary self-exclusion violations. He noted the Commission went through a process which involved a subcommittee of the Commission, and looked at criteria for violations and an appropriate penalty. Mr. Ketterer stated there have been more violations than he originally anticipated. He indicated that he has had conversations with several of the general managers; and had encouraged Mr. Aviles to bring his concerns to the Commission prior to proceeding with any more hearings on this issue. Mr. Ketterer stated he was not sure if those concerns would impact the subcommittee's findings or not, but felt a discussion was in order. He indicated no decisions would be made at this time.

Mr. Aviles advised that he has been involved in the gaming industry for 36 years, 29 in a general manager position or higher. He has served on three gaming commission associations, and as treasurer and past president of the Iowa Gaming Association (IGA). Mr. Aviles stated that he values the worth of the self-exclusion program, but is also a huge advocate for the employees at Diamond Jo Worth (DJW), noting they are very serious about the self-exclusion program. The property has several lines of defense in place: security at the turnstiles, ambassadors, managers, and cage cashiers. He stated the property has been very successful in deterring a number of people on the list from gambling by identifying them before they gain entrance to the casino; however, the problem with the program is that no responsibility is placed on the individual who has placed themselves on the list. Mr. Aviles stated that unless the individual hits a jackpot with a tax deduction, they could sneak back into the casino and gamble unnoticed. Missouri's program, which requires each individual to identify themselves, creates a red light/green light situation. If the individual is on the list, they are automatically denied access. Mr. Aviles stated that Iowa's program is not there yet technologically.

Mr. Aviles stated that while DJW's employees are very proactive in trying to identify these individuals; they have encountered individuals who have done "switches" when they have hit a jackpot, and have also identified individuals through surveillance. He stated that it is hard to keep the employees motivated in this area when they know the facility will be hit with a fine if they miss someone, or as in DJW's case, they self-police themselves, have to take disciplinary action against the employee, plus a fine for the facility. He believes the employees will eventually decide not to advise of an error in this area. In the situation at DJW, the individual who was identified as being on the list, stated that they had won a jackpot four months previously and did not encounter any problems in collecting the money. DJW staff spent numerous hours going through surveillance and cage tapes in order to locate the jackpot. Even though DJW had paid the jackpot to the individual, they have also sent the money to the Iowa Gambling Treatment Program as required by statute. Mr. Aviles noted this is one instance out of the many that have been stopped. He reiterated his belief that the individual needs to share in the burden of their actions. He does not want to pursue legal action against an individual who has placed themselves on the list as they would be pursuing an individual who has admitted they have an addiction. In his opinion, that sets up a bad public relations situation.

Mr. Aviles stated that he feels the program is great, and is appreciative of the fact that the Commission holds the licensees' feet to the fire as they have a responsibility in this area, but feels the individual on the list needs to share the responsibility for their actions. Many of those individuals are aware that if they win, they can not collect the jackpot.

Commissioner Bair asked Mr. Aviles if he had any recommendations. He asked if the general managers or the IGA had held discussions about holding the individual responsible.

Mr. Aviles stated that he could not speak for the IGA, but stated that the economic and negative impact on the employees is hard to accept knowing the individual will not be held responsible for his actions. He noted that while the option to charge the individual with trespassing is available, he is not aware of any County Attorney who will take the case to court, especially in his area. Mr. Aviles stated the law does not have any teeth in the other end, where it would have an impact.

Mr. Ketterer called on Joe Massa, General Manager at Riverside. Mr. Massa stated that he concurred with the concerns expressed by Mr. Aviles. He stated that the following comments are his personal thoughts, not those of Riverside. Mr. Massa stated that a majority of people who ban themselves from the casinos do so because of pressure from their spouse, children, etc. He also believes the program offers a false sense of security to the individuals banning themselves, as well as their families. Mr. Massa noted that the program now contains over 2,200 names. Those individuals who want to continue to gamble will find a way to do so; they know that as long as they don't join the Player's Club, are willing to give up a jackpot over a taxable amount or switch so someone else claims it for them, they can continue to gamble. Mr. Massa stated that the facilities do everything they can to keep those individuals from gambling. In his opinion, the self-ban program holds out false hope for individuals that the facility will take care of their problem for them. Mr. Massa stated that he has been around addiction is entire life, and is very sensitive to the issue. He noted that if people do not want to solve their own problems, it will not be solved. Mr. Massa advised that the facilities will help as much as possible, but do not have the ability to fix the problem. He noted that some people have the attitude that if they ban themselves, the problem is taken care of because no one will let them gamble; but then decide to try to see if they can get by with it. Mr. Massa noted that Riverside staff found an individual on the floor over the weekend that had banned themselves. He noted that when the individual was confronted, there was a scene between Riverside security, Division of Criminal Investigation agents and the individual, who claimed false identification, that the picture wasn't the same, and called the security and DCI personnel names. Mr. Massa stated that the gaming industry takes problem gambling seriously and doesn't want those individuals gambling in their facilities.

Mr. Massa stated that he feels the fines are out of proportion, and don't recognize the positive steps taken by the facilities. He noted that the facilities turn themselves in, when it would be easier to stay quiet; however, they don't operate that way. It is human nature for people to make mistakes. He stated that every property is doing the best they can to

identify individuals in the program, and are happy to participate. He feels the fines will become counterproductive.

Commissioner Urban asked if the self-exclusion program is something used across the country, or if it is unique to Iowa. Mr. Massa advised that the program is not unique to Iowa, that there are programs operating at various levels in other states, and some have gone farther than Iowa. He stated that he hoped Iowa would not go down that road. He noted that some states require every individual to present identification in order to gain entry into a casino.

Wes Ehrecke, Executive Director of the IGA, noted that the facilities were required by law to establish the state-wide voluntary self-exclusion program, which requires any jackpots won by individuals in the program to be forfeited to the Iowa Gambling Treatment Program. He agreed with comments by Messrs. Aviles and Massa that the facilities have been very pro-active in this area and in trying to get people help. He believes the Legislature intended the program to be treated as a tool; that withholding the jackpots from individuals in the program would serve as a deterrent. Mr. Ehrecke stated the facilities remove those individuals from the mailing lists and the Players' Club, but again there is room for human error. He believes the area to focus on is the jackpot area. Mr. Ehrecke stated that the facilities have paid approximately \$180,000 annually to the Gambling Treatment Program due to their diligence in this area.

Mr. Ketterer stated that he doesn't disagree with any of the previous comments. He noted that the Commission is charged with regulating the Statute, and it is one of the powers delineated in the Code section of the Commission regarding the self-exclusion program. He pointed out that the Legislature included disclaimers stating that the state, Commission and licensees are not to be held liable by the family or friends of an individual that gambles who has been excluded, but also included a provision that calls for the dissemination of the information when an individual signs up for the program to all facilities. Mr. Ketterer noted that there is no way to stop those individuals who choose to continue gambling after signing up for the program. He believes the Commission feels that if the facilities are going to the trouble of collecting the information and disseminating it to everyone, that the individual should be able to be identified at the cage if they are presenting identification in order to collect a jack pot, whether it is the first or 50th time they have gambled since banning themselves.

Mr. Ketterer stated that he wanted to hear all of the comments expressed this morning, noting that he has heard most of it previously. He stated that he understands the problems facing the facilities, but feels the licensees have to accept some responsibility. He questioned whether they need to look for a better way to screen individuals technology-wise. Mr. Ketterer indicated he would be contacting the Commission members individually to get their input for further discussion on this issue at a later date. Mr. Ketterer encouraged the IGA and the facilities to look for a solution on this issue if they are not happy with what is currently in place.

Mr. Ketterer announced that Dr. Keith Soring has been named the permanent Director of Racing, noting that he has served in an interim capacity for most of the previous year. He stated that Dr. Soring is a valuable addition to the Commission staff.

Chair Cutler moved to Public Comment. Commissioner Urban noted that she and her husband had the opportunity to spend New Year's Eve at Terrible's Lakeside while waiting for a family member to arrive on Amtrak in Osceola. While waiting in the restaurant at Lakeside, they had the opportunity to visit with many people who were waiting in line for the buffet, as well as others who came in from the surrounding area. Commissioner Urban commended Terrible's for their efforts in the area, noting that many talked as if Terrible's served as a community center, providing entertainment, food, etc.

Hearing no further comments, Chair Cutler requested a motion to adjourn. Commissioner Hamilton so moved. Commissioner Bair seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
MARCH 6, 2008**

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, March 6, 2008 at Stoney Creek Inn & Conference Center, Johnston, Iowa. Commission members present were Kate Cutler, Chair; Gerald Bair, Vice Chair; and members Diane Hamilton, Greg Seyfer and Toni Urban.

Chair Cutler called the meeting to order at 8:00 AM and requested a motion to approve the agenda. Commissioner Bair so moved. Commissioner Seyfer seconded the motion, which carried unanimously.

Chair Cutler moved to the next agenda item, and requested a motion to go into Executive Session pursuant to Iowa Code Sections 21.5(1)g for the purpose of receiving Division of Criminal Investigation background reports and 21.5(1)i for the purpose of discussing personnel matters. Commissioner Bair so moved, with Commissioner Seyfer seconding the motion. The motion carried unanimously on a roll call vote. (See Order No. 08-19)

The Commission returned to open session at 8:50 AM following a motion by Commissioner Urban. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-20)

Chair Cutler requested a motion regarding the minutes. Commissioner Bair moved to approve the minutes from the January 10, 2008 Commission meeting as submitted. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-21)

Chair Cutler called on Jack Ketterer, Administrator of IRGC, for announcements. Mr. Ketterer provided the following information regarding future Commission meetings:

- April 17, 2008 Commission Meeting – Diamond Jo Worth, Northwood, IA
(Submissions due by April 3, 2008)
- June 5, 2008 Commission Meeting – Wild Rose Emmetsburg, Emmetsburg, IA
(Submissions due by May 21, 2008)

Mr. Ketterer stated that the Commission's Annual Report would be available on the website soon.

Mr. Ketterer advised the licensees that the effective date of the rule requiring the posting of the actual aggregate payout versus the theoretical aggregate payout is March 15th. Once the February revenue numbers are available, the Des Moines office will be sending out information to show how the Commission is calculating the actual payback for the

previous three months and provide an opportunity for the facilities to look at the calculations to determine if they agree with them. The numbers will need to be posted by March 15th in order to comply with the new rule.

Chair Cutler moved to Public Comment. She advised that the Public Comment segment of the agenda was moved up due to the subject matter. Agenda Item 12 is where the Commissioners will have their discussion as to whether additional gambling licenses should be granted within the state.

Mr. Ketterer advised that everyone signed up for Public Comment, except one, wishes to address the issue of additional licenses. Doug Vail, representing the Iowa Horsemen's Benevolent and Protective Association (IAHBPA), wanted to address the Commission regarding the contract with Prairie Meadows Racetrack & Casino (PMR&C) for the upcoming live racing meet. The following individuals signed up to address the issue of additional licenses: Steve Siegel, Chris Bearden, Ed Hardin, Steve Burr, Steve Wandro and Dennis Julius.

Chair Cutler advised those addressing the issue of additional licenses that their comments should be confined as to whether or not the Commission should consider granting additional licenses in Iowa, not what gambling project might be proposed for their community. She requested that remarks be kept to a maximum of five minutes. She again requested that no specific information on proposed projects in the various communities be presented as this was not the appropriate venue to do so. Chair Cutler requested that each speaker state their name, spell their name and indicate who they are representing to ensure accurate records.

Doug Vail, representing the IAHBPA, stated that he was present to answer any questions regarding the Agreement pertaining to racing at Prairie Meadows for the 2008 season. He also addressed the question as to why the standardbreds are seeing an increase in their foal population while the thoroughbreds are experiencing a decrease. Mr. Vail stated there are two things that drive the thoroughbred breeding program: opportunities to run and purses. He noted that from 2000 to 2007, the quarter horse and thoroughbred breeds have seen a decrease in purse money and the number of racing opportunities while the standardbreds have seen an increase in purse money and the number of opportunities to run.

Chair Cutler called on Steve Siegel, representing River Hills Riverboat Authority in Wapello County. He noted that the county started their effort to obtain a gaming license approximately 4½ years ago when the referendum was passed, and submitted a license application in November 2004. Mr. Siegel stated that Ottumwa has patiently waited for another opportunity to seek a license. He pointed out that revenues for Iowa casinos, overall, have increased by approximately 47% over the past six years – an average of 8% growth per year. Mr. Siegel stated that Ottumwa and Wapello County are seeing some job growth, will begin receiving Iowa Public Radio, the trail system is being built up, and recently converted an old rail bridge into a pedestrian crossing, which is a part of the

American Gothic Welcome Center in Eldon. He advised that the residents of the county have worked very hard to make these things happen, and believe that a casino in the community would help them make more things happen, and that the revenue growth and opportunity are there. Mr. Siegel expressed their hope that the Commission would provide the communities the opportunity to apply for additional licenses.

Chair Cutler called on Chris Bearden, Tama County Mayor and representing Tama County Enrichment, Tama County's non-profit group. Mr. Bearden advised that Tama County's largest employer, Tama Paperboard, donated 126 acres of land to the city, with the intention that it would be utilized for an ATV recreational park. At that time, the city also received a 40 acre lake, which met all of the requirements for a moored gaming barge. At the August 21, 2007 regular Council meeting, the city went public with the idea of putting a casino on the lake, leaving them 4 days to gather 903 signatures. One thousand sixty-one signatures were collected, enough for the proposal to be placed on the general election ballot in November. Individuals were busy during September and October promoting the idea throughout the various communities in the county. On November 6th, the referendum passed with 52% of the county voting in favor of the proposal. Mr. Bearden expressed his belief that with more time to promote the idea the percentage would have been higher. He stated there was no organized opposition during the campaign. Mr. Bearden advised that if the Commission were to proceed with additional licenses, there are several unique ways in which Tama plans on increasing out-of-state gaming revenues throughout the industry, therefore, increasing state revenues. Mr. Bearden, on behalf of Tama County, requested that the Commission allow the licensing process to move forward so that Tama can create the type of economic opportunities and growth experienced in communities that have received gaming licenses in the past. He noted Tama has suffered job losses and economic decline for many years, and has watched young people leave a city that was once a vibrant and exciting place to live and work. Mr. Bearden requested the Commission give Tama the opportunity to participate in the application process once it is in place.

Chair Cutler called on Ed Hardon, the owner/operator of a heating/cooling business in Tama. He advised that the community has seen a decrease in the commercial area. Mr. Hardon stated it was his understanding that the Commission is designed to help with economic development. He invited the Commission to come to Tama to see how a casino would benefit the county.

Chair Cutler called on Steve Burr, a retired high school principal from Tama. Mr. Burr stated that he has over 40 years of experience working with young people, and sees nothing on the horizon that would provide them with a greater opportunity or economic support for the resurrection of the community. Mr. Burr stated that he has witnessed an exodus of the young people seeking a post-secondary education and then out-of-state job hunting. He urged the Commission to support Tama's candidacy for a license.

Chair Cutler called on Steve Wandro, representing the interests of Landmark Hotel Casino, the Franklin County applicant that did not receive a license in 2005. Mr. Wandro

stated they are in favor of expanding the number of gaming licenses within the state, and requested that the Commission not forget rural Iowa. He noted that some of his law practice is representing small school districts in the state. There have been times where he feels rural Iowa has been forgotten. Mr. Wandro asked that the Commission take into consideration the fact that the facilities and licenses have provided mechanisms to raise up the smaller counties. It is his opinion those same mechanisms should be afforded to the other counties who desire those same opportunities. He pointed out that he had read an article which stated the non-profit group in Worth County was distributing \$4,000 to every child residing in Worth County who wanted to attend college. He asked about the children in Franklin County, and wondered why Franklin County should be denied that opportunity.

Chair Cutler called on Dennis Julius, Chair of the Jasper County Gaming Corporation. He shared the following activities taking place in Jasper County:

- The Jasper County Gaming Corporation was established as a 501(c) organization at the grass roots level to support the economic opportunities and benefits that a casino resort would generate for Jasper County citizens, communities, schools and other civic organizations. The group is governed by a nine member board representing several communities in Jasper County.
- A petition drive has been started to place the referendum on the ballot. 1,485 signatures were required, 2,700 were submitted, and the Board of Supervisors accepted 2,570. The signatures have been turned over to the County Auditor, and at this time, the referendum vote is scheduled for April 8th.

Mr. Julius stated that the State of Iowa and the Commission have established the following three goals for gaming in Iowa: add jobs, spur economic development, enhanced tourism opportunities and the economic factors included with those opportunities. He advised the citizens of Jasper County and Newton meet and would fulfill all of the goals. Mr. Julius stated the Jasper County Gaming Corporation looks forward to attending the April Commission meeting to share a positive end result from the referendum vote.

As there were no additional speakers under Public Comment, Chair Cutler thanked everyone for their comments, and moved to the Rules submitted under Notice of Intended Action. She called on Mr. Ketterer, who provided the following summary: Item 1 provides a definition for "occupation"; Items 2 and 3 change the words "categories" and "class" to "occupation"; Item 4 changes what offenses would be an automatic disqualification for an occupational license. Mr. Ketterer advised that in discussions with legal counsel, Assistant Attorney General Jeff Peterzalek, concerns were raised about eliminating thefts over \$100 as an automatic disqualifier. Mr. Peterzalek suggested that rather than eliminating the offense, the dollar amount should be raised to the level of an aggravated misdemeanor in Iowa and adjoining states so that those types of offenses would be automatic disqualifiers. Mr. Ketterer noted that Mr. Peterzalek is concerned

about identity theft and fraud situations. Mr. Ketterer stated that when the public hearing is held in a few weeks, the above changes may be considered prior to the rules coming back to the Commission for final adoption.

Mr. Ketterer resumed his summary: Items 5-8 amend existing rules to correspond with national uniform rules of racing; Item 9 allows the Administrator or Commission representative to require additional testing of a gambling game; and Items 10-13 are changes in terminology in internal controls to reflect industry standards. Mr. Ketterer recommended the Commission approve the rules as submitted under Notice of Intended Action.

Hearing no comments or questions concerning the proposed rules, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the proposed rule changes as submitted under Notice of Intended Action. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-22)

Chair Cutler called on Dubuque Greyhound Park and Casino (DGP&C). Bruce Wentworth, General Manager, presented their 45-day Plan for Commission approval. Brian Carpenter, Director of Racing, was also present to answer any questions concerning the submission. Mr. Wentworth advised that 14 contract kennels have returned from last year, with 11 of those being Iowa-based. Racing will commence the last Saturday in April. There are no changes in the racing performances.

Commissioner Bair asked for clarification that 2008 would be the 24th year of racing at DGP&C. Mr. Wentworth advised that racing commenced on June 1, 1985. Commissioner Bair asked about the growth of the industry in the early years versus today. Mr. Wentworth stated that 1985-1989 could be considered as one era as track handle was as high as \$67 million. Wisconsin opened five pari-mutuel facilities in 1989, and racing revenues dropped to \$41 million and have been dropping ever since. Mr. Wentworth advised that DGP&C's racing stock is fairly stable. He noted that he has been following Dubuque greyhounds in Florida, and two of them just did very well; indicating they are able to compete in other states.

Commissioner Bair asked for additional clarification on the track handle. Mr. Wentworth stated that from 1989-1990, the track handle declined from \$67 million to \$41 million, and has continued to decline to around \$20 million. He advised that racing accounts for about 2% of the facility's business, or approximately \$5 million.

Hearing no further comments concerning the 45-day Plan for DGP&C, Chair Cutler moved to the additional contracts. Mr. Wentworth submitted the following contracts for Commission approval:

- Houlihan's Restaurant – Restaurant Comps for RR Players
- Rymax – Promo Give Away Items for RR Players
- Hilton Garden Inn – Guest Lodging

- IGT/Mariposa Consulting – Consulting Services
- Rosnet, Inc. Greyhound Data Center – Computer Software for Racing Data
- The Lamar Companies – Outdoor Billboard 7759
- International Gaming Technology (IGT) – Table Games ID System Purchase
- International Gaming Technology (IGT) – Table Games ID System Maintenance

Hearing no comments concerning the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the 45-day plan and additional contracts as submitted by DGP&C. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-23)

Chair Cutler called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented the following contracts for Commission approval:

- Clear Channel Broadcasting, Inc. – Advertising Expense
- Des Moines Register – Advertising Expense
- Home Boy Enterprises, Ltd. – Concrete Contractor
- NALCO – HVAC Water Treatment Service
- Nuckolls Concrete Services – Concrete Contractor
- Ancillary Agreement Pertaining to Racing at Prairie Meadows for 2008 Season (Thoroughbred Horses)

Derron Heldt, Director of Racing, was also present to answer any questions pertaining to the Ancillary Agreement.

Commissioner Urban asked what PMR&C did with \$1.5 million of concrete from Home Boy Enterprises and Nuckolls Concrete Services. Mr. Palmer advised that it probably was for the parking lot. Mr. Heldt indicated these are quotes for proposed work in 2008, noting there will be repairs to the apron and on the backside as well. Commissioner Bair requested that the Commission be kept informed of the expenditures.

Chair Cutler moved to the Ancillary Agreement and noted that Commission members had received an updated version the previous evening. Mr. Palmer advised that the agreement in front of the Commission is the same one as sent earlier, except that all parties have signed off on the agreement. He noted there was a slight change to Item 9 regarding the number of races which the IAHBPA signed off on.

Mr. Ketterer, referring to a letter from Jack Bishop, Chairman of Prairie Meadows Racetrack and Casino, Inc.'s Board in response to questions posed by Mr. Ketterer at the November Commission meeting, asked Mr. Palmer about the statement that one of PMR&C's goals was to have the live racing program become more self-supporting, and that they would continue to evaluate the number of racing days, which days of the week are best for live racing, whether races needed to be written for larger fields, whether more Iowa-bred races should be written, more purses devoted to Iowa-bred horses, the amounts

for claiming races, how the betting pools can be improved, and any other matters deemed essential to improve the overall live racing experience at PMR&C. Mr. Ketterer asked if the Commission could learn what the Board's final analysis was on the above issues at the April meeting. Mr. Palmer advised it is a work in progress at this time, with several areas under review.

Commissioner Urban stated that she read an article in The Des Moines Register that indicated PMR&C was giving \$4 million to the Bass Pro Shop project from "other sources". She asked where the money was coming from. Mr. Palmer advised that the money would come out of PMR&C's general fund and from fees that will be generated that have not previously been generated. Commissioner Urban inquired as to what type of fees. Mr. Palmer stated ATM fees, credit card fees, poker break, etc. He noted that the facilities have the ability to determine what fees they charge for the above transactions. Mr. Palmer stated that the project is a great economic development project for Polk County and the community. The money designated for this project will not affect PMR&C's contributions to Polk County, the community, or the non-profit organizations.

Commissioner Hamilton asked about the hotel for the PMR&C property. Mr. Palmer stated that if the legislation pertaining to the required referendums is resolved in the legislature, they hope to build the hotel sooner rather than later.

Chair Cutler asked if the city and county were contributing to the Bass Pro project as well. Mr. Palmer answered in the affirmative, but did not know how much each was contributing.

Commissioner Bair expressed concern over PMR&C's plan to either raise or impose fees for the first time in order to raise the \$4 million for the Bass Pro project; that they were leaving themselves open to criticism. Mr. Palmer stated that PMR&C has given \$37 million back to the community, including rent. He noted that PMR&C's mission statement is to build and grow agriculture, industrial development, tourism and jobs. PMR&C sees the Bass Pro project as part of their charge. He reiterated that these funds are in addition to what they are already doing for the county and community.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Urban moved to approve the contracts and the Agreement pertaining to racing at PRM&C for the 2008 Season (Thoroughbred Horses) as submitted. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-24)

As Drs. Tony and Sally Prickett were not present at this time, Chair Cutler moved to the review of the year-to-date economic impact statements submitted to the Commission by the licensees. Mr. Ketterer noted the licensees are required to submit this report on a quarterly basis, which are then compiled into the annual report by one of the licensees. He stated the reports are not audited, but provide an avenue to track the economic impact

to the state and the use of Iowa vendors in compliance with the Iowa Code. Expenditures in the four categories tracked were as follows: Payroll and related expenses - \$280 million; and Equipment, supplies and services - \$294 million, 90% of which was purchased through Iowa vendors. Mr. Ketterer clarified that 75% of the items were purchased in Iowa where the licensee has a choice. There are some purchases, such as gaming equipment that can not be made in Iowa. For statutorily required payments – gaming taxes, regulatory fees, admission fees, payroll taxes (both federal and state) and other taxes, the licensees paid \$350 million. With regard to charitable contributions and donations, the non-profit licensees have donated over \$31 million the past year to qualified recipients across the state and regions surrounding Iowa. Mr. Ketterer stated that amount represented a significant stimulus for worthy causes within the communities. Additional donations made by the licenses other than through the non-profit licensee constituted another \$5 million, and city and county contributions totaled \$44 million. Mr. Ketterer noted that of the \$44 million, \$36-37 million was to Polk County and the City of Dubuque as the two cities own the racetracks in their respective county/city. Mr. Ketterer stated that the total economic impact by the licensed facilities is just over \$1 billion for the year 2007.

Hearing no comments or questions for Mr. Ketterer on the Economic Impact report, Chair Cutler moved to the next agenda item – National Problem Gambling Awareness Week. Mark Vander Linden, Executive Officer of the Iowa Gambling Treatment Program (IGTP), thanked the Commission for its recognition of National Problem Gambling Week and the work being done to address problem gambling in the state. He provided a quick overview of the duties of the IGTP. The IGTP is funded by one-half of one percent of adjusted gross receipts from the casinos and Iowa Lottery. Mr. Vander Linden stated that the Uniform Standards that were developed by the Commission in collaboration with IGTP are strategic, proactive and demonstrate a dedication to promoting responsible gambling. He noted that the standards would not work unless the casinos themselves and their employees see the customers who are in over their head or in distress and guide them toward the help they need and deserve. Mr. Vander Linden provided examples of collaboration between the licensed facilities and the gambling treatment providers.

Mr. Vander Linden advised that National Problem Gambling Awareness Week is the week of March 9-15, and provides an opportunity to honor the hard work being done as well as acknowledge the repercussions associated with problem gambling on individuals, families and communities. He noted that problem gamblers suffer enormous social, economical and psychological problems – lost relationships, bankruptcy, substance abuse, and extreme guilt and shame. IGTP believes that no Iowan should have to endure those problems; their stance is that there is hope and help is available. Due to an ongoing commitment to address problem gambling, there is a safety net in place from the gambling floor to treatment providers around the state to the Iowa Legislature. Mr. Vander Linden pointed out that due to Iowa's ongoing commitment to addressing problem gambling, Iowa is seen as a leader in the effort to promote responsible gambling and address problem gambling. He expressed his belief that there is a finish line in this

area, but Iowa has not yet reached it. He stated that Iowa and the communities would benefit from a continued collaboration and an expanded collaboration between casinos, casino employees and the agencies that serve problem gamblers.

Commissioner Bair asked how many people have gone through the program or some phase of it. Mr. Vander Linden stated that the number of Iowa residents receiving treatment last year was approximately 1,150. He stated that Iowa does not provide funding for out-of-state individuals. Commissioner Bair pointed out that 50% of the people coming to the casinos are from Nebraska. He asked if they have treatment services available. Mr. Vander Linden advised that Nebraska does provide funding for treatment centers. He stated one center has offices in both Council Bluffs and Omaha.

Hearing no further comments or questions for Mr. Vander Linden, Chair Cutler recessed the meeting for a short break.

Chair Cutler reconvened the meeting and called on Mr. Ketterer for the recognition of Drs. Tony and Sally Prickett. Mr. Ketterer advised that Drs. Tony and Sally Prickett informed the Commission late last year that they would not be renewing their contract as Commission veterinarians at Bluffs Run. Dr. Sally's decision to accept a position with the Iowa State Veterinary School and Dr. Tony's health issues called a halt to their 20-year run. Mr. Ketterer stated that he first met Dr. Sally as a potential applicant for the first IRGC Executive Director's position approximately 25 years ago. A friendship and mutual respect developed between them, and eventually Dr. Tony, that has stood the test of time. Mr. Ketterer stated that during the Pricketts' tenure at Bluffs Run, there were never any questions about where the priorities lie in racing at Bluffs Run – the health, safety and welfare of the greyhounds were always their first priority. Their professionalism and integrity is and was impeccable. Mr. Ketterer presented the Pricketts with a plaque that read: "Drs. Tony and Sally Prickett, In Appreciation of your Outstanding Service as Veterinarians at Bluffs Run Greyhound Racetrack for the Iowa Racing & Gaming Commission, January 1, 1989 – December 31, 2007.

Dr. Sally thanked all the Commission members from 1983 to the present for their commitment to the development and maintenance of one of, if not the finest, reputations in the greyhound industry in the country. She also thanked Mr. Ketterer for being a strong and steady leader, and Commission staff for their part in developing the program as well. She also recognized Dr. Walter Hyde, of the Iowa State Racing Chemistry Lab, who has also been involved with the racing program almost from the beginning. Dr. Sally called Dr. Hyde one of the finest racing chemists in the country, possibly the world. She expressed their appreciation for being able to be involved in the industry for the length of time they have.

Chair Cutler moved to the discussion on the consideration of additional licenses. She noted that last March Commission members requested an additional 12 months to determine the impact on existing licensees of the four licenses granted in May 2005 and whether they met projections. Chair Cutler pointed out that the Commission received a

couple of studies that provided different information on how many casinos the state of Iowa could support based on Iowa's population and projected visitors from bordering states. She noted that three communities who were not selected at that time have expressed interest in being considered should the Commission decide to grant additional licenses. Chair Cutler stated that the Commission does not have a moratorium in place, but simply an agreement between the Commission and potential applicants that the Commission would look at the numbers and the economy, and that a discussion would be held to determine if the licensing process would be reopened or if a timeline could be established for the process to start. Chair Cutler stated that each of the Commissioners would express their thoughts on where the Commission is at and the potential for granting new licenses. She called on Commissioner Bair for his comments.

Commissioner Bair stated that while the Commission requested time to evaluate the impact of the new casinos, they did not want to completely shut the door on the applicants who were not selected. He asked the question: "Where are we at today versus three years ago when the licenses were granted?" He stated that most of the casinos that have been open for approximately two years are pretty close to the projections set forth in their applications. Commissioner Bair expressed concern that Waterloo has only been in operation for 6 months, which he does not feel is a sufficient amount of time to determine its impact on the existing casinos, and indicated a desire to have more time determine the facility's overall impact. He stated the Commission has a good handle on Northwood, Emmetsburg and the Great Lakes area, which are doing very well, and Riverside is doing well, particularly with the golf course and football in the fall. He noted there has been some impact on the existing facilities in the state, some of which was predicted and some that was not. Commissioner Bair pointed out that southeast Iowa has seen some dramatic impacts with consolidations, and changing from excursion gambling boats to moored barges and/or gambling structures. He expressed concern about moving forward with any licensing process at this time based on the economy, both state and national. He noted that the Cummings study indicated that a casino could be placed anywhere in Iowa and it would do OK; however, the Touch Play situation taught us that Iowans do not want a casino in every county or corner. Commissioner Bair stated that when the licenses were granted three years ago, the Commission was looking at the ability of those licensees to bring patrons from outside the state or if they could be considered a destination facility (i.e. Riverside and Waterloo). Commissioner Bair concluded his remarks by expressing his apprehension to aggressively move forward with more casinos in the state at this time.

Chair Cutler called on Commissioner Hamilton. Commissioner Hamilton stated that one of her biggest fears after the licenses were granted in May 2005 was that for one reason or another one would not do well, especially in light of the fact that Iowa already had a number of casinos and some were in close proximity. She noted that the Commission made good choices and those licensees have done well; however, revenues at existing casinos have decreased. With the possibility of a recession, Commissioner Hamilton stated that she feels it is premature to move forward with the process to grant additional licenses at this time.

Chair Cutler called on Commissioner Urban. Commissioner Urban noted the positive impact of the casinos on the state; but implying that a casino in every county would make it better would be irresponsible on the Commission's part. She stated that Commission members receive weekly reports from Mr. Ketterer, which show that revenues and admissions are up across the state; however, if the four new casinos are taken out of the mix, revenues are down between 5-6% at the older casinos. Commissioner Urban also expressed concern about the economy and feels that opening new casinos at this time would be irresponsible of the Commission when the number of foreclosures and jobs lost in the state are taken into account. Commissioner Urban also stated that she felt the licensing process should not go forward at this time. Recognizing the fact that those communities seeking a license have invested a lot of time, money and energy, she suggested establishing a time for them to come back before the Commission or a possible timeline of when the process might be able to move forward.

Chair Cutler called on Commissioner Seyfer. Commissioner Seyfer commenced his comments by stating that he agreed with the comments made by the other Commission members. Noting that he is just beginning his second year on the Commission, he indicated that it has been exciting to watch the new facilities open. He stated that all of the Commission members take this position very seriously, and that he spent a tremendous amount of time the past week reading information forwarded by the Des Moines office. Commissioner Seyfer also expressed concern about the economy. He noted there are several bills pending in the Legislature that could also have an impact on the gaming industry – the smoking ban, a possible moratorium – which would make this discussion a moot point, and a 60-mile radius limitation between facilities. Commissioner Seyfer concurred with the other Commission members that now is not the right time to consider additional licenses. He suggested the Commission try to come up with some guidelines to give the interested communities an idea as to when the Commission would be receptive to looking at the licensing process again.

Chair Cutler stated that the communities who applied previously have a place in the Commissioners' hearts, and wished they had the ability to make things better for every community facing economic problems that feels a casino would provide the needed boost. She concurred with the statements made by the other Commission members, also expressing concern about the revenue numbers and economic downturn. She noted that one or two facilities are experiencing some financial problems.

Based on the previous comments, Chair Cutler asked the members what milestones could be established to give the communities a timeline as to when they would be willing to look at this issue again. She indicated this would be a long process. She concurred with Commissioner Urban in that she does not want to put a moratorium in place; however, the Legislature could elect to do so, and the Commission would have to abide by that decision.

Commissioner Bair suggested deferring action for another year as a starting point, giving the Commission time to have a study conducted with parameters established by

Commission members. In many of the studies received, the Commission receives what the applicants want to show. He noted that during the last application process, Will Cummings of Cummings Associates indicated that a casino could be located anywhere in Iowa and it would make money. Commissioner Bair stated that he was looking for a study that would not only show the revenue potential, but also give the true economic impact on a community – jobs, revenue for local businesses and the state, whether the money gambled is money not being spent elsewhere in the community, etc. He believes such a study could take a year to complete. Secondly, the Commission has a responsibility not only to the communities seeking a license, but to all Iowans, to establish some parameters that any applicant would need to meet before coming before the Commission. These parameters could come from the study or other groups around the state, and would be used to measure the applications whether they come from rural Iowa or the largest city.

Commissioner Seyfer asked Commissioner Bair if he would wait a year to do the study or commence the study before the year is up. Commissioner Bair stated he feels the Commission should initiate the study at the end of the current year, and then commence discussions in a year or whenever the study is complete. Commissioner Seyfer concurred; stating that he does not believe the Commission can proceed without a study, and added that he likes the idea of the Commission having some input as to what the study would cover.

Chair Cutler also concurred with the idea of a study, noting that while the Cummings study provided a lot of information for the previous application process, it was not particularly helpful in the end. She indicated the Commission will work to come up with the types of questions they would like to have answered, as well as reaching out to the various communities and current licensees to see if there are specific areas they would like the study to address. Chair Cutler noted there are only a handful of experts in this area across the country, and they all provide differing opinions. She stated that she would also like a year's time, with the Commission starting work now on the questions to be answered, the process required to have a study completed, and starting the study in approximately nine months. Chair Cutler asked Mr. Ketterer if he had any ideas on how long a study would take starting from ground zero rather than on information already in place.

Mr. Ketterer advised that Requests for Proposals (RFPs) would need to be sent out, but believes a study could be completed in less than six months. Chair Cutler stated that the Commission does not want someone that is going to hurry through the study, that the Commission is looking for validation of information that would be helpful to the Commission as well as the various communities and current licensees.

Commissioner Urban also concurred with the idea of a study as she feels it would be helpful to everyone. In listening to the timeframes being talked about, she suggested that maybe the Commission should not revisit this issue for 1½ - 2 years. She feels that with

the Commission having input as to what will be covered in the study, it will take at least a year to complete the study.

Commissioner Hamilton stated that she feels the Commission should wait and see what the Legislature is going to do with the three or four issues in front of them – the smoking ban, the moratorium, the 60-mile radius rule and striking the requirement for a referendum every 8 years. She wants to wait for any Legislative action before making any comment as to when the Commission will address this issue again.

Commissioner Bair stated that he concurred with Commissioner Hamilton, but pointed out that any Legislative action should be known in the next two months. He indicated that he would like to see the Commission move forward with establishing the parameters of the study, send out the RFPs, and then hold a discussion on additional licenses within so many days of the completion of the study, whether that be 30, 60, or 90 days.

Chair Cutler stated that Commissioner Bair had a good idea, but would still like to see the Commission set forth a concrete timeline, like sending out the RFPs in August. She asked Mr. Ketterer if that was too soon. Mr. Ketterer noted that Commissioner Bair had previously said something about waiting until the end of the year. Chair Cutler indicated that was the end of the legislative year. Mr. Ketterer then asked Chair Cutler if she was asking if August was too soon for informational purposes in determining how the casinos perform through this calendar year. Commissioner Hamilton stated that she would like to see what law changes come out of the Legislature, and then wait to see what effect those changes have on the casinos.

Commissioner Bair, noting that Waterloo would not be in operation for a full year until the end of June, stated that he felt the Commission could move forward in determining some basic concrete items the Commission would like to see covered in the study. He indicated that August might be a little ambitious; that it could take 6-9 months for the Commission members to establish the areas to be covered by the study. Chair Cutler asked about October. Commissioner Bair agreed that October might be doable.

Chair Cutler pointed out that if the Legislature passes a moratorium bill, the Commission would not move forward with this process. Additionally, she stated that one of the issues to be covered by the study would be the smoking/non-smoking issue to determine any possible impact.

Chair Cutler stated that she would like to see the Commission get their questions together in order to be able to solicit RFPs in October. Noting that many in the audience have seen the impact of gambling, both positive and negative, on their communities, she suggested they submit any questions they would like to see answered via e-mail to the Commission. Chair Cutler stated that she likes the idea of allowing 60-90 days for the Commission to review the study and application process prior to placing this item back on the agenda for discussion.

Commissioner Hamilton asked if the Commission as a whole was going to establish the list of ten criteria for the applicants to meet as suggested by Commissioner Bair. Commissioner Bair stated that he felt it was important for Commission members to have some of those issues in mind for purposes of the study, but does not feel they have to be finalized. He used the following as examples: bring in so many out-of-state patrons, or that a specific number of patrons would visit the casino. Commissioner Bair suggested that the parameters and the conclusions of the study would provide each applicant with the necessary information to be able to meet the criteria.

Commissioner Urban stated that in working backwards from the issuance of the RFP, it appears that it could be June 2009 before the Commission looks at this issue again. Commissioner Bair reiterated that he does not want to set a concrete date, but would prefer to see a timeline based on Commission activity or milestones established by the Commission. Commissioner Hamilton stated that was not what Chair Cutler wanted.

Chair Cutler stated that she would like to establish a date certain when the RFP would be sent out, and once the responses to the RFP are received, the Commission should be able to determine how long the study would take, thus allowing the Commission to establish a timeline for future discussions. She stated that no one on the Commission has any idea how long this type of study would take. Chair Cutler stated the last Cummings study, which was an update of a previous study, took approximately 2-3 months; therefore, she believes the type of study the Commission is proposing could take up to 6 months.

Commissioner Bair asked Mr. Ketterer if the Commission, from a staff standpoint, was in a position to help coordinate this project. Mr. Ketterer stated that staff could do the legwork for the Commission, but feels if the Commission proceeds with the approach that has been set forth, it would be a good idea to establish a sub-committee to work with staff a couple of times between Commission meetings to ensure staff is heading in the right direction and carrying out the wishes of the Commission members.

Chair Cutler concurred, noting that once the respondents to the RFP have been narrowed down, the Commission would want to be part of the presentations so that the individuals/companies would have an understanding of what the Commission is expecting of the study. Mr. Ketterer stated that staff can make the preliminary contacts, but feels those individuals/companies should come before the Commission as a whole, which would require an open meeting in order to keep the process transparent to the public.

Commissioner Bair suggested that Commission members put together an outline of some of the questions/information they would like to see covered by the study by the April 17th Commission meeting, at which time the sub-committee could be appointed.

Chair Cutler stated those steps should provide additional clarity to the potential applicants as to where the process is going. At this time, there is a consensus on the Commission that the application process will not be opened. Chair Cutler asked Mr. Ketterer if a

motion was required. Mr. Ketterer advised they could if they so chose as the agenda indicated possible action; however, he did not believe a motion was necessary as their comments would be preserved for the record. Chair Cutler asked if all Commission members were in agreement that by the April meeting the afore-mentioned subcommittee would be appointed and a more concrete timeline as to how the Commission will proceed with the study and a more general timeline once the study is done.

Commissioner Urban stated that she is sympathetic to all of the communities who have appeared today, and understands their concerns, which is why she is pushing for some timeline for reconsideration.

Chair Cutler concurred with Commissioner Urban's statement, and indicated that was the goal for the April meeting.

Commissioner Seyfer stated that he does not feel the Commission will be able to say at the April meeting that on March 1, 2009 the licensing process would be opened up. It is clear the Commission wants to do a study, and there is homework that needs to be completed prior to the study commencing. He understands that the communities are looking for a date certain; however, he does not believe that is possible at this time.

Chair Cutler stated it is possible once the Commission reviews the results of the study they will decide not to open up the licensing process. The discussion today has been based on the presumption that the license application process will be opened up, but she advised that it should not be taken as a foregone conclusion.

Hearing no further comments or questions on the additional license issue, Chair Cutler moved to the discussion on future violations of the voluntary self-exclusion law and appropriate sanctions. Mr. Ketterer noted the Commission heard concerns expressed by two general managers regarding the penalties at the January meeting. He recommended that the subcommittee be reconvened, and suggested they meet with members of the industry to review this matter. The subcommittee should also take into account a letter submitted by Jesus Aviles, General Manager at Diamond Jo Worth (DJW), which was provided to Commission members. Mr. Ketterer asked if the Commission members had any further comments or questions.

Commissioner Seyfer, a member of the subcommittee, suggested a meeting on the afternoon of April 16th with any individuals who are interested. Commissioner Bair, the other member of the subcommittee, indicated he would be there. Chair Cutler advised that the industry should be advised of the time and location of the meeting.

Chair Cutler moved to the excursion gambling boat and gambling structure license renewals, and called on Iowa West Racing Association (IWARA)/Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino (Ameristar). Todd Graham, Executive Director of IWRA, the non-profit license sponsor for both Ameristar and Harrah's, requested the Commission's support of the license renewals for both properties. He

stated that IWRA's relationship over the years with Ameristar and Harrah's has been excellent. Mr. Graham advised that both properties are key corporate citizens in the Council Bluffs community. Mr. Graham provided a brief summary on recent developments and positive impacts of the properties on the community: a \$25 million pedestrian bridge over the Missouri River connecting Council Bluffs and Omaha, Playland Park Riverfront Development – a new 92-acre riverfront park on the Missouri, a new program called Iowa West Public Arts – a unique city-wide public art program that has identified 50 sites throughout the city for sculptures by an international artist, and a \$12 million artist's housing project in downtown Council Bluffs, which just received a \$5.4 million award from tax revenue from the Iowa Tax Authority. A goal in recent years has been to achieve additional development in the Mid America Center Arena and Convention facility. Mr. Graham stated the area has seen a significant amount of investment recently, including the construction of a 16-screen IMAX theater, the recent opening of a Marriott Spring Hill Suites Hotel and the construction of the new Hilton Garden Inn at the Horseshoe Casino.

Mr. Graham stated that Council Bluffs has received recognition as a result of many of these projects. The Playland Riverfront Park has been recognized as one of Iowa's Great Places, and Council Bluffs was recently recognized by the Iowa Department of Economic Development and the Travel Federation of Iowa as a 2007 Tourism Community. Mr. Graham concluded his remarks by reiterating IWRA's request that the licenses for Ameristar and Harrah's be renewed, and introduced Teresa Meyer, General Manager of Ameristar.

Ms. Meyer submitted the following contracts for Commission approval:

- Data Business Equipment – Cage Equipment & Service Contract
- Markel BMW – Marketing Promotions

Chair Cutler asked Ms. Meyer about the new construction. Ms. Meyer stated that Ameristar's original plan was to have the boat inside the building; however, they have determined that plan would create some design and construction issues. At this point, Ameristar is looking at a variety of plans that would expand the casino floor and maintain their goal of having a one-level gaming facility. Ms. Meyer stated another reason for looking at variations on the original plan is to insure the project comes in on budget, has a predictable timeline for construction, and meets the goal of a one-level casino. She indicated they are moving forward with the coffer dam plans.

Hearing no comments or questions for Ms. Meyer, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the license renewal of IWRA/Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino as an excursion boat that will not cruise, the contracts contained within the license renewal and the additional contracts. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-25)

Chair Cutler called on IWRA/Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino Hotel. John Payne, Central Division President for Harrah's Entertainment, advised that the Central Division consists of 12 casinos in 4 states – Mississippi, Louisiana, Missouri and Iowa. Mr. Payne introduced Mark Osterhaus, current Assistant General Manager, and Bo Guidry, who will serve as the new General Manager, at Harrah's and Horseshoe Casino/Bluffs Run Greyhound Park in Council Bluffs pending regulatory approvals. Mr. Guidry currently serves as the General Manager at Harrah's Saint Louis, Missouri property.

Mr. Payne advised the Commission that Harrah's is instituting three new initiatives that tie in with previous discussions about bringing more patrons to the Iowa casinos. They are:

- Bring 10-20 chartered flights from various cities (i.e., Wichita, Dallas, and Chicago) into Council Bluffs during the summer time for the concert series at Stir Cove. In previous years, 17 concerts have been held; this year they are planning 30.
- Continue their commercial seat block program where Harrah's purchases commercial seats on airlines to drive more people onto the Harrah's properties
- Have broken ground on a 153-room hotel, a Hilton Garden Inn, in partnership with Kinseth Hospitality. They hope to have the hotel open by New Year's Eve this year.

Commissioner Bair noted that Harrah's gaming revenue and admissions have dropped significantly over the last year. He asked if the decline was due to competition. Mr. Payne, noting the property had only been in his division for three months, stated competition was part of the reason. He advised that the property has been repositioning itself, but stated he has high expectations for it. Mr. Payne stated the Iowa properties are leading his division in EBITDA growth.

Mr. Payne asked Mr. Osterhaus if he had anything to add. Mr. Osterhaus stated that with the Horseshoe expansion, and Harrah's Total Awards Program where customers are shared, the decline at Harrah's has more than been made up for by the increase in numbers at Horseshoe.

Mr. Ketterer noted that in trying to comply with the requirement to utilize Iowa vendors, Harrah's has selected some Iowa vendors to provide services corporate-wide. An example is The Printer, Inc., which provides printing services to Harrah's properties corporate-wide. Mr. Ketterer stated that Isle of Capri has also selected various Iowa vendors to provide services corporate-wide. Commissioner Bair stated that those types of facts help to provide another positive impression of the gaming industry.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal for IWRA/Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino Hotel as an excursion boat

that will not cruise and the contracts contained within the license renewal. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-26)

Chair Cutler called on Scott County Regional Authority (SCRA)/Isle of Capri Bettendorf, L.C. d/b/a Isle of Capri Bettendorf (IOCB). Mo Hyder, General Manager, stated that the boat has provided a significant amount of economic impact to the community, especially in terms of good paying jobs, purchases of goods and services, taxes, and not-for-profit contributions. He advised that over the past year IOCB has provided \$78 million in economic impact - \$16 million in payroll and benefits, \$23 million in taxes, and approximately 97% of their purchases are from Iowa vendors. IOCB opened a new \$40 million hotel tower in May 2007, and has been very successful in attracting visitors from other states. Additionally, IOCB is working with the City of Bettendorf to build a convention center at a cost of approximately \$25 million. Mr. Hyder requested approval of the license renewal for IOCB and the following contracts:

- Country Club Coffee – Coffee Products
- Lithographic Communications – Printing, Direct Mail Pieces and Postage

Commissioner Bair noted that the revenue and admissions held pretty steady at IOCB last year, but Rhythm City has declined the last couple of years. He asked Mr. Hyder what factors attributed to the decline.

Mr. Hyder stated that he advised the Commission at the January meeting that both properties have been impacted significantly by the new license within their market. He credited the new hotel for offsetting some of the decline at the Bettendorf property, which has been successful in attracting customers from the Chicago area.

Commissioner Bair asked if IOCB would have competition across the river soon. Mr. Hyder advised that Rock Island Casino is in the process of building a \$150 million land-based facility about five miles from their current facility.

Hearing no further comments or questions for Mr. Hyder, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the license renewal of Scott County Regional Authority/Isle of Capri Bettendorf, L.C. d/b/a Isle of Capri Bettendorf as an excursion boat that will not cruise and the additional contracts. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-27)

Chair Cutler called on Riverboat Development Authority (RDA)/IOC Davenport, Inc. d/b/a Rhythm City Casino (RC). Mr. Hyder, General Manager of RC, introduced Mary Ellen Chamberlin, President of RDA. She commenced her comments by noting that the Davenport operation is the oldest continuous operational license in Iowa's riverboat industry. From 1991 – 2006, RDA has received income of \$43,733,601 and has distributed funds to 343 non-profit agencies, 17 cities, 2 counties and 4 school districts. Ms. Chamberlin stated that RDA's program is focused on specific areas – City of

Davenport, Public Safety, education, the Greater Quad City area, youth service agencies, parks and playgrounds, downtown Davenport and the area from Locust Street to the river. She stated that the original debate for river cities to have casinos was to rebuild cities that had suffered economically due to the loss of industries, causing the core city to decline. She advised that a majority of downtown Davenport was either demolished or boarded up 15 years ago. Ms. Chamberlin stated that 55% of the \$43 million dispersed by RDA has been spent in the area from Locust Street to the river. Of that percentage, approximately \$16 million has been spent on downtown Davenport. Davenport has been named one of Iowa's Great Places. Ms. Chamberlin stated that RDA looks forward to continuing to work with the City of Davenport on the revitalization of the city. She stated that any study should not only reflect the economic advantage to a new community, but also any economic shortfall to those communities who have been in the gaming industry for a period of time. She advised the Commission that various team members from RC volunteer or serve on various boards within the community. Ms. Chamberlin concluded her remarks by requesting the approval of the license renewal application.

Mr. Ketterer asked for an update on the facility. Ms. Chamberlin stated that she spoke to Virginia McDowell, Chief Operating Officer of IOC, prior to the press release. She indicated there is much to be learned yet about the re-branding process. She believes that Davenport will more than likely end up in the Lady Luck portfolio. Ms. Chamberlin stated that she assured Ms. McDowell that RDA looked forward to working with them to determine the best manner to maximize the value of the license.

Mr. Hyder advised that Bernie Goldstein, President and Chief Executive Officer (CEO) of IOC, retired for the second time. Jim Perry, a veteran of the gaming industry, has been appointed the new CEO. He stated part of the company's strategy is look at the brand itself, and reposition the two brands to meet specific market needs.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the license renewal of RDA/IOC Davenport, Inc. d/b/a Rhythm City Casino as an excursion boat that will not cruise. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-28)

Chair Cutler called on Washington County Riverboat Foundation, Inc. (WCRF)/Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort (Riverside). Dan Kehl, CEO, introduced Tim Putney, President of the WCRF, and Joe Massa, General Manager at Riverside.

Mr. Putney requested the Commission's support of the license renewal application for Riverside.

Mr. Massa indicated the license renewal does not contain any information out of the ordinary, but did point out that Riverside would be changing from a moored barge to a gambling structure. He stated there would be no adjustments needed to the physical facility to accomplish the change.

Commissioner Bair, noting the facility opened on August 31, 2006, asked when the golf course opened. Mr. Massa advised that it was August 1, 2007. Commissioner Urban asked when the course would open this year. Mr. Massa indicated April 1 if the snow is gone.

Commissioner Bair asked Mr. Massa how he sees the property doing in 6-12 months. Mr. Massa stated Riverside has experienced a slight growth in their gaming revenues, as well as in some of the auxiliary activities. He indicated they expect another bump in those figures when the golf course opens up for its first full season this year. Mr. Massa advised that Riverside will continue to work to grow the gaming revenue, but are relying more and more on revenues from the other activities to help the bottom line.

Chair Cutler asked about the golf program for the veterans. Mr. Massa advised that the first group has completed the program, and the interest expressed by the veterans is fantastic. They have received phone calls from other areas of the country seeking input on the program. Mr. Kehl stated there were 17 in the first class that will be coming back in for a refresher this month, and the second group of 25 will start their classes this month as well. He indicated there is a waiting list for the program; but there is only so much time that the Professional Golf Association professionals and staff can dedicate to the program. The hope is that some paid professionals can be put on staff to help with the program.

Mr. Massa presented the following contracts for Commission approval:

- Culvers Lawn and Landscape – Snow Maintenance Contract
- Hawkeye Sports Properties, LLC – Marketing & Advertising Contract
- LodgeNet Entertainment Corporation – Interactive Information and Entertainment Services

Hearing no further comments or questions for Mr. Kehl, Mr. Putney or Mr. Massa, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of Washington County Riverboat Foundation, Inc./Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort as a gambling structure, the contracts contained within the license renewal and the additional contracts. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-29)

Chair Cutler called on Black Hawk County Gaming Association (BHCGA)/IOC Black Hawk County, Inc. d/b/a The Isle casino & hotel waterloo. Kim Hardy, General Manager, introduced Beth Knipp, Executive Director of BHCGA, who advised the Commission that BHCGA has a good relationship with the Isle, and that they have lived up to all of the commitments and promises made to the Commission and community when the license was granted. Ms. Knipp stated that to date over \$5.3 million has been distributed to Black Hawk County and the surrounding counties. With the funds available through BHCGA, the Cedar Valley is now able to implement a number of municipal and community projects. She noted that projects have been funded in 6 different counties and

20 different communities. Ms. Knipp concluded her remarks by asking for the Commission's support of the license renewal application.

Hearing no comments or questions for Mr. Hardy or Ms. Knipp, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of BHCGA/IOC Black Hawk County, Inc. d/b/a The Isle casino & hotel waterloo as a gambling structure. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-30)

Chair Cutler called on Clarke County Development Corporation (CCDC)/HGI-Lakeside, Inc. d/b/a Terrible's Lakeside Casino Resort (Lakeside). Damon Butler and Bill Trickey, General Manager of Lakeside and Executive Director of CCDC respectively, were present to answer any questions. Mr. Butler stated that Lakeside has paid over \$12 million in payroll and benefits, in excess of \$12 million to the State plus an additional \$287,000 to the Gamblers Treatment Program, \$287,000 each to the City of Osceola and Clarke County and just over \$862,000 to CCDC in 2007. He stated that gaming revenue was in excess of \$57 million, total revenue exceeded \$74 million, and hotel occupancy continues to be strong at 92%. Fuel revenues exceeded \$550,000 with over 2.9 million gallons of gas pumped. Mr. Butler stated that over 1 million patrons came through the doors. Economic impact to the City of Osceola and CCDC is now in excess of \$2.3 million, over \$50 million in goods, services and taxes in the Buy Iowa program, or 95.3%. Mr. Butler stated that Lakeside is committed to the community.

Commissioner Bair asked how long the property has been operated by Terrible's. Mr. Butler stated Terrible's took over the property in February 2005. Commissioner Bair, noting revenues saw a spike in 2006 and then leveled off last year, asked if Mr. Butler expected revenues to settle somewhere in the middle. Mr. Butler stated there have been several moving targets impacting Lakeside's revenue since Terrible's assumed ownership – PMR&C's table games expansion, their own regrouping and the capital infusion into the property, and then the additional licenses and expansions of existing properties. During 2006, the focus was to get the property back on the map, expose people to the Terrible's product and show off the remodeled property. For 2008, Mr. Butler indicated the first quarter should end up OK, despite the weather. Regarding any possible expansion of gaming, Mr. Butler suggested the Commission study needs to take into account the recent \$111 million expansion at the Meskwaki Casino, and look at any long term effect it will have on the gaming industry.

Commissioner Urban asked when the hotel was built. Mr. Butler advised it was built in 2000 with the facility.

Mr. Ketterer noted a discrepancy in the amount distributed by the non-profit between the license application and the handout that was just distributed. The license application indicates non-profit distributions of \$168,000, and the handout states \$810,000. Mr. Butler stated that he would like to do some verifying of the number contained in the license renewal, but indicated that CCDA has a two-prong program – the Pillar Grants

and community projects. The Pillar funds are distributed to other non-profit organizations via an application process; while the community project funds are funds earmarked for annual payments over a number of years. He stated that he believes the number set forth in the license application is the funds for the Pillar Grants only. CCDA also has what they call discretionary funds, which have been used to assist a child care program. Mr. Ketterer asked Mr. Butler to provide the Commission with a reconciliation of the numbers.

Hearing no further comments or questions for Mr. Butler, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of Clarke County Development Corporation/HGI-Lakeside, Inc. d/b/a Terrible's Lakeside Casino Resort as an excursion boat that will not cruise. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-31)

Chair Cutler called on Worth County Development Authority (WCDA)/Diamond Jo Worth, LLC d/b/a DJW. Mr. Aviles introduced Kim Miller, Executive Director of WCDA, as well as other board members in attendance. Ms. Miller stated that WCDA did a mini-economic impact study for Worth County. She advised that WCDA would be holding their bi-annual awards banquet at 7:00 PM on April 16th at the casino property.

Mr. Aviles stated that DJW is the poster child of economic studies gone wrong, and advised that he would answer any questions concerning the license renewal application.

Commissioner Bair asked when DJW started their expansion. Mr. Aviles indicated it was about a year after they opened, or around April 2007. Commissioner Bair asked about revenue figures, noting it would be difficult to compare revenue figures for the two years. Mr. Aviles advised that DJW has been pleased with the numbers following the expansion. He noted the Northwood area has been hit with severe weather on a consistent basis since November. Mr. Aviles stated that in 35 years in the gaming industry, he has never had to close a casino; however, when the State closes I-35, he has to close the casino.

Hearing no further comments or questions for Mr. Aviles, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the license renewal of Worth County Development Authority/Diamond Jo Worth, LLC d/b/a Diamond Jo Worth as a gambling structure and the contracts contained within the license renewal. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-32)

Chair Cutler called on Dubuque Racing Association (DRA)/Peninsula Gaming Company, LLC (PNG) d/b/a Diamond Jo (DJ). Natalie Schramm, Chief Financial Officer (CFO) for PNG, introduced Todd Moyer, the new General Manager in Dubuque. Mr. Moyer has 18 years of experience in the gaming industry, most recently as the Senior Vice President of Marketing for Trump, as well as several other marketing positions at various gaming properties.

Mr. Moyer congratulated Mr. Wentworth on his 23 years in the gaming industry. Mr. Moyer presented the license renewal application and a contract with American Trust & Savings Bank to finance the FF&E for the expansion of the Dubuque facility for the Commission's approval. Karen Beetem, DJ Administrative Assistant, distributed copies of a new sales kit for the new Diamond Jo property under construction. The facility will be 180,000 square feet, and the casino floor will be 35,000 square feet. Mr. Moyer advised that 80% of the project is dedicated to non-gaming amenities, which they feel is the key to growing the gaming market in Dubuque. In addition to the casino floor, the project includes a fine dining restaurant, a 30-lane bowling center, a live action station buffet, a sports bar, over 5,000 square feet of convention and catering facilities, and a 3-level multi-purpose theater.

Commissioner Bair asked if DJ had any competition to the east before reaching Chicago. Mr. Moyer indicated the closest competition was in the western suburbs of Chicago.

Hearing no further comments or questions for Mr. Moyer, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the license renewal of Dubuque Racing Association/Peninsula Gaming Company, LLC d/b/a Diamond Jo as an excursion boat that will not cruise initially, as a gambling structure upon completion of the new facility, the contracts contained within the license renewal and the additional contract. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-33)

Chair Cutler called on Missouri River Historical Development, Inc. (MHRD)/Belle of Sioux City, L.P. d/b/a Argosy Casino Sioux City (Argosy). Kees Eder, General Manager, and Mark Monson, Chair of MHRD, were present to address the license renewal application.

Mr. Monson invited the Commission to hold a meeting in Sioux City, noting that it has been quite some time since the Commission came to Sioux City. They would like to host a meeting at the new Betty Strong Encounter Center, which was opened in December. Commissioner Hamilton asked about lodging. Mr. Monson advised there was a new hotel being built right next door to the Center on the riverfront.

Mr. Monson stated that Argosy has been a great corporate citizen in Woodbury County. MHRD and Argosy each funded a Habitat for Humanity home in 2005, are now doing scholarships and partnerships, and are cleaning up the river. He noted that Argosy is a well-run company and is very easy to work with. Mr. Monson stated that his point of reference was the most recent gaming referendum, which passed with 75% of the voters voting in favor of continuing gaming in the county. Mr. Monson requested the Commission's support of the license renewal application.

Mr. Eder presented a contract with IGT for anticipated purchases of slot machines and parts.

Commissioner Bair asked when the new boat came to Sioux City. Mr. Eder advised it arrived in 2004. Commissioner Bair noted that based on the Commission's reports, Argosy is one of the few properties who saw an increase in revenues in 2007 and a slight drop in admissions. He asked what advice Mr. Eder could share with the other properties. Mr. Eder indicated Argosy had a good third quarter, while the fourth quarter was impacted by the weather. He also believes admissions are being impacted by economic concerns.

Hearing no further comments or questions for Mr. Eder, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the license renewal of Missouri River Historical Development, Inc./Belle of Sioux City, L.P., d/b/a Argosy Casino Sioux City as an excursion boat that will not cruise, the contracts contained within the license renewal and the additional contract. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-34)

Chair Cutler called on Upper Mississippi Gaming Corp./Isle of Capri Marquette, Inc. d/b/a Isle of Capri Marquette (IOCM). Barron Fuller, General Manager, touched briefly on Isle of Capri's recent announcement that they would be bringing the Lady Luck brand back to Iowa. He indicated the local patrons are excited; that the Lady Luck brand is a better fit for the Marquette property.

Mr. Fuller noted that during the previous two Commission meetings, he has sought approval for outside hotel rooms. He advised that Marquette is in the initial phase of bringing in hotel developers to look at sites in the city. He presented a contract with All Star Promotions for marketing redemptions. Mr. Fuller requested the Commission's support of IOCM Marquette's license renewal application.

Commissioner Bair, referring to revenue numbers and the possible hotel, asked what Mr. Fuller saw for the property in the next five years. Mr. Fuller stated that IOCM hopes things have bottomed out, noting that increased competition, the economy and weather have all played a part. He stated that IOCM has been able to increase the amount of patronage from Wisconsin. Commissioner Bair asked the percentage of outside Iowa versus Iowa patronage. Mr. Fuller advised 61% of the customers come from outside Iowa, with the majority coming from Wisconsin.

Commissioner Bair asked if it was possible to have the facilities indicate the percentage of outside Iowa patrons versus Iowa patrons in their annual audits. Mr. Ketterer asked Mr. Fuller if they track the information through the Player's Club. Mr. Fuller answered in the affirmative, noting they look at the information on a monthly basis. He indicated that if the smoking legislation passes without the exception for the casinos, the Wisconsin casinos would have a huge competitive advantage. The largest amount of Wisconsin revenue comes from La Crosse, an hour away; however La Crosse is also an hour away from the Ho Chunk Casino.

Hearing no further comments or questions for Mr. Fuller, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of Upper Mississippi Gaming Corp./Isle of Capri Marquette, Inc. d/b/a Isle of Capri Marquette as an excursion boat that will not cruise and the additional contract. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-35)

Chair Cutler called on Southeast Iowa Regional Riverboat Commission (SIRRC)/Catfish Bend Casinos II, L.C. d/b/a Catfish Bend Casinos II (CBC). Gary Hoyer, President and CFO of CBC II, introduced Dr. Larry Smith, President of SIRRC, and Jerry Baum, General Manager. Mr. Hoyer noted that SIRRC was a joint venture that started in 1989 with the cities of Burlington, Ft. Madison and Keokuk in Des Moines County. SIRRC served as the model for regionalism and cooperation between the entities. Mr. Hoyer stated that CBC has enjoyed a great relationship, and support, from SIRRC. He noted that the entities have recently had to make some tough decisions, namely, closing the Ft. Madison facility.

Mr. Hoyer advised that Mr. Ketterer requested that he address the closing of the Ft. Madison facility, the financial performance, as well as other issues. Mr. Hoyer stated that he appeared before the Commission in November 2007 seeking approval of a new agreement that allowed CBC to close the casino facilities in Ft. Madison, a necessity at the time to improve the financial performance. Mr. Hoyer stated that following months of negative cash flow and operating losses the company is in the midst of a turn-around with February being the first month of positive cash flow since July 2007 – the first month the new facility was open. He stated that positive cash flow is budgeted for the remainder of the year; a significant fact as CBC's cash flow requirements under their debt structure increased in 2008. Mr. Hoyer stated that CBC has been able to improve revenues and reduce expenses to get their financial house in order. He stated that the positive change in CBC's financial performance is attributable in part to the closing of the Ft. Madison facility, stronger marketing efforts, stronger revenues, and tough expense reductions and decisions. Mr. Hoyer stated CBC is confident about the future, and feel they have turned the corner.

Mr. Hoyer advised that Mr. Ketterer had specifically requested that he address the issue of the 200 Ft. Madison employees. When the request to close Ft. Madison was made, Mr. Hoyer informed the Commission that CBC would make every effort to do the reduction through attrition. He reported that only 41 employees were terminated instead of 200. Those employees have been eligible for rehire – some have returned and some have found other jobs. Mr. Hoyer stated that CBC is currently hiring additional employees, and the current workforce is just under 300 at CBC, and over 550 company-wide at Great River Entertainment (GRE).

When the decision was made to close the Ft. Madison facility, GRE entered into an agreement with Ft. Madison and Lee County to pay them \$25,000 per month and \$5,000 per month respectively in addition to the SIRRC and boarding fees, and gaming taxes. These payments were agreed upon by the parties to help eliminate revenue loss to the city

and county as a result of CBC going to a single operation. Mr. Hoyer stated that GRE and CBC remain committed to Lee County, and look forward to the day when they can reopen a casino operation in the county.

Mr. Hoyer advised that Morgan Stanley Mortgage Capital Holdings has offered some new loan terms in an effort to help improve the company's financial performance over the next 3 years. The new loan agreement is in front of the Commission for approval. Mr. Hoyer indicated the agreement is essentially the same as the existing loan in terms of amount and interest rate, but it does provide CBC an opportunity to improve their cash flow, and provides the lender greater flexibility in administering the loan in house without participations. The details of the restructured loan are included in the materials before the Commission.

Mr. Hoyer advised that GRE and CBC continue to work with the economic development groups in southeast Iowa to actively promote the entire region to help keep the communities and counties they serve viable and prosperous.

Hearing no comments or questions for Mr. Hoyer, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the license renewal of Southeast Iowa Regional Riverboat Commission/Catfish Bend Casinos II, L.C. d/b/a Catfish Bend Casinos II as a gambling structure and the additional contract. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-36)

Chair Cutler called on Clinton County Community Development Association (CCDA)/Wild Rose Clinton, L.L.C. d/b/a Wild Rose Clinton. Tim Bollmann, General Manager, advised that the CCDA usually distribute funds in two cycles of scholarship grants for 7 schools in Clinton County. They were able to increase the number of distributions to three this year, and will be awarding a total of 21 scholarships. Mr. Bollmann advised that construction on the new facility has been challenging, but still hope to have it open by early to mid summer.

Mr. Bollmann informed the Commission that the Mississippi Belle II vessel has been purchased by an excursion boat operator who is in discussions with the City about offering dinner excursions from Moline, Illinois to Clinton.

Mr. Bollmann advised that the facility is transitioning from the Mississippi Belle II name to Wild Rose Clinton with the new property. He presented the following contracts for Commission approval:

- AVI Systems – Purchase and Installation of Audio and Visual Systems for New Facility
- Gaming Partners International – Purchase of Gaming Tables, Chips and Gaming Equipment for New Facility
- Triple Point Solutions – Provide Hardware and Support for IT Infrastructure at New Facility

- VSR Industries – Provide Slot Bases and High Security Locks for New Facility
- Kincaid Furniture Company, Inc. – Purchase Furnishings, Fixtures and Equipment for Hotel Rooms
- Gasser Chair Company – Purchase of Casino and Bar Seating

With regard to the Kincaid Furniture Company contract, Mr. Bollmann advised that Scott Krambeck is the son of the Executive Vice President and General Counsel, Jim Krambeck. Scott Krambeck is a manufacturer's representative for Kincaid Furniture. Mr. Bollmann stated that while the two individuals are related, Wild Rose Clinton does not believe the contract meets the requirements for the interpretation of a related party transaction. The contract is the result of the architect working directly with the manufacturer since the furniture is being custom-made. The younger Mr. Krambeck just happens to be the manufacturer's representative out of Denver.

Chair Cutler asked if the contract was part of a bid process since it is with an out-of-state vendor. Mr. Bollmann reiterated his earlier statement that the contract originated through the architect, and their ability to work directly with certain vendors to obtain the custom materials at a substantial cost savings. He noted that he included information to that effect with the transaction approval form.

Commissioner Seyfer asked Mr. Bollmann for an explanation on the contract with Gasser Chair Company. Mr. Bollmann reiterated that the contract was again initiated through a relationship via the architect, and the selection was made based on timing, cost factors, color specific materials and that getting the chairs to the facility within budget and on time were major considerations. He indicated that with the delays in construction, Wild Rose is looking at paying overtime in order to meet construction deadlines while remaining within budget constraints.

Commissioner Seyfer asked if additional bids were received. Mr. Bollmann stated that he did receive two other bids, but they were from out-of-state vendors as well.

Commissioner Urban inquired as to the name of the architect. Mr. Bollmann advised that it was Ed Munson and Associates from Las Vegas, the individuals who made the presentation to the Commission a year and a half ago when the project was first presented to the Commission.

Mr. Ketterer advised Mr. Bollmann that the Commission was contacted by the owner of Midwest Casino Supply about the opportunity to participate in the purchasing process of chairs, and indicated in his correspondence that no one would respond to his inquiries or provide him an opportunity to participate in the process. Mr. Bollmann advised that the company could not provide the type of material that was provided as a spec item. Mr. Bollmann stated that he would contact Midwest Casino Supply, and follow-up with the Commission. Mr. Ketterer pointed out that the individual advised the Commission that he has been a vendor with several other casinos in the state, and would have liked the opportunity to be considered here. Mr. Bollmann stated that when he spoke with the

owner of Midwest Casino Supply, he also made that desire very clear to him as well. Mr. Bollmann stated that Wild Rose, as an Iowa company, tries to utilize as many Iowa vendors as possible, but also needs to operate on a fiscally responsible basis.

Commissioner Bair noted that the Commission pushes hard for the facilities to utilize Iowa vendors, and expressed an interest in seeing further explanation as to why this Iowa vendor was not given the opportunity to participate in the bidding process for the gaming chairs for the Wild Rose Clinton facility.

Hearing no further comments or questions for Mr. Bollman, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of Clinton County Community Development Association/Wild Rose Clinton, L.L.C d/b/a Wild Rose Clinton as an excursion boat that will not cruise, a gambling structure upon the completion of the new facility, the contracts contained within the license renewal and the additional contracts. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-37)

Chair Cutler called on Palo Alto County Gaming Development Corporation (PACGDC)/Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg. Tom Timmons, Vice President of Operations for Wild Rose Entertainment, advised that several members of the PACGDC were present earlier, but had to leave for meetings with legislators. He stated that PACDGC just held their second grant award program and distributed grants totaling \$1.5 million to 78 of the 90+ groups that applied for funds. Mr. Timmons requested the Commission's approval of the license renewal application.

Commissioner Bair asked if the situation with the Palo Alto County Assessor's Office regarding the casino assessment had been straightened out and the status of proposed development projects by Wild Rose Entertainment. Mr. Timmons advised that the owners of the casino hold many other investments in Emmetsburg – an apartment complex, the golf course, and some lakefront property, and because of the perceived assessed valuations that were being handed down, the owners decided to put any additional development of those properties on hold until the assessment issue is settled. The matter has been sent to the State Appeal Board, final briefs were filed on Monday of this week, and the parties are awaiting the decision of the Board.

Commissioner Bair asked if the action of the owners could be considered a leverage issue; that if the assessment is right they will proceed with the developments. Mr. Timmons indicated the owners would wait to see how they are treated. He indicated he is not involved with that side of the company, and can't really speak for the owners. He pointed out that the total commercial valuation for Palo Alto County was approximately \$50 million, and the original assessment of the casino was \$24 million, or approximately 48% of the total commercial valuation in 1 property. Mr. Timmons stated that when a comparison study was done as to how the other casinos were being assessed, they requested to be treated in the same manner. He stated it's not that they are refusing to

pay the taxes; they just want to be treated fairly. The owners do not want to be perceived as having deep pockets.

Commissioner Bair asked Mr. Timmons what he sees in the future regarding additional development. Mr. Timmons advised that the two suites were developed on the fourth floor of the hotel with seven empty spaces in between. Those suites were originally designed to be condominiums; however, due to the assessment issue, those spaces have been changed to suites, which are available to the owners and other patrons of the hotel/casino. The other seven spaces remain undeveloped at this time. With regard to development at the casino, Mr. Timmons advised that the water under the gaming floor was removed prior to winter weather setting in; however, they were unable to get the dike built. He indicated the project will continue when the weather permits. No additional development has been projected at this time; they are still in Phase 2 of the original project. Mr. Timmons noted that the Emmetsburg property is one of the newer properties and are still in the process of seeing where that property will settle; there is only so much gaming in the area – most of the roads are two lane and Emmetsburg is one of the smallest towns to receive a license.

Hearing no further comments or questions for Mr. Timmons, Chair Cutler requested a motion. Commissioner Bair moved to approve the license renewal of Palo Alto County Gaming Development Corporation/Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg as a gambling structure and the contracts contained within the license renewal. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-38)

Chair Cutler moved to Administrative Business, and called on Mr. Ketterer regarding the Notice of the Horse Promotion Fund. He advised that the application would be available on the Commission's website. Applications for the available funds of \$4,123.29 are due in the Commission's Des Moines office by close of business on April 7, 2008. The Legacy Harness Horse Foundation, the recipient of the funds last year, must submit a written accounting of how their FY2007 funds were utilized and additionally, submit an affidavit stating that none of the funds were spent on any political activity or an attempt to influence legislation.

Chair Cutler moved to the second item under Administrative Business – Personnel. Chair Cutler stated that Commission members met in Executive Session to discuss Mr. Ketterer's evaluation. She requested a motion. Commissioner Seyfer, based on the information contained in the evaluation report prepared by Chair Cutler after receiving input from Commission members, moved that the Commission recommend to Governor Culver that the salary of the Administrator of the Iowa Racing & Gaming Commission be increased by 5%. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-39)

Chair Cutler thanked Mr. Ketterer for his hard work. Mr. Ketterer thanked Chair Cutler for her remarks. He pointed out that beginning last September half of the Des Moines

staff from previous years was no longer there due to retirements or changes in employment. Since that time, with the addition of the new casinos and expansions at others, the Des Moines staff has seen an increased demand on their time. Mr. Ketterer stated that the team that has been put together has exceeded his expectations in performance and there is a spirit of cooperation in the office. He expressed appreciation for the staff's work, and recognized the following staff members in attendance: Lauren Welch, Hilary Brown, and Barb Blake.

Hearing no further business to come before the Commission, Chair Cutler requested a motion to adjourn. Commissioner Bair so moved. Commissioner Hamilton seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
APRIL 17, 2008**

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, April 17, 2008 at Diamond Jo Worth (DJW), Northwood, Iowa. Commission members present were Kate Cutler, Chair; Gerry Bair, Vice Chair; and members Diane Hamilton, Greg Seyfer and Toni Urban.

Chair Cutler called the meeting to order at 8:30 AM and requested a motion to approve the agenda. Commissioner Bair moved to approve the agenda as presented. Commissioner Urban seconded the motion, which carried unanimously.

Chair Cutler called on Jesus Aviles, General Manager of DJW, who welcomed the Commission to Northwood. He noted that the date was two years, less two days, since the facility opened, and one year since the expansion. Mr. Aviles advised that various representatives of the city were present. He turned the floor over to Kim Miller, President, of Worth County Development Authority (WCDA), who also welcomed the Commission to Worth County. She introduced the superintendents from the various school districts, the five mayors, the three county supervisors and the WCDA board members. Ms. Miller distributed packets to the Commission which showed how the counties, cities and school districts spent the funds received from WCDA, and provided some highlights. She noted that \$1,146,260.06 was distributed to the school districts in 2007. Ms. Miller stated that at the Spring 2008 Awards Banquet held the previous evening, \$1,773,700.04 was distributed to the school districts, \$918,408.04 was distributed in community grants, and the county received \$138,254.97. Overall, WCDA has distributed \$6,454,512.40 in the two years since DJW opened. Ms. Miller concluded her remarks by highlighting the difference the casino license, and the WCDA funds, are having on the county, cities and schools.

Chair Cutler moved to the approval of the minutes and requested a motion. Commissioner Hamilton moved to approve the minutes from the March 6, 2008 Commission meeting as submitted. Commissioner Urban seconded the motion, which carried unanimously.

Chair Cutler called on Jack Ketterer, IRGC Administrator, for announcements. Mr. Ketterer recognized the Commission's employees at DJW, Kathy DeBower and Tom Keenan. With regard to future Commission meetings, Mr. Ketterer advised there is no May meeting, and the June meeting will be on June 5th at Wild Rose Emmetsburg.

Mr. Ketterer than moved to the proposed meeting dates for fiscal year 2009, which are as follows:

- July 17, 2008 Stoney Creek Inn, Johnston
- August 28, 2008 Riverside Casino & Golf Resort, Riverside
- October 9, 2008 Catfish Bend Casino, Burlington
- November 13, 2008 Stoney Creek Inn, Johnston
- January 15, 2009 Stoney Creek Inn, Johnston
- March 5, 2009 Terrible's Lakeside Casino, Osceola
- April 16, 2009 Wild Rose Clinton, Clinton
- June 4, 2009 Stoney Creek Inn, Johnston

He noted the dates would be posted to the Commission's website.

Mr. Ketterer advised that this would be the last Commission meeting for Commissioner Bair. He noted that Commissioner Bair was the former director of the Department of Revenue and Finance, and stated that his understanding of state government and other financial issues was a valuable asset to the staff and Commission. For those who attend the meetings on a regular basis, it was evident that Commissioner Bair took his responsibilities seriously. He was prepared and thorough, generated communication and dialogue through his questions. Commissioner Bair served on the Commission during one of its most challenging periods - the six month application process when the Commission received ten applications and four applicants were granted licenses. Mr. Ketterer stated that Commissioner Bair contributed to the integrity of the process by his presence as well as the integrity of the selection process. He noted this was all done with a sense of humor that is appreciated by everyone. Mr. Ketterer presented Commissioner Bair with a plaque which read: Gerald Bair, in appreciation of your service as a member of the Iowa Racing & Gaming Commission, August 20, 2003 – April 30, 2008.

Commissioner Bair acknowledged past and present Commission members, noting the Commission has faced some interesting and challenging times. He noted that the Commission always seemed to be able to work through issues professionally, and usually reach a consensus. Commissioner Bair pointed out that Boards and Commissions have to set policies and regulations for the groups they regulate, which can lead to adversarial relationships. He noted that the management of the properties and the non-profit groups are very respectful, and when disagreements occur, the parties are able to sit down and discuss the issues, which is a credit to everyone's professionalism.

Commissioner Bair thanked Mr. Ketterer and the staff. He stated that he felt he had the best staff in state government when he was at Revenue, but has found working with Mr. Ketterer and the staff to be a joy, and found them to be very professional. Commissioner Bair stated there were not enough words to express his appreciation of Mr. Ketterer, so he borrowed the following from Chair Cutler's letter in the Annual Report: "As always, there are not enough words to express the Commission's (in this case, my) appreciation of its administrator, Jack Ketterer. Even with the retirement of several key staff members, Jack and his staff provide the commissioners, the industry and the public accurate, thorough and timely information and analysis. Commissioner Bair stated that Jack and the staff's dedication, competency, integrity, and professionalism set a standard for the

industry.” Commissioner Bair noted those traits start at the top, and thanked Mr. Ketterer for guiding the Commission through a difficult time (the licensing process).

Chair Cutler stated that Commission will miss Commissioner Bair and his expertise.

Chair Cutler moved to the presentation by Centerbridge Capital Partners PNG-B, L.P. (Centerbridge) and Fortress Investment Group LLC (FIG) regarding their acquisition of Penn National Gaming, Inc. (PNG). Thomas Auriemma, Vice President and Chief Compliance Officer (CCO) for PNG, stated that on June 15, 2007 affiliates of FIG and Centerbridge entered into an agreement with PNG’s Board of Directors to take PNG from a publicly traded company to a private company. He advised that this transaction is similar to the Harrah’s transaction with Apollo and TPG; noting that PNG’s contract is modeled after that agreement. Mr. Auriemma stated the following individuals were present: Stacey Hall and Curt Beason, Iowa legal counsel; Kees Eder and Mike Galle, General Manager and Assistant General Manager of the Argosy Sioux City property; and Richard Vitali, General Counsel for Argosy. Present and representing FIG and Centerbridge respectively are Justine Cheng and Jason Mozingo. Mr. Auriemma gave a brief summary of events following the signing of the agreement by FIG, Centerbridge and PNG. PNG has 19 gaming facilities in 15 jurisdictions in the United States and Canada, some of which are full-scale casinos/hotels, while others are riverboats, slot facilities, and racetracks. Mr. Auriemma stated that PNG needs regulatory approval in virtually all of the jurisdictions in order to consummate the proposed transaction.

Mr. Auriemma advised that FIG and Centerbridge hired Frank Schreck, a prominent Nevada regulatory attorney, to represent them. Mr. Schreck also represented TPG and Apollo in the Harrah’s transactions. Mr. Schreck then hired the same local legal counsel for this transaction as well. On August 15th, the necessary Division of Criminal Investigation background forms were filed on behalf of nine individuals – six from FIG and three from Centerbridge, as well as the corporate backgrounds for FIG and Centerbridge. Information concerning the financial aspects of the transaction has also been filed.

As to how this transaction will affect PNG once it is finalized, Mr. Auriemma stated that PNG will be held by three groups – FIG, Centerbridge and Peter Carlino, the current Chairman of the Board and Chief Executive Officer (CEO). The transaction required Mr. Carlino to sign a five-year employment agreement with FIG and Centerbridge. Mr. Auriemma advised that Mr. Carlino will be investing a significant amount of his own money in the private company once the transaction is consummated. The agreement signed by FIG, Centerbridge and PNG requires the transaction to be consummated within one year of signing, or June 15, 2008. Mr. Auriemma stated that investigations are underway throughout the United States and Canada regarding this transaction; and thus far, Ohio, New Jersey, West Virginia, New Mexico, Pennsylvania, Mississippi have approved the transaction. Tentative approval dates between now and early June have been received in the other jurisdictions. He indicated that FIG, Centerbridge and PNG

expect to receive all of the necessary approvals by early June, and be able to close the transaction in June.

As to what this transaction means for PNG, Iowa and the local property, Mr. Auriemma stated that from an operational standpoint, there will no managerial changes, noting that FIG and Centerbridge are not purchasing PNG to make changes. They are purchasing the company based on the strength of its management and the growth opportunities that PNG presents. No managerial changes are expected at the corporate level. Mr. Auriemma advised that PNG is committed to Iowa.

Mr. Auriemma turned the floor over to Ms. Cheng and Mr. Mozingo. Ms. Cheng, Vice President of FIG, advised that FIG is an alternative asset manager that is publicly traded on the New York Stock Exchange as FIG. The company was founded in 1998 by the five principals on whom background investigations are being conducted. FIG manages approximately \$30 billion in third party capital, which is derived from college endowments, pension funds, and retirement funds. FIG's headquarters are in New York, with branch offices in Europe, Asia, Canada, the Americas, and Australia, and has 800 employees. Ms. Cheng stated that FIG's assets are held in two "buckets": the Private Equity Fund and the Hedge Funds, with each holding approximately one-half of the assets that FIG manages. If the transaction is approved, the PNG transaction would fall under the Private Equity portion of the company. The Hedge Fund invests in commodities and currency around the world. FIG currently has the following companies in its portfolio: Global Signal (cell towers), Intrawest (Resort Operator), Florida East Coast Industries (rail company), Mapely Limited (UK real estate) and GAGFAH (residential real estate). Ms. Cheng stated that all of FIG's investments are asset-based and have phenomenal management. She stated that FIG is excited to be associated with all of them.

Ms. Cheng advised that background information had been submitted on six individuals: the five founders of the company and Bill Doniger, the lead individual on the PNG transaction.

Mr. Mozingo, the Managing Director for Centerbridge, stated that Ms. Cheng had covered the points of the transaction very well, and elected to just highlight a few from Centerbridge's aspect as asset managers. He advised that Centerbridge's mandate for state pension funds, university endowments, and others are to find great companies to invest in for long-term capital appreciation. He indicated the individuals associated with Centerbridge are not managers, so they focus on companies with strong management and/or leadership. Mr. Mozingo stated that Centerbridge likes the gaming industry which has grown at a phenomenal rate over the last 20 years. He noted that PNG is one of the leaders with a well-diversified platform, which is beneficial in growing revenues and maintaining cash flow. Mr. Mozingo advised that Centerbridge's plan is to help the existing management team grow the business in any way possible.

Mr. Mozingo noted that Centerbridge is a relatively new fund; they have been in existence approximately 2½ years. They manage \$5.2 billion in capital through a private equity fund (\$3.2 billion and the fund which would be investing in PNG), and a \$2 billion credit-base hedge fund. Currently the company has 30 investment professionals plus administrative and support personnel. Mr. Mozingo stated that Centerbridge has a broad range of investments: GSI (grain storage), Greentree (consumer finance servicing business), Dana (automobile parts supplier) and Holiday Retirement Corp. (senior living business). Background information has been submitted on behalf of the two founders, Jeff Aronson and Mark Gallogly, as well as board member Steve Price.

Mr. Auriemma advised that the ownership transition would be seamless; that all of the rules and regulations that apply to the operation of the property would remain in place – surveillance, internal controls, etc. He stated that PNG has a 24/7 “hotline” for employees to call to report fraud, theft or waste. Those reports go directly to him. Mr. Auriemma pointed out that PNG has a very strong responsible gaming program, which he has enhanced since joining the company a little over a year ago. In concluding his comments, Mr. Auriemma gave a brief comparison of the benefits of private ownership versus public ownership. He indicated that even though the company will be a private company, they will continue to make regular filings with the Securities and Exchange Commission.

Mr. Auriemma stated that PNG wants to continue to grow, and will seek additional growth opportunities following the closing of this transaction. He advised that PNG will continue to enhance the viability of all its properties throughout the country and Canada.

Chair Cutler called on Mr. Ketterer for a timeline with respect to this transaction. Mr. Ketterer stated that Mr. Auriemma served as the Director of the New Jersey Gaming Enforcement until his retirement approximately one year ago, making him very much aware of what the various jurisdictions are looking for. With regard to the Commission’s calendar, he noted that the Division of Criminal Investigation (DCI) conducts the necessary background investigations. At this time, it is anticipated the DCI will present their report to the Commission at the June 5th meeting in Executive Session, and the review and approval will also appear on the June 5th agenda.

Chair Cutler moved to the review of the licensees’ financial audits, and called on Ameristar Casino. Michael Shelton, Vice President of Finance, advised that the Council Bluffs gaming market was essentially flat in 2007 for various reasons. He noted that Ameristar’s gaming revenue was down just over 3%, but net income increased due to a reduction in interest due on notes payable. Payments to local and state governments and Iowa West Racing Association (IWRA) totaled \$44.6 million for 2007; another \$5.9 million was remitted in the form of property taxes to Pottawattamie County, payroll taxes, sales tax, and local charitable contributions for a total of \$50.5 million in direct payments to various government agencies and non-profit organizations. Mr. Shelton advised that salary, wages and direct benefits totaled \$36.2 million, \$19.2 million of goods and services were secured from Iowa-based businesses for a total direct economic

impact on the region of just over \$106 million. He noted that Ameristar employs approximately 950 full-time employees and 185 part-time employees.

Commissioner Hamilton asked Mr. Shelton what he felt contributed the most to the revenue decrease from 2006 to 2007. Mr. Shelton stated it was difficult to quantify which would apply to different situations. The first difference in year-over-year comparison is not the same as the Horseshoe expansion opened in mid-March 2006, and the second issue is the economy.

Commissioner Hamilton noted that when a facility does a major renovation of the property, patrons will check out the new facility for a period of time. Mr. Shelton concurred with Commissioner Hamilton's statement, noting they had experienced a shift in their market base.

Commissioner Bair asked Mr. Shelton what strategy, if any, that could be shared, Ameristar has considered to help offset the possible economic downturn over the next year or two. Commissioner Bair indicated that he would like all of the properties to answer this question.

Mr. Shelton stated that on a continuing basis, and not just in an economic downturn, Ameristar looks at more targeted marketing to customers. He pointed out that while gaming revenue decreased from 2006 to 2007, their promotional allowances and comps increased at a higher percentage. He noted that Ameristar is continuously looking at other costs and determining ways to operate more efficiently.

Chair Cutler called on Argosy Casino – Sioux City. Brian Wessels, Director of Finance, advised that the property had another solid year in 2007; gaming revenues increased approximately \$700,000 to \$57.5 million, or about 1.3%. Payroll and benefits were approximately \$12.4 million; gaming and admission taxes were \$16.5 million of which \$1.8 million went to the non-profit and \$2 million to the city.

Commissioner Bair asked for any strategies that Argosy might employ to offset an economic downturn. Mr. Wessels indicated his response would be similar to Ameristar – targeted marketing and keep the property fresh and clean. Those are areas where they have seen success in the past. He noted that Argosy has experienced revenue growth for the last ten years.

Chair Cutler called on Catfish Bend Casino (CBC). Jerry Baum, Chief Operating Officer of Great River Entertainment (GRE), advised that CBC commenced operations in the Burlington land-based facility in June 2007. After two months of operations, CBC realized that the amount of funds being spent to market and promote both properties was not driving sufficient revenues to continue on that path. Therefore, on November 15, 2007, the Fort Madison facility was shut down.

Mr. Baum stated that CBC has assets totaling \$18.8 million - current assets represent \$3.9 million, and property and equipment total \$10.29 million. Liabilities total \$12.1 million - \$3.5 million for current liabilities and \$8.6 million for bank debt, which is held by Morgan Stanley. Mr. Baum stated that gaming revenue for 2007 was \$35 million, non-gaming revenue were \$1.7 million and operating expenses were \$28.1 million which resulted in a net loss of \$2.1 million. Total payroll for 2007 was \$8.2 million; the number of employees in December 2007 totaled 264. CBC paid gaming taxes to the state of \$6.4 million, Southeast Iowa Regional Riverboat Commission received \$1.1 million and the city and county each received \$365,000.

Mr. Baum stated that 2007 was a trying year for CBC, Huckleberry Entertainment and GRE with the construction of the facility, getting operations up and running in the new facility and then shutting down the Fort Madison facility. He stated that the company has been restructured to operate more efficiently. Mr. Baum stated that he assumed the duties of Chief Operating Officer in April, and Rob Higgins, the General Manager for the Huckleberry hotel and food operations, was named general manager of both properties.

For the first quarter of 2008, Mr. Baum stated that CBC had almost \$10 million in revenue, representing a 13% increase over budget, and \$2.5 million of EBITDA, or a 32% increase over budget. He advised that CBC and GRE are now generating positive cash flow.

Chair Cutler asked Mr. Baum to address the control deficiencies noted in the audit. Mr. Baum advised that the auditors requested additional detail on the controls relating to various checks and balances in the accounting area, which was provided.

With regard to Commissioner Bair's question as to strategy in an economic downtown, Mr. Baum noted that Burlington is unique in that it is not located on an interstate; however, Highway 61 which passes through Burlington has a high traffic count. Mr. Baum stated that they have a large customer base out of Illinois, and are expanding their marketing and promotional strategies into other areas of Illinois. CBC is somewhat hampered in their efforts as they do not have a large metropolitan area from which to draw customers; another reason that it became cost prohibitive to market both the Ft. Madison and Burlington properties.

Commissioner Seyfer noted that operating expenses were up approximately \$2 million from 2006 to 2007. Mr. Baum indicated the increase was primarily due to operating two properties. In 2006, CBC operated 6 months in Burlington and 6 months in Ft. Madison; but in June 2007 when operations commenced in the land-based operation, CBC kept both facilities running.

Hearing no additional questions for Mr. Baum, Chair Cutler called on the Diamond Jo (DJ). Todd Moyer, General Manager, stated that they are very excited about the Dubuque gaming market, with 2007 being the first full year of operation at Riverside. He noted that the Dubuque gaming market was down 3%, indicating that the weather in

November and December also played a part. Mr. Moyer stated the Dubuque market saw a slight decline in July when the Waterloo property first opened; but saw a bounce back in August with the rest of the year looking very promising.

Mr. Moyer stated that Peninsula Gaming is very excited about Dubuque and is investing \$82.5 million in a new land-based facility. He advised that all of the structural steel is in place. He stated they are doing a good job of marketing the current facility, noting the previous Saturday was the biggest admission and slot revenue day in over three years. Gross gaming revenue was down approximately \$4 million last year, and EBITDA was down just over \$2 million, finishing the year with \$12.6 million. Operating expenses remained flat year over year; however, DJ has experienced some significant pre-opening and development costs relating to the new facility. Mr. Moyer explained the DJ was able to negotiate a deal with the Dubuque Historical Society and the National Mississippi River Museum in which the current facility, the boat and land-based operations were donated to those entities in exchange for 2.8 acres of land which allowed DJ to finish their expansion project in the Port of Dubuque.

Mr. Moyer provided some additional details on the new land-based facility, explaining that he feels the key to gaming growth in Iowa is the addition of non-gaming amenities. Over the last few years, he has seen more and more capital investment going to non-gaming amenities. Mr. Moyer stated that of the 188,000 square foot facility being built in Dubuque, 35,000 feet will house the casino, with the rest being utilized for a 30-lane bowling center, a sports bar, and a multi-level theater with seating for approximately 700. He noted that a contract has already been signed with The Dooby Brothers. It is anticipated the facility will be completed by fall of this year with all venues open.

Hearing no further questions for Mr. Moyer, Chair Cutler called on DJW. Mr. Aviles commenced his comments by acknowledging the cooperation between the company, WCDA, the staff and DCI. He advised that DJW saw a 50% increase in revenues, which translated into a 42% increase in EBITDA. Revenues totaled almost \$80 million in 2007. Mr. Aviles expressed his belief that the best is yet to come.

Chair Cutler asked Mr. Aviles if he saw any downturn in the market. Mr. Aviles stated that entertainment plays a large part in their revenues, as people still seek entertainment in economic downturns. He stated that he does not see a downturn, but a leveling off of the market; the growth DJW has experienced over the last two years can not be sustained at the current rate. Mr. Aviles stated that DJW would continue to expand their market into other areas that will allow them to continue to grow. He stated that current payroll exceeds \$12 million with 525 employees, and there are still openings. It is his belief that the area will experience significant growth over the next five years.

Noting that statistics are hard to obtain, Commissioner Bair asked Mr. Aviles if DJW has had any impact on the Minnesota Native American casinos. Mr. Aviles stated that pictures sometimes speak louder than words. He advised there is a billboard on South I-35 representing one of the Minnesota Native American casinos which states that

“Diamonds are not a girl’s best friend.” He believes DJW is having some impact on their market, noting that many Minnesotans and other customers have a high regard for what the facility does for the community and surrounding area. He stated that individuals who have a choice between patronizing a Native American facility or DJW are making the choice to come to DJW.

Hearing no further comments or questions for Mr. Aviles, Chair Cutler called on Harrah’s. Bo Guidry, General Manager, addressed Commissioner Bair’s question on strategies for dealing with an economic downturn. Mr. Guidry stated that his job is to drive revenue to Harrah’s and Horseshoe Casino/Bluffs Run Greyhound Park (Horseshoe). He noted that Harrah’s just recently flew two chartered planes into the Omaha airport, which worked well for them. They are continuing to work with the national casino marketing team to locate other facilities within a 2-hour time frame in order to bring in patrons from other facilities. They are trying to book 30-40 concerts at Stir Cove, and have also booked The Dooby Brothers, BB King, and others. At Horseshoe, they are working on preparing a restaurant, Whiskey River, for opening in July. They also hope to break ground soon on the new 150-room hotel tower at Horseshoe. Mr. Guidry pointed out that many markets are declining, but feels the Council Bluffs market is fairly stable with room for additional growth. He turned the floor over to Janae Sternberg, Director of Finance.

Commissioner Hamilton asked about any impact from the opening of the Bass Pro Shop. Mr. Guidry stated they are working with various businesses to allow patrons to utilize their Rewards points at restaurants, gas stations, Bass Pro, etc., but did not provide specific details. As to any specific impact, he indicated Ms. Sternberg would have to answer that question.

Commissioner Bair asked if the patrons being flown in were high rollers. Mr. Guidry indicated individuals considered high rollers or VIP customers in one market may not be considered such in another market. He indicated Harrah’s has a national casino marketing team that works on these issues. Mr. Guidry noted that other properties also benefit when Harrah’s brings in plane loads of customers. Chair Hamilton asked if the individuals being flown in stay more than a day. Mr. Guidry advised that normally they would stay for 2 nights, and sometimes longer. With the increased number of concerts at Stir Cove, Mr. Guidry stated they are going to try to fly 75-100 customers in once or twice a month.

Ms. Sternberg addressed Commissioner Hamilton’s earlier question about any impact from the Bass Pro Shop. She advised that they do see some impact, but as it is marketed as a family destination, it is not a large impact. If there are specialized weekend programs geared to hunting, fishing, etc., they do see a larger impact.

Ms. Sternberg stated that net revenue for Harrah’s and Horseshoe was up \$3.2 million. The properties employ approximately 2,000 individuals in the Council Bluffs/Omaha

market. Harrah's paid \$3.76 million to IWRA, state, city and county taxes of almost \$22 million over the past year, and spent \$16.3 million with Iowa vendors at Harrah's.

Chair Cutler asked about Horseshoe. Ms. Sternberg advised that Horseshoe has been the leader in the Iowa gaming market for the last year. Horseshoe paid state, city and county taxes of \$47.7 million in 2007, \$9.5 million in greyhound purses and supplements with \$450,000 going to the Iowa Breeders' Classic, and approximately \$20 million with Iowa vendors.

Commissioner Bair asked if the \$9 million purse and supplement payments were for live and simulcast. Ms. Sternberg answered in the affirmative. Commissioner Bair asked the length of the purse supplement agreement. Ms. Sternberg advised that it is a five-year agreement. Commissioner Bair asked for specifics on the agreement. Ms. Sternberg stated that beginning in 2008 the supplement increases by \$250,000 each year until 2010 when the purse agreement will be renegotiated.

Commissioner Bair asked if any of the dogs racing at Bluffs Run also race at Dubuque. Ms. Sternberg stated that each kennel has their own group of dogs and that the dogs are sometimes rotated through the kennels. She stated that she was not sure if they share any dogs with Dubuque, noting that most of the Bluffs Run kennels are local kennels.

Commissioner Bair asked if the greyhound races bring additional patrons to the facility. Ms. Sternberg stated the races attract a different type of gambler, but added that they try to introduce the pari-mutuel side of the facility to patrons on the gaming floor by doing different things, i.e. Derby Day on May 2nd.

Mr. Guidry stated that he does not see a lot of pari-mutuel customers crossover to the casino.

Mr. Ketterer asked how much of the increase in EBITDA from 2006 to 2007 could be attributed to the first 75 days of 2007 prior to Horseshoe opening. Ms. Sternberg indicated EBITDA was fairly flat in early 2007 and attributed all of the increase to the renovated and expanded Horseshoe property.

Chair Cutler called on HGI-Lakeside (Lakeside). Damon Butler, General Manager, noted that the weather in early 2007, late 2007 and early 2008 has provided some challenges. He advised that despite the weather, Lakeside paid over \$12 million in gaming taxes, \$3.2 million to the non-profit, city and county, and \$17.2 million for goods and services purchased from Iowa vendors. Mr. Butler stated that the company was able to provide annual increases and bonuses to every employee, and payroll for 2007 was \$12.6 million. He noted through various marketing promotions, they pumped 2.9 million gallons of gas at the convenience store located on property.

With regard to the audit, Mr. Butler advised that any deficiencies noted have been addressed. Gaming revenues were down 5%; however, with revenues from non-gaming

venues, total revenue remained flat year-over-year. Mr. Butler noted that March has proved interesting and provided some surprises. He indicated the company would leverage all the tools available to them to grow the market. Mr. Butler stated that country entertainment is one of their best venues, and they book two or three shows per month. He indicated that with all of the changes and expansions within the industry, the Osceola property is turning into a destination facility. Mr. Butler stated that he has been working with an outside party regarding hotel development, and hopes to bring another 150 rooms to the property. He believes that adding more amenities to the property is the key to continuing to draw customers and grow the destination feeling. He noted that their customer database includes patrons from Minneapolis, Kansas City, Iowa City and Council Bluffs because of their location on the interstate.

Commissioner Bair asked about the amount of business from out-of-state patrons. Mr. Butler advised that he could not provide an exact figure, but noted they do get a fair amount from northern Missouri. Additionally, the property is a good stopping point for travelers going from Minneapolis to Kansas City, and vice versa.

Hearing no further comments or questions for Mr. Butler, Chair Cutler called on Wild Rose Emmetsburg (WRE). Tom Timmons and Scott Ivers, Vice President of Operations and Chief Financial Officer respectively, were available to address the financial audit. Mr. Timmons advised that Wild Rose Entertainment is looking forward to the opening of the new property in Clinton, which will be on one level, have a buffet and sports bar, a convention center, and a hotel – none of which is available with the current facility. Additionally, the new facility will have a tremendous amount of parking, something that has been lacking at the current property. He noted that the City of Clinton has usurped most of the available parking for the last six months due to the construction of a restaurant on the riverfront. The closest available parking is 50-60 spaces in the street, which created another set of issues if it snowed. Mr. Timmons stated that the numbers for the Clinton property are pretty amazing considering everything.

Moving to the Wild Rose Emmetsburg property, Mr. Timmons noted that it is not located on the interstate, but they do a variety of things to draw visitors to the property. The largest towns in the area are the neighboring county seats, which are approximately 25 miles away. WRE made a more concerted effort in 2007 to draw visitors from the lake area to the property. Additionally, they have started an outdoor concert series due to limited seating in the convention center. They are trying to increase the occupancy rate of the hotel by lowering the rates.

Commissioner Bair asked about the occupancy rate of the hotel. Mr. Timmons noted that in 2007 it was less than 45%, but to date in 2008, it is closer to 60-65%. Commissioner Bair asked if any of the rooms are comped. Mr. Timmons answered in the affirmative, but reiterated that the rates have been lowered which he believes has had some impact on the occupancy rate.

Mr. Ivers stated the company is happy with the numbers at the Clinton property. Total revenue was \$30 million, of which \$28 million was gaming revenue. Revenues year over year were relatively flat, but believes revenues would have been up if not for the weather in November, December and January to which he attributed to a decrease in attendance. The Clinton property paid gaming taxes of \$2.4 million, and the non-profit organization received \$1.1 million. There are approximately 300 employees at the Clinton property.

Mr. Ivers advised that some of the issues cited on the Internal Control letters for both Clinton and Emmetsburg are due to the limited staff. He noted the company is aware of those issues, and takes them very seriously. Mr. Ivers stated that the internal audit function is monitored closely, noting that an internal corporate auditor visits the properties on a regular basis. They are continuously looking for ways to segregate duties, and have made some changes.

Commissioner Seyfer noted that the interest expense for the Emmetsburg property almost doubled. Mr. Ivers answered in the affirmative, noting the property was only open for 7 months in 2006.

Mr. Ivers stated that total revenue at the Emmetsburg property was \$30 million, with gaming revenue totaling \$26 million. He noted that expenses have been fairly consistent on a month-to-month basis, and that staff is doing a good job of controlling expenses. WRE paid gaming taxes of \$6 million and \$1.5 million to the non-profit. The Emmetsburg property also employs approximately 300 individuals.

Hearing no additional comments or questions for Mr. Timmons or Mr. Ivers, Chair Cutler called on Riverside Casino & Golf Resort (RCGR). Joe Massa and Dan Franz, General Manager and Controller respectively, were present to address the financial audit. Mr. Massa, noting the facility opened on August 31, 2006, advised the audit before the Commission represents the first full year of operations. He noted that assets total \$137 million, and as of December 31, 2007, \$123 million had been invested in the property. Liabilities as of December 31 were \$111 million, which were reduced by \$4.6 million in the first year of operation. The original equity of \$35 million is now \$25.8 million.

Mr. Massa stated that total revenue for the first full calendar year of operations was \$101 million - \$86.7 million in gaming revenue, \$9 million in food and beverage, and \$3.5 million in hotel revenue. He noted that gaming revenue pretty much matches the projections made in the license application; however, food and beverage revenue is almost double the original projections. Net income for the first year of operations was \$6.8 million, and EBITDA totaled \$25.8 million. Mr. Massa stated that payroll and related expenses is approximately \$18 million for about 830 employees, depending on the season. He noted that approximately 60% of the employees have been there since the facility opened; and RCGR has instituted a profit-sharing program for the employees. Participants have received two payments to date based on last year's profits.

Mr. Massa stated that RCGR paid \$19.5 million in gaming taxes and fees, excluding the \$10 million license fee that was payable up front. He noted that the license application projected an investment of \$99 million, which has been exceeded by approximately \$24 million. Ninety-seven percent of their expenditures, excluding gaming and specialized equipment, are provided by Iowa vendors. In 2007, the non-profit organization received \$3.3 million, and RCGR made additional contributions of \$150,000. Mr. Massa noted that the golf course, which opened on August 1, 2007, has been very well received. The GIVE Foundation, which is a partnership to provide golf instruction to injured veterans, is doing well. Mr. Massa stated that the Senior PGA Open will be shown on NBC on Memorial Day weekend, and there will be several spots talking about the GIVE program, providing national exposure. The golf course was named the third best golf course in the United States. Ground was recently broken for the golf school, which should be up and operating by early summer. Mr. Massa advised there are approximately 350 investors in the company, mostly Iowans, and the company was able to return 22.5 percent of their original investment in the form of a dividend, or a return of 7.5% per year for the three years they have had their money invested.

Commissioner Hamilton asked about golf course revenue. Mr. Massa advised that golf course revenue was minimal last year due to opening late in the season.

Commissioner Bair thanked Mr. Massa for sharing the projections, noting it is easy to lose sight of those figures. He suggested that comparisons between projections and actual figures be included with the license renewal applications, particularly on the newer properties.

With regard to Commissioner Bair's question on strategy in the event of an economic downturn, Mr. Massa stated that RCGR is cautiously optimistic about the future. He noted there are new casinos in their market area, and others are being revitalized, but indicated RCGR is up to the challenge and can meet the competition. Mr. Massa advised that RCGR is really emphasizing the non-gaming side of their property. They are excited about the first full season for the golf course, noting that about 12% of the golf slots are already booked. Mr. Massa stated that the property is becoming a destination area for a large number of people. Group sales and conventions are also increasing.

Hearing no further comments or questions for Mr. Massa, Chair Cutler called on IWRA. Jerry Mathiason, Executive Director, noted IWRA is the non-profit license holder for Horseshoe/Bluffs Run, and the licensed sponsoring organization for Ameristar and Harrah's. He stated that IWRA received \$7.9 million in license fees in 2007 - \$3.6 million from Harrah's and \$4.3 million from Ameristar.

Mr. Mathiason noted that in previous years Commissioner Bair inquired about compliance with the Sarbanes Oxley Act, and advised that IWRA has established a governance committee to insure they stay on top of those issues – conflict of interest, training of board members, self-dealing, and IRS issues.

Hearing no comments or questions for Mr. Mathiason, Chair Cutler called on the Dubuque Racing Association (DRA). Roger Hoeger, Assistant General Manager and Controller, advised that DRA had adjusted gross receipts of approximately \$71 million, which was a 3-4% increase over 2006. They paid wagering taxes of \$15.3 million, rent in the amount of \$9.8 million to the City of Dubuque, and payroll expenses exceeded \$11 million. Mr. Hoeger stated that distributions to the City of Dubuque and charities decreased slightly to \$7.7 million. DRA saw a change of \$408,000 in net assets compared to \$707,000 in 2006. With regard to balance sheet items, Mr. Hoeger noted DRA spent approximately \$2 million on the purchase of slot machines and IT needs.

Mr. Ketterer stated it was his understanding that DRA paid \$7.7 million to the City of Dubuque and qualified recipients. Mr. Hoeger answered in the affirmative. Mr. Ketterer asked how much actually went to the city. Mr. Hoeger answered 4/7th of that amount. Charities received approximately \$3.2 million with the balance going to the city. Mr. Ketterer clarified that DRA paid rent of \$9.8 million to the city in addition to the amount mentioned above. Mr. Hoeger again answered in the affirmative, noting the amount is based on 1% of coin in and 1% of the unadjusted drop.

Commissioner Bair asked how much of the simulcasting revenue of \$5.6 million is attributable to live racing. Mr. Hoeger indicated it was approximately \$2.2 or \$2.3 million, with the rest coming from simulcast. He noted the casino purse supplement of \$3.4 million outstrips the live racing handle. Commissioner Bair asked Mr. Hoeger if he considered Horseshoe/Bluffs Run to be a competitor. Mr. Hoeger answered in the negative, advising that the biggest competitor for the pari-mutuel operations is the slot machines.

Hearing no additional comments or questions for Mr. Hoeger, Chair Cutler called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manger, advised that Ann Long Richard and Derron Heldt, Vice President of Finance and Director of Racing respectively, were also present to address questions on the audit.

Mr. Palmer stated that PMR&C had a good year in 2007 with an increase in revenues of 3.8% over 2006, and community betterment, direct and indirect, was \$37 million, or an increase of \$1.9 million from 2006. He noted that PMR&C returns approximately 25% of its net revenue to the community. Mr. Palmer stated that under generally accepted accounting principles, the lease structure will make the depreciation account large now through 2010 due to the \$56 million expansion. The project has to be depreciated to zero by the end of the lease period – December 31, 2010.

Mr. Palmer advised that payroll was approximately \$53 million, state taxes were \$47 million, and there are approximately 1300 full-time and 200 seasonal/part-time employees.

Mr. Ketterer, referring to the audit, noted that Polk County received \$15.6 million for rent. Mr. Palmer indicated that was correct. Mr. Ketterer asked how much more money

Polk County received from PMR&C. Mr. Palmer advised that it was approximately \$7 million more – tax sharing and profit sharing. He noted the county received approximately \$27 million via the lease agreement, contributions to the Des Moines school system and contributions made through the grant process.

Mr. Palmer noted that Mr. Ketterer had raised the issue of the direction of the racing program at PMR&C and the thought process of the Board at the March Commission meeting. Mr. Palmer requested an extension of time to June or July to respond, noting that the Board has a retreat scheduled for May 17th and that is an agenda item.

With regard to Commissioner Bair's question on strategy to deal with an economic downturn, Mr. Palmer advised that PMR&C is doing great, and has a great future. Commissioner Bair noted that PMR&C has talked about building a hotel, and asked the status, as well as anything else in the works. Mr. Palmer stated PMR&C is definitely looking at constructing a hotel, and are seeking legislative relief from the required referendum, which makes it difficult to obtain long-term financing. If they are unsuccessful in the legislature, Mr. Palmer advised there are several board members in favor of seeking alternative financing in order to proceed with construction of a hotel and parking ramp. He noted that they also do a lot of direct mail, promotions, and guest service. Mr. Palmer stated that PMR&C just had the best March in its history, and remains cautiously optimistic.

Following a short break, Chair Cutler reconvened the meeting and called on The Isle casino & hotel at Waterloo (The Isle) for contract approval. Curt Beason, legal counsel, presented a contract with Martin Bros. Distributing Co., Inc. for food and beverages.

Hearing no comments or questions concerning the contract, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contract as submitted by The Isle. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-40)

Chair Cutler called on Lakeside Casino & Resort. Mr. Butler presented a contract with Sapp Brothers for the purchase of fuel for the C-Store.

Hearing no comments or questions concerning the contract, Chair Cutler requested a motion. Commissioner Bair moved to approve the contract as submitted by Lakeside. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-41)

Chair Cutler called on DJW. Lori Nelson, Director of Finance, presented a contract with Ron's LP for LP service.

Hearing no comments or questions concerning the contract, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contract as submitted by DJW.

Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-42)

Chair Cutler called on DJ. Mr. Moyer presented a contract with Wells Fargo Foothill, an amendment to extend the term of the current credit facility.

Mr. Ketterer advised the Commission members that this was the contract for which they received additional information the previous evening.

Hearing no further comments or questions concerning the contract, Chair Cutler requested a motion. Commissioner Urban moved to approve the contract as submitted by DJ. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-43)

Chair Cutler called on Riverside. Mr. Massa presented the following contracts for Commission approval:

- Acushnet Company – Wholesale for Retail Golf Pro Shop
- Flynn Wright – Marketing Agency
- Gazette Communications, Inc. – Advertising Print & Billboards
- Iowa City Press Citizen – Advertising Print
- King Food Service – Food Purchases
- Loffredo Fresh Produce CO., Inc. – Food Purchases
- Mid American Energy – Gas Usage Charges
- Nike USA Golf – Wholesale for Retail Golf Pro Shop
- Romeo Entertainment Group, Inc. – Entertainment Broker
- Waitt Outdoor of Omaha – Outdoor Bulletin Signage
- Well Fargo – Debt Refinancing
- Zurich Deductible Recovery Group – Workers Compensation Deductible Recovery

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Riverside. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-44)

Chair Cutler called on IOCB. Mr. Beason noted the second contract listed pertained to IOC Davenport. Mr. Beason presented the following contracts for Commission approval:

- Truss Plus – Finish Carpentry & Construction
- IOC Davenport, Inc. – Blackhawk Hotel Transfer Agreement

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by IOCB

and IOC Davenport. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-45)

Chair Cutler called on WRC. Mr. Timmons presented the following contracts for Commission approval:

- Midwest Casino Supply – Purchase of Casino Table Games and Slot Machine Seating
- Data Business Equipment, Inc. – Purchase of Cage and Count Room Equipment and Kiosks

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Bair moved to approve the contracts as submitted by WRC. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-46)

Chair Cutler called on Horseshoe. Jeannie Magdefrau, Vice President of Finance, presented the following contracts for Commission approval:

- D & B Construction, Inc. – Construction Work
- Mid-America Center – Retail & VIP Concerts held at the Mid-America Center
- Sport View – Video Recording & Broadcasting of Races

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Bair moved to approve the contracts as submitted by Horseshoe. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-47)

Chair Cutler called on Dubuque Greyhound Park & Casino (DGP&C). Mr. Wentworth presented a contract with Cottingham & Butler Insurance for property and casualty insurance.

Hearing no comments or questions concerning the contract, Chair Cutler requested a motion. Commissioner Bair moved to approve the contract as submitted by DGP&C. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-48)

Chair Cutler called on PMR&C. Mr. Palmer submitted the following contracts for Commission approval:

- Cash Systems, Inc. – Renewal of Casino Guest Credit Card Cash Advance Services Agreement
- Global Payments – Renewal of Casino Guest Check Cashing Services Agreement

Chair Cutler asked about the contracts with Cash Systems and Global Payments. Mr. Palmer advised that Cash Systems pays PMR&C a commission for each transaction, but PMR&C does pay them for providing the service.

Chair Cutler wondered why the individual would not cash their check directly with Global Payments thereby removing any responsibility from the casino. She asked if PMR&C also receives a commission on these transactions. Mr. Palmer answered in the affirmative. Ms. Long advised that PMR&C does not charge patrons a fee for cashing a check. She noted the service guarantees the check, therefore PMR&C does not have the risk of trying to collect on insufficient funds (NSF) checks.

Commissioner Bair asked if Global Payments was a processor. Ms. Long stated that PMR&C deposits the checks in their bank account, and if a check comes back as NSF, the bank sends it directly to Global Payments for collection. Commissioner Bair asked if they operate on a flat fee versus a percentage. Ms. Long advised that Global Payments receives a percentage of the check amount.

Commissioner Seyfer noted that the amount being submitted this year is over \$1 million higher than last year. Ms. Long stated that the volume of checks being cashed has grown as PMR&C no longer charges its patrons a fee for cashing a check. She stated that in a survey of other properties, PMR&C determined they were the only one charging a fee. Global payments will not accept any third-party checks; the check must be made out to PMR&C and have the individual's name, address and phone number on the check.

Commissioner Bair asked if the contract had been sent out for competitive bid. Ms. Long advised that bids were received from both Cash Systems and Global Payments to perform this service, and that Global Payments' bid to provide this particular service was cheaper at this time.

Hearing no further comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by PMR&C. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 08-49)

Mr. Palmer distributed an updated report on PMR&C's continuing research on the artificial racing surfaces. The report contained several articles, both for and against the surfaces, from various newspapers and racing magazines. He noted that Bob Gorla, Director of Facilities, recently attended a meeting at Keeneland on the welfare and safety of the racehorse during which several opinions were expressed. Mr. Gorla will be attending another conference in June. Mr. Palmer advised that PMR&C still feels that more time and study is needed prior to making a decision as to an artificial surface at PMR&C.

Mr. Ketterer stated that he felt it was important for PMR&C to stay current with the changes; that there are still three or four types of synthetic surfaces on the market, what

combination of materials is best for the climate of the racing facility, and maintenance. He noted the ultimate goal is to have the safest track surface possible.

Chair Cutler called on IWRA and the Iowa Greyhound Association to review the financial audit for the escrow account ending December 31, 2007. Jim Quilty, legal counsel, advised that the account balance is just over \$5 million. He noted there were only minor expenses withdrawn from the account over the past year – management fees, web site maintenance, shared expenses, and the audit fee.

Mr. Ketterer advised this item appears on the agenda annually for review purposes only.

Hearing no comments or questions for Mr. Quilty concerning the escrow account audit, Chair Cutler moved to the distribution of the Horse Racing Promotion Fund. Keith Soring, DVM, Director of Racing, noted that the Iowa Pari-Mutuel Wagering Act requires 2% of the breakage to go to the Horse Racing Promotion Fund. The fund is to be used for public relations, research, education or the promotion of horse racing. The funds in the amount of \$4,123.29 have been awarded to Legacy Harness Horse Foundation, the only applicant for the funds this year. Legacy Harness Horse Foundation, last year's recipient of the funds, has submitted an accounting of how those funds were utilized.

Hearing no comments or questions for Dr. Soring, Chair Cutler requested a motion. Commissioner Bair moved to approve the distribution of the Horse Racing Promotion Fund in the amount of \$4,123.29 to Legacy Harness Horse Foundation. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-50)

Chair Cutler moved to Administrative Business and the issue of the study on additional licenses in the state. Mr. Ketterer pointed out that the Commission expressed its desire to engage a study of the gaming market in Iowa at the March meeting. He noted that staff has distributed some information regarding the Request for Proposal (RFP) process for the state, and a sample RFP previously utilized by IRGC. Mr. Ketterer stated that he felt there was a need for further discussion by the Commission members as to their ideas on what should be included in the study in terms of scope and focus. He suggested that a committee be appointed to work with staff; the first task would be to develop a draft RFP between now and the June Commission meeting for review by the full Commission at the next meeting.

Chair Cutler concurred with Mr. Ketterer's comments. She extended an invitation to licensees, interested communities, or others involved in the industry to submit information as to what areas they felt the study should address so that the study covers as many areas as possible in order to obtain a true picture of the gaming industry in Iowa. Those suggestions can be mailed or e-mailed to the Commission.

Commissioner Urban stated there should be some broad questions that cover the entire state. She would also like to see the four communities still seeking a license included to

see how those communities and the proposed market area would overlap with existing casinos. Chair Cutler indicated that if there are other communities interested in seeking a license, they should let the Commission know so they can be included in the study. Commissioner Urban stated she felt the Commission and/or committee should determine what information they would like to see regarding the impact of a casino in those communities/counties.

Commissioner Hamilton concurred with Commissioner Urban's comments, but would add the population within a 60-mile radius to determine the socio-economic impact on the population. She would like to know if residents within the 60-mile radius have the discretionary income and can afford to spend it at a casino.

Commissioner Bair stated that he hoped the study would establish some benchmarks for the Commission to follow. He noted that all the visitors within a 60-mile radius to a proposed casino could be local, which would limit the economic impact, even with the creation of jobs. He feels the study should look at what the true economic impact is on a community - jobs versus money spent at the casino instead of other businesses, etc. Commissioner Bair stated the study should also look at the entertainment value, noting that the Commission heard some of the success stories today from current facilities who have venues other than gaming to attract visitors.

Commissioner Seyfer stated that he concurred with all of the previous comments. He stated that he felt it was important to look at the various markets and determine their ability to attract out-of-state visitors. Commissioner Seyfer indicated the study should determine if there are markets that are underserved or are under-performing. He indicated the key to determining those factors is for the study to determine the appropriate capital investment for a casino in those areas.

Chair Cutler stated that she would like to see how Iowa's aging population, rising gas prices, and unemployment impacts revenues. She noted there are some issues facing the state that need to be considered. Chair Cutler concurred with Commissioner Bair on the issue of additional amenities, and determining if there is sufficient market support for the casino and amenities. Chair Cutler stated that the committee would work to refine the questions to be answered by the study, but feels that in addition to those communities/counties that have expressed an interest in a casino, it should look at the whole state to determine what areas are underserved or unserved. She pointed out that the study could possibly highlight an area that is not yet on anyone's radar screen. She noted that not everyone foresaw the opportunities/potential when they granted the license to DJW.

Commissioner Bair stated that Chair Cutler's call for ideas and input from those in the industry would be very valuable. He stated that he felt the committee would welcome any and all thoughts.

Chair Cutler moved to the last item under Administrative Business – a discussion on the penalties for violations of the voluntary self-exclusion law. Commissioner Seyfer stated that the subcommittee and Mr. Ketterer met with Jane Bell, Chair of the Iowa Gaming Association (IGA), Mr. Aviles and Wes Ehrecke, President of the IGA. He noted they received good feedback on how the penalties are working, but advised that everyone agreed that revisions are needed. The subcommittee requested the industry representatives to collect some information and report back to them in order to get a better sense of direction in this particular area. Commissioner Seyfer noted that one of the concerns voiced was the amount of the penalties. He is hopeful of having a proposal before the Commission at the June meeting.

As no one signed up for Public Comment, Chair Cutler called for a motion to adjourn. Commissioner Bair so moved. Commissioner Seyfer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING & GAMING COMMISSION
MINUTES
JUNE 5, 2008**

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, June 5, 2008 at Wild Rose Emmetsburg, Emmetsburg, Iowa. Commission members present were: Kate Cutler, Chair, and members Diane Hamilton, Greg Seyfer and Toni Urban. The Commission is short one member at this time.

Chair Cutler called the meeting to order at 8:00 AM and requested a motion to approve the agenda. Commissioner Seyfer moved to approve the agenda as presented. Commissioner Hamilton seconded the motion, which carried unanimously.

Chair Cutler requested a motion to go into Executive Session pursuant to Iowa Code Section 21.5(1)g for the purpose of receiving Division of Criminal Investigation (DCI) background reports. Commissioner Hamilton so moved. Commissioner Seyfer seconded the motion. The motion carried unanimously on a roll call vote. (See Order 08-51)

Following Executive Session, Chair Cutler called on Tom Timmons, Vice President of Operations for Wild Rose Entertainment, Inc., who welcomed the Commission to Emmetsburg on behalf of Wild Rose Emmetsburg Casino (WRE), where the motto is "Small Town Friendly, Big City Fun!" Mr. Timmons turned the floor over to Mayor John Schad who thanked the Commission for granting a license to Emmetsburg. He stated that since the facility opened, approximately \$2 million per month is spent in the town and county; Palo Alto County Gaming Development Corp. (PACGDC) has distributed approximately \$2.5 million to various organizations in the area, and Emmetsburg has received over \$800,000 either directly from the casino or through PACGDC. Mayor Schad stated that Emmetsburg is on the fast track, and is a growing, thriving community. He stated that Wild Rose has made Emmetsburg a destination city, and they have experienced an upswing in the hotel/motel taxes due to increased tourism in the area. Mayor Schad listed the many community/county organizations and attractions that have received funds received from PACGDC.

Bill Lapczenski, President of PACGDC, introduced the Board members in attendance. During the licensing process, Emmetsburg kept in mind the goal of keeping Iowans in Iowa while attracting individuals from outside the state to travel to the area to spend their entertainment dollars. He stated that the county and communities are starting to see the positive impact of the funds received from PACGDC. They are excited about the future and look forward to the challenges that lie ahead.

Chair Cutler moved to approval of the minutes. Commissioner Urban moved to approve the minutes from the April 17, 2008 Commission meeting as submitted. Commissioner Hamilton seconded the motion, which carried unanimously.

Chair Cutler called on Jack Ketterer, IRGC Administrator, for announcements. Mr. Ketterer provided the following information regarding future Commission meetings:

- July 17, 2008 Commission Meeting – Stoney Creek Inn, Johnston, Iowa (Submissions due by July 2, 2008)
- August 28, 2008 Commission Meeting – Riverside Casino & Golf Resort, Riverside, IA (Submissions due by August 14, 2008)
- October 9, 2008 Commission Meeting – Catfish Bend Casino, Burlington, IA (Submissions due by September 25, 2008)

Mr. Ketterer recognized Tammy Hoffman and Brenda Steffens, the Commission's Gaming Representative and Licensing Assistant respectively, at the facility. He then recognized former Senator Berl Priebe, one of the Senators responsible for spear-heading the passage of the pari-mutuel legislation in 1983. He served in the Senate for 28 years.

Chair Cutler moved to the rules submitted for Final Adoption, and called on Mr. Ketterer for comments. Mr. Ketterer advised these rules were submitted under Notice of Intended Action at the March meeting. He stated the only change was to the automatic disqualifier which previously was a theft greater than \$100 in the last five years. Following some research as to rules in surrounding states and discussions with the Commission's legal counsel, it was changed to a theft in excess of \$500, which equates to a serious or aggravated misdemeanor in Iowa and surrounding states. Mr. Ketterer recommended approval.

Hearing no comments or questions for Mr. Ketterer, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the rules for final adoption as submitted. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-52)

Chair Cutler moved to the request for approval of the acquisition of Penn National Gaming, Inc. (PNG) by Centerbridge Capital Partners PNG-B, L.P. (Centerbridge) and Fortress Investment Group LLC (FIG). Mr. Ketterer noted that Thomas Auriemma, Vice President and Chief Compliance Officer, from PNG was present. He stated that in an earlier conversation with Mr. Auriemma, Mr. Auriemma confirmed the information received in Executive Session.

Mr. Auriemma noted that he and representatives of Centerbridge and FIG gave a presentation concerning the proposed acquisition at the April Commission meeting. He advised that the Mississippi Gaming Commission approved the transaction on that same day, the West Virginia Racing Commission gave their approval approximately two weeks ago, and the Pennsylvania Gaming Control Board has also given their approval. Should IRGC approve the transaction today, Centerbridge and FIG will have received approximately 80% of the necessary approvals.

Commissioner Seyfer asked about the financing of the acquisition. Mr. Auriemma stated that financing is a matter between Centerbridge, FIG and the lenders; that PNG has not been involved in those discussions.

Commissioner Seyfer asked when the acquisition was to close. Mr. Auriemma advised that the contract expires on June 15th; however, the contract allows for a four-month extension if all of the regulatory approvals have not been obtained by that date. At this time, it is not possible to obtain all of the necessary approvals by the 15th. Mr. Auriemma stated that under the contract, the closing date would be extended four months.

Commissioner Seyfer stated that during the Executive Session, issues were raised concerning the financing and the amount of debt. He indicated the Commission, should the transaction go through, would like to see a commitment to capital improvements, and that the facility would continue to operate in the manner in which it should be. Mr. Auriemma stated that the transaction would not have a negative effect on the operation in Sioux City, state and local governments or the non-profit organization. He indicated that everyone is expected to remain in their current positions. He stated the transition should be seamless.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the acquisition of PNG by Centerbridge and FIG. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-53)

Chair Cutler moved to the next agenda item - Herbst Gaming, Inc. seeking approval of an assignment and restated preferred ship mortgage. Jim Quilty, legal counsel, advised the Commission that the agreement before them does not contain any substantive changes to the operation. The document simply assigns the mortgage on the USS Osceola from Bank of America to Wilmington Trust Company, the new primary lender and primary administrator for Herbst.

Hearing no comments or questions for Mr. Quilty, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the assignment and restated preferred ship mortgage for Herbst Gaming, Inc. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-54)

Mr. Quilty asked the Commission's approval to proceed with the contract approval for Lakeside Casino. Upon receiving approval, Mr. Quilty presented a contract with Asphalt Maintenance & Construction, Inc. for repairs and maintenance of the parking lot, service road, and dock area. He stated that the actual contract comes in just under \$100,000, but the contract was submitted in the event of overruns.

Hearing no comments or questions for Mr. Quilty, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contract as submitted by Lakeside.

Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-55)

Chair Cutler moved to contract approvals, and called on Ameristar Casino. Matthew Block, Corporate Director of Government Affairs, presented a contract with Council Bluffs Hotel Association, LLC, which represents a name change for a previously approved vendor, Holiday Inn & Suites.

Hearing no comments or questions for Mr. Block, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contract as submitted by Ameristar. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-56)

As legal representation for Harrah's had not yet arrived, Chair Cutler called on Riverside Casino & Golf Resort (RCGR). Joe Massa, General Manager, presented a contract with Baxter Construction Co., LLC for construction of the golf performance building, fencing and restrooms.

Hearing no comments or questions for Mr. Massa, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contract as submitted by RCGR. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-57)

Chair Cutler called on Rhythm City. Barron Fuller, General Manager for Isle of Capri Marquette, presented the following contracts on behalf of Rhythm City:

- Concentra – Provides On-Site Health Care and Rehabilitation Services for Employees
- Concentra – Provides Health Services for Employees and their Families

Hearing no comments or questions for Mr. Fuller concerning the contracts, Chair Cutler requested a motion. Commissioner Urban moved to approve the contracts as submitted by Rhythm City. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-58)

Chair Cutler called on IOC Bettendorf (IOCB). Mr. Fuller presented the following contracts on behalf of IOCB:

- Concentra – Provides On-Site Health Care and Rehabilitation Services for Employees
- Concentra – Provides Health Services for Employees and their Families
- Hunter Amenities – Provides Hotel Amenities

Hearing no comments or questions for Mr. Fuller regarding the contracts, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by IOCB. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-59)

Chair Cutler called on The Isle Casino and Hotel Waterloo (The Isle). Bari Richter, General Manager, took a few minutes to introduce herself to the Commission as she is new to the Waterloo property. She stated that she got her start in gaming in Iowa in 1991 when the first riverboats opened. Ms. Richter presented a contract with Halvorson Trane for HVAC service and maintenance for Commission approval.

Hearing no comments or questions concerning the contract, Chair Cutler requested a motion. Commissioner Urban moved to approve the contracts as submitted by The Isle. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-60)

Chair Cutler called on WRE. Mr. Timmons presented the following contracts for Commission approval:

- Aristocrat Gaming – Six Replacement Slot Machines
- IGT – Six Replacement Slot Machines
- Konami Gaming, Inc. – Six Replacement Slot Machines
- WMS Gaming – Six Replacement Slot Machines

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Urban moved to approve the contracts as submitted by WRE. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-61)

Chair Cutler called on Diamond Jo (DJ). Todd Moyer, General Manager, presented the following contracts for Commission approval:

- Agilysis – Point of Sales System
- Baker Communications – Purchase and Installation of New Phone System
- Gladstone Industries – Custom-designed Cast Bronze Door Handles for New Casino/Entertainment Facility
- Progressive Gaming International Corp. – Table Tracking System
- Reliable Technologies – Computer Network Hardware, Software and Consulting
- TCS John Huxley – Gaming Equipment
- Vital Support Systems – Server and Computer Equipment for New Casino/Entertainment Facility
- Young Electric Sign Company (YESCO) – Custom Designed Slot Signage

Commissioner Hamilton asked for an explanation of the table tracking system. Mr. Moyer explained that there is a computer screen at each table game, similar to a players' tracking card, but this system provides more accurate information concerning table game play.

Hearing no further comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by DJ. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-62)

Chair Cutler called on Diamond Jo Worth (DJW). Jonathan Swain, Chief Operating Officer for Peninsula Gaming, presented the following contracts for Commission approval:

- Hawkeye Food Service – Food and Paper Supplies
- Ron's LP – LP Service
- Xenia Rural Water District – Asset Purchase Agreement

Mr. Swain stated that the contract with Xenia is for the transfer of ownership of the wastewater treatment facility that DJW constructed as none was available at the time the facility was built. About a year ago, Xenia approached DJW about purchasing the facilities from them. Xenia will make substantial improvements to the facilities, which will allow additional users to hook into the treatment plant, and provide development opportunities around the casino.

Hearing no further comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by DJW. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-63)

Chair Cutler called on Mississippi Belle II/Wild Rose Clinton (MBII/WRC). Mr. Timmons presented the following contracts for Commission approval:

- ITC Communication – Purchase/Installation of Telephone and Voice Mail Systems for Facility and Hospitality
- Konami Gaming, Inc. – Purchase of 30 Slot Machines
- Shuffle Master, Inc. – Purchase of 1 Pai Gow Poker Game
- Quest Entertainment, Inc. – Purchase of 10 Slot Machines
- Encore – Purchase of Functional Mirrors, Decorative Mirrors, and Artwork for New Facility

Mr. Timmons advised that a soft opening of the new facility was originally planned for June 20th; however, that has been pushed back a week to June 27th. The current facility will close the afternoon of June 22nd. The boat will move down the Mississippi to a dock approximately one mile south of the new facility in order to move the rest of the

machines off the boat into the facility on Monday. Once the machines are set, WRC and IRGC staff will work to perform the necessary testing of the machines prior to putting them into operation. A grand opening is planned for July 18th and 19th.

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Urban moved to approve the contracts as submitted by MBII/WRC. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-64)

Chair Cutler called on Horseshoe Casino/Bluffs Run Greyhound Park (Horseshoe). Lorraine May, legal counsel, presented the following contracts for Commission approval:

- AVI Systems – Audio/Video Abilities in new Whiskey Pit
- Heart Amalgamated Inc. f/s/o Heart – Heart Concert Performance at Mid America Center
- Nomota, Inc. – Journey Concert Performance at Mid America Center
- Police Productions – Booking Agent for Concert Events
- Simulcast Services, LLC – Horse and/or greyhound racing simulcast for import and export signals
- VIP Limousine – Limousine and Bus Transportation for VIP Guests

Ms. May advised that VIP Limousine now has an Iowa address.

Commissioner Urban asked if the contract with Police Productions included the concerts. Ms. May answered in the affirmative. Commissioner Urban then referred to the contract with Nomota, Inc., and noted that it specifically referenced performances. Ms. May advised that was due to the fact that Horseshoe is hosting several different concerts at Stir Cove, as well as sponsoring concerts at the Mid America Center.

Hearing no further comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by Horseshoe. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-65)

Ms. May then presented the following contracts for Harrah's:

- D&B Construction, Inc. – Possible Construction Work
- Vidiots Tours, Inc. – Stir Concert Cove Performance

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Urban moved to approve the contracts as submitted by Harrah's. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-66)

Chair Cutler called on Dubuque Greyhound Park & Casino (DGP&C). Jesús Avilés, General Manager, presented a contract with the International Association of Machinists for a labor agreement for the casino for Commission approval.

Hearing no comments or questions concerning the contract, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contract as submitted by DGP&C. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-67)

Chair Cutler called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, advised that Ray Sears, Director of Logistics and Purchasing, was present today to address the third item listed under PMR&C. Mr. Palmer presented the following contracts for Commission approval:

- Computerized Valet Parking Systems, Inc. – Computerized Valet Parking System
- Kahler & Company Specialties – Promotional Merchandise

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by PMR&C. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-68)

Chair Cutler moved to the next item under PMR&C – a report on their contract award process. Mr. Ketterer advised that this item was placed on the agenda as a result of questions raised by Commission members regarding contracts submitted in April for \$750,000 of concrete services with two different contractors. He indicated questions were raised as to the bid process. The response provided by PMR&C was that the two companies would be providing the services. The question was then raised as to how these two companies were selected to be the only ones submitting bids.

Mr. Sears advised that Nuckolls Concrete Services and Home Boy Enterprises, Ltd. are medium-sized concrete companies, and the proposed projects are medium-sized. He stated there are four projects included in the budget, some of which they hoped to complete this spring prior to the live meet; however the weather did not cooperate. Therefore, the projects will be completed after the live race meet but before winter. Mr. Sears stated that these two companies have performed work for PMR&C in the past; PMR&C found them to be competent, capable of providing the needed services, and easy to work with. He informed the Commission that PMR&C does not go through a formal bid process that is open to all contractors; PMR&C selects the contractors they choose to do business with. Mr. Sears stated that if other contractors are interested in performing the services, they simply need to contact the facility. PMR&C representatives would discuss the project with them, and if PMR&C found the company qualified to perform the services, they would be allowed to submit a bid as well. Mr. Sears noted that the two companies are local, and that utilization of local vendors is of extreme importance.

Commissioner Urban stated that PMR&C is unique and does not face some of the same issues faced by other facilities; they are a tenant of Polk County. She noted that the County puts capital improvement projects out for bid. She asked if PMR&C needed to follow the same requirements as they are making capital improvements to a county-owned facility. Mr. Sears stated that PMR&C has been advised by legal counsel that as a private non-profit corporation they are not required to follow the open public meeting policies of county government. Commissioner Urban stated that she could understand that if PMR&C were purchasing gaming tables or equipment for the building, but questioned improvements to the facility itself, which is owned by the county. She wondered if that would not be handled differently when PMR&C is talking about opening a \$1,000,000 contract for bids. Mr. Sears answered in the negative. He noted that the concrete services would be small independent transactions; the companies will be in and out, with the work completed in a matter of months. PMR&C has skilled project management individuals on staff that will receive the quotes and subsequently issue a purchase order for the projects.

Commissioner Urban stated that the \$1,000,000 amount is relative – to some that is a substantial amount of concrete. Mr. Sears stated the amount submitted by PMR&C is for authorization to do business with the two companies up to \$750,000. He indicated it is conceivable PMR&C may not do any business with one of the concrete companies; however, IRGC rules require that the authorization be submitted if certain criteria are met. Commissioner Urban asked if the amount PMR&C is paying to the companies for each cubic yard is available to the public. Mr. Sears answered in the negative, stating that PMR&C does not publish bid specifications, nor do they follow a formal bidding process. He indicated that project management staff will contact company representatives, give them a tour to show them what work is to be done, and then the contractors will submit proposals to PMR&C, which will be evaluated and a selection made.

Chair Cutler asked Mr. Sears if PMR&C had a written opinion from legal counsel concerning the bidding process. Mr. Sears answered in the negative. Chair Cutler requested one prior to the next meeting. Chair Cutler stated that it should be apparent to PMR&C that the Commission is concerned about the fact there is no actual bid process in place; that PMR&C simply selected two vendors to perform the necessary work. She indicated it is not a process the Commission envisions the facilities following when soliciting bids. Mr. Sears stated that in their world, PMR&C is receiving quotes. He stated that he has worked in the public sector and is aware of what the open bidding process is, and the connotation that everyone can bid on the projects, which is a requirement of government. It is not a requirement for PMR&C as a private non-profit organization. He stated that PMR&C has the ability to “pre-qualify” businesses who perform work for them.

Commissioner Urban asked if there was any wording in PMR&C’s lease with Polk County that would suggest any other process or actions. Mr. Palmer answered in the negative. He stated that any improvement over \$100,000 have to be approved by the

county. Commissioner Urban asked if the county would have approved this contract. Mr. Palmer advised that any one contract over \$100,000 would have to be approved. Chair Cutler again asked if the county had approved these two contracts. Mr. Palmer reiterated his previous response. Chair Cutler asked if the work performed under these contracts was going to be piece-mealed in order to avoid the requirement that they be approved by the county. Mr. Sears answered in the negative. He stated that four projects had been budgeted for the current budget year – one in excess of \$200,000 for a road replacement on the back side; the others are for \$30,000, \$25,000 and \$35,000. Mr. Sears stated there was no attempt on PMR&C's part to circumvent the county's rules. He stated it was his belief that the county only approved the project, not the contracts necessary to complete the project.

Mr. Palmer stated that PMR&C would have Tom Flynn, legal counsel, prepare an opinion concerning the bidding and/or quote process, as well as have him present at the July Commission meeting to further address this issue.

Hearing no further comments or questions concerning this issue, Chair Cutler moved to PMR&C's report on the analysis and evaluation of the racing program at the management retreat held in mid-May. Mr. Palmer advised that the PMR&C Board held a retreat on May 17th to cover the following subjects: 1) Horse racing at PMR&C and its future; 2) Hotel and parking ramp, and 3) Human Resources – Staff Compensation, etc. During the meeting, Jack Bishop, Chairman, appointed Tom Whitney, Lynette Rasmussen, Jack Peters and Don Brown to spearhead a committee to determine where PMR&C is going with racing, how they are doing, what is PMR&C's philosophy, and what is the future of racing at PMR&C going to be. Mr. Palmer read excerpts from the minutes of the retreat:

- Horse Committee: Do an in-depth study on what we want horse racing to be at PMR&C and make it a destination point.
- Develop a Horse Committee that reports to the Board and is more viable to the average board member, and
- Look at the true economic value based on horse racing and economic impact to the whole state.

Mr. Palmer stated that one of the thought processes with the statement is the recruitment of horses, owners, jockeys, the number of days of racing, what kind of racing, how many breeds will race at PMR&C, the necessity of a turf track, continued research on an artificial surface, and marketing opportunities. He noted the committee has not met since May 17th, and he does not know at this time when the next meeting is scheduled. Mr. Palmer indicated he felt the committee would deal with these issues immediately; possibly bringing in a consultant to help with the process.

Mr. Ketterer thanked Mr. Palmer for the update. He noted that in response to questions posed last November, the Board submitted a letter in January that stated similar things; then pursuant to the Commission's request for an update in March, the PMR&C Board decided in April to hold this management retreat. Now, a committee has been named to

explore these issues. He asked about the timetable for submitting a report to the full PMR&C Board. Mr. Palmer stated that he would have to guess as he was not present when these discussions took place; however, he feels it will be sooner rather than later as negotiations with the three breeds for the 2009 live meet are fast approaching and staff needs to know what they are going to negotiate. He stated that he believes the issues before this committee are on a fast track, as they should be. Committee members are aware of some urgency on PMR&C's part for a report.

Mr. Ketterer advised that IRGC could be added to the list of those wanting a report sooner rather than later. He stated that the Commission is not necessarily trying to push PMR&C in any different direction, other than forward. Mr. Ketterer stated that he felt the issues should be a priority for the Board, particularly if PMR&C is losing anywhere from \$20 - \$29 million on racing, and are required by law to spend \$18 million on purses, which are a form of entertainment in order to draw patrons to the facility. Mr. Ketterer stated that he and the Commissioners look forward to hearing the response.

Mr. Priebe asked to address the Commission on this issue. Mr. Priebe confirmed that he and Senator Kinley did handle the pari-mutuel legislation. He stated that the state has a different outlook when it comes to horseracing, and his belief that the \$29 million figure is fictitious. Mr. Priebe stated that horse racing is not just a PMR&C business; it is an Iowa business, which is what the Legislature intended. Commenting on the report which provided the above revenue loss, Mr. Priebe noted that it indicated there were 3,200 people involved with the horse racing business in Iowa. Even if that figure were reduced to 1,200 people, and if they had families, there would be an impact on families, teachers, farmers, implement dealers, administrators, etc. He stated horse racing is a big business in Iowa; and believes that PMR&C has done a good job. He stated this issue is not just about Des Moines. Mr. Priebe stated the \$29 million figure is misleading, as the following expenses will be in place whether there is racing or not at PMR&C: \$16 million for rent, and administration, along with other fixed expenses. He stated that he did not think Polk County would reduce the amount of rent PMR&C pays if racing is removed the PMR&C facility. Mr. Priebe noted that with the high cost of energy there will be several individuals who will have problems paying their fuel bills, etc, and there is not one other place where they can take their family and watch the races without charge. He noted that most children like horses.

Commissioner Hamilton stated that she had read that the horsemen are going to have an economic study done. Mr. Palmer answered in the affirmative, indicating they have hired Dr. Richard Thalheimer. Commissioner Hamilton asked when the study would be completed. Mr. Palmer indicated that he had not heard a completion date.

Chair Cutler moved to the hearing for Diamond Jo Worth (DJW) for a violation of Iowa Code Section 99F.9(5) (Wagering – age restriction). Mr. Ketterer advised that IRGC staff and the facility had entered into a Stipulated Agreement. Diamond Jo Worth allowed an underage female to gain access to the gaming floor without being asked or requested to produce identification. The individual was on the gaming floor in excess of

one hour and played several slot machines. The requisite criteria for this violation to come before the Commission were met. Mr. Ketterer stated that DJW has acknowledged the violation did occur and agrees to a \$20,000 administrative penalty. He recommended approval of the Stipulated Agreement.

Hearing no comments or questions for Mr. Ketterer concerning the Stipulated Agreement, Chair Cutler requested a motion. Commissioner Hamilton moved to approve the Stipulated Agreement as presented. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-69)

Chair Cutler moved to Administrative Business, with the first item being the notice for Requests for Proposals for the Greyhound Promotion Fund for Fiscal Year 2009.

Prior to addressing the Greyhound Promotion Fund, Mr. Ketterer advised that the International Masters of Gaming Law, of which he is a member, is going to co-sponsor a Gaming Law Symposium on September 12th with the Drake University Law School. He indicated that he would provide additional information once he learns the names of the authors that will be writing the articles. He stated that the Drake Law Review would more than likely be the publisher. Mr. Ketterer stated that these Symposiums have been given before at law schools at UNLV, John Marshall Law School in Chicago, and the University of Mississippi Law School.

With regard to the Greyhound Promotion Fund, Mr. Ketterer stated the Commission would be accepting proposals for the fund until close of business on June 30, 2008. The notice will be posted on the Commission's web site.

Mr. Ketterer moved to the next item under Administrative Business, the Gambling Setoff Legislation, which was passed by the Legislature this year. This legislation requires the licensees to check those individuals winning \$10,000 or more against a database of individuals who owe the state money for delinquent child support, court debt, taxes, etc., and withhold the winnings, either partially or in their entirety, depending on how much is owed the State. Mr. Ketterer stated it is his understanding that the State is not up to speed as far as establishing the website that would be available to the licensees. He stated the Commission would be responsible for insuring that the licensees are complying with the legislation by establishing a process.

Mr. Ketterer then moved to regulatory fees for Fiscal Year 2009. He indicated IRGC staff has calculated the fees, noting that DCI costs were not available when the fees were calculated. He stated that DCI's appropriation was fairly close to what it was last year, so those are the figures that were used in these calculations. Mr. Ketterer advised that once DCI's numbers were received, there could be some tweaking of the numbers. He stated that the licensees had received notice of the fees by e-mail, and that he had additional copies available as well. He asked the Commission for approval of the proposed regulatory fees so the fees could start being collected at the beginning of the fiscal year

on June 30th, with the understanding that the numbers could change slightly. He indicated a report on the finalized fees would be given at the July Commission meeting.

Hearing no comments concerning the proposed regulatory fees, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the regulatory fees as presented. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-70)

Chair Cutler moved to the approval of the Request for Proposals (RFP) for the Study on Additional Casino Markets. Commissioner Seyfer stated that following the April meeting, he and Commissioner Hamilton were appointed as the committee to work with the staff on the RFP for the study on additional casino markets. He noted that the majority of the information contained in the RFP is standard in order to meet state requirements, but does incorporate areas previously discussed during the last two Commission meetings. Commissioner Seyfer noted input was received from third parties, and applicable information was included; however, much of the information was more suitable for information to be contained in a license application rather than an RFP. Commissioner Seyfer stated that he felt the RFP was ready to go, and asked about timing. Mr. Ketterer advised that the RFP would be posted on the Commission's website on Friday or no later than Monday, June 9th. Questions pertaining to the RFP will be accepted until July 1st, and the Commission has until July 15th to respond. Proposals are due in the Commission's office by August 15, 2008.

Chair Cutler stated that based on the time frame set forth in the RFP, the Commission expects to have a final report by July 1, 2009. Mr. Ketterer indicated the date was tentative, as the committee and staff were attempting to give potential respondents an idea of the timeframe. He indicated the dates could change during the process. Chair Cutler noted that each Commission member had had an opportunity to review a copy.

Hearing no comments or questions for Mr. Ketterer, Chair Cutler requested a motion concerning the RFP. Commissioner Seyfer moved to approve the RFP for a Study of Additional Casino Markets as submitted. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-71)

As there was no Public Comment, Chair Cutler thanked Emmetsburg for their hospitality and requested a motion to adjourn. Commissioner Urban so moved. Commissioner Hamilton seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
JULY 17, 2008**

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, July 17, 2008 at Stoney Creek Inn, Johnston, Iowa. Commission members present were Kate Cutler, Chair; and members Grey Seyfer and Toni Urban. Commissioner Diane Hamilton was absent. The Commission is one member short at present.

Chair Cutler called the meeting to order at 8:30 AM and requested a motion to approve the agenda. Commissioner Urban so moved. Commissioner Seyfer seconded the motion, which carried unanimously.

Chair Cutler moved to the approval of the minutes from the June 5, 2008 Commission meeting. Commissioner Seyfer moved to approve the minutes as submitted. Commissioner Urban seconded the motion, which carried unanimously.

Chair Cutler moved to Announcements and called on Jack Ketterer, Administrator of IRGC. Mr. Ketterer introduced Audrey Carlson and Ian Hudson, Licensing Supervisor and Gaming Representative respectively, from the Des Moines office. Ms. Carlson serves as IRGC's representative on the Gambling Treatment Program advisory board. Mr. Hudson is IRGC's liaison with the independent testing labs and develops the Commission's testing procedures.

Mr. Ketterer provided the following information regarding upcoming Commission meetings:

- August 28, 2008 Commission Meeting – Riverside Casino & Golf Resort, Riverside, IA (Submissions due by August 14, 2008)
- October 9, 2008 Commission Meeting – Catfish Bend Casino, Burlington, IA (Submissions due by September 25, 2008)
- November 13, 2008 Commission Meeting – Stoney Creek Inn, Johnston, IA (Submissions due by October 30, 2008)
- December – No Meeting

Mr. Ketterer reminded those in attendance of the Drake University Law Symposium on September 12, 2008 at the Drake University Law School, which is being sponsored by the International Masters of Gaming Law. Several prominent national authorities on gaming law are scheduled to be in attendance. Mr. Ketterer stated that an attempt is being made to obtain Continuing Education Credits for legal education. He indicated that it should be an interesting and thought-provoking symposium.

Chair Cutler called on the National Center for Responsible Gaming. Wes Ehrecke, President of the Iowa Gaming Association, introduced Christine Reilly, Executive Director of the Institute for Research on Pathological Gambling and Related Disorders

(Institute). The Institute is part of the Division on Addictions of the Cambridge Health Alliance, which is a teaching affiliate of Harvard Medical School. He indicated the National Center for Responsible Gaming (NCRG) has been instrumental in getting science-based research available on problem gaming, and felt it would be beneficial to have them come to Des Moines. They met with treatment providers, members of the Gambling Treatment Program Advisory Board, media and industry representatives.

Mr. Ehrecke advised the Commission that August 4-8, 2008 is National Responsible Gaming Education Week. The theme this year is "Let's Talk about Responsible Gaming", which will focus on the role of the gaming industry and the employees to address problem gambling among themselves, colleagues, friends, family, etc.

Mr. Ehrecke advised that the Institute oversees all grant making activities for the NCRG, and is the only national organization strictly devoted to funding peer-review research that helps increase the understanding of pathological gambling in order to help find an effective method to treat the disorder.

Ms. Reilly advised that the NCRG was established in 1996 to help individuals and families affected by gambling disorders, and basically focused on research to find out why people developed gambling disorders, which would help to develop treatment standards. She stated that NCRG is also engaged in applying research findings to prevention, diagnosis, intervention, and treatment.

Ms. Reilly stated that since 1996 more than \$22 million has been committed to the NCRG through contributions from commercial casinos and related companies for research on gambling disorders, including \$7.6 million committed for 2008 through 2012. She indicated this is the largest private source of funding for research focusing on gambling addiction. She raised the question of how NCRG keeps industry money from influencing the research. She stated that the people who established NCRG created the first university-based center at Harvard Medical School under the direction of the Institute. She indicated the NCRG is modeled after the National Institute of Health. NCRG funds both its own internal core research and run a grants program for others who want to perform research in the gambling addiction area that the Institute is unable to do.

Ms. Reilly stated that NCRG has set up a number of firewalls to prevent the gaming industry from having undue influence over the content of the research. She stated that the integrity of the research is protected by having the gaming industry make their grants to the NCRG, a 501c(3) not for profit organization. The NCRG then awards most of the funds to Institute to do the research for internal research. Ms. Reilly noted that the Institute has had success in getting their findings published in peer review journals, one way of knowing they are on the right track. She stated that independent peer reviewers make funding decisions to determine who receives the grants, and those findings are not available to NCRG until they are published. From the research in the publications, NCRG is able to take that money and translate into applications that will help people. An

example is A First Step to Change – A Brief Intervention, a self-help booklet, in an effort to help people who do not want to go to treatment.

NCRG conducted the first national study on gambling problems and policies on college campuses, which has gone on to be used by a college task force NCRG put together to help develop policies for US colleges and universities. Ms. Reilly indicated there is a very low awareness of gambling and potential problems on college campuses, and believes that the NCRG can have a huge impact in that area.

NCRG also sponsors an annual conference on treatment, responsible gaming and public policy for treatment providers, lawyers, regulators, clinicians, state officials, industry representatives and academic professionals to discuss the most recent research. They have a new initiative centered on helping parents talk to their children about gambling. NCRG also sponsors EMERGE, their employee education program. She noted that Iowa and eleven other states have requirements about educating casino employees about responsible gaming and gambling. NCRG has taken their research and translated it into the EMERGE program.

Ms. Reilly stated that some of the most important grants over the years have been to the University of Iowa where they are looking at the treatment work force for NCRG – what kinds of qualifications are needed by treatment providers to be effective clinicians. Dr. Donald Black of the University of Iowa is one of the leaders in the field, and NCRG has funded his family study to determine if there is a link with family history for individuals to develop a gambling addiction. She advised that Dr. Black was able to utilize NCRG's pilot data to obtain a large grant from the National Institute on Drug Abuse to continue the project. Ms. Reilly stated that Dr. Black is currently working on a project that talks about what is different about people with gambling addictions in terms of their effective functioning. She showed slides listing a number of NCRG-funded research projects.

Ms. Reilly stated that one of the key research findings is the ability to get a good handle on the number of people who have a gambling disorder; it is around 1% whether it is in the US, nationally, or internationally. The highest rate found internationally is in Australia at approximately 2%; however, there are some countries with less than 1%. Ms. Reilly stated that while the percentage is low, it represent a large number of people. She noted that this is a low-base rate disorder, but one that is devastating to individuals and families. There is evidence that genetic components play a part in the disorder. While a treatment standard has not been established, there is significant evidence that cognitive behavior therapy seems to be effective, as well as some new drugs that appear to be effective in reducing the craving for gambling.

Ms. Reilly stated that NCRG has done a lot of work on neuroscience – understanding the brain. She feels it is important to understand how the brain's reward system works. The research is in its early stages, and is consistent with mental research in general, which is focused on neurobiology. Ms. Reilly stated there is a new understanding of the gambling addiction due to neurobiology; NCRG believes it is more like a syndrome – that all

addictions are rooted in the same underlying disorder. She feels that if the underlying disorder can be determined, it would go a long way in figuring out more effective treatments and possibly a way to prevent it.

Ms. Reilly then talked about EMERGE, NCRG's employee training program, which is totally science-based and up-to-date in terms of the latest research. It was developed to be understood by all educational levels, and is web-based so that it is available to employees 24/7 from home or work. The program has been approved by a third-party credentialing agency, which she feels is important from the operators' standpoint. Ms. Reilly stated that the program has been tested by the members of the Iowa Gaming Association, who gave the program a "thumbs up".

Ms. Reilly advised that another tool of the NCRG is a workbook to help people evaluate their gambling behavior in a non-threatening manner. The workbook is currently being evaluated in Massachusetts, where they are finding that it does help people reduce their gambling. The book is being translated into different languages for different ethnic populations. The book has been reprinted in Iowa, Pennsylvania, and Nevada. NCRG is pleased with the impact the workbook has had around the country. Ms. Reilly indicated the workbook is available to Iowans through the 1-800-BETS-OFF line. She indicated there are a number of resources available on their website at www.basionline.org.

Ms. Reilly stated that the task force on college gambling will address the fact that only 22% of colleges even have a gambling policy, whereas approximately 100% have an alcohol policy. There is a task force of representatives from colleges and universities who work with students and service people, and their job over the next year is to develop a science-based policy that addresses how to reduce gambling-related harm on campuses. She noted that college students participate in a number of risky behaviors, and pointed out that most adults with a gambling addiction started gambling early. She is hoping the task force can develop policies that will help break the cycle. Ms. Reilly stated that final task force recommendations would be announced during March Madness in 2009 due to the high level of gambling awareness at that time.

Additionally, NCRG produces a pamphlet entitled "Talking with Children about Gambling", which is also research-based and is about how to prevent children from engaging in risky behaviors. She stated that while parents may feel overwhelmed, they are very powerful and there are a number of simple things that can be done to help circumvent their children from participating in risky behaviors, such as family meal times. Ms. Reilly stated this pamphlet will be launched during Responsible Gambling Week in August. She indicated that a pdf format is available on the website at www.NCRG.org.

Looking ahead, Ms. Reilly stated that NCRG is going to continue to translate their research into responsible gaming programs, making a push on vulnerable populations including ethnic minorities, youth and older adults. She indicated it is necessary to continue to study whether or not older adults are more vulnerable and what can be done

about that. More work is needed on effective treatment; the clinicians do not have a standard. Additional neurobiology studies are needed as well. Ms. Reilly stated that NCRG just published another booklet in an attempt to translate research entitled “Gambling and the Public Health, Part 1”.

In closing, Ms. Reilly again referenced the annual conference, which is held in Las Vegas. The conference attempts to meet the diverse needs of the groups in attendance – clinicians, researchers, regulators and operators. The focus of the conference is on the latest research on various issues. She indicated one of the keynote speakers is currently doing research to determine if video gaming is dangerous and has a potential to become addictive. There will also be a discussion as to whether the definition of pathological gambling is going to change in the next version of the diagnostic manual based on new research.

Ms. Reilly gave the following websites for those wishing to learn more on this issue:

- NCRG is www.ncrg.org.
- The Institute is www.divisiononaddictions.org/institute.

Chair Cutler thanked Ms. Reilly for her comments and called on Mr. Ketterer regarding the rules submitted under Notice of Intended Action. Mr. Ketterer advised that during the past year the Division of Criminal Investigation (DCI) had noticed for intended action some proposed surveillance rules. The Code states that the Commission should provide for continuous video recording of gambling activities, but allows the DCI to write rules on how it should be performed. The Iowa Gaming Association had some concerns with the DCI rules, and developed its own version of the proposed rules. There was a question regarding jurisdiction. The Commission’s Assistant Attorney General, who represents both the Department of Public Safety and the Commission, intervened and determined which areas would be under the Commission’s jurisdiction and which would be under the DCI’s jurisdiction. The Commission met with the DCI, who changed some of their rules independently, and also looked at what the Iowa Gaming Association had proposed for the Commission’s consideration. The DCI requested a couple of minor changes in the rules proposed by the Iowa Gaming Association, which were determined by the Assistant Attorney General to be under the Commission’s jurisdiction. The Iowa Gaming Association agreed to the changes. These changes resulted in the proposed rules in Items 1 and 10 – the definition of gambling activities, the transmission of video images and access to the surveillance room.

Mr. Ketterer indicated the DCI and Iowa Gaming Association support the proposed rules. The rules under the DCI’s jurisdiction are still being worked out.

Items 7 through 9 involve replacing the Multi-Link Progressive Payouts and Trust with a Reserve. The rules were drafted with the assistance of International Gaming Technology. These changes will help Iowa’s rules conform more to what other states are currently doing.

Additional changes – one clarifying that a qualification for a business transaction coming before the Commission is that the \$100,000 threshold was for a calendar year; clarifying that no horse shall be allowed to run on consecutive calendar days, and requiring licensees to log changes or patches to their system so that the Commission can review or audit them.

Mr. Ketterer recommended approval of the rules as submitted under Notice of Intended Action.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Urban moved to approve the rules as submitted under Notice of Intended Action. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-72)

Chair Cutler moved to the election of the Chair and Vice Chair for Fiscal Year 2009, and requested a motion. Commissioner Urban nominated Greg Seyfer as Chair and Diane Hamilton as Vice Chair. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-73) The gavel was passed to Chair Seyfer.

Mr. Ketterer presented former Chair Cutler with a plaque, which stated: “Kate Cutler – In Appreciation of your Service as Chair of the Iowa Racing & Gaming Commission – July 13, 2006 to July 17, 2008.

Former Chair Cutler stated that she has enjoyed her term as Chair, and thanked Mr. Ketterer and the staff for their assistance. She noted that she had been reappointed and has just less than three years left to serve.

Mr. Ketterer noted that Commissioner Hamilton had committed to a trip to Ireland prior to the FY 09 meeting dates being set.

Chair Seyfer moved to the Contract Approvals, and called on Harrah’s. Jeanne Magdefrau presented a contract with Little Swamp II, Inc. for a Stir Concert Cove Performance.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contract as submitted by Harrah’s. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-74)

Chair Seyfer called on Riverside Casino & Golf Resort (RCGR). Joe Massa, General Manager, presented the following contracts for Commission approval:

- Leibold Irrigation Inc. – Blue Top Ridge Bunker Project
- Pharmaceutical Technologies, Inc. – Health Plan Costs 2008 – Pharmacy
- Prodigy Promos - Promotional Give Aways

- State University of IA Hospital and Clinic – Health Plan Costs 2008 – Medical

Commissioner Cutler asked how the golf course was following the flooding. Mr. Massa advised that the fairways of five holes were flooded, and out of commission. There is a possibility they could be playable by late fall. The golf course is open with 13 of the finest holes of golf in the country. Mr. Massa stated that RCGR had reduced the rate to golf and have been swamped. He stated that the insurance company has been out to look at the golf course, and RCGR expects to receive figures available for the restoration of the course. Mr. Massa stated that RCGR wants to proceed as quickly as possible on the restoration, and hopes that process is underway prior to the August meeting. He advised that Frank Baxter Construction Company, who was the construction manager for the casino and golf course when it was built, to head up the restoration effort. The architect has also been brought in on the process. Mr. Massa stated that a formal approval document would be submitted at the August Commission meeting. Mr. Massa noted that he had discussed the issue with Mr. Ketterer.

Hearing no further comments or questions for Mr. Massa, Chair Seyfer requested a motion on the contracts. Commissioner Cutler moved to approve the contracts as submitted by RCGR. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-75)

Chair Seyfer called on the Diamond Jo (DJ). Todd Moyer, General Manager, presented the following contracts for Commission approval:

- All Systems – Office Furniture
- Amtrend Corp. – Custom Bench Seating, Custom Ottoman, Dining Chairs, Booths, Bar Stools, Etc.
- Cummins-Allison Corp. – Count Team and Cage Equipment
- Data Business Equipment – Ticket Exchange Machines and Other Small Cage Equipment
- Key City Moving & Storage – Transporting and Warehousing Custom Furnishings for
- the New Casino
- KGM Gaming – Specialty Slot Bases and Hardware for Slot Banks
- Konami Gaming – Slot Machines, Conversions and Parts
- Scott Lamp Co., Inc. – Custom Light Fixtures for Casino
- Sign Productions, Inc. – Interior, Exterior and Directional Signage, including all LED Building Signs and Interior Wayfinding

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by DJ. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-76)

Mr. Moyer introduced the new general manager for Diamond Jo Worth (DJW), Kim C. Pang. He noted that both he and Mr. Pang started their gaming careers with the Trump organization in Atlantic City in 1990, but never met. Ten years later, both were with Station Casinos in Las Vegas, and again never worked together directly. Now, both are in the middle of the country and finally get to meet. Mr. Pang was most recently employed by Boyd Gaming in Indiana, and prior to that, Treasure Island in Red Wing, Minnesota. Mr. Moyer stated that Mr. Pang and his family will be relocating to Mason City next month.

Mr. Pang presented the following contracts for Commission approval:

- Garner Publishing Company – Direct Mail Printing
- Konami Gaming – Slot Machines, Conversions and Parts
- Wellmark Blue Cross Blue Shield – Employee Medical Insurance Premiums

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by DJW. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-77)

Chair Seyfer called on Wild Rose Emmetsburg (WRE). Amy Williams, General Manager, presented a contract with Aristocrat Gaming for a Sentinel III Assembly for Player Tracking and Marketing.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contract as submitted by WRE. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-78)

Chair Seyfer called on The Isle Casino and Hotel Waterloo (The Isle). Bari Richter, General Manager, presented the following contracts for Commission approval:

- ASPRO, Inc. – Asphalt and Paving Contractor for Parking Lot
- Global Cash Access – Service for Cash Advances, Check Guarantees, ATM's, Etc.

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by The Isle. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-79).

Chair Seyfer called on Dubuque Greyhound Park & Casino (DGP&C). Jesús Avilés, General Manager, presented the following contracts for Commission approval:

- Mathis, Earnest & Vendeventer – Advertising Services

- Union-Hoerman Press – Printing and Direct Mail Services
- Hilton Garden Inns – Hotel Comps for RR Members
- Quality Incentive Co. – Incentive Supplies for RR Members
- Mulgrew Oil Co. – Promo Gas Cards for RR Members
- IKON Office Solutions – Copy Machine Lease and Service Agreements
- Hy-Vee Food Stores – Gift Card Purchases for Promotions
- Best Buy – Electronic Purchases for Promotions
- Sid's Liquor Store – Purchase of Wholesale Liquor

Hearing no comments or questions, concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by DGP&C. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-80)

Chair Seyfer called on Prairie Meadows Racetrack & Casino (PMR&C). Ann Atkins, Vice President of Operations, advised that the Board Racing Committee is scheduled to meet next Wednesday, and she would provide an update at the August Commission meeting. She turned the floor over to Derron Heldt, Director of Racing, to address the season approvals for the upcoming harness meet.

Mr. Heldt stated that he would be happy to answer any questions regarding the season approval submission.

Mr. Ketterer asked Mr. Heldt for any comments regarding the first meet – thoroughbred only – which concluded earlier this month. Mr. Heldt stated that he felt the first meet was very solid, noting that off track handle was up about \$5.5 million over the previous year. He indicated on track was down about 4%, or \$150,000. Mr. Heldt stated that the first six weekends of weather – cold and rain – hurt on track betting; however, off track betting was strong. He indicated the mixed meet is off to a strong start.

Mr. Ketterer stated that he is aware of an issue nationwide with the horsemen and account wagering, and how the revenue would be divided, resulting in several of the major tracks not being able to have account wagering. He asked Mr. Heldt if that helped the off track wagering.

Mr. Heldt answered in the affirmative. He noted that Calder Park had problems getting their signal out, which he feels helped PMR&C. Mr. Heldt stated that changing to the Monday, Tuesday, Friday and Saturday has helped them in the simulcast outlets around the country.

Hearing no comments or questions concerning the season approvals for the harness meet, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the season approvals for the harness meet at PMR&C as submitted. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-81)

Ms. Atkins submitted the following contracts for Commission approval:

- Copy Systems – Office Equipment Lease and Maintenance
- IKON Office Solutions – Office Equipment Lease and Maintenance
- Imaging Technologies – Office Equipment Lease and Maintenance
- Infomax Office Systems – Office Equipment Lease and Maintenance
- Konica Minolta Business Solutions – Office Equipment Lease and Maintenance
- Laser Resources – Office Equipment Lease and Maintenance

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by PMR&C. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-82)

Chair Seyfer moved to the approval of the Dog Racing Promotion Fund as authorized by Iowa Code § 99D.12(2)C. Mr. Ketterer advised that the Iowa Greyhound Association was the only applicant for the funds. He recommended approval of the Iowa Greyhound Association as the recipient, contingent upon staff recommendations.

Bob Hardison, President of the Iowa Greyhound Association (Association), stated the Association was pleased to be an applicant for the funds. He indicated that as the recipient of the funds since its inception, the industry has grown by both the number of greyhounds raised in the state, as well as the purses awarded for greyhound racing. Mr. Hardison noted that the Association has also developed a good working relationship with the head of the Horse and Dog Breeding Program in the Iowa Department of Agriculture and Land Stewardship (IDALS), Jill Paxton, and have helped Iowa obtain the number 2 spot in the nation for the breeding and raising of greyhounds. He stated that hundreds of Iowa families are involved in greyhound racing, and with the support of the Commission, they are able to raise their children, own farms, buy supplies and contribute to Iowa's economy.

Hearing no comments or questions concerning the application for the Dog Promotion Funds, or Mr. Hardison's comments, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the Association as the recipient of the Dog Racing Promotion Fund, including the following staff recommendations:

1. The recipient shall provide an evaluation of the agreement(s) with, and performance by, the investment manager annually and consider soliciting and evaluating new proposals if they are under performing. This evaluation should be provided in an annual audit of the Escrow Account(s) by an independent audit company. The audit should cover activity from January 1, 2008 through December 31, 2008, and be submitted to the Iowa Racing and Gaming Commission by April 1, 2009.
2. The cost of the annual audit of the Escrow Account(s) shall be paid from the Escrow Account Fund(s).

3. Investment agreements should be for one-year terms subject to renewal conditions approved by the Commission. Provide a report on the status of the investment agreements.
4. Requests for proposals and all other correspondence should include a copy to IRGC and IWRA.
5. The recipient shall disclose any potential related parties to the Commission.
6. Investment funds shall not be withdrawn from the account(s) until the Commission has approved contracts or expenses. If events occur which no longer require expenditure of funds, the funds will be immediately returned to the Escrow Account(s) and not deposited in any other account(s).
7. The recipient shall have and maintain written minutes of all meetings and include copies to the IRGC and IWRA.
8. In the event of arbitration, the recipient shall ensure availability to the arbitration committee so that decisions are provided to the Commission by November 1, 2008. [N/A]

Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-83)

Chair Seyfer moved to the hearing for Wild Rose Entertainment, L.L.C. (Emmetsburg) for a violation of Iowa Code Section 99F.8 – Licensee Bond. Mr. Ketterer advised that Iowa Code requires, upon licensing, the licensee shall post a bond in an amount fixed by the Commission. Wild Rose Emmetsburg filed an Irrevocable Letter of Credit (LOC) in lieu of a bond, which was for the two years prior to their opening in 2006. A staff member discovered last month that the Des Moines office did not have a copy of a renewal; after some checking and auditing, it was discovered that the LOC had not been renewed. This matter was resolved through Tom Timmons, Vice President of Operations, and the agreement by the parties to a \$5,000 penalty.

Mr. Ketterer stated that staff would start requiring all of the excursion gambling boats and gambling structures to provide evidence, as many currently do now, at the time they submit their license renewal that the LOC or bond is in place and have it coincide with the term of the license – April 1 to March 31, which should prevent similar situations from occurring in the future.

As there were no comments or questions for Mr. Ketterer on this matter, Chair Seyfer called for a motion. Commissioner Cutler moved to approve the Stipulated Agreement with Wild Rose Entertainment, L.L.C. as submitted. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-84)

Chair Seyfer called on the Division of Criminal Investigation (DCI). Charis Paulsen, Assistant Director of Gaming Operations, gave a brief report on the services the DCI agents provide at the casinos and around the State of Iowa. She advised there are 109 agents assigned throughout the licensed facilities, as well as five agents assigned to work non-casino gambling cases. Those five agents work on bookmaking, illegal gambling,

amusement device enforcement, vice enforcement, forgery of lottery tickets, etc. She indicated part of the reason for the involvement of the DCI is to help protect the integrity of gaming in Iowa. One of the first steps in doing so is to conduct background investigations on some of the companies that do business with the casinos (manufacturers and distributors of gaming equipment) and individuals employed at the various casinos. Some of the things the DCI is looking for in the background investigations are any evidence of criminal history, actual or suspected links to organized crime, corruption, fraud, financial stability, and the fact that the company and or individual has made full disclosure on the IRGC application and throughout the investigation. Due to the expansion of the gaming industry in 2006, the DCI saw the level of Class C applications (the lowest level) increase from 1,790 in 2003 to a high of 2,716 in 2006. They completed 2,527 Class C background investigations in 2007. The Class O (non-gaming) licenses increased to 6,812 in 2007.

Ms. Paulsen noted that the DCI agents assigned to each casino are also responsible for investigating any criminal activity that takes place and bring resolution to those cases. Some of the most frequent cases they see are public intoxication/disorderly conduct (194 in 2007), theft (74), gambling investigations – cheating/underage (29), fraud (69), forgery (64), criminal trespass (88), assault (34). She noted that warrant arrests had increased ten times from 2003 to 2007.

Ms. Paulsen stated that in addition to background and criminal investigations, the agents are responsible for being on property, getting to know individuals there and working with the employees. They also provide assistance to the facilities in various ways: help with identification verification, ejections, investigating other criminal activity that does not arise to the level of an arrest, as well as inspection and regulatory type issues (inspecting cards and dice, proper surveillance coverage, and conduct barn and kennel inspections). She advised that the DCI provides training upon request from casino management to security guards, waiters/waitresses and cocktail servers on identification issues, writing detailed reports, interviewing techniques, and recognizing counterfeit money/travelers checks.

Mr. Ketterer thanked Ms. Paulsen for her comments. He stated that with the increase in the number of casinos over the last few years, IRGC and DCI have instituted quarterly meetings, and launched a project a year or so ago that allows the Des Moines staff to track license and background investigations between the two agencies.

Chair Seyfer moved to the Committee Reports under Administrative Business. He noted there are two committees at the present time – the first is reviewing the state-wide voluntary self-exclusion program. The committee asked Wes Ehrecke of the Iowa Gaming Association and their committee to put together a list of “best practices” from the various casinos. The list was received recently, and looks good. Chair Seyfer indicated the next step was to incorporate the “best practices” report with what is currently in place. He stated that he would work with Mr. Ketterer and legal counsel to accomplish that.

Mr. Ketterer noted that there are a number of things being done by the various facilities, and the committee is trying to determine what practices are being utilized by everyone and which are being done by a few due to their system. He indicated that information would be helpful as the Commission determines what the standard should be for all of the facilities. Beyond that, the committee would move to the penalty stage.

Mr. Ehrecke stated the members appreciated the ability to go through the exercise which helped them to understand what practices the different facilities utilize, and that different levels of individuals have responsibility for the program as well. He feels this is an on-going process for the facilities and the Iowa Gaming Association's committee that meets on a quarterly basis to assess what is being done in the area of the self-exclusion policy.

Chair Seyfer advised that the other committee pertains to the RFP for an economic study to determine underserved or underperforming markets in Iowa. Mr. Ketterer advised that August is the deadline for companies to submit their proposals, and that the Commission had received some inquiries as to the nature of the study. He feels the Commission will receive some proposals from some good consultants with good nationwide reputations.

Chair Seyfer called on Mr. Ketterer regarding the various updates. He noted that he had already addressed the surveillance rules, and moved to the smoking ban and exemptions. Mr. Ketterer stated that he had questions as to what the Commission's role is and is not in the process of the smoking ban, and whether the Commission reports to the Department of Public Health (DPH). Additionally, he had questions as to reporting if we receive a question or complaint in the field about a restaurant or bar in one of the facilities – would that go to the Food Inspection Division at Inspections and Appeals, Alcoholic Beverages or directly to DPH. A meeting of representatives from all of the above agencies was held, as well as legal counsel from Alcoholic Beverages and DPH, in order to review what everyone's thoughts were. Mr. Ketterer stated there were two areas that everyone agreed on:

- What is the gaming floor, and whose responsibility is that? Everyone agreed that area was the Commission's responsibility, noting that the Commission has other interests and considerations with identifying the gaming floor such as where minors can go. The Commission determines what the gaming floor is, and "gaming floor" is defined in the Code as where gaming activities take place.
- Another key term involved with the licensed casinos and the gaming floor is "enclosed area", and what constitutes an enclosed area. That will be determined by the DPH. Mr. Ketterer noted the term transcends just gambling, it goes into many other areas that DPH has to regulate in terms of identifying what is or is not an enclosed area.

Mr. Ketterer stated that he agreed to send the DPH diagrams of all the current gaming floors from the facilities. He has also requested the Gaming Representatives at each facility take pictures of the restaurants and bars located within the facilities that are on or

in close proximity of the current gaming floor. The pictures will be sent to the Des Moines office electronically, downloaded to a CD and forwarded to the DPH as well. In the event a question arises from a facility representative or from a complaint, DPH will have information available to them to help determine if the area involved is considered an enclosed area where the bar or restaurant is located. The information is being provided in an effort to assist the DPH in determining what constitutes an “enclosed area.”

Additional discussion centered on the two publicly owned racetrack enclosure facilities under the Commission’s jurisdiction. It was determined that anyone who goes through the facility – the racetrack enclosure and grandstand is a non-smoking area, except for the gaming floor, which is exempted. An enclosed restaurant or bar on the gaming floor would not be exempt from the smoking ban. The apron in front of the racetrack is also a non-smoking area, as it falls under the “entertainment” umbrella, just as if someone was watching a football game, concert, or any other entertainment event. Smoking would be permitted outside; however, if there is an enclosed building, such as a barn, kennel building, racing office, or jock’s room that is enclosed –it would be a non-smoking area. Any outside areas, other than the apron in front of the grandstand, would be considered smoking areas.

Mr. Ketterer advised that DPH has two complaint forms – one of them is available online for the public, and the other is for law enforcement to utilize. He stated that Commission representatives in the field offices would be directing individuals to file the online complaint form. He indicated his belief that this will be an evolving issue.

With regard to implementation of the Offset Bill, Mr. Ketterer stated that it was his understanding that the State is not ready to implement this legislation as the Department of Administrative Services (DAS) does not have the database of individuals owing money to the state ready to transmit the necessary information in an efficient manner. DAS is hoping for September 1st, but that is not concrete.

Chair Seyfer moved to Public Comment. Mr. Ehrecke distributed copies of the American Gaming Association’s 2008 State of the States Survey of the Casino Entertainment industry.

Seeing and hearing no further business to come before the Commission, Chair Seyfer requested a motion to adjourn. Commissioner Cutler so moved. Commissioner Urban seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

IOWA RACING AND GAMING COMMISSION
MINUTES
AUGUST 28, 2008

The Iowa Racing & Gaming Commission met on Thursday, August 28, 2008 at Riverside Casino and Golf Resort (RCGR), Riverside, Iowa. Commission members present were Greg Seyfer, Chair; Diane Hamilton, Vice Chair and members Kate Cutler and Toni Urban. The Commission is short one member.

Chair Seyfer called the meeting to order at 8:00 AM and requested a motion to approve the agenda. Commissioner Urban so moved. Commissioner Cutler seconded the motion, which carried unanimously.

Chair Seyfer requested a motion to go into Executive Session pursuant to Iowa Code Sections 21.5(1)g for the purpose of receiving Division of Criminal Investigation background reports and 21.5(1)a for the purpose of reviewing/discussing records which are required or authorized by state or federal law to be kept confidential. Commissioner Cutler so moved. Commissioner Hamilton seconded the motion. The motion carried unanimously on a roll call vote. (See Order No. 08-85)

Upon reconvening in open session, Chair Seyfer called on Dan Kehl, CEO of RCGR, who welcomed the Commission back to RCGR on the second anniversary of the facility opening. Mr. Kehl distributed a handout which summarized the taxes and fees paid by RCGR since the opening through July 2008. RCGR has paid \$50 million to the State General Fund, Washington County has received \$1.27 million, the city of Riverside has received \$3.1 million, and the Washington County Riverboat Foundation (WCRF), the non-profit qualified sponsoring organization, has received over \$6.25 million for a total economic impact in excess of \$60 million. These figures do not include payroll, benefits, or purchases from Iowa vendors. Mr. Kehl stated that the facility has been a positive for the state. At this time, Mr. Kehl introduced his father, Robert Kehl, Sr., and Tim Putney, Chair of WCRF.

Mr. Putney welcomed the Commission, gaming industry representatives, staff and the general public. He noted that with funding commitments to be made at the next WCRF meeting over \$9 million will have been committed to non-profit organizations in Washington County and the surrounding area. Mr. Putney thanked the Commission for the consideration given in granting a license to RCGR and WCRF.

Chair Seyfer thanked Mr. Putney for his comments, and moved to the next agenda item, requesting a motion to approve the minutes from the July 17, 2008 Commission meeting. Commissioner Urban so moved. Commissioner Cutler seconded the motion.

Hearing no further comments or questions concerning the minutes, Chair Seyfer called for the vote. The motion carried on a unanimous vote. (See Order No. 08-86)

Chair Seyfer called on Jack Ketterer, Administrator of the IRGC, for announcements. Mr. Ketterer provided the following information regarding upcoming Commission meetings:

- October 9, 2008 Commission Meeting – Catfish Bend Casino, Burlington, IA (Submissions due by September 25, 2008)
- November 13, 2008 Commission Meeting – Stoney Creek Inn, Johnston, IA (Submissions due by October 30, 2008)
- December – No Meeting
- January 15, 2009 – Stoney Creek Inn, Johnston, IA (Submissions due by December 31, 2008)

Chair Seyfer moved to the review of the financial audit for the Isle of Capri properties. Sally Rogers, Senior Director of Finance at IOC Bettendorf and Rhythm City Casino, presented the consolidated financial statement to the Commission for all four Iowa IOC properties, which ended on April 30, 2008.

Mr. Ketterer noted that the financial was a compilation of the four Iowa properties, and indicated a loss of \$97 million. He asked for the company's opinion on how the loss will affect operations and capital investments in properties going forward. He noted that some of the loss could be attributed to startup expenses for IOC Waterloo and Pompano.

Mo Hyder, General Manager at Rhythm City, stated that the company looks at it from a competitive standpoint, noting that the Marquette property has also been impacted by a new competitor. He noted that IOC Waterloo is doing very well, and the new Event Center in Bettendorf will be coming on line. The company hopes these new venues will help mitigate some of the losses.

Commissioner Seyfer asked if plans were still moving forward to rebrand the Marquette property as Lady Luck. Mr. Hyder stated that during one of the quarterly conference calls, IOC announced that Marquette and Davenport were to be rebranded as Lady Luck. He indicated progress is being made in Marquette on that process; however, IOC has run into some issues in Davenport with the city which are being worked out. Mr. Hyder advised that the not-for-profit organizations are behind the project

Mr. Ketterer asked Mr. Hyder if he felt operating costs would turn around or if the company would continue to see extensive losses.

Mr. Hyder advised that the management team at all of the properties are heavily promoting customer service with some new key operative initiatives, as well as other targeted programs to insure that all of the IOC properties are successful.

Barron Fuller, General Manager at IOC Marquette, advised that a significant amount of tax write offs were taken during the fourth quarter due to the United Kingdom operations. He advised that IOC Marquette hoped to make a presentation regarding the rebranding at the October meeting. Mr. Fuller indicated the process should be completed by the first of the year.

Chair Seyfer moved to contract approvals and called on Harrah's. Jeannie Magdefrau, Vice President of Finance, presented the following contracts for Commission approval:

- American Airlines – Business Travel and Customer Travel
- Bucky's Express – Purchase of Gift Cards used in the Total Rewards Program
- Olson Construction – Construction Work for Surveillance and IT Projects
- United Airlines – Business Travel and Customer Travel
- 5M Music LLC, d/b/a Steven Mai – Asian Entertainment Programming Services

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by Harrah's. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-87)

Chair Seyfer called on IOC Bettendorf. Nancy Donovan and Curt Beason, General Manager and Legal Counsel respectively, presented the following contracts for Commission approval:

- Ainsworth Game Technology – Slot Machines and Equipment
- Sam's Club – Miscellaneous Items, Liquor, Food and Office Supplies
- Amendment to Bettendorf Event Center Development Agreement/Financing

Mr. Ketterer noted that Mr. Beason had submitted a letter explaining the changes to the financing for the Event Center, which clarifies the issues. Mr. Ketterer advised that the city was unable to come up with a satisfactory loan rate, and had to find alternative financing. Mr. Beason stated that pending approval by the Commission at this meeting, the transaction would close the following day.

Hearing no further comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by IOC Bettendorf. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-88)

Chair Seyfer called on The isle casino & hotel waterloo (The isle). Bari Richter, General Manager, presented a contract with Aramark for laundering service for Commission approval.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contract as submitted by The isle.

Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-89)

Chair Seyfer called on Ameristar Casino. Brent Willits, General Manager, presented a contract with Upper Missouri River Corporation for vessel slip maintenance for Commission approval. This is a name change for a previously approved contract.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contract as submitted by Ameristar. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-90)

Chair Seyfer called on Wild Rose Clinton (WRC). Tim Bollmann, General Manager, presented the following contracts for Commission approval:

- Mediacom Iowa LLC – Mediacom Online Services and Mediacom Commercial Family Cable Video Services
- Signs Plus – Purchase and Installation of Outdoor Signage

Commissioner Hamilton asked about the length of the contract with Mediacom. Mr. Bollman indicated it is a three year contract. Commissioner Hamilton then asked about the pricing. Mr. Bollman advised that the price would depend on the package choice, which has not yet been determined. They want to ensure good coverage.

Hearing no further comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by WRC. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-91)

Mr. Ketterer asked Mr. Bollmann to talk about the results since the new land-based facility opened in Clinton. Mr. Bollmann stated that the facility opened on time and on budget, which was surprising due to the winter weather. He indicated the support from the community has been great, and the numbers have been outstanding.

Mr. Ketterer stated that it is great to see the investment being rewarded. Mr. Bollmann stated that the non-profit licensee was very happy with the check they received in July, and now expect them. He is hopeful the numbers will continue through the winter.

Chair Seyfer called on Argosy Casino – Sioux City. Kees Eder, General Manager, presented the following contracts for Commission approval:

- TPI – Mail House Services
- Global Cash Access – ATM/Credit Card Advance/Check Warranty Services
- Maple Valley Communication – Digital Recording/Surveillance
- City of Sioux City – Tyson Event Center – 10 Year Suite Contract

- Konami Gaming – Anticipated Purchase of Slot Machines and Related Parts
- Trane – Purchase and Installation of 4 Air Handling Units and Ductwork

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by Argosy. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-92)

Chair Seyfer called on RCGR. Joe Massa, General Manager, presented the following contracts for Commission approval:

- Konami Gaming, Inc. – Slot Machine Trial/Purchase
- The Lamar Companies – Billboard Contract
- Marsh USA, Inc. – Insurance
- Zender's at Riverside – Spa Operating Agreement

Mr. Massa advised that the Marsh contract has been marked as an out-of-state vendor, but does qualify as an Iowa vendor as they have approximately 2,000 employees located in Iowa.

Mr. Massa stated that he had talked with Mr. Ketterer about the golf course. RCGR sent out the specifications to repair the golf course, and have received three bids from out-of-state vendors. RCGR hopes to award the bid sometime next week. He asked the Commission's approval to proceed with the work, and the actual contract would be submitted at the October Commission meeting. Commission members indicated they knew time was of the essence in this matter and granted permission for RCGR to proceed.

Hearing no further comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by RCGR. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-93)

Chair Seyfer called on Diamond Jo (DJ). Kim Pang, General Manager for Diamond Jo Worth, presented the following contracts for Commission approval:

- Cinta's – Uniform Purchase for All Positions Requiring a Uniform
- Kwik Stop – Gas Cards for Use in Promotions
- White & Case, LLP – Legal Services

Commissioner Urban asked if the law firm had any offices in Minneapolis. Mr. Pang answered in the negative; they are in New York. He noted they provide specialized services.

Hearing no further comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by DJ. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-94)

Chair Seyfer called on Catfish Bend Casino (CBC). Jerry Baum, Chief Operating Officer (COO) for Great River Entertainment (GRE), introduced Rob Higgins, who has assumed the General Manager position of CBC. Mr. Baum stated that prior to April of this year he was the General Manager of CBC and Mr. Higgins was the General Manager of Huckleberry Entertainment. He advised that he assumed the COO duties in April, and Mr. Higgins assumed the General Manager duties for the property.

Mr. Baum presented the following contracts for Commission approval:

- Aristocrat Technologies – Leased Slot Machines
- Automatic Currency Instruments – Service Agreement for Kiosks
- City of Burlington – Admission Fees
- City of Fort Madison – Payment Agreement in Lieu of Admission Fees & Gaming Taxes
- Fidlar Printing – Printing and Mailing
- IGT – Leased Slot Machines
- Konami Gaming, Inc. – System Maintenance and Parts
- Lane and Waterman, LLP – Legal Services
- Martini's – Promotions
- Shuffle Master – Table Game Leases
- Spirit Hollow Golf Course – Promotions
- Winegard Company – Management Agreement
- WMS Gaming, Inc. – Leased Slot Machines

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by CBC. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-95)

Chair Seyfer called on Wild Rose Emmetsburg (WRE). Tom Timmons, Vice President of Operations for Wild Rose Entertainment, presented a related party contract with Wild Rose Entertainment, LLC for the purchase of adjoining land. Mr. Timmons advised that a holding company originally purchased three parcels of land, two of which have since been purchased by the casino. The purchase of this parcel consisting of 13-14 acres will put all of the land under the casino's ownership.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contract as submitted by WRE.

Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-96)

Chair Seyfer called on HGI Lakeside (Lakeside). Damon Butler, General Manager, presented the following contracts for Commission approval:

- Citadel Broadcasting Company – Radio Advertising
- ColorFX – Marketing Services
- Performance Food Group/TPC – Purchase of Food for Kitchen

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by Lakeside. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-97)

Chair Seyfer called on Horseshoe Casino/Bluffs Run Greyhound Park (HSC/BRGP). Ms. Magdefrau presented the following contracts for Commission approval:

- Aksarben Roofing – Roof Project
- American Lift-BRC – Exterior Lighting Repair
- Armstrong Cleaners – Dry Cleaning
- Arrow Stage Lines – Charter Service
- C3 Presents – Entertainment Programming Services
- Fashion Cleaners – Uniform Dry Cleaning
- Omaha Steaks – Meat Supplier

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as presented by HSC/BRGP. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-98)

Chair Seyfer called on Dubuque Greyhound Park & Casino (DGP&C). Jesús Avilés, General Manager, presented the following contracts for Commission approval:

- Imagine This – Purchase of Promotional Items
- JCJ Architecture – Design Fees for Casino Renovation
- Durrant Group – Construction Management Services for Casino Renovation

Jim Quilty, representing the Iowa Greyhound Association (IGA), stated they are not opposing any of the contracts put forward for approval, but noted that two of the contracts have to do with casino renovations. Mr. Quilty stated that the IGA is grateful DGP&C has decided to proceed with additional investment in the facility; however, the IGA does have concerns that the renovations will not be at the detriment of the racing program. Mr. Quilty stated that in conversations with Mr. Avilés he has been assured

that would not be the case. He encouraged the Commission to be cognizant of the IGA's concerns as the plans develop. Mr. Quilty also asked Mr. Avilés to affirm DGP&C's commitment to greyhound racing in the future.

Chair Seyfer asked Mr. Avilés to address Mr. Quilty's comments. Mr. Avilés stated that he found DGP&C to be a beautiful facility with a great team. He noted that some areas, including the greyhound area, need to be returned to their previous splendor. Mr. Avilés noted the facility will soon feel additional competitive pressures, and if steps are not taken to make the facility more attractive, they could lose some of their market share. It is his opinion that the success of the casino will be the success of greyhound racing. Mr. Avilés stated that he intends to change the configuration of the casino, and bring a more modern look to the pari-mutuel area by replacing the carpet, chairs, etc.

Hearing no further comments or questions, Chair Seyfer requested a motion to approve the contracts. Commissioner Cutler moved to approve the contracts as submitted by DGP&C. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-99)

Chair Seyfer called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented the following contracts for Commission approval:

- Creative Artists Agency – Entertainment Agency
- Delta Dental of Iowa – Employee Dental Insurance
- Charles Gabus Ford – Motor Vehicle Purchases
- Global Payments – Renewal of Casino Guest Check Cashing Services; Add Credit Card Services
- Wellmark Blue Cross Blue Shield – Employee Medical Insurance

Commissioner Urban advised Mr. Palmer that the Commission was in receipt of the letter requested of Tom Flynn, legal counsel, setting out his opinion on PMR&C's bidding process. She indicated that she would like the letter attached to the minutes so that it is available to any interested parties.

Chair Seyfer asked how the contract with Global Systems works, and the value of the contract. Mr. Palmer indicated he thought it was a three year contract. Chair Seyfer asked specifically what services PMR&C was receiving. Mr. Palmer advised that all checks received by PMR&C are sent to Global Systems. Commissioner Urban asked if PMR&C pays a percentage based on the number of checks sent. Mr. Palmer indicated he thought there was a set fee per check, but was not sure. He indicated PMR&C has used the service for some time, and does not assess a check cashing fee to their patrons. Commissioner Cutler pointed out that the contract states that credit card services are being added, and inquired as to what service they are being charged for. Mr. Palmer stated that PMR&C receives a percentage on the cash advances patrons receive from their credit cards. Commissioner Cutler asked Mr. Palmer to find out how many checks are cashed at the facility on a yearly basis and report back at the October Commission

meeting. She reiterated that the amount of the contract seemed high for check cashing services.

Hearing no further comments or questions, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by PMR&C subject to receipt of the requested information concerning the Global Systems contract. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-100)

Chair Seyfer called on the IGA. Mr. Quilty advised that the request before the Commission today is very similar to the request presented to the Commission last August but with some modifications. Last year's request included both DGP&C and BRGP, while this year's request is only for BRGP. He indicated that he has been working with BRGP staff for two months to try and resolve various issues. Mr. Quilty asked that the Commission approve the request to withdraw up to \$10,000 from the escrow account for the Harley Davidson promotion. He stated that he has a commitment on the motorcycle for \$9,500 at this time. If issues can not be resolved in the near future, the motorcycle may not be available at that price, and the promotion may not go forward. Mr. Quilty indicated that if that is case, they will try again next year as the IGA still believes this could be a successful promotion for greyhound racing.

Mr. Quilty advised that if all the details can be worked out, Harley Davidson has committed to providing information about the promotion in their direct mail flier, which reaches thousands of owners in Iowa and Nebraska. IGA is also providing information on their website.

Mr. Ketterer suggested that the motion indicate approval is granted subject to the proposed Harley Davidson promotion between the IGA and BRGP be in compliance with Commission rules and Iowa law, and allow for the withdrawal of up to \$10,000 from the escrow account for the promotion.

Chair Seyfer requested such a motion. Commissioner Cutler so moved. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-101)

Chair Seyfer moved to the hearings before the Commission and called on Mr. Ketterer. Mr. Ketterer advised that a Stipulated Agreement had been reached with PMR&C regarding the violation of Iowa Code §99F.9(5). He stated that at approximately 1:50 PM on July 25, 2008 an underage male entered the casino in front of a posted security officer who failed to request identification, allowing the individual to enter the casino unchallenged. The individual placed multiple bets at a craps table, moved to another craps table to play, left the casino to withdraw funds from an ATM machine, and was discovered on his way back to the casino floor, at which time he was escorted off the gaming floor. Mr. Ketterer stated the incident met the criteria to come before the Commission – individual entered the casino unchallenged, gambled, and was on the

casino floor for more than 30 minutes. Mr. Ketterer recommended approval of the Stipulated Agreement as submitted, with an administrative penalty of \$20,000.

Hearing no comments or questions, Chair Seyfer requested a motion. Commissioner Urban moved to approve the Stipulated Agreement with PMR&C as submitted. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-102)

Mr. Ketterer moved to the next item, a Stipulated Agreement with Ameristar Casino for a violation of Iowa Code §99F.9(5). He advised that on May 15th of this year an underage female entered the gaming floor unchallenged, gambled at various slot machines over the next 5½ hours but did not purchase or consume any alcohol. Mr. Ketterer stated that as a result of this incident management at Ameristar have undertaken a thorough review of their current procedures with respect to minors and have facilitated a number of enhancements as well as implementation of a variety of new practices which they believe will prohibit minors from entering their facility. He noted that a copy of those changes is attached to the Stipulated Agreement. Mr. Ketterer advised that this incident met all three criteria for coming before the Commission – the individual entered unchallenged, gambled, and was on the casino floor for more than 30 minutes. He recommended approval of the Stipulated Agreement as submitted, with an administrative penalty of \$20,000.

Hearing no comments or questions, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the Stipulated Agreement as submitted. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-103)

Mr. Palmer voiced his appreciation of the State and Mr. Ketterer for their help, noting that PMR&C exercises diligence and presents training to help prevent these types of situations. Mr. Palmer stated that while PMR&C does take precautions, he could not guarantee that this situation would not happen again. He expressed his appreciation for IRGC representatives working with the facility regarding this situation and being fair.

Chair Seyfer moved to Administrative Business, noting that the first item of business was a committee report on the Standards and Penalties for Violations of the Voluntary Self-Exclusion Law. Mr. Seyfer stated that after working with IRGC staff, Wes Ehrecke, President of the Iowa Gaming Association, as well as several other individuals, a revised process has been formulated. He requested a motion to approve the Voluntary Self Exclusion Program Requirement to Establish a Process as submitted.

Hearing no comments or questions, Commissioner Urban moved to approve the Voluntary Self Exclusion Program Requirement to Establish a Process document. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-104)

Chair Seyfer moved to the second item under Administrative Business, the committee report on the response to the Request for Proposal for Study on Additional Casino Markets. Mr. Ketterer advised that the Commission received responses a week ago from four companies for the study to identify any unserved or underserved markets in Iowa. He indicated that he was happy with the responses – all are from well-regarded national companies, providing the Commission with good alternatives from which to make their selection. Mr. Ketterer stated that the Commission members would be reviewing the proposals and providing additional information about the selection process at the October Commission meeting.

Chair Seyfer stated that he concurred with Mr. Ketterer's comments. He noted that originally he and Commissioner Hamilton comprised the committee to help select the final proposals to come before the Commission; however, with just four responses, he advised that the Commission as a whole would be reviewing them. Chair Seyfer stated that prior to the November meeting, the Commission would determine which companies would be making presentations to the Commission at the November meeting, and that a decision could be made at that time.

Chair Seyfer moved to Public Comment. Mr. Ehrecke distributed updated collateral material for the Iowa Gaming Association. This material answers the question of how gaming dollars received by the state are spent. He indicated these collateral pieces are distributed via the Iowa Gaming Association's website, to Legislators, media and various other organizations. The other piece sets forth the gaming industry's impact in the state – taxes, jobs, dollars spent with Iowa businesses, etc.

Commissioner Urban indicated the collateral pieces were excellent public relations for the gaming industry.

Hearing no further comments or questions, Chair Seyfer requested a motion to adjourn. Commissioner Cutler so moved. Commissioner Hamilton seconded the motion, which carried unanimously.

MINUTES TAKEK BY:

JULIE D.HERRICK

IOWA RACING AND GAMING COMMISSION
MINUTES
OCTOBER 9, 2008

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, October 9, 2008 at Catfish Bend Casino (CBC) in Burlington, Iowa. Commission members present were Greg Seyfer, Chair; Diane Hamilton, Vice Chair, and members Kate Cutler and Paul Hayes. Commissioner Toni Urban was absent.

Chair Seyfer called the meeting to order at 8:30 AM and requested a motion to approve the agenda. Commissioner Hamilton moved to approve the agenda as submitted. Commissioner Cutler seconded the motion, which carried unanimously.

Chair Seyfer moved to the Welcome. Gary Hoyer, CEO of Great River Entertainment (GRE), the parent company for CBC, welcomed the Commission to Burlington. He stated that GRE and CBC are proud to be able to showcase the facilities that were opened this past summer. Mr. Hoyer distributed a summary highlighting some of the economic impact the facility has had on the local economy.

Mr. Hoyer introduced Dr. Larry Smith, Chair of Southeast Iowa Regional Riverboat Commission (SIRRC), the non-profit license holder of the CBC license. Dr. Smith also welcomed the Commission to southeast Iowa and Burlington. He indicated everyone is proud of the new facility and all of the amenities it has to offer. Dr. Smith stated that SIRRC and CBC are proud of the regional enterprise. He noted that while operations have been consolidated down to one site, it is still a regional operation; ownership of the company is held by several investors from Des Moines and Lee Counties and the surrounding area. The executive management team consists of members from the three communities – Burlington, Fort Madison and Keokuk. The 9-member SIRRC board consists of three members each from the three communities.

Dr. Smith stated the economic impact derived from employment and material procurements is also directed toward the two counties and ripples outward from there. The discretionary income payments from CBC to SIRRC are distributed regionally for the benefit of Burlington, Fort Madison and Keokuk, as well as county government in Lee and Des Moines Counties. The funds are utilized to fund a wide variety of community betterment initiatives in southeast Iowa. Dr. Smith stated that the spirit of regional cooperation is alive and well in southeast Iowa, and CBC is a fitting reminder that the local community leaders who helped formulate and develop this industry in southeast Iowa had it right – three cities and two counties can work together for the betterment of all of the citizens.

Dr. Smith also recognized the direction and leadership of the Iowa Racing & Gaming Commission in allowing southeast Iowa to be a part of the gaming industry and to reap the rewards of the exciting growth.

At this time, Dr. Smith introduced Dick Canella, a former Chair and member of IRGC. He stated that Mr. Canella had a huge role in the development of the gaming industry, and his leadership helped form the basis for many of the procedures and policies that are still in place today.

Mr. Canella stated that it was a pleasure to be able to welcome the IRGC to CBC and southeast Iowa. He stated that as a former Commissioner, he always enjoyed attending the meetings at the various facilities around the state. He pointed out that the original facilities are quite different from the beautiful facilities around the state today. These facilities reflect the successful evolution and integrity of gaming in Iowa.

Chair Seyfer thanked CBC for hosting the Commission, noting that Mr. Hoyer had given the Commission a tour of the facility the previous evening. He concurred with Mr. Canella that it was nice to be able to see the various facilities.

Chair Seyfer moved to the approval of the minutes from the August 28, 2008 Commission meeting. Commissioner Cutler moved to approve the minutes as submitted. Commissioner Hamilton seconded the motion, which carried unanimously.

Chair Seyfer called on Jack Ketterer, Administrator of IRGC, for announcements. Mr. Ketterer recognized Kathy Howard and Coette Gida, IRGC Gaming Representative and Licensing Assistant respectively at CBC. He noted that Ms. Gida would be leaving IRGC as she had accepted a full-time position with the Department of Human Services.

Mr. Ketterer provided the following information on upcoming Commission meetings:

- November 13, 2008 Commission Meeting – Stoney Creek Inn, Johnston, IA (Submissions due by October 30, 2008)
- December – No Meeting
- January 15, 2009 – Stoney Creek Inn, Johnston, IA (Submissions due by December 31, 2008)
- February – No Meeting
- March 5, 2009 – Terrible's Lakeside Casino, Osceola, IA (Submissions due by February 19, 2009)

He stated that the license renewals for the excursion gambling boat and gambling structure licenses would be on the March 5, 2009 agenda.

At this time, Chair Seyfer presented Mr. Ketterer with a service certificate for 15 years of service to the State of Iowa, and thanked him for his leadership and direction.

Chair Seyfer moved to the Rules submitted for final adoption. Mr. Ketterer advised the Commission that these rules were approved under Notice of Intended Action at the July Commission meeting. He indicated no public comment was received, nor was any input

received from the Legislative Rules Review Committee. Mr. Ketterer recommended final adoption of the rules as presented.

Hearing no discussion concerning the rules, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the final adoption of the rules as presented. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-105)

Chair Seyfer called on Isle of Capri Casino (IOC). Mr. Ketterer advised this agenda item was a follow-up from the August meeting and a meeting he had with some of the new executive management team from Isle's corporate office. He stated he wanted the Commission members to hear some of the same thoughts on strategy and direction of the company as they go forward. Mr. Ketterer noted IOC is the largest operator in Iowa with four licensed properties. Mr. Ketterer informed the Commission members that Dale Black, Chief Financial Officer, was present to address the Commission.

Mr. Black stated that it was good to be back in Iowa, noting that he had appeared before the Commission for his previous employer before a hiatus and recently joining IOC. He indicated it was his understanding there were questions posed during IOC's financial update at the previous Commission meeting that were not addressed to the Commission's satisfaction. He stated that he and Virginia McDowell, President of IOC, met with Mr. Ketterer at the Commission's office and went through some of the questions he had. Mr. Black stated that rather than anticipate what questions the Commissioners might ask, he would turn the floor over to the Commissioners for their questions.

Chair Seyfer stated that one of the questions was the availability of cash for capital expenditures. Mr. Black stated that at the end of the year last year and as they go through the current year, the availability bounces back and forth, but remains in the neighborhood of \$150-175 million of available capital under their credit facility. He indicated IOC has certain debt limitations in their covenants and credit facility, as do all gaming companies. Mr. Black stated that over the last three years, IOC has spent a significant amount of money on three large projects – one each in Florida, England and Iowa. He stated that two of the three properties have not been the greatest performing investments made by IOC. Mr. Black stated that with the changes in the corporate office, the company has undertaken the task of re-evaluating some of the ongoing capital projects and slotting those projects in as capital becomes available. He referenced the uncertain times in the credit markets, and the company's preference to not seek funding from banks. Currently, the largest capital expenditure facing the company is the rebuilding of their property in Biloxi, which was destroyed by Hurricane Katrina. IOC does have a project in mind, but will not proceed until they know when and how much they will collect from the insurance settlement, and have a better view/understanding of what is occurring with the national economy.

Chair Seyfer asked about the rebranding plans for Marquette and Davenport. Mr. Black advised that the Marquette project is underway at the present time. He stated that IOC

had a proposed project that was submitted to Davenport city leaders, who were not happy with the proposed project. Mr. Black stated they are still hopeful that the differences can be worked out so the project can move forward. He stated that it is his understanding that the Riverboat Development Authority and other community leaders have expressed support for the project. However, until city government leaders are solidly behind the project and give their approval, it is on hold and will have to be worked back into the rotation for funding.

Hearing no further questions for Mr. Black, Chair Seyfer moved to the contract approval portion of the agenda and called on Harrah's. Jeannie Magdefrau, Vice President of Finance, presented a contract with Bucky's Express for the purchase of gift cards to be used in the Total Rewards Program.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contract as submitted by Harrah's. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-106)

Chair Seyfer called on the Diamond Jo (DJ). Kim Pang, General Manager for Diamond Jo Worth, presented a contract with PAETEC for telecommunications as the company has had a name change.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contract as submitted by DJ. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-107)

Chair Cutler asked Mr. Ketterer if DJ was clear on what information the Commission was looking for at the November meeting in order to take up a contract with Progressive Gaming that is coming back before the Commission as a related party contract.

Mr. Ketterer advised that he had spoken with Curt Beason, legal counsel. The requested information will be forthcoming prior to the November meeting.

Chair Seyfer called on Diamond Jo Worth (DJW). Mr. Pang presented the following contracts for Commission approval:

- Dean Snyder Construction – Construction of a Steel Storage Building
- Shuffle Master, Inc. – Monthly Lease Payments, Specialty Games
- Young Plumbing & Heating – Maintenance Agreement for Building Environment Systems

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Chair Cutler moved to approve the contracts as submitted by DJW.

Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-108)

Chair Seyfer called on Riverside Casino & Golf Resort (RCGR). Joe Massa, General Manger, presented the following contracts for Commission approval:

- Carousel Motors – Car Giveaway Promotion
- Southeastern Golf, Inc. – Blue Top Ridge Golf Course Flood Damage Repair
- Vital Support Systems – Support Agreement/Computer Supplies & Equipment

Commissioner Cutler asked Mr. Massa if there was any insurance coverage that came into play on the contract with Southeastern Golf, Inc. to repair the flood damage to the golf course. Mr. Massa answered in the affirmative. Commissioner Cutler asked if some of the cost set forth on the contract was being offset by insurance. Mr. Massa again answered in the affirmative.

Chair Seyfer asked how the repair of the golf course was progressing. Mr. Massa advised that sod has been laid on the course and is taking hold. Seed has also been put down and grass is coming up. He indicated the weather has been just about perfect. Chair Seyfer asked when RCGR anticipated that portion of the golf course would be available for play. Mr. Massa indicated they are hopeful it will be ready by the middle of May, subject to the weather.

Hearing no further comments or questions for Mr. Massa, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by RCGR. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-109)

Chair Seyfer called on Ameristar Casino. Jane Bell, Director of Government Affairs, presented the following contracts for Commission approval:

- Hawkins Construction Company – Construction Projects
- Hartford Specialty Company – Insurance Provider

Commissioner Cutler asked about the previous coverage limitation, noting that it was being increased to \$1 million. Ms. Bell indicated that she did not know, but would find out.

Hearing no further comments or questions for Ms. Bell, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by Ameristar. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-110)

Chair Seyfer called on IOC Bettendorf (IOCB). Nancy Donovan, General Manager, presented the following contracts for Commission approval:

- Neesvig's, Inc. – Provides Certified Angus Beef
- Verizon – Provides Cell Phone Service and Equipment

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by IOCB. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-111)

Chair Seyfer called on Rhythm City Casino (RC). Mo Hyder, General Manager, presented the following contracts for Commission approval:

- Ainsworth Game Technology – Provides Slot Machines and Equipment
- Sam's Club – Provides Supplies, Food and Liquor

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by RC. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-112)

Chair Seyfer called on IOC Marquette (IOCM). Barron Fuller, General Manager, presented the following contracts for Commission approval:

- Ryan Companies US, Inc. – General Contractor for Rebranding to Lady Luck
- Lawrence Fabric Structures – Replacement of Skywalk Roof
- Global Cash Access – Credit Card Advance Terminal
- Ultron Processing Service – ATM Terminals

Mr. Fuller stated that the facility will soon be known as Lady Luck Marquette. He advised that two of the contracts before the Commission today are for check cashing services and do not have a dollar value. The other two contracts are related to the rebranding of the IOCM property to Lady Luck.

Hearing no comments or questions for Mr. Fuller, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by IOCM. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-113)

Chair Seyfer called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented the following contracts for Commission approval:

- A to Z Enterprises – Concert Sound & Lighting Services
- Keck, Inc. – Gasoline & Diesel Fuel Purchases
- Slot Tickets – Slot Game Tickets

- Wood Roofing and Sheet Metal – Roofing Contractor

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by PMR&C. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-114)

Commissioner Cutler requested an update on the track surface. Mr. Palmer indicated he was not prepared to give an update at this time, but would do so at the November meeting.

Chair Seyfer moved to the renewal of the racetrack licenses and granting of race dates and racetrack enclosure gambling licenses and called on Iowa West Racing Association/Bluffs Run Greyhound Park and Horseshoe Casino (IWRA/BRGP/HC). Jerry Mathiasen, Executive Director of IWRA, requested the Commission's support of the license renewal application for the racetrack license at BRGP and the gambling license for Horseshoe Casino. He advised that IWRA's corroboration with Harrah's and Ameristar has been tremendous.

Mr. Mathiasen highlighted some of the projects to which IWRA has made contributions: the pedestrian bridge over the Missouri River from Council Bluffs to Omaha and a bike path that goes all the way to the Missouri border. In the casino area, there is a new IMAX theater as well as many restaurants and hotels. A monumental park project has also been taking place throughout the community. Another project supported by IWRA and the casinos was the Charles E. Lakin Human Services Campus, which opened two weeks ago. It is the only campus of its kind in America at this time. Five human services agencies are housed in the same facility. Mr. Mathiasen pointed out that the project cost \$35 million, and a private citizen from a small rural community donated \$12 million to the project. Mr. Mathiasen noted that Council Bluffs has been designated as one of Iowa's Great Places. He concluded his comments by asking for the Commission's approval of the license renewal for BRGC/HC, and introduced Bo Guidry, General Manager of the facilities.

Mr. Guidry stated that Harrah's is committed to capital reinvestment, will continue to use Iowa businesses first, community relations, supporting the greyhound industry and racing in general. Horseshoe Casino opened in 2006, and recently spent \$500,000 on improvements to the Whiskey Roadhouse Restaurant and Bar. They are currently in discussions with a third party Iowa vendor to construct a 153-room hotel, which they hope to open sometime in the fall. Harrah's in the process of renovating the dog kennels, which will cost approximately \$700,000; they have added 95 televisions in the racing area and some slot machines.

Mr. Guidry stated that approximately 95% of Harrah's expenditures will go to Iowa vendors. Harrah's, as a company, will be spending approximately \$13 million with TPI, an Iowa printing vendor. Mr. Guidry indicated Harrah's will spend approximately \$28

million in employee compensation; and continue to focus on increasing the number of Iowa employees. He stated Harrah's has partnered with the IWRA Foundation and Iowa Western Community College, in addition to their collaboration with the food and beverage. He pointed out that several team members serve on various boards and committees throughout the community.

Mr. Guidry stated BRGP has held five \$60,000 stakes races in 2008; their \$475,000 Breeders Cup Classic is the richest stakes race in the greyhound industry. The purse supplement this year was approximately \$10 million.

Mr. Guidry submitted a contract with IKON Financial Services for a maintenance agreement for fax and copy machines.

Mr. Guidry concluded his remarks by thanking the Commission for their support and requested approval of the licenses.

Commissioner Cutler advised Mr. Guidry that the Commission would defer any decision on the tote board issue as the Commission does not have access to legal representation. The matter will be taken up at the November 13, 2008 Commission meeting.

Mr. Ketterer encouraged legal counsel for both sides to seek a resolution. He stated that one contingency on the license renewals would be the agreement by the facility to compensate Gaming Laboratories International (GLI) to test the Totalizator systems, which have been subject to some integrity questions across the nation. The cost of the testing will be the facility's responsibility. Mr. Ketterer stated that 491 IC 8.2 requires a tote system that is approved by the Commission.

Hearing no further comments or questions concerning the license renewal applications, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the renewal of the pari-mutuel and racetrack enclosure gambling licenses, the race dates, and the contracts contained within the license renewal application. She included the contingency that the renewal would be subject to the licensee reaching an agreement with GLI to cover the cost of testing the Totalizator system. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-115)

Chair Seyfer called on the Dubuque Racing Association (DRA). Jesus Aviles, General Manager, advised that Brian Carpenter, Director of Racing, was with him to answer any questions since he is new to the racing industry. Mr. Aviles stated that during his short time in Dubuque, he has been able to witness the great things that DRA and Dubuque Greyhound Park & Casino (DGP&C) have and are able to do for the community. As DRA is a non-profit, all funds not necessary for the operation of the facility are given to the city, county and various charities; Mr. Aviles advised that DRA has approximately \$14 million in payroll, contributions to the city exceed \$15 million, and another \$4-5 million goes to various charities. He stated that, in his opinion, DGP&C has done an excellent job of being a responsible corporate citizen. He requested the Commission's

approval of DRA/DGP&C's pari-mutuel license, race dates, racetrack enclosure license, and the contracts contained within the renewal application.

Mr. Aviles presented a contract with Cruzen and Associates, an executive search consulting firm.

Hearing no comments or questions for Mr. Aviles or Mr. Carpenter, Chair Seyfer asked Mr. Ketterer if the same contingency placed on BRGP would apply to the DRA/DGP&C licenses. Mr. Ketterer answered in the affirmative.

Mr. Ketterer asked Mr. Aviles if DRA/DGP&C had paid \$14 million to the city in rent and profits. Mr. Aviles stated the number could go higher as a portion of the coin-in goes to rent, and at the end of the year, depending on cash flow, there is a percentage distribution to the city, charities, and DRA for capital improvements. Mr. Ketterer asked if the breakdown was 40-30-30; 40% going to the city, and 30% each to charitable organizations and capital improvements. Mr. Aviles answered in the affirmative, but added that DRA is negotiating with the city to eliminate the capital improvement portion of the distribution so that it would supersede any distribution in order to insure the funds would be available for the capital improvement plan, and then distribute the remainder between charitable organizations and the city. Mr. Ketterer asked if the capital improvement plans would be brought before the Commission for approval. Mr. Aviles answered in the affirmative. Mr. Ketterer indicated his understanding of the previous comments was that DGP&C was trying to get more capital improvement funds from the city. As the city owns the property and facility, it would be beneficial for them to agree as it would increase the value of the property. Mr. Aviles stated that as a not-for-profit, they are required to give all of the money away, meaning they have to borrow money to fund capital improvement projects. He indicated DGP&C is attempting to modify the system to try and insure \$4-5 million every year for slot renovations, facility renovations, distributions, etc. prior to distribution of excess funds. Mr. Aviles reiterated the city and DRA are still in negotiations.

Commissioner Hayes asked Mr. Aviles if he anticipated the distribution would be a multi-year allocation every year based on capital needs. Mr. Aviles indicated the lease would be a multi-year as it is used as the guarantor for any financing of major capital programs. He advised DGP&C would commence a \$10 million renovation the following week. In order to obtain the necessary funds from the bank, the lease had to be extended to the term of the loan.

Hearing no further comments or questions regarding DGP&C's license renewal, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the license renewal of the pari-mutuel racetrack license, the race dates, the racetrack enclosure gambling license, and all contracts. The motion is contingent upon DGP&C reaching an agreement with GLI to cover the costs for testing the tote system. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-116)

Chair Seyfer called on Mr. Ketterer regarding the hearings scheduled to come before the Commission. Mr. Ketterer stated that all of the hearings had been resolved through Stipulated Agreements. He indicated the first four listed on the agenda pertain to violations of the self-exclusion policy which have occurred over the past two years. Addressing violations of the self-exclusion policy was suspended during the time frame in which the IRGC and the Iowa Gaming Association were working to revise the standards for violations and penalties. Mr. Ketterer advised that the four instances before the Commission were ones where the violations met the standards previously as well as the current standards. Action on these violations will bring the Commission up-to-date on the self-exclusion violations.

Mr. Ketterer provided the following summary regarding the violation at DJW: On May 24, 2006, an individual completed the Statewide Self-Exclusion form and was added to the player tracking system. Approximately one year later, the individual entered the facility and won a jackpot. The individual completed the W2-G form, which requires presentation of ID, and was paid a taxable jackpot of approximately \$1,200. About four months later, this same individual won another jackpot of \$1,440. The cage cashier in this case did identify the individual as a self-excluded patron. The \$1,440 jackpot and \$75 credits on the machine were paid to the Gambler's Treatment Program. An investigation revealed the May 2007 payout, and in October 2007, DJW paid the \$1,200 to the Gambler's Treatment Program. Mr. Ketterer advised that DJW acknowledges the violation of Iowa Code 99F.4(22), as well as the previous and current standards in effect.

Mr. Ketterer advised that one of the elements of the new standards was that the penalty would be in the range of \$3,000 to \$20,000, with the penalty amount being determined by the Commission members at the meeting. Mr. Ketterer recommended approval of the Stipulated Agreement, with the penalty amount being at the Commissioner's discretion.

Commissioner Cutler advised that Commission members had discussed this matter, and determined that the penalty for the first violation should be the lowest amount, or \$3,000. Commissioner Hamilton concurred with Commissioner Cutler, and indicated the penalty for the second violation should be \$5,000, and \$10,000 for a third violation occurring within 365 days from the first violation.

Hearing no further discussion regarding penalty amounts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the first Stipulated Agreement between IRGC and DJW with an administrative penalty of \$3,000.00. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-117)

Mr. Ketterer moved to the next Stipulated Agreement with DJW and provided this synopsis: On September 29, 2006, an individual completed the Statewide Self-Exclusion form, and was added to player tracking system approximately one week later. Approximately one year later, the same individual won a taxable jackpot in the amount of \$1,484, and completed the necessary W2-G form. The next day the individual won a taxable jackpot of \$3,000, and completed the same form. In both instances, she received

the money. Eight months later, the same individual won another taxable jackpot of \$1,774. This time the individual was identified as a self-excluded individual by the cashier and did not receive the jackpot or the credits of \$150.75 on the machine. These amounts were paid to the Gambling Treatment Program. The individual admitted to having received the previous two jackpot payouts. An investigation by DJW staff uncovered those payments, and in June 2008, DJW paid \$4,484 to the Iowa Gambling Treatment Program. Mr. Ketterer stated that DJW acknowledges the violation of Iowa Code Section 99F.4(22) and the standards previously and currently in effect for this type of violation. Mr. Ketterer recommended approval of the Stipulated Agreement with a penalty in the amount of \$3,000 to \$20,000.

Hearing no further discussion concerning the Stipulated Agreement, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the second Stipulated Agreement between IRGC and DJW as submitted with an administrative penalty of \$5,000. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-118)

Mr. Ketterer moved to the Stipulated Agreement with Rhythm City (RC) and provided the following summary: An individual completed the Statewide Self-Exclusion form on April 10, 2006 and was added to RC's player tracking system. Just over two years later, the individual entered the facility and won a taxable jackpot in the amount of \$1,530.80. The individual was identified as an excluded individual and the jackpot was paid to the Iowa Gambling Treatment Program. Further investigation determined that RC had not uploaded the individual's information to the Iowa Gaming Association, which would have allowed this individual to participate in gambling activity around the state without any consequence from April 10, 2006 through July 11, 2008. Mr. Ketterer advised that IOC Davenport and RC acknowledge the violation of Iowa Code §99F.4(22), as well as previous and current standards in effect regarding self-excluded patrons. Mr. Ketterer recommended approval of the Stipulated Agreement, with the penalty to be determined by the Commission.

Hearing no comments or questions concerning the Stipulated Agreement, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the Stipulated Agreement with RC as presented with a \$3,000 administrative penalty. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-119)

Mr. Ketterer moved to the Stipulated Agreement with Iowa West Racing Association/Horseshoe Casino (IWRA/HSC) and provided the following summary: An individual completed the Statewide Self-Exclusion form on October 16, 2006 at Ameristar Casino. His information was added to HSC's database on November 5, 2006 with the designation "gaming prohibited." In July 2007, the individual won a taxable jackpot in the amount of \$1,289. After conducting a partial name search and obtaining no results, the cashier created a new account for the individual. Just a few hours later, the individual won a second jackpot in the amount of \$2,221. On September 8, 2008, the individual again entered HSC and won another taxable jackpot in the amount of \$2,578.

Facility staff involved in the process identified the individual as a self-excluded person and did not pay out the jackpot. The jackpot and a fast cash ticket in the amount of \$67.20 in the individual's possession were paid to the Iowa Gambling Treatment Program. The individual advised that he had previously collected two jackpots. Upon further investigation, the payouts were discovered. IWRA/HSC paid \$3,510 to the Iowa Gambling Treatment Program on November 6, 2007. Mr. Ketterer stated that IWRA/HSC acknowledges the forgoing is a violation of Iowa Code §99F.4(22) as well as the standards previously and currently in effect. Mr. Ketterer recommended approval of the Stipulated Agreement as submitted and an administrative penalty in the range of \$3,000 to \$20,000.

Commissioner Hamilton asked if the individuals who had wrongfully received jackpot payouts were required to repay the funds. Mr. Ketterer advised that the facilities can try to collect the funds from the individual, but it is the facility's responsibility to pay those funds to the Iowa Gambling Treatment Program. Commissioner Cutler asked Mr. Massa if he had attempted to collect wrongfully paid funds at one point. Mr. Massa answered in the affirmative. When asked the outcome, Mr. Massa stated that the individual had disappeared.

Hearing no further comments or questions concerning the Stipulated Agreement, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the Stipulated Agreement with IWRA/HSC as submitted with an administrative penalty of \$3,000. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-120)

Mr. Ketterer moved to the next Stipulated Agreement between IRGC and Harvey's Iowa Management Company/Harrah's Council Bluffs (Harvey's/Harrah's) and provided the following summary: A reservation was made for a company party on July 10, 2008. Harrah's marketing staff received a request to add twelve \$25 chips to the company's bill at the steakhouse at the end of the evening. The request was approved by the food and beverage director. On July 9th, marketing staff notified the 360 Steakhouse manager of the company's request. On July 10th, the Steakhouse supervisor and her manager proceeded to the cage to obtain the \$300 in chips. The chips were given to the party's server who in turn gave them to the host of the party towards the end of the meal. The manager entered the chips as an open item in the facility's micros system and typed in the description "Poker Chips". The server handled the closing out of the bill, which was paid for with a credit card. Mr. Ketterer advised that Harrah's acknowledges the violation of Iowa Code § 99F.9(6), which states in part "... a licensee shall not accept a credit card to purchase coins, tokens or other forms of credit to be wagered on gambling games. ...". As a result of this violation, Harvey's has agreed to pay an administrative penalty in the amount of \$10,000. Mr. Ketterer advised the Commission that the penalty was consistent with a similar violation that occurred at PMR&C approximately four years ago in which the Commission approved a \$10,000 fine. In that case, a group received an amount of pari-mutuel vouchers for which they were eventually billed at the end of the month.

Hearing no further comments or questions, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the Stipulated Agreement with Harvey's/Harrah's. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-121)

Mr. Ketterer moved to the last two instances which involve PMR&C and underage gambling violations. The first instance occurred on July 30, 2008 when an underage male proceeded to the elevator and exited on the second floor. Surveillance tapes show the security officer noticed the individual but failed to request identification, allowing the individual to enter the gaming floor unchallenged. Surveillance coverage shows the individual wearing a wristband. The individual bought in at a blackjack table and gambled for the next hour and forty minutes. He had multiple contacts with table games personnel, but was never asked for identification. At one point the individual sat at a different blackjack table and drank a beer while watching others gamble. A half hour later, he returned to the same blackjack table and played for approximately thirty minutes. At one point, the individual left the table games area and the gaming floor and went down the stairs to the ATM. He walked back up the stairs and onto the gaming floor, again without being challenged. Upon sitting down at a blackjack table, the pit manager asked for identification. The underage male lifted his arm with the wristband to indicate he was of age; however, the wristband belonged to another individual and the table games manager knew it was not this individual. At that point, he was turned over to law enforcement. PMR&C acknowledges the above constitutes a violation of Iowa Code § 99F.9(5). Mr. Ketterer noted that the recommended penalty for this violation would be \$20,000.00.

Hearing no comments or questions, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the Stipulated Agreement between IRGC and PMR&C as submitted with an administrative penalty of \$20,000.00. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-122)

Mr. Ketterer moved to the final hearing before the Commission, another underage violation at PMR&C. On August 12, 2008, an underage female entered PMR&C through the main entrance and proceeded up the escalator to the second floor. The posted security officer failed to request identification, allowing the individual to enter the gaming floor unchallenged. She eventually proceeded to a slot machine and played for approximately 20 minutes. After cashing out her tickets, she walked to the south crossover where she was stopped and asked for identification. While reviewing the identification, the security officer noted she was underage and she was escorted off the floor. Mr. Ketterer stated that PMR&C again acknowledges a violation of Iowa Code § 99F.9(5). He advised that this is the first occasion the Commission has had a licensee with three violations of the statute within a 365 day period. Mr. Ketterer stated there is some inconsistency in some comments made in the minutes as to whether the appropriate penalty for the third offense should be \$30,000 or \$40,000. Mr. Ketterer recommended approval of the Stipulated Agreement with an administrative penalty of \$30,000.

Mr. Ketterer advised the facilities that if they desired to address the Commission regarding the above violations, they were welcome to do so.

Hearing no comments or questions concerning the last Stipulated Agreement, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the Stipulated Agreement as submitted with an administrative penalty of \$30,000. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-123)

Chair Seyfer asked if there were any facility representatives that wished to address the Commission. Mr. Hyder again acknowledged the facts and circumstances that lead to the incident, but stated the facility has instituted specific checks and balances in order to insure compliance.

Mr. Palmer acknowledged the facts and circumstances of the violations. He advised PMR&C is constantly doing due diligence, noting they were fined earlier in the year. Mr. Palmer introduced Clint Pursley, Director of Security, who commenced his comments by noting that PMR&C takes underage gambling very seriously. They hope to successfully prosecute underage gamblers and get the word out within the community that if underage individuals do come to the facility there could be consequences for their actions. PMR&C has also attempted to alleviate the problem with consistent, on-going training that involves almost every staff member of the facility. Mr. Pursley indicated that once live racing has concluded for the year, PMR&C is going to restrict access to the Club House to those 21 and over in an effort to minimize other avenues through which underage individuals are able to gain access to the gaming floor, as well as some physical modifications to the layout of the gaming floor. Recently, PMR&C has increased the age requirement for when staff is to be requesting identification from 30 to 40 years of age.

Commissioner Hayes asked Mr. Pursley if PMR&C keeps track of the number of individuals that are stopped from gaining access to the floor. Mr. Pursley answered in the affirmative, noting that he had put together a few numbers. From January through September of this year, average attendance was 192,000, and they requested identification from approximately 17,500 in a given month, or 9.1 percent of attendance. Out of those numbers, the amount of incidents that resulted in violations and sanctions by the Commission were 0.000003 (three ten-thousandths of one percent). Mr. Pursley stated that PMR&C's staff does try extremely hard and does maintain a diligent effort.

Commissioner Hayes asked Mr. Pursley how many of those 9-10% that were turned away at the gate were underage. Mr. Pursley indicated approximately one-third, but stated individuals could be turned away for a number of reasons – the ID was unreadable, no ID, or because they are underage. He noted this becomes more of an issue during the live race meets as some neighboring states allow pari-mutuel wagering at the age of 18, which causes some confusion for those people traveling to Iowa to race.

Mr. Aviles advised the Commission that the violations set forth in the Stipulated Agreements occurred during his tenure as general manager at DJW. He stated that it is very difficult to identify all of the people that have availed themselves of the self-ban

process since there is no biometric system to identify them. He indicated it is only in the event that the individual wins a jackpot that the facilities are given that opportunity to identify them. He stated that he felt Mr. Pang, the new general manager, has put additional safeguards in place in an attempt to prevent those individuals from gaining access to the facility.

Chair Seyfer moved to Administrative Business – a committee report on the status of the RFP process regarding the study to identify any underserved gaming markets in Iowa. He noted that the Commission received four proposals, which have been distributed to the Commission members for review. The Commission will be making a decision on the candidate and a timeline for the completion of the study at the November 13th Commission meeting.

Commissioner Cutler stated that she had forgotten to address an issue with PMR&C. She indicated there is an issue with compliance with Iowa Code §99D.20, which requires the licensee to transmit to the Commission an audit of the financial transactions and condition of the licensee's operations within ninety days after the end of each race meeting. She acknowledged there is a question as to whether "race meeting" means at the end of each race meet or the end of the live racing season. While the Commission has been receiving reports, they have not been audited reports as required by statute. Commissioner Cutler asked PMR&C to comply with the statute, or if they are unable to or have an objection to the statute, to pursue having that particular section of the Code removed and/or amended through legislative action.

As no one had signed up for Public Comment, Chair Seyfer requested a motion to adjourn. Commissioner Cutler moved to adjourn the meeting. Commissioner Hamilton seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

IOWA RACING AND GAMING COMMISSION
MINUTES
NOVEMBER 13, 2008

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, November 13, 2008 at Stoney Creek Inn in Johnston, Iowa. Commission members present were Greg Seyfer, Chair; Diane Hamilton, Vice Chair, and members Kate Cutler, Paul Hayes and Toni Urban.

Chair Seyfer called the meeting to order at 8:30 AM, and requested a motion regarding the agenda. Commissioner Urban moved to approve the agenda as submitted. Commissioner Cutler seconded the motion, which carried unanimously.

Chair Seyfer thanked Director John Quinn and the Division of Criminal Investigation for the tour of their training facility on Wednesday afternoon.

Chair Seyfer, noting a draft of the minutes had been sent out, inquired if there were any changes or corrections. Hearing none, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the minutes as submitted. Commissioner Hayes seconded the motion, which carried unanimously.

Chair Seyfer moved to Announcements. Mr. Ketterer, addressing the Public Comment section of the agenda, stated the Commission expects a number of individuals will want to comment on Prairie Meadow Racetrack & Casino's (PMR&C's) race dates. The horsemen groups will have ten minutes each for their comments. Additional comments will be received following those comments, with the individuals having 2-3 minutes for their comments. Mr. Ketterer requested that the horsemen groups have someone summarize their comments; therefore, limiting the need for individuals to make comments and hopefully prevent repetitive comments.

Mr. Ketterer provided the following information concerning future Commission meetings:

- December – No Meeting
- January 15, 2009 – Stoney Creek Inn, Johnston, IA (Submissions due by December 31, 2008)
- February – No Meeting
- March 5, 2009 – Terrible's Lakeside Casino, Osceola, IA (Submissions due by February 19, 2009)
- April 16, 2009 – Wild Rose Clinton, Clinton, IA (Submissions due by April 2, 2009)

Chair Seyfer moved to the selection of the candidate for the study to identify underserved gaming markets in Iowa. He indicated the Commission received four proposals, which were reviewed by all Commission members. The RFP committee made a recommendation to the full Commission that two studies be performed. The Commission selected The Innovation Group and GVA Marquette Advisors to perform the studies, which will provide valuable information to the Commission in deciding how to move forward on the question of additional licenses.

Chair Seyfer read the following criteria, which is set forth in the contract with the two companies:

Conduct a study on the casino markets in the State of Iowa. The study will focus on identifying underserved and currently served, but underperforming markets. The study will include the counties of Webster, Wapello, Franklin, Lyon and Tama, whether or not they are deemed to be underserved markets, as these counties have expressed interest in a casino having passed referenda approving casino gambling. The study shall include, but not be limited to the following:

- Projected admission and adjusted gross revenue of:
 - Potential casinos in Wapello, Webster, Franklin, Lyon and Tama counties
 - Potential casinos in other markets identified as under served or under performing locations
- Distinguish among markets that will support a minimum capital investment of \$50M; \$75M and \$100+M
- Projected impact on existing licensees of a \$50M; \$75M and \$100+M facility, subscribing to the theory that the more amenities in addition to the casino, the more attractive the facility will be to a broader geographic market
- Projected impact of multiple new licenses on existing licenses
- Projected percentage of out of state patronage in identified markets and whether or not the casino will be beneficial to tourism
- An economic forecast for Iowa casinos for the next 3 years – include admissions and revenues
- Provide personal income and discretionary income in identified markets – compare to other markets in Iowa and cite the effect on admissions and revenue
- Projected impact on tourism and creation of new economic development

Commissioner Hamilton moved to approve the selection of The Innovation Group and GVA Marquette to perform the analysis of the gaming markets in Iowa. Commissioner Cutler seconded the motion.

Mr. Ketterer stated that even though all of the companies are from out-of-state, all of the firms have experience with the hospitality and gaming markets in Iowa. He indicated the proposals selected were the two lowest bids.

Hearing no further discussion concerning the selection of the firms to perform the market analysis, Chair Seyfer called for the vote. The motion carried unanimously. (See Order No. 08-124)

Chair Seyfer moved to the contract approval portion of the agenda, and called on Argosy Casino. Kees Eder, General Manager, presented the following contracts for Commission approval:

- Amcon – Tobacco & Vending Products
- Pegler Sysco – Food Products for the Restaurant
- Janitor Depot – Janitorial/Housekeeping Supplies

Hearing no discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by Argosy. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-125)

Chair Seyfer called on Diamond Jo Dubuque. Todd Moyer, General Manager, presented the following contracts for Commission approval:

- American Trust & Savings Bank – Branding of ATM Machines for a Fee Equal to 3% of Surcharge Fees
- BFI Waste Services d/b/a Allied Waste Services – Garbage and Recycling Services
- Global Payments Gaming Services, Inc. – Check Guarantee Services
- Global Payments Gaming Services, Inc. – Cash Advance Services
- International Gaming Technology (IGT) – Purchase of Table Tracking System and Related Maintenance Agreement
- Ulton Processing Services, Inc. – ATM Services

There was a brief discussion regarding the contract with American Trust & Savings Bank for the rebranding of the ATM machines. The machines were formerly through US Bank, which did not charge US Bank customers a service fee. With the rebranding, all users of the ATM machines will pay a service fee.

Hearing no further discussion, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by Diamond Jo Dubuque. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-126)

Chair Seyfer called on Diamond Jo Worth (DJW). Kim Pang, General Manager, presented the following contracts for Commission approval:

- Global Payments Gaming Services, Inc. – Check Guarantee Services
- Global Payments Gaming Services, Inc. – Cash Advance Services

Hearing no discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by DJW. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-127)

Chair Seyfer called on Riverside Casino and Golf Resort (RCGR). Dan Kehl, CEO, presented the following contracts for Commission approval:

- D&K Products – Golf Course Grounds Supplies
- On a Stick Productions, Inc. f/s/o Jeff Dunham – Event Center Entertainment
- King Food Service – Food Purchases

Chair Seyfer asked about the golf course. Mr. Kehl advised that the course is planted and growing. They hope to have the full golf course open by mid-May.

Hearing no further discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by RCGR. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-128)

Chair Seyfer called on Ameristar Casino. Jane Bell, Director of Government Affairs, presented the following contracts for Commission approval:

- Host Coffee – Coffee Products
- New Horizon Kids Quest – Child Care Service
- Pottawattamie County Treasurer – Property/Gaming Tax
- Vital Signs Unlimited, Inc. – Marquee/Building Lighting

Hearing no discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by Ameristar. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-129)

Chair Seyfer called on Lakeside Casino (Lakeside). Craig Travers, Sr. Vice President of Midwest Casinos for Herbst Gaming, presented the following contracts for Commission approval:

- Alliant Energy – Gas & Electric Service
- Aristocrat – Slot Leases/Hardware; Software Maintenance Agreements/Parts/Supplies
- Bally Gaming – Slot Leases/Parts/Supplies
- Citadel Broadcasting Company – Radio Advertising
- Clarke County Development – Contributions for Terrible's Lakeside Community Fund

- ColorFx – Marketing Services
- Core-Mark International – Purchase for Resale @ C-Store – Candy, Food, Tobacco & Supplies
- Crawford Law Firm – Legal Services
- The Des Moines Register – Marketing Services – Advertising
- Golden Eagle Distributing – Purchase of Beer for Resale @ Casino & C-Store
- Guardian Life – Life and Dental Insurance
- Holmes Murphy – Property/Casualty/ Liability & Workers Comp Insurance
- International Gaming Technology (IGT) – Lease of Slot Machines/Parts/Supplies
- Iowa Megajackpots – Lease of Slot Machines
- Konami Gaming – Lease of Slot Machines/Parts/Supplies
- Loffredo Fresh Produce, Inc. – Purchase of Fresh Produce for Kitchen
- Loomis Company – Third-Party Administrator for Self-Funded Health Insurance
- Martin Brothers – Purchase Food and Supplies for Kitchen
- McKinley, Inc. – Purchase Resale Items for Gift Shop/Uniforms/Promotions Items
- Metro Fish – Purchase Food for Kitchen
- Global Payment Check Services – Patron Check Processing Guarantee Service
- Osceola Municipal Services – Water & Sewer Service
- Pepsi – Beverages for Patrons/Employees & Resale
- Performance Food Group/TPC – Purchase Food for Kitchen
- Principal Financial Group – 401K Plan
- Reinhart Food Services – Food & Supplies for Kitchen
- Roberts Dairy – Food & Supplies for Kitchen – Dairy Product
- Shuffle Master – Lease Games & Table Supplies
- Spurrier Oil Co., Inc. – Fuel Purchase for C-Store
- WMS Gaming – Lease of Slot Machines/Parts/Supplies

Commissioner Hayes asked Mr. Travers about the contract with Loomis Company, and whether any Iowa companies had been considered. Mr. Travers explained that Loomis Company serves as the third party administrator for all of the Herbst operations, or approximately 9,000 employees. Commissioner Hayes advised that the Commission would like to see an Iowa company considered.

Hearing no further discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Hayes moved to approve the contracts as submitted by Lakeside. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-130)

Chair Seyfer called on Wild Rose Clinton (WRC). Tim Bollman, General Manager, presented the following contracts for Commission approval:

- Signify Promotions/A Sigler Company – Purchase of Casino Wearables, Gifts, and Promotional Items, etc.
- Clinton County Community Development Association – Payment of 4% of Wild Rose Clinton LLC Net Gaming Earnings per Tax Returns
- ASCAP – Purchase of License to Perform Non-Dramatic Renditions of Musical Compositions in ASCAP Directory
- Dynamic Communications (DirecTV) – Purchase of DirecTV Commercial Viewing Service

Hearing no discussion concerning the contracts, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by WRC. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-131)

Chair Seyfer called on Iowa West Racing Association d/b/a Horseshoe Casino and Bluffs Run Greyhound Park (IWRA/HSC and BRGP) regarding the season approvals for the 2009 race meet. Jeannie Magdefrau, Vice President of Finance, was available to answer any questions the Commission might have.

Hearing no discussion concerning the season approval submission, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the season approvals as submitted by IWRAHSC and BRGP with the contingency that BRGP staff continues to submit simulcast schedule requests for approval by IRGC staff to insure compliance with all regulatory requirements. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-132)

Mr. Ketterer advised that the Totalizator Board replacement matter would be deferred until the January Commission meeting.

Ms. Magdefrau presented a contract with Schindler Elevator Co. for maintenance of the elevators.

Hearing no discussion concerning the contract, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the contract as submitted by HSC/BRGP. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-133)

Chair Seyfer called on Dubuque Greyhound Park & Casino (DGP&C). Jesus Aviles, General Manager, stated there were 12 contracts before the Commission today related to the renovation of the facility.

Mr. Aviles stated that except for the banquet areas and the offices, the facility has not been updated since it opened in 1984. He indicated that the decline in pari-mutuel wagering, the age of the original structure, underutilization of the existing square footage and guest desires for additional amenities are the driving forces behind the renovation

project. Mr. Aviles noted the property is divided into two distinct areas –pari-mutuel and gaming. The casino area is 39,000 square feet, but there is 120,000 square feet of space. DGP&C is trying to utilize all of the available space. Renovation will occur in six phases: leveling of the grandstand and clubhouse floors, the casino and pari-mutuel areas, the steakhouse, buffet and kitchen, the rotunda and the casino and entertainment areas. DGP&C hopes to have all of the areas completed by March 31st, and open to the public on April 2, 2009. Mr. Aviles stated that the renovations will allow DGP&C to be more competitive in the market area. Mr. Aviles stated that a full presentation will be made to the Commission in the future.

Mr. Aviles presented the following contracts for Commission approval:

- A&G Electric – Electrical Work for Casino Renovation
- Ainsworth Game Technology – Purchase of Slot Machines & Equipment
- Commercial Flooring – Carpet Installation for Casino Renovation
- Epic Construction – General Construction for Casino Renovations
- Giese Companies – HVAC Work for Casino Renovation
- Johnson Controls – HVAC Controls for Casino Renovation
- Kochan & Company – Full Service Advertising Agency
- MMC Mechanical Contractors – Plumbing for Casino Renovation
- Martin Brothers Distributing – Food Items and Supplies
- RSM McGladrey – Computer Software and Consulting Services
- Tai Ping Carpets – Carpet for Casino & Pari-Mutuel Renovations
- Turpin Dodge – Purchase of Cars for Promotion Giveaway

Commissioner Hayes asked about the contract with Kochan & Company for advertising, and whether any Iowa companies had been considered. Mr. Aviles stated that DGP&C has utilized a local agency for many years, but felt there was a need to step up the marketing of the facility. He stated that Kochan is just a broker for these services and will receive a retainer of \$144,000. The balance of the funds will go to Iowa firms for media spots. Mr. Aviles stated DGP&C sent out an RFP to four local firms and one out-of-state firm.

Hearing no further discussion concerning the renovation project or the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the renovation project at DGP&C and the contracts as submitted. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-134)

Chair Seyfer moved to the renewal of the racetrack license, granting of race dates and racetrack enclosure gambling license for PMR&C. Gary Palmer, General Manager, stated that PMR&C has a payroll of \$55 million, employs between 1,400 and 1,500 depending on the season, paid \$47 million in state gaming taxes, paid \$38 million in community betterment grants, which includes the lease payments to Polk County, and purchased \$40 million in goods and services from Iowa vendors.

Purse amounts for 2007 and 2008 were \$18.8 million and 19.2 million respectively. For 2009, purses are expected to be \$20.9 million. The division between the breeds will remain the same as for 2008.

Mr. Palmer stated that PMR&C held a flood relief concert and raised \$300,000, which was matched by Polk County, for a total of \$600,000. This was the first year for the Iowa Classic Parade. Mr. Palmer stated that PMR&C successfully solicited corporate sponsorships. PMR&C was surprised by the interest and participation. Mr. Palmer indicated the event will more than likely continue. Mr. Palmer discussed some of the community grants awarded by PMR&C, and listed some of the community awards received by PMR&C.

Mr. Palmer concluded his remarks by thanking the Commission for having granted PMR&C the privilege of having a racing and racetrack enclosure license in the past and requested support for the current license renewal application before the Commission. He turned the floor over to Derron Heldt, Director of Racing.

Mr. Heldt advised that PMR&C submitted a revised racing calendar which set forth the following for the 2009 race meet:

- 50 racing days for the thoroughbreds commencing on April 24th and ending July 18th with 9 races per day, which would provide 450 racing opportunities plus ten additional opportunities throughout the meet. The start date is one week later than this year and will go two weeks longer.
- 32 racing days for the mixed meet commencing on July 27th and ending September 19th with 5 races per day for each breed, which would provide a minimum of 160 racing opportunities for the quarter horses and 620 for the thoroughbreds. This meet will commence one week after the thoroughbred only meet ends. The number of racing days is down from 43.
- 16 racing days for the standardbreds commencing on September 28th and ending October 24th with 10 races per day for 160 racing opportunities. The number of racing days is down from 20 for the 2008 meet.

Mr. Heldt advised that the above schedule represents a decrease of eight racing days from the 2008 schedule, decreasing the number of racing opportunities for all breeds by approximately 10%.

Mr. Heldt stated that PMR&C is looking at 2009 as a transition year. He indicated the racing committee has held meetings with all three breeds, and has another meeting scheduled for the following day. Mr. Heldt expressed his opinion that there will be additional changes going forward. He stated that he feels the racing committee should look at the number of racing days, number of races and the breeds that race at PMR&C.

Commissioner Urban asked if a representative of the PMR&C racing committee was present. There were a few representatives present. Commissioner Urban asked if there were any horsemen on the racing committee. Mr. Palmer advised there are two.

Mr. Palmer stated there have been inquiries about PMR&C removing the \$1 million for the county fair races from the standardbreds. He advised that the funds are reflected in the budget.

Commissioner Hayes asked if there was a member of the racing committee that would like to address the issues of the racing program at PMR&C and the committee's timetable for providing a report to the full PMR&C Board of Directors.

Tom Whitney, a member of the Board of Directors and the racing committee, advised that the committee is looking at providing some long range recommendations to the full Board, but does not anticipate doing so until late spring/early summer of 2009. The committee is looking at hiring a consultant to assist the committee with preparing the report. Mr. Whitney advised that the committee consists of four people, two of which have been involved with racing. He indicated that one of the members, Jack Bishop, would be leaving PMR&C's Board after having served two consecutive terms.

Commissioner Urban stated it was her understanding that the committee would make a presentation to the full Board of Directors, who would then have the responsibility of determining which recommendations from the racing committee should be adopted.

Mr. Whitney stated the goal is to determine what horse racing should look like at PMR&C; to look at long term solutions rather than responding as situations arise in order to provide more stability. He indicated there are many difficult questions to be answered and many different viewpoints.

Commissioner Urban asked if the racing committee was looking at the racing surface. Mr. Whitney indicated they were not, but that did not mean they wouldn't at some point in the future. He noted that Board members and PMR&C racing staff have traveled to various tracks around the country to gather information about the various synthetic track surfaces.

Commissioner Hamilton asked how many PMR&C Board members were present. She indicated that she has been on the Commission for approximately ten years, and noted that there have been discussions throughout that time period about the amenities the Commission would like to see at PMR&C. She referred to a recent article at www.iowabizonline entitled Iowa's Casinos: More than Gaming, which made reference to the numerous amenities available at the new Catfish Bend Casino/Pzazz Entertainment complex in Burlington. The article noted that casinos with additional amenities perform better than those without additional amenities.

Jack Bishop, Chair of the PMR&C Board of Directors, stated there are 15 members on the Board. There is a committee chaired by Gerry Neugent that is looking at hiring a consultant to study the possibility of a hotel at PMR&C. Mr. Bishop noted PMR&C's difficulty in obtaining financing due to the required referendum every eight years, stating that any potential lenders would require the funds to be repaid in their entirety prior to the next gaming referendum. He indicated PMR&C has a small amount left to repay on the \$60 million loan for the Event Center prior to the 2010 referendum.

Commissioner Hamilton stated that the Commission has heard the statements concerning financing before.

Mr. Bishop advised that another option for PMR&C would be to use Polk County's credit if the County would give approval. Commissioner Hamilton stated the Commission takes this issue seriously, but no action has been taken by PMR&C. Mr. Bishop indicated he was not aware of any hotel feasibility study being done previously. Commissioner Hamilton requested that a Board representative be present at the January meeting. Mr. Bishop advised there would be a new chairman of the Board by the January meeting.

Commissioner Hayes noted that Mr. Whitney had referenced a long-range look at race dates, and inquired as to his interpretation of "long-range look". Mr. Whitney stated the racing committee will be making recommendations for the next 10 years to help determine what PMR&C will look like at the end of that time. He noted that some recommendations have already been phased in; activities are leading toward a new racing program.

Chair Seyfer noted that Mr. Ketterer had provided minutes from previous meetings indicating the racing committee would be making recommendations to the full Board, and now the Commission is hearing that no recommendations will be made until 2009. Mr. Whitney stated that he wasn't on the Board a year ago; and that the racing committee was established as a direct result of questions posed by Mr. Ketterer as to the direction of racing at PMR&C. He apologized if the Commission felt they had been misled previously.

Commissioner Cutler expressed concern about the turnover on the Board, and asked what assurances the Commission and horsemen would have that the ten year plan would be followed. Mr. Whitney stated that the Commission has the ability to hold PMR&C accountable. Chair Seyfer stated that was what the Commission was trying to do. He asked what steps have been taken in the six months since the racing committee was established. Commissioner Cutler noted that the Commission has not been very successful in holding PMR&C accountable in the past.

Mr. Whitney stated that racing committee members have been visiting other racinos to study various aspects of their programs. The committee expects to file a report with the full Board in late spring/early summer. He stated the Board is a volunteer board, which is somewhat of a handicap.

Commissioner Cutler asked Mr. Whitney if it would be helpful if the Commission set a date for the completion of the report. Mr. Whitney answered in the negative. He stated that he personally did not have any objections, and promised that the work would be done. Commissioner Cutler requested an update in May.

Mr. Whitney stated that he felt the race track surface should be part of the committee's discussions as it would be a very expensive venture, and impact all of the breeds that race on the surface. With that lead in, Commissioner Hamilton asked about the severity of injuries and catastrophic injuries for the live race meet that just ended.

Mr. Heldt advised that there was one more catastrophic injury this year than last, for a total of 13. Mr. Ketterer stated that in reviewing the statistics from 2000 forward, the last three years have been the worst three years collectively. He indicated the situation deserved PMR&C's full attention. Mr. Ketterer noted that the Horsemen's Benevolent and Protective Association (HBPA) had performed a survey of non-catastrophic injuries and provided a copy of the report to PMR&C.

Mr. Ketterer stated his belief that the committee's focus should be long-range as breeders need to be looking 3-4 years in advance when making business decisions. He reminded Mr. Whitney that the committee needs to be mindful of interaction with PMR&C racing staff when they make their recommendations so PMR&C staff will know what to submit for the 2010 season. Mr. Ketterer stated that some of the consternation this year was caused by the hesitancy of staff to move forward because of the study. Mr. Whitney stated that the committee was working under the assumption that their recommendations were for 2010 and beyond.

At this time, Mr. Palmer presented PMR&C's update on the racetrack surface, and read the Executive Summary contained in the report. Mr. Ketterer advised that the Commission is not trying to mandate an artificial surface, but is concerned about having a safer surface for 2009 than the last three years. He noted there are a number of artificial surfaces on the market, and the facilities that have installed the surfaces are still trying to discern the best grading, weather, etc for each surface.

Commissioner Cutler moved to the underage gambling violations over the past year and asked if procedures were in place to help reduce the number of violations. Mr. Palmer stated that the majority of the problem occurs at the front door. He stated PMR&C is going to make the front entrance more of a funnel in order to minimize the amount of intrusiveness to the guests. Commissioner Cutler asked if additional personnel would be stationed there as well. Mr. Palmer answered in the negative, indicating the changes will allow security personnel to "touch" everyone coming through the entrance. They hope to be able to avoid a bottleneck in the area, causing the patrons to have a wait to gain entrance to the Club House area.

Commissioner Hayes asked if the process would create a bottleneck for those patrons trying to exit the property. Mr. Palmer answered in the negative.

Commissioner Urban asked if PMR&C has seen any effects from the economy. Mr. Palmer stated that the Iowa Gaming Association had met the previous evening, and everyone feels something is going to happen, particularly as they watch the Midwest region – Minnesota, Kansas City, and Chicago have all been hit hard, as have Las Vegas and Atlantic City. He noted that PMR&C is having one of their best years ever, but are being very cautious and proactive in their judgments and thought processes regarding expenses. Mr. Palmer expressed his belief that Iowa will start to see some effects of the economic crisis.

Chair Seyfer called for any additional questions. Commissioner Cutler asked the reasoning behind reducing the number of racing dates. Mr. Palmer stated that PMR&C has looked at the number of race days and tried to trim down the expenses while creating the best race program. He indicated he has never heard anyone say that they don't want horse racing at PMR&C. Mr. Palmer stated that PMR&C wants to have the best program possible. He stated PMR&C is cutting expenses everywhere, which requires them to be proactive. They are attempting to get the same number of racing opportunities for all of the breeds within the same time.

Commissioner Cutler asked Mr. Palmer if he knew how much money was being saved by the proposed reductions. Mr. Palmer stated that at one time PMR&C estimated it cost between \$35,000 and \$50,000 for each day of racing.

Commissioner Hamilton asked how many opportunities each of the breeds have to race. Mr. Heldt stated that the racing calendar contained in the license renewal application shows approximately 10% less opportunities for all of the breeds. For the thoroughbred only meet, there will be 450 opportunities plus an additional ten during the first meet and the mixed meet will have 32 days of racing with five races each day for both the thoroughbreds and the quarter horses, or 160 racing opportunities. During the 2008 racing season, the quarter horses had 180 racing opportunities.

Commissioner Hayes asked if the average purse amount would increase due to the reduction in racing days. Mr. Heldt indicated the average purse would increase; however, on the thoroughbred side, it is hard to provide a figure as it depends on what is done for purses during the second meet. He indicated there is an additional \$2,500 pool for the thoroughbreds but it is divided between the first and second meet. He stated the parties have not gotten to those details yet.

Following a short break, Chair Seyfer stated that Mr. Heldt was going to clarify a few points for the Commission. Mr. Heldt advised that the percentage of the purses remains the same as last year: 81.37% for the thoroughbreds; 14.35% for the quarter horses; and 4.28% for standardbreds.

Mr. Ketterer confirmed that there are no purse agreements with the horsemen's groups. Mr. Heldt answered in the affirmative. He indicated the purse addendums were mailed out the previous week, but none have been returned at this time.

Commissioner Hamilton asked if the purse money was at \$20.1 million. Mr. Heldt stated the purse amount for 2009 is projected to be \$20,149,079 at the 11% rate.

Chair Seyfer moved to the comments from the horsemen's associations, and called on the Iowa Horsemen's Benevolent Protection Association (IHPBA). Gary Lucas, speaking on behalf of Leroy Gessman, indicated the Commission should have a submission the IHPBA made relative to race days for the 2009 race meet. He indicated the two parties had held meetings and the IHPBA was under the impression that their proposed plan might be implemented. Mr. Lucas expressed interest in PMR&C's description of the 2009 race meet as a "transition" year, noting that it feels like PMR&C is cutting the race meet again. He stated that the thoroughbreds have gone from 679 races last year to 610 races for 2009, which is a substantial cut and will have a negative impact on the industry and the State of Iowa overall. Mr. Lucas also believes it will impact PMR&C's ability to attract horsemen to participate in the race meet. He indicated discussions had been held about holding individual meets for the individual breeds, and believes there are a number of reasons why this would be a positive step for PMR&C, not the least of which would be dealing with the track surface during the mixed meet for the quarter horses which require a different track surface than the thoroughbreds. Mr. Lucas stated the thoroughbreds are subjected to more injuries during the mixed meet. Mr. Lucas pointed out that the IHPBA's proposal would fit well with other tracks around the Midwest, providing additional racing opportunities prior to and after leaving PMR&C, allowing the horsemen the ability to make business plans.

Mr. Lucas noted that PMR&C referenced expenses and the money that could be saved by shortening the meet. He stated there was a statistical survey completed recently by Dr. Thalheimer of what happens during racing and the corresponding handle at PMR&C. The study showed that racing at PMR&C helps generate considerable handle for the casino itself. Mr. Lucas stated that the expenses referenced by PMR&C are not necessarily those that are not offset by other revenue at PMR&C.

Commissioner Hamilton asked if the track surface would be better for the thoroughbreds and quarter horses if PMR&C changed to a different mix. Mr. Lucas stated that PMR&C rolls the track for the quarter horses and changes the crown. The track becomes flatter for the quarter horses as opposed to more of a crowned track for the thoroughbreds. He indicated the mix of the track is not as safe a mix for thoroughbreds as the Kansas track; but stated he could not speak to the fact as to whether that mix was safe for quarter horses or not. Commissioner Hamilton asked if PMR&C then reworks the track for the thoroughbred races. Mr. Lucas answered in the affirmative, noting that the maintenance of the surface becomes more difficult. The IHPBA doesn't want to do anything to increase injuries to the horses or jockeys.

Hearing no further questions for Mr. Lucas, Chair Seyfer called on the Iowa Thoroughbred Breeders and Owners Association (ITBOA). Sandra Rasmussen stated that she has been a horse owner and breeder since shortly after PMR&C opened. She stated that she is very disappointed by all of the fighting, and is not sure why it occurs.

She noted that the report by Dr. Thalheimer, consigned by all of the horsemen, does show that PMR&C has some income that doesn't ever seem to be reflected, which is in addition to the normal monthly income when the horsemen are not running. Ms. Rasmussen stated that the pari-mutuel law was passed so that Iowa could have another agricultural product. She noted that it takes four years to know what kind of horse you have from the day you breed it; and the horse may or may not make it to the racetrack. Ms. Rasmussen indicated the lack of consistent dates makes it very hard to make business decisions. She noted that the horse industry is dependent on the hay, corn, and other products produced in Iowa. The horse industry is present in 98 of Iowa's 99 counties. Ms. Rasmussen stated the thoroughbreds need more race days and performances. She expressed her desire to find a way to make that happen.

Chair Seyfer called on the Iowa Quarter Horse Racing Association. John Vernon commenced his comments by referring to minutes from the May 12, 2008 PMR&C Board of Directors' meeting, which referenced an economic study done in 1999 by Dan Otto. Mr. Vernon read the following quote from those minutes: "Mr. Neugent noted the legislature mandates purses and days, and a study is merited to find out the most efficient and profitable way to operate. We also need a committee that looks at the best interests of PMR&C and the horsemen and work together toward those efficiencies."

Mr. Vernon then provided the following quote from Jack Bishop, Chair of the Board of Directors: "This is the first go-round for many board members, and the most efficient way is to drop 60 days of racing, but this would kill the breeding program." Mr. Vernon stated that PMR&C's racing proposal for 2009 would kill the breeding program. He noted that Iowa Code Chapter 99D states that PMR&C is to have a horse racing operation. PMR&C's first proposal was for the quarter horses to have a 20-day separate meet from the thoroughbreds. That meet would have been held over a 5-week period for a total of 160 racing opportunities. On Monday of this week, the IQHRA was presented with a new proposal – still 160 racing opportunities from July 27 through September 19, 2009 with races held four days per week (Monday, Tuesday, Friday, and Saturday) with five races per day. The meet would span 32 days. Mr. Vernon posed the question: What does a 32-day, 8-week race meet do for the quarter horses in Iowa? His answer: Slow death.

Mr. Vernon noted that the quarter horses had the following opportunities in previous race meets:

- 2008 - 180 racing opportunities, plus 25 trials, or 205 racing opportunities;
- 2007 - 188 racing opportunities;
- 2006 – 207 racing opportunities;
- 2005 – 208 racing opportunities, and
- 2004 – 213 racing opportunities.

Mr. Vernon stated that Mr. Heldt indicated the reduction in racing opportunities was approximately 10% for each breed. He noted that if 44 race days are cut to 32, that is

more like a 30% cut. Mr. Vernon stated there are two keys for quarter horse racing – the number of racing opportunities and the time frame. Under PMR&C's 2009 proposal, the time frame would be 8 weeks. In 2008, the meet was 11 weeks long plus some trials. Mr. Vernon then posed the question as to what difference the number of weeks makes in the meet. He noted that the longer season allows the horse to have more racing opportunities. The quarter horses usually have two weeks between races, especially for younger horses. During 2008, there were 57 two-year old quarter horses than ran in 2 or more futurities. PMR&C had 23 stakes races plus 15 trials during the 2008 meet. Mr. Vernon emphasized there was no way that number could be held under the 2009 racing proposal with only 32 days of racing over 8 weeks. He again called PMR&C's 2009 racing proposal a slow death for quarter horses.

Mr. Vernon questioned whether quarter horse owners would put horses in training for 60-90 days at about \$40 per day in order to run 3 stakes races. He doesn't think so. Many IQHRA members believe that there won't be as many Iowa-breds, and breeders will opt not to make the investment with only a 32-day meet. It takes three years from the breeding day until the first year that a horse can race. Mr. Vernon noted that the Iowa statute provides incentives to Iowa foaled horses. He wondered what that means to PMR&C? The lack of good horses and top trainers equals the lack of revenue and the loss of handle. Mr. Vernon noted that Commissioner Hayes raised a pertinent question about purses. PMR&C has approximately the same amount of money for 2009 as 2008, with less races, it would follow that the purses should be higher; however, less races means less winners which does not enhance the Iowa breeding program. Mr. Vernon stated the Iowa breeding program is enhanced by, and what the IQHRA believes PMR&C should be concerned about, the larger handle, which comes with full race cards. In 2008, the average field size for quarter horse races was just over eight horses. With a five-horse field, it is impossible to have the exotic bets. If the racing window is reduced from 11 weeks to 8 weeks, and 160 racing opportunities, there will be a further reduction in the number of quarter horses stabled at PMR&C.

Mr. Vernon stated that the IQHRA requests the same opportunities and the same number of days as 2008. He noted that Mr. Heldt indicated there were 43 days in the second meet. He stated that was correct, but the quarter horses were able to run 44. Mr. Vernon requested 44 days, the same number of racing opportunities (205 with the trials), and a three-year contract for purses. Mr. Vernon pointed out that the IQHRA signed a three-year contract last year, which allows for planning, stability, and shows commitment on PMR&C's part. He noted that other tracks are already advertising their stakes races and dates.

Mr. Vernon stated that some quarter horse owners have stated that reducing the window of opportunities to 160 over 8 weeks will allow PMR&C to have proof in a few short years that the quarter horse meet at PMR&C is dying and should be eliminated – a self-fulfilling projection. He noted that PMR&C has told the IQHRA that patrons don't show up after Labor Day – the handle is low, attendance is low. However, in the proposal before the Commission, PMR&C wants the quarter horses to run 7 days after Labor Day

or approximately one-quarter of the quarter horse meet. He indicated this was also part of the slow death plan.

Mr. Vernon turned the floor over to Butch Hammer, President of the IQHRA. Mr. Hammer addressed Commissioner Urban's comments concerning artificial surfaces by noting that on September 20th of this year the IQHA, the national body, sponsored a race at Turfway. This was the first quarter horse race on an artificial surface, and it went off without any hitches. Mr. Hammer stated that the American Quarter Horse Association is conducting considerable research with the University of California-Davis to determine what affect the artificial surfaces would have on quarter horse racing.

Mr. Hammer turned the floor over to Butch Bain, the horsemen's representative on the PMR&C Board and Vice President of the IQHRA. Mr. Bain addressed the questions concerning the track conditions between the quarter horse and thoroughbred races. He stated that a roller was used on the inside of the track for the quarter horse races as the inside of the track became deeper during the thoroughbred races, which created an uneven course for the quarter horses to race on. He noted that thoroughbreds never raced on the course after it was rolled as the track surface was reworked the next day for the thoroughbreds. Mr. Bain stated that the IQHRA suggested and asked last year if the quarter horses could run before the thoroughbreds which would have prevented the necessity of having to roll the track for changes in its condition.

Hearing no questions for Mr. Bain, Chair Seyfer called on the Iowa Harness Horsemen's Association (IHHA). Royal Roland, President of the IHHA, expressed the organization's concerns about the constant conflict and uncertainty in the negotiations between the horsemen and PMR&C. He noted that the IHHA entered into a three-year agreement with PMR&C that established 18 days of racing, set purses at 4.2% of the purse pool and included \$1 million for county fair racing. As the Commission is not allowed to approve agreements regarding purses unless they are jointly submitted, the agreements reached by the IQHRA and IHHA could not be approved as the ITBOA did not reach an agreement with PMR&C. Mr. Roland stated that the IHHA was given some assurances by PMR&C management that although the agreement was not approved by the Commission, it was their intent to go forward with the terms of the agreement over the next three years.

Mr. Roland noted that in the racing season just completed, the IHHA did receive \$1 million for the county fair races, there were 18 days of racing at PMR&C, and the purses were as agreed. In September 2008, the IHHA was notified by PMR&C management that the 2009 live race meet submission would show 14 days of harness racing. When the IHHA asked about the funding for the county fairs, they were informed that PMR&C management had made that recommendation to the Board of Directors, but there could be no assurance of the funds until the Board ratifies the budget, which should occur later this month. Mr. Roland stated that over the last two months, the IHHA has been dealing with the uncertainty of what the funding would be for the 2009 county fairs, and race dates. He stated that the position of the IHHA is that they made an agreement with PMR&C that called for 18 racing days, and would like to see them comply.

Commissioner Cutler voiced her understanding that the IHHA was happy with the schedule from 2008. Mr. Roland indicated they were happy with the 18 racing days.

Hearing no further questions for Mr. Roland, Chair Seyfer called on Roger West. Mr. West, managing partner for Crown Racing Stables, LLC, stated the business started in 2004 when they had one two-year old in training. He noted they have had their ups and downs in the racing business, but wanted to pass along the perspective of a small stable on the proposed racing dates. Mr. West stated that by shortening the racing dates, PMR&C has created a situation that makes it almost impossible for the small stables to stay in business as they are unable to compete against the stables that can bring 40-50 horses to the meet. For the smaller stables with one or two horses, should one happen to become ill or get injured, the horse could end up missing the entire meet, and the stable would have no way of recouping the investment. Mr. West stated that if a small stable was interested in growing the racing business and improving the quality of Iowa-breds, it is necessary to have a season that is long enough to allow them to compete against everyone else. A longer season would provide a more level playing field for the smaller stables.

Chair Seyfer called on Berle Priebe, a former senator, who stated that he was one of the authors of the pari-mutuel bill. The pari-mutuel bill was viewed as a new industry for Iowa, and the number of people that it would affect. Mr. Priebe stated that he can feel everyone's frustration, but was happy to hear Mr. Whitney and the Commission agree that something needs to be done. He suggested that the number of racing days be put into the Code so that the issue does not have to be looked at on a yearly basis.

Mr. Priebe addressed the shortness of the race meet. Using an estimate of 800 families with two children that work within the horse industry, Mr. Priebe stated that schools, teachers, bus drivers, superintendents, etc. would be affected by any decline in the racing industry. He reiterated that the horse industry is big business in Iowa and that something needs to be done. He believes that putting the number of racing days in the Code, as was done with the purses, will solve the issue. Mr. Priebe knows there are individuals who will say that Iowa-bred horses can't compete with Kentucky, but he feels they can compete if they are provided sufficient time; however, if the meet is shortened and the purses bigger, all that will happen is that out-of-state owners will come to PMR&C and collect the big purses. He agreed that would be the end of the Iowa breeders. Mr. Priebe expressed his belief in the Iowa-bred program. He reiterated his proposal that the number of race days should be included in the Iowa Code so that everyone knows what is going to occur.

Commissioner Urban noted the mixed meet calls for five races each for the quarter horses and thoroughbreds. She asked if there were sufficient horses available to increase the number of races to six, which would increase the number of racing opportunities but not the number of days. Mr. Heldt clarified that she was talking about the quarter horses. Commissioner Urban answered in the affirmative. Mr. Heldt stated that in 2008,

PMR&C used a 6-4 format (thoroughbred-quarter horse), noting that the quarter horses fulfilled their obligation for 4 races a day. He noted a fifth race was run on some days in September, but feels six would be a stretch. Mr. Heldt stated that he was comfortable with the 5-5 split, noting that this format would also affect the stall allocations.

Mr. Ketterer stated that the horsemen should take into consideration that 2009 will be a transition year for PMR&C, that PRM&C has good intentions, and that it is up to the Commission to hold them to their intentions as far as a long-term plan for the racing program in order to obtain the needed stability. With respect to some of what PMR&C has done in changing the original submission to the most recent submission, Mr. Ketterer noted the following:

- PMR&C tried ten races per day for the thoroughbred meet in 2006 and had the lowest field size ever, and
- Tried a 5-5 mix in the mixed meet, shortened from 45 to 36 days, in 2006, and had the highest field sizes in the last 5 years.

Mr. Ketterer stated that the patrons at PMR&C, as well as the simulcasting fans, have a right to expect PMR&C to try and put forth the largest field size to increase revenue and make their signal more attractive. He believes those goals have to be weighed against the number of opportunities that are presented. Mr. Ketterer noted there are opportunities during the first week, which is one week later. In the past, there was less than a week between the end of the meet at Oaklawn Park and the start of PMR&C's meet. A large number of horses come to PMR&C from Oaklawn Park; if they leave early, the trainers are subject to being penalized in their stall allocations for the next year making them reluctant to leave early. Some of the Iowa horses are sent south for training; if they are not, they are able to train about a month prior to PMR&C opening. Mr. Ketterer noted that it is pretty hard to get a horse ready to race in 30 days. He stated that PMR&C has addressed these issues by starting their meet a week later.

Mr. Ketterer noted that the quarter horse representatives talked about running early in the program, having the racetrack tailor made as they don't like what the thoroughbreds are doing, and they want to run their trials early. Originally PMR&C proposed separate meets for the thoroughbreds and quarter horses, but the IQHRA was not happy with that proposal because they could not support a meet of their own.

Mr. Ketterer pointed out that the three groups talked about promoting the breeding program, which is one of the hallmarks of the program as noted by Senator Priebe. He encouraged the groups to interact and be flexible in their dealings with the horse committee at PMR&C on what they want, pointing out that there is no requirement in the Code that PMR&C must have any breed at the track. If all of the breeds think they need more than what PMR&C can financially support, PMR&C could elect to only promote one breed and allot all of the race days to that breed. Mr. Ketterer stated that instead of finding themselves without as many days as they need, it is possible the horsemen's groups could find themselves with none. Mr. Ketterer expressed his belief that the bill,

when it was proposed, was not meant to offer year-round racing; that this would not be the only place to race. He noted there are other tracks, and while it might be costly to ship a horse, the industry has been shipping horses to various tracks for years. Mr. Ketterer stated there are very few areas where owners/trainers can stay in one spot, race for part of the year, and support an operation.

Mr. Ketterer stated that his words were not ones that anyone wanted to hear and will not endear him to the horsemen, but were spoken in the spirit of encouraging the horsemen to cooperate with PMR&C as they try to put together a long-term plan to determine what can work for everyone.

Commissioner Cutler, noting that she is not a horse person, stated that after listening to all of the speakers today, and in previous years, the program looks a little different every year. She suggested that PMR&C stick with the same number of opportunities and days as in 2008 to allow everyone to get through the transition year and provide time for the racing committee to come back to PMR&C management with specific recommendations. Commissioner Cutler expressed her opinion that the current proposal is so uncertain that it does not seem fair to any of the horsemen's groups. She noted there are numbers being tossed around and conclusions being drawn with no way to determine if they are accurate or true. Commissioner Cutler stated that she believes PMR&C should keep the 2008 schedule rather than the Commission try to sift through the realities of the proposal submitted by PMR&C.

Commissioner Hamilton asked how much difference there is between the proposed 2009 season and 2008 season. Commissioner Cutler stated the 2009 season has 8 less days, or 679 versus 608 racing opportunities. She requested clarification.

Mr. Lucas stated that in 2008, the thoroughbreds had 679 racing opportunities, which has been reduced to 620 for 2009. Commissioner Hamilton asked how that translated into race days. Mr. Lucas indicated that was a difficult question to answer due to the variation in the number of race days and the length of time. He stated that the number of racing opportunities is extremely important to the thoroughbreds.

Commissioner Hamilton asked the same question for the quarter horses. Mr. Vernon stated the quarter horses ran 44 days in 2008, and 32 days are proposed for 2009. He noted there were 180 racing opportunities plus 25 trials for a total of 205 racing opportunities in 2008. For 2009, PMR&C's current proposal calls for 160 racing opportunities. Commissioner Hayes asked if trials would still be held. Mr. Vernon answered in the affirmative. Mr. Vernon noted the racing window has decreased from 11 weeks to 8 weeks, which affects the number of days between racing opportunities. A longer span between races is better for the horses.

Commissioner Hamilton then inquired about the standardbreds. Mr. Roland advised that PMR&C's proposal calls for 16 racing days, 10 races per day for a total of 160 racing

opportunities. They had 180 racing opportunities in 2008. The difference in the time frame is one week or slightly less.

Commissioner Hamilton stated that she concurred with Commissioner Cutler in maintaining the 2008 racing schedule for 2009.

Chair Seyfer stated that he was not sure where that would put everyone on a calendar. He noted that the Commission currently has a calendar with the 2009 dates and if the Commission starts putting in new dates, everything would change. He asked for input from Mr. Ketterer.

Mr. Ketterer, noting the Commission members would need some time to do that, suggested a recess in the event the Commission wants to develop a race calendar including the requisite number of days to determine how the races would fit into that calendar.

Commissioner Cutler asked when PMR&C needed to have the actual calendar. Mr. Ketterer indicated today; as the license renewal had been postponed from the October meeting.

Mr. Vernon stated that the IQHRA was willing to accept the same calendar as last year (July 11 – September 20) with a variation of 1-2 days.

Commissioner Hayes stated it was his understanding the shorter meet affects the smaller stables more than the larger stables. Mr. Vernon stated the shorter meet affects even the larger stables as it does not provide enough rest time between races, especially for the younger horses. The stables would not be able to enter the horses in as many regular or stakes races.

Commissioner Cutler asked if it was possible for the Commission to look at the calendar from last year and adjust for the dates if they so desire. Commissioner Hamilton asked if the race calendar for 2008 was available. Mr. Ketterer indicated that it was not, but felt it could be determined with assistance from PMR&C.

Mr. Hammer stated that the longer meet is important for the younger quarter horses as it provides more racing opportunities. Last year the schedule allowed for trials, finals, trials, and finals. An Iowa owner could run three sets of futurities with two horses. PMR&C held six basic futurities in 2008, which were scheduled throughout the meet. He stated that a 2-year old in any of the western breeds is considered the money year. Mr. Hammer reiterated that the window of opportunities is what counts for the quarter horses.

Commissioner Hayes asked how the proposed schedule fits in for horses racing at PMR&C being able to go to other tracks. Mr. Hammer stated that Remington Park ends the first week in June, and Woodlands is no longer in existence. From PMR&C, the horses can go to Lone Star in Texas and Evangeline Downs in Louisiana. Horses come

from Remington and Will Rogers after those respective meets are over. Mr. Hammer noted that many Iowa people train at the Will Rogers facility so that they are ready to run when they return to Iowa.

Commissioner Urban asked Mr. Heldt if he agreed with the amended racing calendar. Mr. Heldt stated that each of the breeds is losing 10% of their racing opportunities; PMR&C was trying to be consistent in the reduction of racing opportunities.

Commissioner Urban stated that she would like to make a motion. Chair Seyfer called for any further discussion or comments.

Commissioner Cutler stated that the issue is really about money, and does not feel there is a clear benchmark or statistical information available as to how much it costs PMR&C to hold the same number of races as in 2008. In her opinion, there have been a lot of years and a lot of opportunities to try and clarify the issue, and now PMR&C has established the racing committee. She expressed her hope that the committee would come to some conclusions sooner rather than later. Mr. Heldt asked Commissioner Cutler if she was talking about how much it costs to run a day. Commissioner Cutler stated that she thought she heard him state that the reason the meet had been shortened was due to economic reasons. Mr. Heldt stated that with the economic times the way they are, PMR&C ran 90 days of racing between the thoroughbred and mixed meet last year. The meet was shortened in an attempt to show some savings to the Board to whom he reports. He stated that Mr. Palmer had indicated that it cost approximately \$35,000 - \$45,000 a day to put on the meet. Mr. Heldt noted that in the fall of 2005 when PMR&C was unable to put a racing plan together, Mr. Ketterer's plan was put into effect. He felt the dollar amounts used at that time reflected similar numbers.

Chair Seyfer stated that PMR&C has submitted a calendar; understands that staff has worked through the calendar, and that some compromise has been involved in reaching this point.

Mr. Ketterer stated that PMR&C was looking at three separate meets and submitted the racing calendar in front of the Commission as a compromise.

Mr. Lucas noted that if PMR&C goes back to last year's calendar, or something similar, the thoroughbreds ran six races per day during the mixed meet. He stated that the six races were extremely important on the thoroughbred side; indicating that five racing opportunities made it almost impossible for anyone to make a business decision as to whether to stay at PMR&C. Mr. Lucas strongly recommended the thoroughbreds continue to have the ability to have six races per day during the mixed meet, which would be the same type of calendar as 2008.

Commissioner Cutler clarified that her understanding of Mr. Lucas' comments was that the thoroughbred desire the same number of days and racing opportunities during the mixed meet as they had in 2008. Mr. Lucas answered in the affirmative.

Commissioner Urban moved that the Commission vote on the amended racing calendar as submitted by PMR&C and received in their meeting packets. Commissioner Hayes seconded the motion. Chair Seyfer noted that he presumed the motion and second included the numerous staff recommendations. He asked if those needed to be read into the record. Mr. Ketterer proceeded to read the conditions into the record as follows:

- The import and export contracts should continue to have the review and approval by staff to insure regulatory compliance. Numerous errors in calculations of tote reports have been caught this year by our staff. Review of procedures and accounting safeguards should be performed by Prairie Meadows simulcast department going forward.
- All marketing promotions that may affect live racing, particularly the racing schedule and post times, shall have prior approval from the Iowa Racing & Gaming Commission. These promotions should be submitted for approval prior to the live racing season and shall provide details surrounding the promotion/event.
- Full payment to Gaming Laboratories International to provide Totalisator testing and certification in compliance of IRGC rule 8.2(1).
- An audit that covers the entire racing season as well as a yearly overall operations audit as provided by Iowa Code 99D.20.
- Prairie Meadows shall provide the Commission annually, at time of license renewal, a thorough update on the Master Development Plan, which includes a parking solution and hotel options.
- Also to be included are updates to the Commission on a continuous basis synthetic surface research as well as plans for addressing the current racing surface to best provide for the safety of horse and jockey.
- Provide updates on a regular basis that address security measures which have been implemented in order to alleviate the problems of minors gaining access to the gaming floor areas. (See attached rulings.)

Commissioner Hamilton stated that she does not want to just hear about issues during the license renewal, and requested reports at each meeting. Commissioner Hayes concurred with the request.

Hearing no further discussion concerning the renewal of the pari-mutuel license for PMR&C, Chair Seyfer called for the vote. The motion carried on a 3-2 vote, Commissioners Cutler and Hamilton voting nay. (See Order No. 08-135)

Chair Seyfer moved to the renewal of the racetrack enclosure gambling license for 2009 and any contracts contained within the submission from PMR&C.

Mr. Palmer also submitted the following additional contracts for Commission approval:

- Ainsworth Game Technology, Inc. – Purchase of Slot Games

- Belin, Lamson, McCormick, Zumbach, Flynn – Corporate Legal Counsel
- Business Publications Corp. – Newspaper Advertising and Subscription
- Des Moines Trane Parts Center – Heating, Ventilation and Air Conditioning Parts & Service
- Iowa Des Moines Supply – Equipment, Paper Goods and Maintenance Supplies
- Iowa Speedway – Three-year Sponsorship Agreement
- Metro Waste Authority – Waste Disposal
- U.S. Playing Card Company – Purchase of Playing Cards
- Waste Management – Waste Disposal Services

Hearing no discussion concerning the racetrack enclosure license renewal application or the contracts, Chair Seyfer requested a motion. Commissioner Hayes moved to approve the renewal of PMR&C's racetrack enclosure license for 2009, the contracts contained within the submission and the additional contracts as submitted. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-136)

Chair Seyfer moved to the Hearings portion of the agenda. Mr. Ketterer advised that all of the hearings have been resolved through Stipulated Agreements.

Mr. Ketterer stated that the first Stipulated Agreement before the Commission involves an incident at Argosy Casino - Sioux City (Argosy). He provided the following summary: On August 5th, it was discovered that two individuals, who had completed the state-wide self-exclusion form at Argosy, had not been uploaded into the IGA internet database. Upon that finding, Argosy conducted a further internal audit and discovered six additional patrons who had not been uploaded into the IGA internet database. Two of the six patrons received promotional materials 100 days after completing the self-exclusion forms. Mr. Ketterer advised that this incident is a violation of the previously established standards that have been agreed to by the licensees. The administrative penalty is to be determined by the Commission.

Commissioner Cutler asked if this was Argosy's first violation of the established standards. Mr. Ketterer answered in the affirmative. Commissioner Cutler recommended a \$3,000 fine, and moved to approve the Stipulated Agreement as submitted. Commissioner Hayes seconded the motion, which carried unanimously. (See Order No. 08-137)

Mr. Ketterer moved to the next Stipulated Agreement with Wild Rose Emmetsburg (WRE). Mr. Ketterer provided the following summary: On October 8th, an individual, who had previously enrolled in the voluntary statewide self-exclusion program, entered WRE, proceeded to the Player's Club window and was issued a new Player's Club Card. The individual proceeded to play several slot machines prior to exiting the casino. This incident violates the self-exclusion standards which prohibit re-enrolling a self-excluded patron in the Player's Club. The administrative penalty is to be determined by the Commission.

Commissioner Cutler clarified that this was the first violation of the standards by WRE. Mr. Ketterer answered in the affirmative. Commissioner Cutler moved to approve the Stipulated Agreement as submitted with an administrative penalty of \$3,000. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 08-138)

Mr. Ketterer moved to the final Stipulated Agreement before the Commission with Ameristar Casino. He advised that the situation set forth in this agreement is different than what has come before the Commission previously. Mr. Ketterer provided the following summary: A patron informed Ameristar Security on September 19th that the doors at the Post 6 entrance were unlocked and no security officer was posted. At 11:17 AM, Security investigated and found the entrance to be unsecured and immediately secured it. A review of surveillance tapes indicated that the entrance had been unsecured since 11:00 PM the previous evening, or about 12 hours. Further investigation revealed 71 patrons had passed through the entrance during those 12 hours. Fifty-five appeared to enter the gaming floor unchallenged. Mr. Ketterer stated that during the last 18 months, there were two additional instances where this post was left unsecured (May 26 and June 4) for approximately 1½ hours respectively. During the time this post was left unsecured, it would have been possible for underage patrons or intoxicated patrons to enter the gaming floor and gamble in violation of Iowa Code 99F.95 and Administrative Rules. Additionally, patrons could have carried alcohol or firearms into the facility in violation of Iowa laws and Administrative Rules; however, it is unknown if either situation occurred. Mr. Ketterer advised that IRGC staff felt this situation should be brought before the Commission for their review. The administrative penalty, not to exceed \$20,000 will be determined by the Commission.

Mr. Ketterer advised that representatives from Ameristar were present to address this matter. Jane Bell, Director of Government and Community Affairs, advised the Commission that Ameristar takes securing the gaming floor very seriously. She introduced Chris Hamblin, Director of Security, who advised the Commission as to what measures have been taken to prevent this situation from occurring in the future.

Mr. Hamblin advised that the recent situation occurred as the deadbolt on the door was not secured properly. The first patron to gain entrance did so after using some force to push the doors open; however, upon getting the doors open, the surveillance tapes show the individual looking down and realizing that the doors had been dead bolted. She proceeds into the casino, and does not contact anyone in Security to advise that the doors were unlocked. Mr. Hamblin stated there is a deadbolt that goes from one door into the actual steel frame, and once that is secure the doors become almost impossible to open. The security officer failed to secure the deadbolt. Mr. Hamblin stated that security policies at the time stated that the security officer was responsible for locking the door, but did not provide specific instructions as to the necessary procedure. Since this incident, Mr. Hamblin stated this entrance has been permanently closed, and the doors have been secured with a chain and padlock. The entrance will remain closed for the duration of 2008, and may not be reopened until May 2009. An alarm system has been

installed with a point of contact in the surveillance system that will sound immediately upon any type of contact. Security will investigate the alarm immediately. Mr. Hamblin advised that the security procedures for securing the doors have been changed to set forth the necessary process in detail.

Commissioner Urban expressed concern about the entrance being chained and closed, particularly in an emergency. Mr. Hamblin advised that due to the manner in which the boat was designed, the entrance is not an emergency egress exit. He stated that Ameristar has contacted the State Fire Marshal's Office and the local fire department. Additionally, due to the river level, there are 12-16 egress stairs that are modifiable with the river level that have been removed. Mr. Hamblin indicated this particular entrance was never considered an emergency entrance. It was designed for the benefit of their premier patrons that utilize the parking lot.

Commissioner Hayes asked if there was another type of door that could be installed at the location. Mr. Hamblin stated that is one of the things Ameristar will be looking at, and is another reason the entrance is closed until April/May 2009. He is confident that the alarm system will prevent future situations at this entrance.

Hearing no further questions or comments, Chair Seyfer requested a motion. Commissioner Hamilton moved to approve the Stipulated Agreement as submitted, and recommended a fine of \$3,000. She requested an update when the entrance is changed permanently. Ms. Bell indicated Ameristar would keep the Commission apprised of any changes. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-139)

Chair Seyfer moved to Administrative Business. Hearing none, he requested a motion to adjourn. Commissioner Cutler so moved. Commissioner Hayes seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK