

**IOWA RACING AND GAMING COMMISSION
MINUTES
JANUARY 9, 2014**

The Iowa Racing and Gaming Commission (IRGC) met at The Isle Casino Hotel Waterloo in Waterloo, Iowa on January 9, 2014. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti called the meeting to order at 8:30 AM, and moved to the Welcome. Bari Richter, General Manager, noted that it has been over five years since the Commission has visited the facility and there have been many changes. The upscale steakhouse was changed from Faraday's to Otis & Henry's to be more in line with local patronage; changed the first floor fast food area into Lone Wolf, which features burgers, pizza and live entertainment on Friday and Saturday nights; and changed the buffet to the Farmers' Pick concept, which features products from area farmers. She noted one of the last changes was to the bar in the casino area; the edges were removed to open it up to provide a better gaming experience for the patrons. Ms. Richter turned the floor over to Tim Hurley, President of Black Hawk County Gaming Association (BHC GA).

Mr. Hurley welcomed the Commission to Waterloo, noting the agenda speaks to the critical importance of what the Commission does, why they do it, and how they carry out the task of following the law, adhering to the intent of the legislature and keeping the well-being of Iowa's citizens and existing operations at the core of their actions. He spoke briefly about the experience and diverse background of the BHC GA board members. Mr. Hurley stated the members have two things in common: deep ties to the community and a long and sustaining history of involvement in local commissions and agencies that serve the less privileged in the area. Mr. Hurley advised that since BHC GA started receiving revenue from the Isle in 2007, they have funded, or committed to fund, 288 projects totaling \$29,607,000 in 46 different communities in seven counties: Black Hawk, Benton, Bremer, Buchanan, Butler, Tama and Chickasaw. He noted the amounts awarded typically represent just under one-third of any project cost; their funds have leveraged another \$60 million in partnering investment. Mr. Hurley pointed out that the 5.75% BHC GA receives from the Isle is the second highest in the state; BHC GA makes quarterly awards which adds to their flexibility and responsiveness to those they serve. He stated that up to 10% of their annual revenues can be distributed to the six additional counties. Mr. Hurley stated BHC GA seeks to be a part of projects that are impactful, sustainable and improve the quality of life in the broader Cedar Valley. He stated BHC GA's partnership with the City of Waterloo and Waterloo Development Corporation has helped them to work toward a major goal – the redevelopment of downtown Waterloo. Mr. Hurley advised that 25% of their revenue stream is dedicated to that mission; and listed several projects that have been undertaken to change the face of Waterloo. He noted BHC GA has accomplished a lot; everyone has worked hard, but advised there is much more to be done and BHC GA and its partners are committed to continuing their role in changing the Cedar Valley for the better. Mr. Hurley stated they would work hard to preserve their fund stream because they recognize how much good they have been privileged to be a part of, but also how much there is yet to

accomplish. He expressed his hope that the next time the Commission comes to Waterloo it is warmer so a tour can be given to show how the area has benefited from the funds distributed by BHCGA.

Chair Lamberti thanked Mr. Hurley for his comments, and expressed appreciation for the hospitality extended to the Commission. He stated visiting the facilities provides an opportunity for the Commission to hear the impact gaming has made throughout the state.

Chair Lamberti move to the approval of the agenda and requested a motion. Commissioner Mertz moved to approve the agenda as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the approval of the minutes from the November 21, 2013 meeting, and requested a motion. Commissioner Heinrich moved to approve the minutes from November 21, 2013 as submitted. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Brian Ohorilko, Administrator, to address any announcements. Mr. Ohorilko provided the following information about upcoming Commission meetings:

- February, 2014 – No Meeting
- March 5-6, 2014 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by February 20, 2014)
- April 3, 2014 – Doubletree by Hilton Cedar Rapids Convention Complex, Cedar Rapids, IA – Site Visit, Public Comment, Question & Answer
- April 17, 2014 – Ameristar, Council Bluffs, IA (Submissions due by April 3, 2014)

Mr. Ohorilko noted Commission staff has received an application from Greater Siouxland Initiative Association applying for a license to conduct gambling games at the current Argosy Sioux City location. He advised the application would be evaluated by the Commission in due course consistent with past Commission practice.

Mr. Ohorilko recognized Shirley Stokes, the Commission's gaming representative assigned to the Waterloo property.

Chair Lamberti noted the above dates go through April, but indicated the first six or seven months will be busy for the Commission with at least one or more special meetings.

Chair Lamberti moved to the rules submitted under Notice of Intended Action, which were attached to the agenda. He called on Mr. Ohorilko for a synopsis of the proposed rules, which are a result of staff's annual rule review. Mr. Ohorilko advised that all stakeholders were apprised of the proposed changes in early December; the Commission did not receive any feedback. He provided the following summary of the proposed changes:

- Item 1 allows the Commission to suspend a license for five (5) years, which bridges the gap from the current 1 year timeline to the 5 year revocation.

- Item 3 clarifies debt arrangements, and which ones need to be submitted for Commission approval.
- Item 5 allows a jockey agent to represent three jockeys in a quarter horse meet only.
- Item 6 clarifies gambling game implements and the shipping notification requirements that are related to those games.

Mr. Ohorilko requested the Commission's approval of the proposed changes.

Chair Lamberti requested a motion on the proposed rule changes. Commissioner Kramer moved to approve the Notice of Intended Action. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to the discussion of the timeline for the Greene County license application, and called on Mr. Ohorilko. Mr. Ohorilko noted the Commission has received one application from Wild Rose Entertainment for Greene County. He indicated the timeline for this application would be as follows:

- March 6 – Presentation by Wild Rose to Commission on proposed project and financing
- April 17 – Executive Session – DCI presentations
- May 29 – Held in Greene County – Site Visit, Public Comment from those not associated with the application, Commissioner questions for applicant
- June 12 - Decision

Chair Lamberti called for any discussion concerning the time line; hearing none, he moved to the next agenda item, Scott County Casino, LLC for an update and approval of the asset purchase. Mary Ellen Chamberlin, President of the Riverboat Development Authority (RDA) requested the Commission's approval of the transfer of the license to Scott County Casino, LLC, which is part of the Kehl Management Group. She advised all of the necessary documents were before the Commission for approval; RDA, Scott County and the City of Davenport have entered into a three-party development agreement. Ms. Chamberlin advised that Dan Kehl and Ken Bonnet, Chief Executive Officer and Chief Financial Officer respectively, were present to answer any questions.

Mr. Kehl noted that it has been a long process to reach this point, but felt everything was in place so there would be a land-based casino along I-80 in Davenport soon. He advised Kehl Management has \$17 million in equity from Kehl family members, another \$17 million in equity from founding investors for a total of \$34 million in equity. Additionally, there is a loan from Wells Fargo for \$25 million, which starts off at 4.5% interest and 4 points over LIBOR. Mr. Kehl advised the interest rate increases over time; he indicated this is a transaction loan from Wells Fargo and the increasing interest rate is an incentive to move into the construction finance phase as quickly as possible. The interest rate increases to LIBOR plus 8½ points. Mr. Kehl stated they have \$59 million in proceeds, which will be disbursed as follows: \$1.5 million on transaction fees; \$2 million for hardware and software at the current facility as the current

computer systems are proprietary to Isle; leaving \$51 million going to Isle of Capri Casinos and \$4.5 million for project development to work toward the land-based facility.

Mr. Kehl stated the non-profit agreement with the RDA currently pays 5.25% of the adjusted net gaming revenues; the number climbs to 8.5% of adjusted net gaming revenue four years after the new facility opens. He noted that of the 8.5%, 1.75% goes to the city of Davenport, .35 % to the Downtown Partnership and .4 is earmarked for casino district improvements. Mr. Kehl advised the city will receive 2.165% of the adjusted net gaming revenue, as they currently do, until the new facility opens. He noted that in addition, Scott County Casinos will be making a \$1 million donation to local shelters, and the first checks have been mailed.

Mr. Kehl stated all of the current employees would be retained at substantially the same benefit package. He noted there are a number of employees that have been in the industry for 20+ years. Mr. Kehl stated that with the Commission's approval, the parties hope to close the asset purchase agreement on February 3rd; shut down the operations for two or three days in order to install the new hardware and software and reopen on February 5th. The riverboat will remain in operation for approximately another 1½ years. Mr. Kehl advised Scott County would be doing the Iowa intrastate public offering. He is hopeful the documents would be coming out of the Iowa Insurance Commissioner's Office, enabling them to solicit additional funding in May or June. In the meantime, they will be working on the design of the building. Mr. Kehl stated they hope to break ground by September of this year, with a 12-month construction timeline. He hopes the new facility on I-80 will be open by the fourth quarter of 2015.

Chair Lamberti thanked all of the parties involved; concurring that it has been a long process. He noted the Commission has wanted the facility to go land-based and are very excited about the possibility of getting it done. He stated that based on the information provided by Mr. Kehl, he didn't think the Commission would have to push to keep things moving forward; that he is meeting the desired goals of the Commission and they won't hold him to a particular timeline at this point. Chair Lamberti stated that from everything indicated by Mr. Kehl today, it is his understanding that Mr. Kehl's goal and intent is to go land-based. Mr. Kehl answered in the affirmative. Chair Lamberti called for any questions from the Commission.

Mr. Ohorilko noted that earlier in the presentation the term "transfer of the license" was used. He clarified for the record, as both the Chair and Mr. Kehl have indicated, the matter before the Commission is the consideration of the approval of an asset purchase, not a transfer of the license.

Chair Lamberti noted that due to the complexity of the transaction, there are lots of agreements involved that will need approval as well. He noted that Scott County had also submitted three contracts that need Commission approval. Hearing no further comments or discussion, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the asset purchase of IOC Davenport, Inc., by Scott County Casino, LLC, along with the following related contracts and agreements included in the application subject to compliance with all applicable Iowa statutes and administrative rules:

- Asset Purchase Agreement;

- Assignment and Assumption Agreement between Scott County Casino, LLC, and its wholly-owned subsidiary, R C Casino, LLC, whereby R C Casino, LLC, will be the licensed excursion gambling boat operator for Riverboat Development Authority and will change its name to Rhythm City Casino, LLC, effective following the consummation of the Asset Purchase Agreement;
- Credit Agreement between the lender, Wells Fargo Bank, National Association, and R C Casino, LLC, including all ancillary agreements such as the Leasehold Mortgage, Fixture Filing and Security Agreement; Preferred Ship Mortgage; Security Agreement; Guaranty Agreement; Term Loan Note, and other usual and customary lending agreements;
- Operating Agreement of Scott County Casino, LLC;
- Operating Agreement of R C Casino, LLC;
- Management Agreement by and between Scott County Casino, LLC, and Kehl Management- Scott County, LLC;
- Operating Agreement between the Riverboat Development Authority and Scott County Casino, LLC;
- Joint Development Agreement between the City of Davenport, Riverboat Development Authority, and Scott County Casino, LLC; and
- Submitted Qualifying Agreements pursuant to 491-IAC 5.4(8).

Commissioner Arnold seconded the motion.

Commissioner Heinrich commended Mr. Kehl for his support of the community.

Chair Lamberti stated the Commission believes this arrangement will be a win-win for all parties involved, including the State of Iowa. Hearing no further comments or discussion, he called for the vote. The motion carried unanimously.

Ms. Chamberlin thanked the Commission, and noted that she was one of the pioneers with the non-profit. She stated it is RDA's privilege to have now been licensed with all three of the entrepreneurs who started the casino business in Iowa.

Chair Lamberti called on Caesar's Entertainment, who was seeking approval of their shelf financing. Lorraine May, legal counsel, was present to answer any questions.

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Mertz moved to approve Caesar's Entertainment's shelf financing as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Cedar Rapids Development Group (CRDG) for their presentation on the proposed casino in Linn County. Mayor Ron Corbett stated the referendum passed with over 60%; the project is supported by the city council, city and county government officials, the business community, organized labor, non-profit organizations and the investors. He stated the Cedar Crossing Casino is critical to Cedar Rapids' future, and will provide an economic benefit to the state of Iowa. Mayor Corbett advised the casino will be part of their ongoing recovery from the 2008 floods which will add to their property tax base, create jobs and be a critical piece

to the west side flood protection. He stated the project and its economic impact are significant; he indicated the impact could be more significant than any other casino license previously awarded by IRGC. Mayor Corbett advised the casino is projected to cost approximately \$174 million, provide 450 jobs and generate \$61 million in state gaming revenue. At this time, a video was shown which showed some of the destruction from the 2008 floods and the rejuvenation that has occurred. The proposed casino is to be located on the west side of the Cedar River where it will become a catalyst for redevelopment and help reshape the downtown. The facility will have 840 slot machines and table games, dining, meeting and banquet facilities. It is estimated the facility will create 487 new jobs and is projected to distribute \$2.4 million to the Linn County Gaming Association (LCGA) each year. The projected economic output will be greater than \$78 million. During the first five years of operation, it is estimated the facility will provide more than \$97 million in new net revenue to the Linn County non-profit, local government agencies, and the state of Iowa.

Leah Rodenberg, board member of LCGA, stated she has seen what other gaming non-profits have been able to accomplish, and would like to see Linn County have that opportunity as well. She advised the non-profit was organized as a domestic non-profit corporation under Chapter 504 of the Iowa Code on May 1, 2012, and entered into an operating agreement with the CRDG, who will receive 3% of adjusted gross revenue and distribute up to 5% to the LCGA. The board currently has five board members, which will increase to eleven if a license is granted. Board members are elected for three years, but may not serve more than three terms, or a total of nine years. Ms. Rodenberg read LCGA's Mission Statement. She indicated the funds received will be distributed through four funds: annual grants, mini grants, legacy fund and community response operating funds, which will allow funding to non-profits in a variety of ways depending on the scope of the project and the timing. Ms. Rodenberg stated if LCGA had the ability to fund programs at this time, they could provide meals for insecure families and the elderly through the Meals on Wheels program and various food pantries; support the homeless shelters who provide critical services to men, women and children; help implement a national program in Linn County focusing on the campaign for grade-level reading in the schools; and help fill the void in the neighborhood transportation service. She requested the Commission's approval of the application. Ms. Rodenberg introduced Jonathan Swain, a partner in JNB Gaming.

Mr. Swain stated he was a partner at JNB Gaming along with Natalie Schramm and Brent Stevens. He advised JNB has partnered with CRDG to manage the facility, and all three are substantial investors in the project. Mr. Swain noted that as partners in their former company, Peninsula Gaming, they managed facilities in three states, including Diamond Jo Dubuque and Diamond Jo Worth. Between them they have 55 years of gaming experience, 43 years of that in Iowa. Mr. Swain advised the downtown location was selected in order to capitalize on the best site for Cedar Rapids and Linn County, and reduce any effect on competition. The proposed site offers convenient access off I-380 and First, Second, and Third Avenues. The proposed site is in the heart of the downtown rejuvenation area; and is blocks away from the Doubletree Hotel and US Cellular Center, Paramount Theatre, Czech and Slovak Museum, Newbo Market and the amphitheater. The facility will anchor Kingston Village, a master plan development of 8 city blocks destroyed by the 2008 floods. He noted the partners have been involved in the design of many projects, and believe that a good casino design must compliment the surroundings in which

it is built. In order to create a timeless environment, the project must take cues from the community, and the proposed design is very unique compared to other casinos in the state. He advised the first floor is parking as the facility had to be elevated for flood protection, and glass was used in the atrium to allow individuals to see inside the building. The glass will have different colored LED lights depending on the season. Mr. Swain advised that two Iowa firms were chosen for construction and design, Ryan Construction and OPN Architects. He feels the selection of local companies will help insure the project is completed on time and stays on budget. Mr. Swain introduced Suzanne Leckert of TMG Gaming, noting she was formerly with The Innovation Group. He advised she has been conducting gaming studies in Iowa for over a decade; noting she had done two studies for Peninsula Gaming, and worked on the project estimating the revenues for Waterloo and Riverside. Mr. Swain stated the outcomes of her research have been proven to reflect what really happens when expansion occurs.

Ms. Leckert advised TMG Consulting was retained in 2012 to evaluate the potential for a casino in Cedar Rapids, has continued to follow the market and updated their previous study. She noted the firm has been in business for over 30 years, and has a long history of service to government agencies and public bodies, in addition to the private sector. She advised TMG uses scientific models and intensive research to make projections for the future. She stated TMG's history of accuracy shows their projections can be trusted. Ms. Leckert, noting she was on the team that assessed Riverside prior to opening, stated their projections were very close to the actual performance at the facility – within about 4%; however, their projections on the impacts at other facilities were right. She stated she drew on the same knowledge and used the same modeling and forecasting methods that were successful previously. Ms. Leckert stated their study showed Cedar Rapids is an underserved market. Within 25 miles of Cedar Rapids, the population is expected to reach approximately 400,000 in the next two years; the population has grown and is expected to continue to grow at a faster clip than the state average. Income levels are also higher than the state average and are expected to grow faster than the state average. The area has low unemployment; and entertains nearly 2½ million visitors per year. Ms. Leckert stated TMG projects the proposed facility should be capable of generating over \$75 million in gaming revenues each year, for a net of \$61 million in gaming revenues to the state. The casino and its resulting impacts should contribute more than \$25 million in taxes to the state annually. She noted the proposed casino is expected to have impacts on existing facilities; however, TMG believes the impact will not affect their viability. The projected impacts are in the range of 5-9%. In calculating the impacts, TMG considered the type of casino being proposed; Cedar Crossing will be a new and different type of product for the region; it will be an urban casino very different from the resort casinos at Riverside or Tama. She stated the type of visitor and their attentions will be different. Ms. Leckert reiterated the Cedar Crossing facility is projected to provide additional state gaming revenue of \$61 million per year. She advised the greatest revenue impact would be felt at the Native American facility in Tama – approximately \$9 million; they have an excellent bussing program in Cedar Rapids. Smaller impacts are expected at three state-regulated casinos: approximately 9% at Riverside; less than 5% in Waterloo and less than 2% in the Dubuque market. Ms. Leckert stated TMG assumed very strong competition for the very well-run resort casinos, but reiterated that Cedar Rapids is an underserved market and the proposed casino is a new urban casino and will tap into potential gaming activity that is not currently occurring.

Ms. Leckert stated TMG reached their projections by using gravity models, which have become the standard tool for analyzing casino markets across the country and in Iowa. The fixed inputs utilized are population, income levels, location and size of the casino; the variable is the attractiveness of the casino, which measures the quality, ease of access, amenities and market niche of the facility. She indicated she used similar assumptions and variables as in other studies she has completed in Iowa and is confident the projections will prove just as accurate as those. Ms. Leckert stated they also studied the casino's impact on jobs and tax revenues; they project the casino will create approximately 343 direct jobs; 127 indirect and induced jobs in the state and another 125 short-term construction jobs. She indicated the casino is projected to generate or induce over \$23 million in tax revenues to Iowa annually, with another \$2 million going to local agencies for a total of \$25 million annually. The 5-year tax revenue and fee impact from the project is expected to be in excess of \$97 million.

In closing, Ms. Leckert advised TMG has concluded Cedar Rapids is an underserved market; the casino would likely create \$61 million in new casino revenues for the state of Iowa; create 470 permanent and 125 short-term jobs and would only impact existing casinos by about 5-9%, with the greatest impact on the Native American casino in Tama. She stated TMG believes the project will have a positive effect on the state of Iowa and Cedar Rapids market. She turned the floor back to Mr. Swain.

Mr. Swain stated it was important for the interior of the facility to take cues from the community and its history when building the restaurants and venues, noting Cedar Rapids has a rich culture and history. He indicated the proposed site is the location where the first crossing of the river was established by David King; today the crossing, First Avenue, is the busiest street in Cedar Rapids. Mr. Swain stated the name is about the symbolism of bringing the east and west together, and the development that will change the west side. The Rock Bar, in the center of the casino, is a reference to the Highwater Rock that was in the center of the river and used by the early settlers to determine whether or not it was safe to cross the river. The casino site is located in Kingston Village, named after David King. Kingston Village was annexed into Cedar Rapids in 1870; however, it was known for its farmers market. The buffet will be called Kingston Market Buffet. Mr. Swain advised that in 1871 Thomas Sinclair built the largest meat packing facility for that time in the United States; the steakhouse will be called Sinclair's Steakhouse and Lounge. He stated the above is a sampling of three venues inside the casino. He stated that every casino has to be built differently because every town, culture and its residents are different. Mr. Swain stated their use of a local architect and designer, use of Iowa materials installed by Iowa contractors, hiring local employees; paid for by Iowa investors and managed by JNB Gaming, a local company, CDRG has attempted at every step to maximize the benefits to the state. He advised they have taken the local partnerships one step further; Cedar Crossing has entered into a point partnership agreement with over 30 businesses in Cedar Rapids and Linn County. This will allow patrons to use their loyalty points from their club card at these businesses.

Mr. Swain advised that when the Dubuque riverboat facility went to a land-based gambling structure, it was followed by \$400 million more of private and public investments; that a casino built in partnership with a community can create an enormous catalyst for growth. He compared

the Dubuque of the 1980's with the Dubuque of today and the transformation that has taken place in that timeframe, and indicated that is why JNB has partnered with CRDG on this project. Mr. Swain introduced Steve Gray, chairman of CRDG.

Mr. Gray noted that the 2008 floods occurred at the same time the country was in the middle of an economic crisis. He outlined the process to get to this point. Mr. Gray stated the referendum had one of the largest voter turnouts in Cedar Rapids history, and passed by almost 62%. He stated JNB has assisted with the design, financing, construction planning, and hopefully the operation of the venue. CRDG has a development agreement which will allow them to acquire all of the city ground to complement the three private parcels of ground they have obtained, as well as the terms and conditions of use of the properties. The second agreement is a minimum assessment agreement and a parking use agreement. The city and CRDG are partnering to build a 1,000 space parking structure, which will provide an easy and safe access to the facility. During non-peak periods, the city will have the ability to utilize 340 spaces for business and tourism travel. They have entered into a hotel sharing agreement with the city-owned property operated by the Doubletree by Hilton. The last agreement is the adjusted gross revenue (AGR) agreement. In addition to the 3-5% described by Ms. Rodenberg earlier, the city will receive a check for \$1 million at closing as well as 1% of AGR each year, which will enable the city to continue its revitalization efforts, help with flood protection and other worthwhile projects.

Mr. Gray moved to the financing of the project. In addition to the \$7.4 million mentioned earlier, there is \$40 million in committed equity, bringing the total equity to \$47.4 million made up of over 180 individuals. In addition to the equity financing, CRDG has a \$20 million commitment from Bankers Trust to help with the furniture, fixtures and equipment financing. The last piece of the financing is an \$83 million facility term B loan from Credit Suisse. Mr. Gray advised CRDG has commitments totaling over \$150 million for the \$148 million project. The \$148 million will be used to pay for the land, construction costs, gaming equipment, furniture, fixture and equipment, and adequate cash reserves, contingencies, transactions costs and all of the prepaid interest.

Mr. Gray moved to the viability of the project, referencing the strong equity commitment of approximately \$50 million. He advised the debt to equity ratio is 2:1; while the debt to EBITDA ratio is less than 4:1. He indicated this is a conservative financial structure, and is highly viable. Mr. Gray stated CRDG has tried to be very deliberate and thoughtful about the impact on the surrounding markets, and have made a conscious effort to minimize that impact so as to not threaten their financial viability. Mr. Gray stated that in looking at the viability of the project, and the potential impact on existing facilities, CRDG continues to believe the second largest tourism market in the state is underserved. Their ability to deliver the project as planned insures the best possible outcome for the state, Linn County and Cedar Rapids.

In summarizing the presentation, Mr. Gray stated it is important to understand why CRDG is undertaking this project. He pointed out that Cedar Rapids and Linn County have demonstrated through the election results and participation in IRGC meetings that they want and need the facility. The project is unique; it is an urban casino supported by primarily local investors partnering with local government to leverage post-flood investments. Mr. Gray stated the local

investors were undertaking the project for their community; and believe that Cedar Crossing Casino is the missing piece, the capstone project, of the continued revitalization of Cedar Rapids, particularly on the west side riverfront, which will lead to further development in the blighted area. Mr. Gray advised the community is encouraged that this is the right project, being done in the right way for the total benefit of the state of Iowa, Linn County and Cedar Rapids. He requested the Commission's support of the project. Mr. Gray stated he would be happy to answer any questions.

Chair Lamberti advised the Commission does not normally ask questions during the presentation; those would come later in the process. He called for any comments or questions. Hearing none, he thanked Mr. Gray and the others for the presentation; indicating the application is a quality proposal.

Chair Lamberti indicated the Commission would take a 10-minute recess. Upon reconvening the meeting, Chair Lamberti moved to the contract approval portion of the agenda and called on Diamond Jo. Wendy Runde, General Manager, presented the following contracts for Commission approval:

- The Dimensional Group – Direct Mail Print
- United Healthcare of the Midlands – Dental Insurance Premiums

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by Diamond Jo. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Worth. Kim Pang, General Manager, presented a contract with Bally Gaming for slot machines, parts and repairs for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by Diamond Jo Worth. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Catfish Bend Casino. Rob Higgins, General Manager, presented a contract with The Printer, Inc. for marketing/printing services for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contract as submitted by Catfish Bend Casino. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Sioux City Entertainment. Todd Moyer, General Manager, presented a License Agreement for Hard Rock Hotel & Casino Sioux City between SCE Partners, LLC and HRHH IP, LLC for Commission approval.

Hearing no comments or questions regarding the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by Sioux City Entertainment. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Harrah's. Tina Eick, legal counsel, presented a contract with Sonifi Solutions to provide movies and short feature programming for the hotel rooms on a pay-per-view basis for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contract as submitted by Harrah's. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Horseshoe Casino/Bluffs Run. Ms. Eick presented the following contracts for Commission approval:

- Trane Co. – HVAC Equipment
- Carney and Applebee – Legal Assistance

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by Horseshoe Casino/Bluffs Run. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Mystique Casino. Dustin Manternach, Chief Financial Officer, presented the following contracts for Commission approval:

- International Union of Operating Engineers – Labor Agreement-Maintenance Agreement
- Sportech Racing, LLC – Wagering Terminals & Totalizator System

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by Mystique Casino. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Prairie Meadows Racetrack & Casino (PMR&C), indicating the Commission would take up the season approvals for the thoroughbred and quarter horse meet. Gary Palmer and Derron Heldt, General Manager and Director of Racing respectively, were present to answer any questions. Mr. Palmer advised PMR&C's management group met with the horsemen's groups and have resolved the issue of the race days. He stated the race days will remain as originally submitted with one change; the race schedule indicates racing on August 6th. This will be changed to Memorial Day, Monday, May 26th.

Chair Lamberti expressed the Commission's appreciation for the parties meeting and resolving the matter. Mr. Palmer stated it was a productive meeting, noting he spoke to Chair Lamberti about Mr. Ohorilko attending the meeting as an observer. He believes these issues will have already been resolved prior to the matter coming before the Commission next year.

Jon Moss, Executive Director of the Iowa Horsemen's Benevolent and Protective Association (IHBPAA), concurred with Mr. Palmer's statements. He indicated the groups are looking forward to the 2014 race meet.

Hearing no further comments or questions concerning the season approvals, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the season approval as submitted, including the thoroughbred racing calendar deferred from the previous meeting, contingent upon:

- The immediate written notification of any change in racing official positions; and
- The completion of necessary IRGC licensing and DCI background checks of officials.

Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to PMR&C's contracts. Mr. Palmer presented the following contracts for Commission approval:

- C&T Design – Food Service Equipment & Design Services
- Frank W. Berlin and Associates – Insurance Broker, Various Coverages
- Frank W. Berlin and Associates – Insurance Broker, Various Coverages
- Interface – Specialty Carpet for Casino
- Shive-Hattery, Inc. – Engineering Services

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by PMR&C. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti noted the agenda showed a hearing regarding an appeal of an Administrative Law Judge; he advised that has been continued to a later date. He stated no one had signed up to address the Commission under Public Comment.

Chair Lamberti called on Mr. Ohorilko for any administrative business. Mr. Ohorilko advised there was none. Chair Lamberti called for any other business to come before the Commission. Hearing none, he requested a motion to adjourn. Commissioner Kramer so moved. Commissioner Mertz seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
MARCH 5-6, 2014**

The Iowa Racing and Gaming Commission (IRGC) met on March 5-6, 2014 at Prairie Meadows Racetrack and Casino (PMR&C), Altoona, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti called the meeting to order at 5:30 PM. Brian Ohorilko, Administrator, advised him that agenda item 3 had been resolved and could be removed from the agenda. Chair Lamberti called for a motion regarding the agenda, noting the amendment. Commissioner Heinrich moved to approve the amended agenda. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti requested a motion to go into Executive Session. Commissioner Kramer moved to go into Executive Session pursuant to, but not limited to, Iowa Code Section 21.5(1)a and g for the purpose of receiving Division of Criminal Investigation background reports on Cedar Rapids Development Group, LLC. Commissioner Mertz seconded the motion, which carried unanimously on a roll call vote.

Following the conclusion of the Executive Session, Chair Lamberti recessed the meeting until 8:30 AM, Thursday, March 6th in the Bishop C meeting room.

Chair Lamberti reconvened the meeting at 8:30 AM on March 6th, and called on Gary Palmer, General Manager of PMR&C, for a welcome. He introduced City Councilman Kyle Mertz. Mr. Palmer welcomed everyone to the facility, and noted they are currently remodeling the main entrance to the casino. He turned the floor over to Mr. Mertz, who indicated the City of Altoona enjoys a wonderful relationship with PMR&C.

Chair Lamberti moved to the approval of the minutes from the January 9, 2014 meeting. Commissioner Mertz moved to approve the January 9, 2014 minutes as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Mr. Ohorilko for announcements. Mr. Ohorilko provided the following information regarding upcoming Commission meetings:

- April 3, 2014 – Doubletree by Hilton Cedar Rapids Convention Complex, Cedar Rapids, IA – Site Visit, Public Comment, Question & Answer
- April 17, 2014 – Ameristar, Council Bluffs, IA (Submissions due by April 3, 2014)
- May 29, 2014 – Sierra Community Theatre, Jefferson, IA – Site Visit, Public Comment, Question & Answer
- June 12, 2014 – Catfish Bend Casino, Burlington, IA (Submissions due by May 28, 2014)

With regard to the April 3rd meeting in Cedar Rapids, he advised the Commission would be

making their site visit, receive public comment and ask questions of the applicant. On May 29th, the Commission will be meeting at the Sierra Community Theatre in Jefferson regarding the Greene County application. The meeting will commence at 10:00 AM with the site visit, and public comment at 12:30 PM.

Chair Lamberti moved to the Statewide Market Analysis presentations and called on Marquette Advisors. Lou Frillman and Brent Wittenberg were present to address their study. Mr. Frillman thanked the Commission for the opportunity to provide some advice on the status of the gaming business in the state and the impact of any additional facilities on existing facilities.

Mr. Wittenberg stated the purpose of the study was a statewide gaming market assessment, including a detailed review of all existing casinos and their surrounding markets, which included historical utilization and revenue data, a comprehensive review of customer data provided by casino operators, and surrounding demographics, market economics and growth trends. The study also provides a comprehensive forecast of Iowa casino revenues on a statewide and per-facility basis. Additional focus was placed on the specific casino proposals in Linn and Greene Counties.

Mr. Wittenberg indicated the key questions to be answered by the study were:

- What is the revenue potential for proposed casinos in Linn and Greene Counties;
- What is the likely impact of those facilities on the market as a whole and the impact on the competitive facilities in the surrounding market; and
- Identify any underserved or underperforming markets in the state, and why they might be underperforming.

Mr. Wittenberg provided the following key findings from Marquette's analysis and fieldwork:

- High-quality facilities, well-managed, well-maintained providing a quality and varied entertainment experience, and quality food and beverage offerings. The facilities are also making significant ongoing investment in their properties.
- Iowa casinos are not overbuilt for their respective markets; but noted that "resort" amenities are becoming less relevant as the market areas shrink and become more localized.
- Facilities are appropriately designed and themed for their market.
- The recession impacted Iowa gaming but later by comparison to many US markets. He noted the market has recovered, but the effects of the recession are still lingering as FY 2013 revenues only exceeded the pre-recession level by less than two percent (2%) in Iowa.

Mr. Frillman noted the FY 2013 revenue of \$1.44 billion statewide included a full year of operations at Grand Falls Casino & Resort (GFCR), which brought in new money to the state.

Mr. Wittenberg stated casino operators in Iowa will face the following challenges:

- A modest population growth, less than 1% annually;
- Recently declining participation rates based on IRGC statistics and their review of player tracking statistics provided by the facilities. The casual gamers lost during the recession

are not fully re-engaged due to lingering effects. He indicated this is true in other gaming jurisdictions as well.

- An increase in competition, which translates into smaller, more localized markets and a shrinking geographic draw area.
- Potential gaming expansion in neighboring states.

Mr. Frillman thanked the casinos for their 100% cooperation, which provided them a perfect database from which to operate. He noted that as they proceed through the study, in terms of describing customer profiles, demographics, where individuals are playing and why, they are utilizing information received from the facilities.

Mr. Wittenberg stated Iowa has more localized markets:

- The casinos are dispersed throughout Iowa, and are conveniently located near population centers;
- Most Iowans have between 1-3 casinos within a 60-minute drive time. He noted that in spite of the amenities offered, location and convenience remain the primary factor in a choice of gambling venue.
- Casino markets are increasingly localized, drawing from shorter distances
- Casinos are more local, not “destination” oriented in spite of the fact that many include comprehensive resort-style amenities.

Additional findings indicate that a majority of Iowa casinos have reached or are approaching maximum penetration within their respective markets; and should expect modest increases in gaming participation rates in markets following planned facility upgrades. Mr. Wittenberg stated the new proposed casinos would derive a majority of their revenues by cannibalization of existing facilities.

Mr. Wittenberg stated that in order to develop a gaming revenue forecast, Marquette first developed a 2013 baseline model to predict current Iowa gaming revenue performance on a statewide basis and each individual facility in terms of visitation and gaming revenues. The model is based on a review of recent and historical casino performance and detailed evaluation of player tracking data. The next step was to develop a forecasting model that adjusts for population growth going forward and projecting out to 2017. Additionally, this model adjusts for ongoing changes in supply and adjusts for modest increases in participation rates and redistribution of market shares in Sioux City and the Quad Cities. Mr. Wittenberg advised they also created a model that adjusted for potentially new casinos in the counties of Linn, Greene and Webster, with corresponding increases in participation rates and redistribution of market share. The baseline model projects approximately an 11% increase in statewide gaming revenues excluding tribal gaming facilities, or \$1.60 billion by 2017. It is estimated approximately \$750 million will come from non-Iowa residents. These figures include new facilities as planned for Davenport and Sioux City, and a possible land-based facility in Bettendorf; they do not include new casinos in Linn or Greene Counties.

Mr. Wittenberg stated another task was to identify potentially underserved markets. He reiterated their belief that a majority of casinos are at or near maximum penetration of their

respective submarkets; and advised there are no underserved markets in Iowa at this time. Mr. Wittenberg stated a majority of Iowans are served by multiple casinos within a one hour drive; the state has a relatively low rate of adults per gaming position compared to many US markets; a slow growth trend relative to population; gaming participation rates are down; and any addition of casinos in Iowa will likely result in cannibalization activity at existing casinos, with cannibalization being the primary source of revenue at those facilities.

Mr. Wittenberg stated they reviewed in detail the proposed facility in Linn County; visited the site, talked with individuals involved in the project; and city and county officials. He stated the proposed project will have approximately 840 slot machines and 30 table games, be an urban-type casino with no attached hotel; and have a projected investment of \$165 million. Based on a review of competition, market factors, and player tracking information from venues in the periphery of Cedar Rapids, Marquette would expect to see the following:

- Majority of customers would come from within a 30-minute drive
- Facility would become a dominate “locals” casino. It would be the primary gaming venue for Cedar Rapids-area residents.
- Create an increase in participation rates in and around the Linn County market for those residents residing within 30-60 minutes of the casino. This would vary by zip code. The model assumed a 30% increase in gaming by Cedar Rapids-area residents.
- The primary competitors will be Riverside, Isle-Waterloo and Meskwaki; second competition will come from Clinton, the Quad Cities and Dubuque.

Mr. Wittenberg noted Cedar Rapids is the key market for the casinos in the East Central Corridor, particularly Riverside. He reiterated that convenience is the primary factor in selecting a casino venue. Mr. Wittenberg advised there would be a significant redistribution of market share, particularly with respect to the Cedar Rapids market, and that Riverside would see the most impact. The facility is projected to have a net win of approximately \$81 million in 2017; approximately 83%, or \$59 million, would come from cannibalization and 27%, or \$22 million, would be “new” incremental gaming revenue. The cannibalization from existing facilities is projected as follows: Riverside - \$25 million; Isle-Waterloo and Meskwaki - \$10 million each; Isle-Bettendorf and Rhythm City - \$6 million each; and others at \$2 million.

In reviewing the Greene County project, Marquette Advisors followed the same process as in Linn County. The proposed project will include approximately 525 slot machines and 14 table games; multiple food and beverage concepts, an event center and a 60-70 room attached hotel. The projected investment is \$70 million. Mr. Wittenberg noted this project is located in a very rural location, and remote from key population centers. It is expected there would be a significant increase in gaming participation rates, as much as 50% for some zip codes in the immediate area; however, the market area is sparsely populated. Mr. Wittenberg noted the facility is unlikely to gain significant penetration in the west suburbs of Des Moines due to distance, the convenience of PMR&C, and the availability of leisure and entertainment venues in the market segment. The customer base will primarily be rural and come from within a 30-60 minute market; he noted that gamers in this area of the state drive the greatest distances to reach a casino at the present time. Mr. Wittenberg stated Wild Rose Jefferson would recapture the

local visits, which would impact several peripheral casinos – specifically PMR&C, Meskwaki and Wild Rose-Emmetsburg. The facility is projected to have a net win of approximately \$28 million by 2017; approximately 79%, or \$22 million, would come from cannibalization and 21%, or \$6 million, would be “new” gaming revenue. The cannibalization from existing facilities is projected as follows: PMR&C - \$6 million; Meskwaki - \$4.5 million; Wild Rose-Emmetsburg - \$3.2 million; and others - \$8.3 million.

With regard to Webster County, no specific proposal is before the Commission at this time; however, there is local support for a casino. Marquette assumed 700 gaming positions for a facility located near the intersections of US 169 and US 20 in Fort Dodge. The facility would have a strong customer base from the Fort Dodge area and the small communities within a 30-60 minute drive time. It would compete with casinos located at the periphery of the market area. Mr. Wittenberg advised the projected net win for a Webster County facility is \$40 million in 2017; approximately 62%, or \$24.8 million, would come from cannibalization and 38%, or \$15.2 million, would be “new” gaming revenue. The projected cannibalization is as follows: PMR&C - \$7.5 million; Wild Rose-Emmetsburg - \$4 million; Meskwaki - \$5 million; Isle-Waterloo - \$3.5 million; and others - \$4.8 million.

Mr. Wittenberg concluded the report by advising there are no “underserved” markets in Iowa at this time. The following factors led them to that conclusion:

- Population per gaming position in Iowa is relatively low compared to many US markets;
- Modest population growth;
- Evidence of declining, or stagnant, growth in gaming participation rates, and lingering effects of the recession;
- Respective gaming markets becoming more localized; most gamers have multiple casino options within a reasonable driving distance; and
- A majority of facilities are approaching, or have reached, their maximum penetration in key population centers in adjacent states.

Mr. Wittenberg noted the proposed casinos are expected to generate a majority of their revenues from cannibalization; thereby, creating “underperforming” facilities within the market due to redistribution of market share. The majority of the revenues are expected to come from within Iowa, with a limited draw into neighboring states.

Mr. Wittenberg reiterated that the existing casinos are strategically located, well-built, well managed, have significant ongoing maintenance and provide a quality entertainment experience. He stated it is Marquette’s advice that going forward the focus should be to maintain and upgrade the quality of the facilities and entertainment experience offerings.

Chair Lamberti opened the floor up to questions. Mr. Ohorilko noted that a previous study indicated Polk County may be underserved. He asked if they looked at the Polk County area during their analysis of the state and if it was taken into consideration in the comments regarding maximum penetration into the existing market.

Mr. Wittenberg answered in the affirmative, stating they looked at every county. He stated participation rates in Polk County along with the greater metropolitan Des Moines area are relatively high, such that it is their opinion that the introduction of a new casino elsewhere in the market would significantly impact participation rates. He stated that even if participation rates increased by 23% in this market, Marquette anticipates that at least 50% of the revenues at a new facility elsewhere in Des Moines or the metro area would be from cannibalization, particularly from PMR&C and Lakeside.

Mr. Ohorilko asked whether drive time was the primary factor in determining the cannibalization rates, and asked how the numbers were calculated. Mr. Wittenberg stated they looked at a variety of factors, with drive time being the primary one. He indicated everything goes back to the player tracking statistics provided by the facilities. Mr. Wittenberg stated they have a good idea of where the visits are coming from by point of origin.

Mr. Frillman stated they have the perfect base of data as it relates to where the customers are coming from for any of the existing facilities.

Chair Lamberti noted the 2008 studies seemed to indicate some capacity in the central Iowa market whether it was in Polk County or one of the surrounding counties. He asked what Marquette attributed the difference to – the improvements here, the recession, the increase in population, etc. Mr. Wittenberg noted that things have changed: the recession from which the economy is recovering and some change in behavior as well. The casual gamer has not fully re-engaged, and gaming visitation is down even though the revenues have bounced back. Mr. Wittenberg stated they are also sensitive to the fact there is the potential for another venue to be successful in a market like Des Moines, albeit at the expense of existing operators. He stated they are not saying there is not any capacity or the ability to generate additional gaming revenues in the state; they are saying those things will come at the expense of existing operators.

Chair Lamberti, referencing the Greene County cannibalization figures, noted that approximately \$8.3 million of the total impact was fairly disbursed. He asked if that was because the individuals are currently driving greater distances; that the Greene County numbers were not quite as specific as Linn County. Mr. Wittenberg advised they could provide a specific breakdown for each casino, but answered in the affirmative as the individuals are more dispersed; and are used to driving a greater distance. Additionally, there is more variance in the venues from which they have to choose as well.

Chair Lamberti noted the presentation indicated Iowa does not have “destination” casinos that draw customers from great distances; that convenience and location are really driving most players’ choices. He asked if that was true for the Linn County proposal despite the fact it is a bigger market, and a certain degree of tourism and convention business. He asked if those items were factored into the analysis; that it would not be considered a “destination” casino. Mr. Frillman stated all visitation that exists and all prospective visitation was considered. Mr. Wittenberg stated it would not just be Cedar Rapids residents feeding that casino; the numbers factor in the number of hotel rooms, convention activity, and general activity in and around Cedar Rapids; those guests would visit the casino as well.

Hearing no further questions for Marquette Advisers, Chair Lamberti called on Union Gaming Analytics. Rich Baldwin, Managing Director, advised that he had not prepared a power point presentation, but the study was available on the Commission's website. He thanked the Commission for giving them the opportunity to perform the study. Mr. Baldwin concurred with Marquette Advisers, noting this was a unique study; in most cases they might have some actual data, no actual data or a subset of data to work with. He concurred with Marquette that the companies had perfect information; advising that they didn't just take the data as presented to them, but took the time to follow up with every operator in the state to ensure that the data received was interpreted correctly. Mr. Baldwin reiterated Union Gaming's independence and objectivity throughout the process.

With regard to methodology, Mr. Baldwin stated he would be making several comments that were similar to Marquette Advisers, but would try to present the information a little differently. He advised a lot of what Union Gaming did and their conclusions were quite similar to Marquette Advisers. He stated Union Gaming requested and received actual carded play data by zip code for calendar years 2011, 2012 and 2013, as well as free play data, carded trip information, and average win per trip statistics. It was their opinion that analyzing all of this data together was the correct way to think about this analysis. They spent time visiting the various properties, surrounding competitive properties as well as one of the Native American facilities. Mr. Baldwin advised they analyzed a significant amount of data on the local and national levels in order to compare trends relative to the gaming market to create baseline for comparison purposes as they performed the study.

Mr. Baldwin, referencing a map on Page 10, stated it showed the origination of gaming revenue by state for 2013. The map shows that approximately 53% of Iowa's gross gaming revenue is coming from in-state zip codes and 47% from out-of-state zip codes. With regard to the question of destination casinos, Mr. Baldwin indicated they had heard the term as it relates to some of the proposals in Iowa, as well as around the country. He stated the idea of a destination casino is overplayed and not well understood in Union Gaming's opinion. Mr. Baldwin advised that when Union Gaming looked at the insular casinos in the state (PMR&C, Isle Waterloo, Riverside and Meskwaki), the amount of gross gaming revenue from in-state and out-of-state residents are 95% and 5% respectively.

Mr. Baldwin stated the three tribal casinos were factored into their analysis even though they are not under the jurisdiction of the Commission or a part of the study. He indicated it would be hard to do the study assuming they don't exist since they are competing for the same customers. He noted they did request and received some information from the Meskwaki and it was taken into consideration in the study's findings and conclusions.

Mr. Baldwin advised that Page 13 shows the current gaming market revenue by region. He indicated the regions are not indicative of anything other than a way for Union Gaming to provide the information received from the facilities without disclosing individual property information. He stated that carded play percentage statewide for the last two years is averaging 65%, up slightly from 63% in 2011. Mr. Baldwin also pointed out the information shows that carded trips are down significantly in 2013 from 2012 – 10.3 million versus 11.3 million; and

2012 was up slightly from 2011, which had 10.9 million carded trips. He indicated they also looked at free play, or promotional play, as it is indicative of the competitiveness of the market. As a percentage of total gross gaming revenue, free play represented 7.2% in 2013, 7% in 2012, and 6.3% in 2011. As a percentage of carded gross gaming revenue, free play represented 12.3% in 2013, 11.8% in 2012 and 11.3% in 2011. Referring to information on Page 23 of the report, Mr. Baldwin noted that in 2013 the 18 state-regulated casinos spent approximately \$102 million in promotional play and lost \$50 million in net gambling revenue.

Mr. Baldwin stated Union Gaming wanted to determine what they felt was the theoretical size of the Iowa gaming market, and therefore broke it down into two major segments and two minor segments. The major segments were local and regional markets; local includes Iowa residents and non-resident locals which Union defines as those individuals living within a 30-minute drive time of the Iowa state line. The regional segment includes those within a 30-60 minute drive time from the state line and those living in a 60 to 120 minute drive time from the Iowa state line. Mr. Baldwin advised that taking into account economic and income data, drive time methodology, utilizing many of the same components as Marquette, and looking at the state as a whole, Union Gaming feels the state is adequately represented today when comparing gaming positions relative to gaming demand.

Mr. Baldwin referenced page 72 of the study which shows all of the commercial and Native American casinos in Iowa and the surrounding states of North Dakota, South Dakota, Kansas, Missouri, Illinois, Wisconsin and Minnesota. He stated there is no shortage of casino opportunities, in their opinion, for residents of Iowa or those coming into Iowa. He reiterated that approximately 53% of revenue generated is coming from out-of-state; but noted there is a significant amount of interest in either entering or expanding the gaming industry around the country. Mr. Baldwin stated it is important to consider what is likely to happen in other states; it is not a question of if it will happen, but when.

On page 74, Mr. Baldwin stated they reviewed the adult population per gaming position in Iowa and benchmarked it against Class III gaming in Illinois, Indiana, and Missouri, and Native American gaming in Minnesota, South Dakota and Wisconsin. With the exception of South Dakota, Iowa's population is smaller relative to the other states, which is a factor that has to be considered. While Union Gaming believes there will be some population growth, it will be minimal over the next several years. Iowa has the lowest number of adults per gaming position (97) of the states with Class III gaming.

Mr. Baldwin referred to page 130, which discusses their cannibalization methodologies. He reiterated Union Gaming received carded play information from all 18 Iowa commercial casinos, which was based on zip code origin rather than a street basis. Therefore, their cannibalization studies are based on zip code methodologies. The information was used to factor, in their view, how an individual's gaming behavior would change with the addition of new gaming supply. He then moved to page 143 where they utilized the various cannibalization methodologies to identify the existing "at risk" gross gaming revenue based on the distribution of actual carded play data by zip code for all 18 commercial casinos if more supply was added to the market.

Mr. Baldwin stated that Union Gaming, like Marquette Advisors, completed the statewide market analysis; then reviewed the two applications that have been submitted and spent a significant amount of time reviewing, analyzing, and vetting what others have to say and think on these proposals. Union Gaming estimates Linn County's base gaming revenue in 2016 would be \$82.3 million, of which approximately \$66 million will be the result of cannibalization of existing casinos. He noted there would be some benefit to the state due to recapturing some revenue that is currently going to the Meskwaki Casino. Mr. Baldwin stated the state would receive new gaming revenue of approximately \$26.5 million. In their estimation, Riverside Casino would lose approximately 42% of the 2013 gross gaming revenue; Meskwaki – 11.1%; Isle Waterloo – 10.9%; Diamond Jo Dubuque – 6.2%, and Mystique – 4.4%.

In reviewing the Greene County application, Union Gaming projected 2016 gaming revenues of \$33.2 million, with the majority coming from existing facilities. It is their opinion there would be approximately \$2 million of new gaming revenue, plus another \$3.6 million recaptured from the Meskwaki Casino for total new revenue of approximately \$5.6 million. Cannibalization of existing facilities is estimated as follows based on 2013 gross gaming revenue: Prairie Meadows – 7%; Wild Rose Emmetsburg – 11.3%; Ameristar – 1.8%; Meskwaki Casino – 2.5%, and Isle Waterloo – 2.4%.

With regard to a possible Webster County facility, Mr. Baldwin advised their projected 2016 base gaming revenue is \$36.3 million with \$28.4 million coming from cannibalization at existing facilities; or new market growth of \$7.8 million. Again, there is the possibility of recapturing approximately \$6 million from Meskwaki for total new revenue of approximately \$13.9 million. Cannibalization of existing facilities, based on 2013 gross gaming revenues, is estimated as follows: Prairie Meadows – 5.6%; Wild Rose Emmetsburg – 18.8%; Diamond Jo Worth – 4.3%; Isle Waterloo – 3.5% and Meskwaki Casino – 2.8%.

In conclusion, Mr. Baldwin stated that after taking everything in the report into consideration, it is Union Gaming's conclusion that at the present time there are no underserved counties in the State of Iowa. It is their opinion the state's interests are better served by the existing casinos reinvesting in their current operations, keeping assets current and competitive without the risk of additional in-state gaming supply that would negatively impact their operations and financial well-being. He stated it is Union Gaming's recommendation the State of Iowa refrain from issuing additional casino licenses at this time and re-evaluate the situation at a later date.

Chair Lamberti called for any questions. Mr. Ohorilko, referencing the \$102 million of free play which resulted in a 3.5% decline in gross gaming revenue, noted there was a comment which stated "... the profit maximization occurs at the point marginal costs equal marginal revenues ...". He asked if it was reasonable to assume that Iowa, based on their analysis, has reached the maximum of free play that the operators will reasonably offer and expect to be redeemed going forward.

Mr. Baldwin stated the reason Union Gaming wanted to look at the free play was to understand the demand and supply. He indicated that behavior is only going to increase and the operators will have to become more aggressive from a marketing standpoint. Mr. Baldwin advised that he

expected the free play numbers to increase if additional supply is added. He stated free play is highly debated. He noted free play in Iowa is unique in that it is taxed; that is not true in all jurisdictions. Mr. Baldwin indicated the numbers were included in the study in order to understand competitively what is occurring at this point in time; not from a net revenue standpoint, but a gross revenue standpoint. He reiterated that Union Gaming would expect free play to increase if additional supply were added, based on their view that most of the growth would come from cannibalization versus new growth in revenue.

Mr. Ohorilko noted that Union Gaming utilized four different methods in determining the amount of cannibalization, and asked for an explanation of how they arrived at their figures.

Mr. Baldwin stated they had “perfect” information provided by the properties by zip code to show where people are coming from. The four methods were intended to identify what is at risk; and then by virtue of the provided information, they were able to more scientifically forecast how they believed the numbers would change with the addition of new supply.

Mr. Ohorilko, referencing page 108 – the revenue projections for Linn County, noted there was a difference in the cannibalization figures due to the differences in the methodology, and asked Mr. Baldwin to explain.

Mr. Baldwin noted Union Gaming has applied virtually no new growth, or very little to Linn County; they do not indicate 100% cannibalization, but do feel it is a very high percentage. The information shown is based on the data available to them, and allowed them to understand the possible risk to each individual property. He noted they did assume some growth, although less than Marquette projected.

Mr. Ohorilko asked about the Polk County area, noting a 2008 study indicated the possibility of an incremental increase in gaming revenue, and any underserved markets and how those issues factored into Union Gaming’s report.

Mr. Baldwin stated that based on the approach utilized for the study and the data available to them virtually every county was analyzed.

Commissioner Heinrich, referencing page 145 and the cannibalization impact of the proposed Greene County casino, noted the far reaching effect on Ameristar Casino at 1.8%. He noted there are two other casinos in Council Bluffs plus one in Sioux City. He asked if they would be affected or if Union Gaming picked one and presumed the same effect on the other casinos.

Mr. Baldwin reiterated they had received player database information from each casino. He stated it was interesting to see the amount of travel that was in-state from the zip code data for some of the casinos; that some individuals are driving considerable distances to frequent a particular casino even though they may have closer options. He advised the information is based on the carded play data. Mr. Baldwin stated they just listed the facilities that would be impacted the most; other facilities would be impacted to a lesser degree.

Hearing no further comments or questions for Mr. Baldwin, Chair Lamberti moved to the rules before the Commission and called on Mr. Ohorilko. Mr. Ohorilko stated Commission staff was requesting the approval of the final adoption of the rule package before the Commission in January. He provided the following summary of the proposed changes: Item 1 bridges the gap allowing the Gaming Board or Board of Stewards to suspend a license for up to 5 years, they were previously limited to one year; Items 2 and 3 clarify what debt arrangements need to be submitted to the Commission for approval; Item 4 allows a jockey agent in the quarter horse meet to represent three jockeys; and Item 6 relaxes some of the shipping requirements for gambling games. Mr. Ohorilko advised a public hearing was held on February 25th and the Commission received no comments on the proposed rule changes. He requested the Commission's approval.

Hearing no comments or questions concerning the proposed rules, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the final adoption of the rules as presented. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Mr. Ohorilko to address the rules submitted under Notice of Intended Action. Mr. Ohorilko advised this rule package includes the following items: Item 1 modifies the term limits for the chair person; Item 2 requires the Commission to use the most recent edition of Roberts Rules of Order; Item 3 adds a few applications the Commission uses; Item 6 clarifies the fee that a distributor or manufacturer must pay when they are applying for a license; and Item 7 clarifies the requirement of what is a trained individual, and requires them to maintain a current license or certification. He advised these proposed rules were sent to the stakeholders approximately three weeks ago, and staff has not received any comments. Mr. Ohorilko requested approval of the rules submitted under Notice of Intended Action.

Hearing no comments or questions concerning the rules submitted under Notice of Intended Action, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the rules as submitted under Notice of Intended Action. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Eric Preuss, Program Manager for the Iowa Gambling Treatment and Prevention Program (IGTP) in the Department of Public Health (DPH). Mr. Preuss advised that March is Problem Gambling Awareness Month, and March 16-22 will be recognized as Problem Gambling Awareness Week in Iowa. He stated that during calendar year 2013, there were approximately 7,700 prevention hours; 678 clients were served; the 1-800-Bets-Off helpline received just over 4,100 calls and since the inception of the 1800betsoff website approximately three years ago, it is receiving approximately 14,000 visits annually.

Mr. Preuss advised the program has a budget of \$3.1 million to fund both prevention and treatment activities, as well as the help line. He stated the agency has created a problem gambler profile, which is also available on the agency's website: www.idph.state.ia.us/IGTP/. The profile gives an indication of what the individuals look like in Iowa that are admitted to the program. He stated the state is broken down into eleven service areas.

Mr. Preuss stated National Problem Gambling Awareness Month is important for the following reasons:

- Most adults gamble, and would benefit from programs to prevent development of a gambling disorder.
- March has become one of the biggest gambling occasions because of the popularity of the NCAA “March Madness” basketball tournament. It is estimated \$2.5 billion is spent on illegal gambling during March Madness each year.
- Between 8 and 12 million people in the United States meet the criteria for problem gambling; only a fraction seeks help.
- Many suffer in silence because they don’t know why they developed a problem; what a gambling disorder is, or where to get help.
- For the month of March, the IGTP partners with the Iowa Lottery for National Problem Gambling Awareness Week. During Responsible Gaming Education Week in August, IGTP partners with the Iowa Gaming Association, the National Center for Responsible Gaming and the Iowa casinos to promote responsible gaming education.

Mr. Preuss advised the diagnosis of a gambling disorder is classified as a persistent and recurrent problematic gambling behavior that leads to significant problems. It is classified as a disorder based upon scientific research that shows similarities to the causes and consequences of alcohol and drug problems. He stated the DPH currently funds ten problem gambling treatment programs that cover all 99 counties.

Mr. Preuss noted that anyone can develop a gambling problem; that it does not discriminate based on age, gender, religion, social status or education. He further stated that gambling problems may develop with any form of gambling activity. Groups at a higher risk of developing a problem include seniors, adolescents, college students, athletes and veterans. He provided the following gambling prevalence rates for Iowa:

- 91% have gambled in their lifetime; 69% during the past 12 months and 42% during the past 30 days
- Although .6% of Iowans have a gambling disorder, approximately 13.1% are at risk for developing a gambling disorder. He stated the .6% represents about 18,000 Iowans.
- While the percentage of Iowans with a gambling disorder is low, approximately 22% indicate they have been negatively impacted by the gambling behavior of someone they know.

Mr. Preuss provided the following resources for individuals to seek help in treating a gambling disorder: 1-800-Bets-off phone line or website; problem gambling prevention and awareness programs; Gamblers Anonymous; Gam-Anon; and the National Council on Problem Gambling.

Commissioner Heinrich stated it appears the program is making progress in reaching the individuals that need help. Mr. Preuss answered in the affirmative.

Hearing no further comments or questions for Mr. Preuss, Chair Lamberti called on Wes Ehrecke, Chief Executive Officer of the Iowa Gaming Association, who stated the facilities take problem gambling issues very seriously and dovetail with the treatment centers and invite them

to come to the facilities during the week to do staff training and set up tables to interact with patrons.

Mr. Ehrecke advised that Mr. Ohorilko will be setting out some impressive numbers regarding the casinos' economic impact on the state during agenda item 17. One of the categories is philanthropy; and the model that is set up in Iowa requires a qualified sponsoring organization to distribute funds to other non-profit organizations. He noted the Legislature established the County Endowment Program to funnel funds to the 85 non-casino counties via a qualified community foundation in each of the counties. He distributed copies of the 2012-2013 book setting forth how the \$80 million was distributed to various organizations in each county.

Chair Lamberti called on Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino Hotel regarding their request for Commission approval of a remodeling project. Bo Guidry, General Manager, requested approval of the project as submitted.

Chair Lamberti asked the total cost of the project. Mr. Guidry stated it is approximately \$1.5 million.

Hearing no further comments or questions for Mr. Guidry, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the remodel project as submitted by Harveys Iowa Management Co., Inc., d/b/a Harrah's Council Bluffs Casino Hotel. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti noted the next agenda item was the presentation regarding the Greene County application, and indicated the Commission would take a 15 minute break to allow them to get set up.

Chair Lamberti reconvened the meeting following the break, and called on Wild Rose Jefferson, LLC. Tom Timmons, President of Wild Rose Entertainment, introduced the Wild Rose Executive Management team: Gary Kirke, majority owner; Dr. Mike Richards, partner; Scott Ivers, Chief Financial Officer; and Amy Rubel, Vice President of Operations. He then asked the members of the Grow Greene County Development Corporation to stand.

Mr. Timmons thanked the Commission for the opportunity to present their project and show why a gambling license would be a game changer for Greene County, and the west central region that includes the counties of Carroll, Boone, Calhoun, Guthrie, Dallas, and Webster. He stated the proposed casino would generate 325 jobs; include a full-service business/tourism hotel and an event center for conferences, meetings and live entertainment. The referendum passed with a 75% approval margin, the highest approval in Iowa history for a first-time gaming referendum. Wild Rose Jefferson, LLC has signed an Operating Agreement with Grow Greene County Gaming Corp. that will distribute 5% of the annual gaming revenue for projects and charities in Greene County as well as the surrounding counties. Mr. Timmons pointed out that Wild Rose has been licensed in Iowa since 2005 and currently operates two casinos; Wild Rose Clinton was the first true land-based casino.

Mr. Timmons stated the project evolved over several months; that it is a true community-wide and community-driven project. At this time, a video was shown where various members of the community spoke about how the casino proposal was conceived.

Mr. Timmons advised Wild Rose Entertainment was approached by Kim Reuter about what was required to obtain a casino license. They provided him with a list, and indicated the most important issue was whether the community and Greene County would support a casino. Mr. Reuter solicited help from a variety of individuals around the county. On June 3, 2013, the Greene County Board of Supervisors passed a resolution publicly supporting the casino-entertainment complex; the mayor of Jefferson signed a similar resolution eight days later. Members of the community started doing their own fact-finding missions about Wild Rose Entertainment, and a bus tour was organized to the Emmetsburg facility. Mr. Timmons pointed out the most honest assessment of any business and its value to a community is best defined not by what the company says about itself, but what others have to say. Wild Rose hoped those on the tour would come away believing Wild Rose has become the state's expert in running county seat town casinos. Mr. Timmons stated they see this as a niche for them, they are good at it, and have established a successful track record. He advised the company has been able to forge good solid relationships within the two communities where they operate. Another video was shown.

Kate Neese, a member of Grow Greene County Gaming, advised that Jefferson and Greene County are similar to other rural Iowa counties and that 95% of the county is cropland. She noted it is the beneficiary and victim of advances and efficiencies in agriculture. The farms are more productive due to bigger machinery, seed genetics and technology; meaning fewer people are needed in order to produce more. While this is not a new problem for small rural counties, the manner in which Greene County has tackled the issue has allowed them to take advantage of the changing world via instant communications and world-wide markets. Ms. Neese stated that Greene County is home to some of the state's most successful manufacturing operations representing a broad cross-section of companies that are making an impact locally, nationally, and internationally. She provided several examples, noting that one company received the Iowa Tourism Business of the Year in 2013. Another short video was shown.

Mr. Timmons stated that economic transformation has been a cornerstone of the gaming industry. Since opening Emmetsburg in May 2006, Wild Rose has distributed over \$13.5 million in funds for community causes and projects; brought new businesses and industry to Palo Alto County and increased the amount of tourism and entertainment dollars. He pointed out that Greene County has a number of similarities with Palo Alto, such as the spirit of the local people, the size of the market, the need for facilities and entertainment venues and the local support. Mr. Timmons stated Wild Rose Jefferson will be able to take advantage of new innovations in design, air quality, technology and safety that have occurred since Emmetsburg was built. He advised that Wild Rose has optioned a piece of ground at the intersection of Iowa Highway 4 and U.S. Highway 30, one of the most heavily traveled non-interstate roads in the state. Mr. Timmons stated the facility will attract, not detract, from the natural beauty of Greene County. He indicated they have selected DLR Group as the architect, which they believe is one of the best in casino-entertainment complex design. Mr. Timmons pointed out they have an Iowa

office and have built some of the best gaming resorts in the country. He turned the floor over to Chris Osore and Ed Wilms from DLR Group.

Mr. Osore stated the company is really excited to work on the project. He stated the edifice of the facility will create a welcoming environment with ample parking that is well-lit and accessible. They are also taking future development at the site into consideration; as well as sustainability strategies such as solar, vegetation and natural grasses. Ms. Osore advised there will be two points of access to the facility, which will have a glass front. He stated the various amenities will be located along the front glass promenade, starting with the Iowa store. He then moved to the site plan, and indicated the casino floor would be surrounded by the back of house area. The facility will include a bar and restaurant, a central bar, a fine dining restaurant, a sports bar, and an event center which will hold 1,000 standing or 400 seated. There is also the potential for a stage for various events. There will be a 71-room hotel, which they feel is adequately sized for the facility.

Mr. Wilms showed some slides setting forth some of the interior environment they foresee for the property – rich in natural materials, wood, stones and lots of opportunity for dramatic lighting. They are also looking at different environments for the event center, and hotel, which will be run by a third-party operator. Mr. Wilms stated the proposed facility is appropriately sized and fits well in the community.

Mr. Timmons stated Wild Rose is projecting the facility will cost approximately \$40 million, and create 325 jobs, 275 of which will be full time. This would make them Greene County's second largest employer when it opens. It is expected to create 150 construction jobs during the 12-13 month construction phase. Mr. Timmons stated the proposed facility would pay approximately \$7 million in salaries and benefits that would include health, dental, vision and a 401(k) plan.

Mr. Timmons stated they have committed financing lined up with Dubuque Bank and Trust and Bankers Trust, both Iowa banks and currently have the financing for Emmetsburg and Clinton. He advised they have worked out terms that allow them to refinance Emmetsburg and Clinton and have all of their financing in one package.

Mr. Timmons then provided additional information regarding the proposed facility. It will include a sports bar, Coaches Corner, that will have interactive games; an event center that will hold 800-900 for a concert or 500-600 for a sit-down meal. He stated out-lots on the site will be developed for other local and regional businesses. The hotel is projected at approximately \$5.3 million with 71 rooms. The hotel, to be constructed and operated by BriMark, will be financed by BriMark and local investors. Mr. Timmons stated BriMark was already involved in a hotel project in Jefferson with the seed money provided by local investors. He advised that BriMark and Wild Rose have joined forces to provide a full entertainment package that includes overnight accommodations, restaurants, gaming, retail and much more. As a result of the two parties joining forces, the hotel will be bigger and better than originally planned. Mr. Timmons turned the floor over to Jeremy Briesbach, Vice President of Development for BriMark.

Mr. Griesbach stated BriMark is based out of Neenah, Wisconsin, and have developed over 35 hotels in the last 5 years, most of them under the brand of Cobblestone Hotels. They currently have five properties in Iowa, with one each under construction in Avoca and Fort Dodge. He noted they did a project in Marquette, but it is not connected to the casino. The hotel will offer a free hot breakfast, free wi-fi, flat screen televisions, and pillow-top mattresses. Mr. Griesbach stated BriMark is excited to take the project from a 36-room, 2-story hotel to a 71-room, 3-story hotel and be part of the event center and casino.

Ms. Neese stated the hotel and events center are key components of the project; as Greene County currently lacks facilities for lodging, entertaining and celebrating. The casino/entertainment complex has a vital role in the county's growth plan as it will provide a venue for meetings and celebrations, and restaurants. She stated the facility will complement their outdoor recreational lifestyle amenities and small-town values. Ms. Neese stated the area has been successful recently in attracting some of the area's young people back to the area. Another short video was played.

Mr. Timmons stated the enthusiasm shown in the previous video reflects the optimism for the project; he noted the project is community-centered and community-driven. He pointed out that no previous special election in Greene County has garnered such a large turnout or victory – 75.1 percent voted yes. Mr. Timmons stated Wild Rose and the gaming industry are welcome and wanted in Greene County.

Following another short video, Mr. Timmons advised that no other industry brings the money, entertainment and tourism to a region like gaming. He noted state-regulated casinos are required to invest a minimum of 3% of their adjusted gaming revenues (AGR) in the local community; Wild Rose will be distributing 4.1% of their AGR to Grow Greene County. The project received support from counties bordering Greene County which Wild Rose feels is valuable on many levels: 1) the organic community-driven support for the project is contagious; 2) it shows that none of us live in a bubble; and 3) the transformation from local to regional adds a new dimension to the project and license application. As a result of the additional support, Wild Rose increased their charitable distribution to 5% of AGR with up to 20% of the grant money being available to communities and organizations in Carroll, Boone, Guthrie, Calhoun, Webster and Dallas counties.

Mr. Timmons stated he had not had an opportunity to sit and review the studies extensively, but noted he has been involved in the gaming industry for the past 25 years and has sat through numerous presentations. He pointed out the studies completed prior to the Commission issuing the license to Lyon County indicated that facility would cause Emmetsburg to see a 5-6% decline in revenue. Mr. Timmons stated Wild Rose did not speak out against the license, Lyon County opened, and the Emmetsburg property has seen a 7-8% increase in their revenues. He stated Wild Rose would not open one facility to the detriment of one of their own casinos or any other casino. In his opinion there are a lot of similarities between 2010 and now. Mr. Timmons concluded the presentation by providing the following reasons the project should receive Commission approval:

- Promotes growth – green and Greene growth in the county and the region;
- Economically viable and valuable;
- Overwhelming community and regional support; and
- The project will not undermine the operational structure or success of any other Iowa casino.

The presentation concluded with another short video with residents addressing why the Commission should approve the project.

Chair Lamberti thanked Wild Rose for the presentation, noting the Commission does not normally ask questions at this time; that will occur when they travel to Jefferson for the site visit.

Chair Lamberti moved to the excursion gambling boat and gambling structure license renewals, and called on Iowa West Racing Association (IWRA)/Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino Council Bluffs (Ameristar).

Pete Tulipana, Executive Director of IWRA, stated their relationship with Ameristar and Harrah's has been excellent, and is impressed with the cooperation shown by both to IWRA. He stated that in addition to the fees paid to IWRA both properties are major employers within the community, as well as active community partners. Mr. Tulipana stated IWRA recently surpassed the mark of distributing over \$300 million in grants since its inception in 1986. Two of their recent grants were \$5.5 million for the Tom Hanafan Rivers Edge Park, and a \$7 million gift, \$3.5 million from IWRA plus \$3.5 million from another area foundation, to build the largest YMCA in the region. Mr. Tulipana concluded his remarks by requesting the Commission's approval of the license renewal applications for Ameristar and Harrah's.

Monty Terhune, General Manager for Ameristar, concurred with Mr. Tulipana's remarks regarding the relationship between the entities, indicated they are happy with Mr. Tulipana, and is happy to be a part of the community. He indicated the property is happy to be hosting the Commission meeting in April to provide an opportunity for the Commission to see the changes since they were there last. Mr. Terhune requested approval of the license renewal application and the following contracts as submitted:

- Liberty Fruits – Fruit Provider
- Scavuzzo's, Inc. – Food Provider

Hearing no comments or questions concerning the license renewal or contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to IWRA and renew the license to operate Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino Council Bluffs as an excursion gambling boat that will not cruise, the additional contracts as submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on IWRA/Harvey's Iowa Management Company, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel. Bo Guidry, General Manager, concurred with Mr. Terhune's comments regarding IWRA, advising they have a fantastic relationship with IWRA and look forward to continuing it for many years to come. Mr. Guidry requested approval of their license renewal application and the following contracts as submitted:

- D&B Construction, Inc. – Construction Work
- Interblock USA – Lease of Electronic Table Games

Hearing no comments or questions concerning the license renewal or contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to IWRA and renew the license to operate Harvey's Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino & Hotel as a gambling structure, the additional contracts submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Washington County Riverboat Foundation, Inc. (WCRF) and Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort. Dan Franz, General Manager, and Patty Koller, President of WCRF, were present to request renewal of their gaming license. Mr. Franz stated that since Riverside opened, they have contributed over \$180 million in taxes and wages to the state of Iowa; and created 750 jobs with an annual payroll of approximately \$21 million. He noted they have expanded their employee volunteer program; over 113 employees logged in excess of 7,700 volunteer hours during 2013, which was a significant increase over 2012. Some of the events employees are involved in throughout the various communities are Kids Against Hunger; the facility also sponsors, and employees ride, a bike ride for the diabetes association. Mr. Franz stated the facility has a great partnership with WCRF, and they should be commended for all they do throughout eastern Iowa. He turned the floor over to Ms. Koller.

Ms. Koller stated a lot of good has come about as a result of the funds donated through WCRF since 2004. She advised WCRF distributed \$5,704,000, with many of grants awarded to organizations outside Washington County. She provided some highlights: \$52,000 for an Eastern Iowan honor flight from Cedar Rapids; \$81,000 to a Catholic Church in Mills; \$38,000 to replace a gymnasium floor in Keota; \$100,000 for equipment for the new Kirkwood College Regional Center; \$36,000 to restore stained glass windows in a historic building in Sigourney; \$250,000 for a new fire truck in Kalona; \$10,000 to the GIVE Foundation for their annual golf event; \$100,000 to upgrade patient rooms at the Washington Co. Hospital, \$2.5 million to build an auditorium at the Washington High School. She noted there are many smaller grants, but they mean just as much to their organizations. Ms. Koller stated WCRF is being a good steward of the funds they receive by taking care of needs in Washington County, but sharing it with others in Eastern Iowa. Ms. Koller thanked the Commission for the opportunity to continue their good works into the future.

Mr. Franz requested renewal of the gaming license through 2015.

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to WCRF, Inc. and renew the license to operate Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort as a gambling structure conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti advised those in attendance the motions were referencing the submitted security plans as a result of a legislative change in the Division of Criminal Investigation's presence at the facilities. He stated the Commission is working with all of the facilities on the implementation of the plans. Chair Lamberti indicated the Commission takes security very seriously and wants them to be up to Commission standards, which is why they are included in the motions this year.

Chair Lamberti called on Black Hawk County Gaming Association (BHC GA) and IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo. Tim Hurley, Chairman of BHC GA, advised they have a great relationship with Isle that is based on mutual trust and a common vision. He noted BHC GA receives 5.75% of AGR; during the past 12 months they have awarded \$2.9 million to 37 projects in 16 municipalities in Black Hawk and six surrounding counties. Mr. Hurley stated the funds would total \$3.9 million if the 25% of the 5.75% that goes to the Waterloo Development Corporation for the redevelopment downtown Waterloo was included. He indicated funds were granted for new lighting at the public library, an outdoor entertainment center for the Waterloo African American Museum, fire and rescue equipment for Dunkerton, a score board at the Junior High School, a cabinet project at Union Park in Tama, vehicle protective cages for the Hampton Police Department, and a second hand store in Chickasaw County that benefits handicapped citizens. Mr. Hurley stated he received a call from the mayor of Waterloo inquiring if BHC GA could participate in a fund he was trying to put together in response to a number of elderly and lower income citizens that were impacted by frozen water pipes. He noted some had been without water for 4-5 weeks; the Executive Council approved the distribution and BHC GA will be giving \$125,000 to the effort which covers a seven county area. Mr. Hurley stated that since 2005 BHC GA has awarded over \$30 million to 300 different projects, which has leveraged another \$60 million. He stated BHC GA only funds about one-third of any project. Regarding the 25% that goes to the Waterloo Development Corporation, Mr. Hurley stated there is growing momentum; he referenced the opening of the \$26 million Cedar Valley Sports Plex. There are currently 800 memberships, well on the way to the 1,000 needed in order to be sustainable. Mr. Hurley stated BHC GA is about public places and spaces. He concluded his remarks by stating the promises BHC GA made in the past to the Commission are being fulfilled. He requested the renewal of their license.

Grant Gubbrud, Senior Director of Finance, stated Isle Casino Hotel Waterloo has a good relationship with BHC GA. He requested approval of the license renewal and the contract submitted with Wheaton Franciscan Healthcare-Iowa, Inc. for a team member health clinic.

Hearing no comments or questions regarding the license renewal or contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling

games to BHC GA and renew the license to operate IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo as a gambling structure, the additional contract submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Worth County Development Authority (WCDA) and Diamond Jo Worth, LLC d/b/a Diamond Jo Worth. Kim Pang, General Manager, introduced Dean Hendriksen and Deb Hanson, the newly elected president and Chief Financial Officer of WCDA respectively. Mr. Pang requested approval of the license renewal on behalf of the 426 team members. He stated Worth County's story is interesting, particularly the impact the casino has had in the county: payroll and benefits total \$12.5 million; taxes to the State of Iowa total \$19.5 million; approximately 97% of the goods and resources utilized at the property are from Iowa companies; and 2013 contributions to WCDA were about \$5 million, or a total in excess of \$29 million since the facility opened in 2006. He turned the floor over to Ms. Hanson.

Ms. Hanson thanked the Commission and staff for the work they do for the State of Iowa and the rural areas. She thanked Mr. Pang and the staff for their work at the Diamond Jo, stating they are great partners. Ms. Hanson distributed a packet containing a compilation of what WCDA has done over the past year. She requested approval of the license for another year.

Mr. Pang presented the following contracts for Commission approval:

- Gasser Chair Company, Inc. – Slot Chairs
- Tai Ping Carpet Americas, Inc. – Casino Carpeting

Hearing no comments or questions concerning the license renewal or contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to renew the license to conduct gambling games to WCDA and renew the license to operate Diamond Jo Worth, LLC d/b/a Diamond Jo Worth as a gambling structure, the additional contracts submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Scott County Regional Authority (SCRA) and Isle of Capri Bettendorf, L.C. d/b/a Isle Casino Hotel Bettendorf (IOCB). Nancy Ballenger, General Manager, stated their non-profit partner was unable to present. She advised SCRA distributed over \$2 million in the community last year, and have distributed approximately \$70 million since 1991. Grants focus on education, the non-profit segment, and the governmental segment. Ms. Ballenger touched on the facility's partnership with the City of Bettendorf in the Waterfront Convention Center, which combined with the 514 hotel rooms, enables them to attract some different types of meetings in Iowa. She stated they are excited to welcome back the John Deere World-wide Leadership meeting, which brings in 325 of their top leaders from around the world. Ms. Ballenger also mentioned IOCB's Community Aces program; last year over 230 employees volunteered throughout the community. She advised that one of the employees has started a non-profit to

help youth within the community. Ms. Ballenger requested approved of the license renewal application and the following contracts:

- Medical Associates of Clinton – Operate an On-Site Medical Clinic
- 7G Distributing, LLC – Alcoholic Beverage Distributor

Hearing no comments or questions relating to the license renewal or contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to SCRA and renew the license to operate Isle of Capri Bettendorf, L.C. d/b/a Isle Casino Hotel Bettendorf as an excursion boat that will not cruise, the additional contracts as submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Riverboat Development Authority (RDA) and Rhythm City Casino, LLC d/b/a Rhythm City Casino. Mary Ellen Chamberlin, President of RDA, requested the Commission's approval of the license renewal application. She thanked the Commission for their support as the facility goes land-based over the next year. She turned the floor over to Dan Kehl, Chief Executive Officer, of Rhythm City Casino.

Mr. Kehl introduced the new general manager for the facility, Mo Hyder. He advised that Mr. Hyder started his career in gaming in 1991 at The President Casino, moved to Prairie Meadows Racetrack & Casino to help open the first racino in 1995, moved back to the Isle of Capri in 2001 to serve as the General Manager for the Bettendorf and Davenport properties, and left the state briefly in 2013. Mr. Kehl stated it is great to have him back in Iowa and the Quad Cities area as a general manager.

Mr. Hyder stated it is a pleasure to be back in Iowa. He stated that as the property was transitioned just over a month ago, the facility was closed for a few days to change out the systems. He advised the grand opening reception was incredible, not only from a customer standpoint, but the community as well. Mr. Hyder stated there was a tremendous presence from the local officials and business community leaders. He indicated there is a renewed sense of energy among the employees and the residents of the community. Everyone is very excited about the facility going land-based. Mr. Hyder requested approval of the license renewal application.

Hearing no comments or questions concerning the license renewal application, Chair Lamberti requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to RDA and renew the license to operate Rhythm City Casino, LLC d/b/a Rhythm City Casino as an excursion boat that will not cruise and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Dubuque Racing Association (DRA) and Diamond Jo, LLC d/b/a Diamond Jo Casino. Wendy Runde, General Manager, introduced Dustin Manternach, Chief

Financial Officer for DRA. Mr. Manternach stated Diamond Jo is a great partner, and contributed approximately \$3 million to DRA in 2013. The funds were distributed to 163 non-profit organizations in Dubuque and the surrounding area. To date, DRA has received approximately \$25 million from the Diamond Jo during the partnership. Mr. Manternach stated DRA is looking forward to the continuation of the partnership.

Ms. Runde stated it is a pleasure and privilege to do business in the State of Iowa. She noted that millions of visitors have been welcomed through the doors over the past two decades, allowing them to have an important economic impact in the communities. Ms. Runde advised that in 2013, \$49.6 million, or 97.4%, of the goods and services purchased were from Iowa businesses, and they remain committed to supporting local businesses. She noted that in addition to the funds distributed to DRA, they also distributed over \$19 million in taxes to the State of Iowa and local government agencies. Ms. Runde stated they are looking forward to another great year of partnerships in 2014, and requested approval of the license renewal application. She presented a contract with Giese Roofing Company for preventative maintenance of the HVAC system.

Hearing no comments or questions relating to the license renewal application or contract, Chair Lamberti requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to DRA and renew the license to operate Diamond Jo, LLC d/b/a Diamond Jo Casino as a gambling structure, the additional contract submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Lyon County Riverboat Foundation, Inc. (LCRF) and Grand Falls Casino Resort, LLC d/b/a Grand Falls Casino Resort (GFCR). Sharon Haselhoff, General Manager, and Jeff Gallagher, President of LCRF, requested the Commission's support of their license renewal application. Ms. Haselhoff advised 2013 gaming revenue was over \$58 million, a slight increase over 2012. Construction of the golf course is continuing, and it is hoped the course will be open by late summer. She stated that since opening the facility has contributed in excess of \$32.5 million in taxes to the State of Iowa, and created 500 jobs with payroll and benefits totaling over \$14 million annually. Ms. Haselhoff turned the floor over to Mr. Gallagher.

Mr. Gallagher thanked the Commission for the opportunity to work with GFCR over the last two years. During that time, GFCR has given almost \$5 million to LCRF; \$1.2 million has gone to the three public school systems in Lyon County; another \$1.2 million has been distributed to the various cities and Lyon County to help ease operating budgets, and \$3 million has been distributed through grants to non-profits throughout Lyon County to improve the quality of life of area residents. Some examples are a new fire station in Larchwood, a community center in Lester, a swimming pool and a daycare. He noted they also provided cameras to the Sheriff's Department. He requested approval of the license renewal application.

Hearing no comments or questions relating to the license renewal application, Chair Lamberti requested a motion. Commissioner Mertz moved to renew the license to conduct gambling games to LCRF, Inc. and renew the license to operate Grand Falls Casino Resort, LLC d/b/a

GFCR as a gambling structure, the contracts contained within the license renewal application, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Clarke County Development Corporation (CCDC) and HGI-Lakeside, LLC d/b/a Lakeside Hotel Casino (Lakeside). Doug Gross, legal counsel for CCDC, advised CCDC is still only receiving 1.5% when the statutory minimum is 3%, and the parties have been engaged in discussions for quite some time to get the matter corrected. He noted the parties had entered into a Memorandum of Understanding last summer which indicated that if the property were sold the payment to CCDC would increase to 3%. HGI contested that, and the parties are now in litigation, which is scheduled for trial in January 2015. Mr. Gross stated CCDC is hopeful that if there is a change in ownership at the facility the Commission will insist on payment of the statutory 3% minimum.

Jim Quilty, legal counsel for HGI-Lakeside, concurred there is some active litigation. He stated he is aware the Commission is frustrated with this issue, as is HGI. Mr. Quilty noted the issue has been ongoing for a number of years and while the principals involved have changed; the issues have not. He stated they continue to try and resolve the matter. Mr. Quilty requested the Commission's approval of the license renewal application.

Chair Lamberti called for any comments or questions. Commissioner Heinrich asked if Mr. Quilty was stating that nothing was going to happen until the court date. Mr. Quilty stated he wouldn't say that; however, he noted this is the third version of a court case. The parties have hit a logjam, but keep trying. He indicated they would keep trying to come up with a win-win resolution, but do have a defined court date at this time in the event they don't get there.

Commissioner Heinrich stated the issue, as he understands it, is the percentage paid to CCDC. He noted there are likely many factors, and that he is not aware of all of them. He stated that he is having trouble seeing the problem. Mr. Quilty stated he understood Commissioner Heinrich's frustration; HGI is frustrated as well. HGI thought they had clarity at the conclusion of the mediation; that they were communicating on the same level in terms of the starting percentage of 2.5%, which is what HGI believes they pay CCDC today. Mr. Quilty stated this is where the misunderstanding lies and the parties have not found a way to resolve the matter at this time.

Mr. Gross stated CCDC is hopeful that a change of ownership would occur, which they feel is the best chance of resolving the matter.

Commissioner Heinrich asked for clarification of the problem in coming to an agreement. Mr. Gross stated the parties have a difference of opinion. The parties participated in mediation, an agreement was reached and both parties signed it. The agreement states that upon a sale of the property, the new buyer would pay CCDC the statutory minimum payment of 3% of annual gaming revenue. It is HGI's position that the agreement states 2.5%.

Hearing no further comments or questions, Chair Lamberti requested a motion. Commissioner Arnold moved to renew the license to conduct gambling games to CCDC and renew the license to operate HGI-Lakeside, LLC d/b/a Lakeside Hotel Casino as a moored barge, the contracts contained within the license renewal application, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Southeast Iowa Regional Riverboat Commission (SIRRC) and Catfish Bend Casinos II, LLC d/b/a Catfish Bend Casinos II (CBC). Rob Higgins, General Manager, stated they are looking forward to hosting the Commission in June; and advised they have made approximately \$3 million in renovations to the Fun City entertainment complex, indoor water park and Pzazz Hotel. They anticipate spending approximately \$400,000 this year to upgrade the slot floor. Mr. Higgins introduced Gary Hoyer, Chief Executive Officer, and Steve Staebell, President of SIRRC.

Mr. Staebell advised SIRRC is a regional commission with three representatives from Keokuk, Ft. Madison and Burlington. He stated SIRRC has received more than \$1.2 million from CBC in 2013. Funds distributed to Keokuk are targeted to the Keokuk Convention and Tourism program to increase tourism; funds are also provided for public safety. In Ft. Madison, SIRRC funds are utilized to provide specific grants for a variety of organizations; a new playground at Lincoln Elementary School, the YMCA is providing new programs and there are capital improvements being made for the Tri-State Rodeo. In Burlington, the funds are channeled through Grow Greater Burlington for economic development. The funds aid in recruiting and retaining businesses in the community. Mr. Staebell stated none of the above would be possible without the partnership SIRRC enjoys with CBC. He stated SIRRC is proud to partner with CBC, and requested the approval of the license renewal application.

Hearing no comments or questions regarding the license renewal application, Chair Lamberti requested a motion. Commissioner Arnold moved to renew the license to conduct gambling games to SIRRC and renew the license to operate Catfish Bend Casinos II, LLC d/b/a CBC II as a gambling structure conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Clinton County Development Association (CCDA) and Wild Rose Clinton, L.L.C. d/b/a Wild Rose Clinton. Amy Rubel, Vice President of Operations and Marketing for Wild Rose Entertainment, introduced Gus Linke, Interim General Manager in Clinton, and Travis Dvorak, Assistant General Manager in Emmetsburg.

Mr. Linke advised the non-profit was unable to attend today's meeting. He requested the Commission's approval of the license renewal application, and submitted the following contracts for approval:

- WMS Gaming – Purchase 6 new WMS Blue Bird Machines
- Spielo International – Purchase 6 new Slot Machines

Hearing no comments or questions regarding the license renewal application or contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to renew the license to conduct gambling games to CCDA and renew the license to operate Wild Rose Clinton, L.L.C. d/b/a Wild Rose Clinton as a gambling structure, the contracts contained within the license renewal application, the additional contracts submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Palo Alto County Gaming Development Corporation (PACGDC) and Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg. Don Miller, President of PACGDC, stated they are very happy to be working with Wild Rose. Wild Rose has helped them exceed the economic development goals for the area. Mr. Miller advised they distributed \$1.9 million in grants on Sunday, March 2nd. He requested approval of the license renewal application.

Mr. Dvorak requested approval of the license renewal application, and submitted the following contracts for Commission approval:

- Spielo International – Equipment and Game Leases
- Buhrow Construction – Maintenance Building

Hearing no comments or questions relating to the license renewal application or contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to renew the license to conduct gambling games to PACGDC and renew the license to operate Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg as a gambling structure, the additional contracts submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Upper Mississippi Gaming Corporation (UMGC) and Isle of Capri, Marquette, Inc. d/b/a Lady Luck Casino Marquette. Don Oster, General Manager, advised that Sindee Gohde, Executive Director of UMGC, was unable to attend, and shared some comments from her. He stated the partnership started with a simple vision, and today Lady Luck is one of Clayton County's largest employers. He advised that team members donated over 4500 hours of volunteer services to the community through the fire department, emergency response teams, coaching youth sports, and volunteering on community boards. Mr. Oster stated they are fortunate to see non-profits in the county continue to make Clayton County a more feeling and beautiful place through grants made possible by UMGC. He stated that \$4.8 million has been distributed back into Clayton County through the partnership. He requested renewal of the license application in order to continue to benefit the residents of Clayton County.

Commissioner Heinrich stated it was nice to hear about the cooperation between the non-profit and the operator from the licensees, except for one.

Hearing no further comments or questions, Chair Lamberti requested a motion. Commissioner Arnold moved to renew the license to conduct gambling games to UMGC and renew the license to operate Isle of Capri, Marquette, Inc. d/b/a Lady Luck Casino Marquette as an excursion boat that will not cruise conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to the contract approvals, and called on SCE Partners, LLC. Todd Moyer, General Manager, presented the following contracts for Commission approval:

- Ainsworth Game Technology – Slots
- Aristocrat Technologies, Inc. – Slots and Casino Management System
- Bally Technologies – Slots
- Buzz Creative Group, LLC – Marketing Agency of Record (RP)
- Computer Cable Connection – Low Voltage Cable
- CSI – IT Networking Hardware and Software
- Cummins Allison Corporation – Cage, Count, and Cash Handling Equipment
- Electronic Communications Iowa – Surveillance Cameras and System
- En Pointe Technologies Sales – IT Servers
- Gasser Chair Company – Casino Chairs
- Hockenbergs Equipment and Supply – Kitchen Equipment
- IGT – Slots
- Illuminating Concepts – Architectural and Exterior Lighting
- Incredible Technologies, Inc. – Slots
- B2B Computer Products, LLC – IT Hardware and Software
- Knoepfler Chevrolet – Company Vehicles
- Konami Gaming, Inc. – Slots
- Micros Systems, Inc. - Point of Sale and Property Management Systems
- Midwest Casino Supply – Interior and Exterior Signage
- Multimedia Games, Inc. – Slots
- Pepsi Cola Bottling Siouxland – Soft Drink Supplier
- Perkins Office Solutions – Office Furniture
- Purchasing Management International – Procurement and Purchasing
- PSX Audio Visual Worldwide – Audio-Visual Equipment
- Rapids Wholesale – Kitchen Smallwares
- Ulster Carpet Mills (North America) – Carpet Manufacturer
- VSR Industries – Slot Base Supplier
- WMS Gaming – Slots
- Young Electric Sign Company – Slot Signage

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by SCE Partners, LLC. Commissioner Heinrich seconded the motion, which carried unanimously.

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

- AT&T Mobility – Cellular Phone Service Provider
- Brewer Meats, Inc. – Meat Supplier
- C&T Design-Iowa Branch – Food Service Equipment & Design Services
- Cameron Mitchell, Inc. – Concrete Replacement and Construction
- Cameron Mitchell, Inc. – Concrete Replacement and Construction
- Casey's General Stores – Miscellaneous Purchases
- Chubb Group Insurance (Federal Insurance) – Various Insurance Coverages
- Frank W. Berlin and Associates – Insurance Broker, Various Coverages
- Giesecke & Devrient America, Inc. – Cash Handling Equipment
- Giesecke & Devrient America, Inc. – Cash Handling Equipment
- Global Payments – Casino Guest Check Cashing Services
- Global Spectrum, L.P. – Suite License and Advertising Agreements
- Great Midwest Seafood Co. – Food Products
- Halvorson Trane – Ventilation Equipment Parts and Service
- Halvorson Trane – Ventilation Equipment Parts and Service
- Hasler, Inc. – Mailing Equipment, Lease
- Health Solutions, LLC – Employee Wellness Program
- Hockenbergs Foodservice Equipment – Food Service Equipment and Supplies
- Infomax Office Systems – Printing Equipment Lease and Maintenance
- Iowa Des Moines Supply – Food, Beverage and Housekeeping Supplies
- Lowes, Inc. – Building and Maintenance Supplies
- Mechdyne Corporation – Audio-Visual Supplies and Service
- Multimedia Games – Gaming Equipment and Supplies
- Nalco Company – Water Treatment Chemicals and Equipment
- OMG Midwest – Dirt, Sand and Paving Materials for Maintenance
- Reinhart Food Service – Food, Equipment and Supplies
- SHI International – Various Specialized Computer Software and Backup Support
- Shive-Hattery, Inc. – Engineering Services
- Shuffle Master, Inc. – Gaming Equipment, Supplies and Software
- Spielo International USA, LLC – Gaming Equipment and Supplies
- Sportech, Inc. – Pari-Mutuel Wagering Totalisator
- Sysco Guest Supply – Hotel Supplies
- Travelers Indemnity Company – Liability Insurance
- Triplett Office Solutions – Office Supplies
- True North Companies – Insurance Brokerage Services
- Underground Company – Track Drainage Repair Contractor
- USA Security Iowa – Surveillance Products and Services
- Waldinger Corporation – Mechanical and Electrical Contractor
- Waste Management – Waste Disposal Services

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by PMR&C. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on IWRA/Horseshoe Casino. Tina Eick, legal counsel, submitted the purse supplement reconciliation for 2013 as provided for in the purse agreement for Commission approval.

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the purse supplement reconciliation as submitted by IWRA/Horseshoe Casino. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti moved to the contracts. Ms. Eick presented the following contracts for Commission approval:

- Ainsworth Gaming Technology – Slot Machine Purchases
- Alpha Video and Audio – Video and Equipment Upgrade
- Commonwealth Electric Co. – Emergency Installation of Electrical Lines
- EGADS (Electronic Gizmos and Displays Sys.) – Slot Signage
- Electric Co. of Iowa – Wiring in Casino and Administrative Offices
- Flynn Wright – Advertising

Hearing no comments or questions regarding the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by Horseshoe Casino. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on DRA d/b/a Mystique Casino regarding the 45-day plan for the upcoming live race meet. Mr. Manternach requested approval of the 45-day plan as submitted. Brian Carpenter, Director of Racing, was present to address any questions.

Hearing no comments or questions related to the 45-day plan, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the 2014 season approvals, including the Fourth Amendment to the DRA/Iowa Greyhound Association agreement as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti moved to the contracts submitted by DRA. Mr. Manternach presented the following contracts for Commission approval:

- Alpha Video – Upgrade Current Audio/Video Display System
- Giese Sheet Metal – Replacement of 3 Rooftop Units
- Global Payments Gaming Services, Inc. – Cash Advance Processing Agreement
- Premier Linen – Linen & Uniform Rental (RP)

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by DRA. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to Public Comment. Doug Gross, representing Cedar Rapids Development Group, stated they have not had an opportunity to completely review the studies, and just heard what they heard today for the first time. He noted the market studies are about one factor the Commission has to consider when making a licensing decision. Mr. Gross stated he was astounded and confounded when the studies came out about the degree to which they differ from previous studies. He noted one showed a 466% higher impact on Riverside than the study done for CDRG and performed by an individual who has the most experience in Iowa and has the best track record in terms of accuracy. He indicated the same study shows a 35% higher impact than a study Dan Kehl had done, which assumed about 20% more gaming positions than Cedar Rapids is actually proposing to have. He wondered how this could occur; and stated that while listening to the presentations today he heard both presenters indicate they had “perfect data”. Mr. Gross stated that if both had “perfect data” they would come to the same conclusion, but there is a 15% difference between the two studies. He noted they extrapolated the player data to the entire gaming universe which he compared to an airline saying frequent flyers are reflective of all flyers, including infrequent flyers. Mr. Gross stated Chair Lamberti’s question about the numbers associated with conventions was appropriate, and questioned how many convention goers are frequent players. He stated the findings were determined in a large part on the “perfect data” which was not perfect because the player data only accounts for approximately 60% of the entire play, but was extrapolated to all players. Mr. Gross stated the important part of a casino and its ability to attract dollars to the community is to bring dollars in from outside, but the studies did not see that nor was that information reviewed. The studies made the assumption the information did not exist. Mr. Gross stated one of the studies has a model that shows cannibalization of \$99 million from other casinos in the area; however, the projected revenue for Cedar Rapids is only \$82 million. He wondered how the Cedar Rapids facility could take away \$99 million, and only get \$82 million. Mr. Gross asked the Commission to take a hard look at the studies to determine if the assumptions contained in the studies are accurate and reflective of the gaming market in Iowa.

Chair Lamberti called on Clark Rieke. Mr. Rieke stated the model of regional revenue sharing and planning is done very well in Minneapolis. He stated he has studied the studies since their release and has learned a lot and will be sending another e-mail. He stated the authority of licensing gives the State and Commission a great opportunity and responsibility to model good regional development, which is the result of planning, zoning and fair revenue sharing of the benefits of regional projects such as a casino. Mr. Rieke stated Cedar Rapids gamblers are currently putting \$50 million into the gaming industry, but it is not coming back to Cedar Rapids in a fair share, which is not good economic development. He pointed out that \$30 million is going to Riverside and \$10 million each to Tama and Waterloo; but indicated another factor that should be taken into consideration is driving costs. Currently, Cedar Rapids residents are making a 70-mile round trip to spend \$30 million at Riverside, and a 100-mile round trip to the other two facilities. He stated it would be valuable for the Commission to know how much that represents in driving costs as that is just burned up resources that could be prevented with better

regional planning and better locating of a casino for the region; those costs could be turned into revenue. Mr. Rieke concluded his remarks by making the following points: 1) Good economic development based on a regional model; the decision and location for the Riverside-Cedar Rapids market would be the place with minimum cost for all gamblers to get there; 2) Once the cost is determined, the second question is what percent of \$50 million is Cedar Rapids' fair share; and 3) Based on the variables, he feels there would be some kind of potential in the long run to relocate the current Riverside Casino to the ultimate place.

Chair Lamberti called on Gary Thelen from West Des Moines. Mr. Thelen stated he is a gambler and comes to the meetings to see how the State of Iowa is regulating his favorite vice. Having said that, Mr. Thelen stated Iowa has a lot of gambling for a population of 3 million; noting Iowa has more forms of gambling than the State of Nevada. He stated Iowa does not need any more casinos. Mr. Thelen stated that he hopes the Commission will vote not to increase the number of casinos in Iowa; that he has enough places to play.

Chair Lamberti moved to Administrative Business, and called on Mr. Ohorilko. Mr. Ohorilko advised IRGC staff had received the year-end economic impact reports, which are available to the public. He stated the numbers are unaudited, but do represent the impact the facilities have on communities in Iowa. He provided the following numbers from the reports for the 2013 calendar year: Salaries, Wages and Benefits were in excess of \$278 million; Gaming Taxes, Payroll Taxes and other taxes were in excess of \$384 million to the State; charitable donations between the non-profit organizations and other donations were in excess of \$81 million. Mr. Ohorilko stated the total economic impact was \$1.1 billion. The Buy Iowa initiative, factoring out gaming equipment which cannot be purchased in Iowa and other necessary and specialized sources, reached 87.6%. He noted the percentage is down slightly from last year, but still represents a significant amount of purchases. Mr. Ohorilko stated all properties in Iowa were within 10% of the percentage except for Argosy, Grand Falls and Marquette, which face challenges due to their location.

Chair Lamberti moved to the Horse Promotion Fund. Mr. Ohorilko stated the Commission was giving notice there is \$2,908.24 available for distribution in FY 2014. Applications for the funds are due in the Commission's office by April 4th by 3:30 PM. He stated the information would also be posted on the Commission's website.

Mr. Ohorilko announced the purse supplement dollars for 2014. He stated the numbers have been distributed to the different breeds. The supplement dollars are as follows: Thoroughbreds - \$14,507,181; Quarter Horses - \$3,080,980; and Standardbreds - \$1,670,235.

Chair Lamberti noted the Commission was scheduled to resume the Contested Case hearing at 1:00; however, the start time is being moved to 1:30 PM to allow them to have lunch.

Hearing no further business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Mertz moved to adjourn the meeting. Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
APRIL 3, 2014**

Following a tour of the proposed casino site in Cedar Rapids, Iowa, the Iowa Racing and Gaming Commission met at the Doubletree by Hilton Cedar Rapids Convention Complex. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold and Kris Kramer. Commissioner Dolores Mertz was absent.

Chair Lamberti called the meeting to order at 10:00 AM, noting the main purpose of the meeting is to conduct the public hearing on the proposed Linn County casino as well as a question and answer segment with the applicants at the end. Chair Lamberti advised the agenda has been distributed, and requested a motion to approve the agenda. Commissioner Kramer so moved. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti advised the speakers have been divided into four groups to help make the process manageable. He stated the second group would be called to check in prior to the first group finishing their comments. Chair Lamberti set forth the following time limits for the speakers: individuals representing themselves will be allocated three minutes; speakers representing a group will be allocated five minutes; and those representing a current license holder will be allocated ten minutes. He stated that Brian Ohorilko, Administrator, would be the timekeeper. He requested individuals try to stay within the established time frames; that they state their name prior to commencing their comments; indicate if they are representing a group; and where they are from.

In Group 1, the following speakers spoke in favor of the Cedar Crossing application: Richard Running; Lu Baron, Chair of Linn County Board of Supervisors; Dee Baird, President/Chief Executive Officer (CEO) of Cedar Rapids Metro Alliance; Stephanie Redman, Kirkwood Community College; Raymond Dochterman, President, Cedar Rapids/Iowa City Building Trades; Bob Bruce, President, Board of Directors, Hawkeye Downs; Mike McGrath, Gary Wallin and Dan Thies, Ryan Companies/OPN Architects. These individuals supported the proposed casino for the following reasons: strong support to charitable and non-profit organizations; flood prevention; riverfront development; serve as catalyst for development in Kingston Village; job creation; additional business development in core business district; benefit local economy; middle-skilled jobs; good wages and benefits; flexible schedules; advancement opportunities within company; allow poverty-level families to become self-sufficient; good business environment; additional entertainment options; flood protection on west side of river; unlimited economic potential; design and material in harmony with neighborhood and reflect history of city; and leverage federal, state and city funds invested in city.

The following individuals spoke in opposition of the proposed casino: Dan Kehl, CEO, Riverside Casino & Golf Resort; Jesús Avilés, President/CEO, Dubuque Racing Association; Wendy Runde, Vice President/General Manager, Dubuque Diamond Jo; Ed Raber, Director, Washington Economic Development Group; Judy Bender, Chairperson, Meskwaki Tribal Council; and Gary Palmer, President and CEO, Prairie Meadows Racetrack & Casino, Inc.

These individuals spoke in opposition of the casino for the following reasons: independent market studies showing the Iowa market is saturated and no underserved markets; if granted, will unravel the well-managed system currently in place; stable regulatory environment; net loss of jobs within industry; net loss of charitable contributions; cannibalization of existing facilities; number of gaming positions per adult; lessen burdens of government; increased competition from other states; declining gaming revenues in gaming jurisdictions, including Iowa; devaluation of capital investments at current facilities; continue to improve lives of individuals within the tribe, the schools and medical facilities; declining revenues at current facilities, and capital investments in property have been reflected in increased revenues.

In Group 2, the following speakers spoke in favor of the project: Marilee Fowler, Cedar Rapids Area Convention & Visitors Bureau; Fred Timko, Kingston Square Association; Judy Morningstar; Jill Ackerman and George Lake, Marion Economic Development; Lon Olejniczak; Kate West, Rivers Edge; Reverend Doyle Landry, Positive Vision; and Lee Belfield, General Manager of the Hotel at Kirkwood College, and owner of Zins. These individuals spoke in support of the proposed project for the following reasons: convention attendees and tourism entertainment options; capstone project for Kingston Square district to encourage additional redevelopment; reclaim citizens and revenue from other casinos; economic development, job growth, improved quality of life and entertainment for all of Linn County and the region; ability to continue to build on what has been accomplished; flood recovery help; competition; and opportunity.

The following individuals spoke in opposition to the project: Patty Koller, President, Washington County Riverboat Foundation; Bill Poch, Mayor, Riverside; Jan Gallagher; and Matt Bemrich, Mayor, Fort Dodge. These individuals spoke in opposition of the proposed casino for the following reasons: loss of revenue to non-profits and distributions to charitable organizations and schools; enough gambling opportunities within the state; loss of economic benefits; and requested the Commission review all applications on an equal basis.

Prior to taking a short break, Mr. Ohorilko requested that Groups 3 and 4 report to staff.

Upon returning from the break, Chair Lamberti called on Groups 3 and 4. The following individuals spoke in favor of the project: Don Karr; Chad Heiman; Bob Chiusana; John Sipnotwitz; Doug Schumacher, West Side Development Group; Gary Ficken, Cedar Rapids Small Business Recovery Group; Larry Judd; and Mark Dauber. These individuals spoke in support of the project for the following reasons: rebuild west side of city; Cedar Rapids is economic engine for state; keep money in community; address workforce issue; entertainment options; opportunity for community to reach full potential; important to the redevelopment of the west side; help community to continue recovery from flood; jobs; and the city deserves a chance to have funds for its non-profits and the community.

The following individuals spoke in opposition of the proposed casino: Bari Richter, Vice President and General Manager, Isle Casino Hotel Waterloo; Tim Hurley, Black Hawk County Gaming Association; Buck Clark, Mayor, Waterloo; Dan Stromer, General Manager, Meskwaki Bingo Casino Hotel; Chris Hansen; and Mari Davis. These individuals spoke in opposition of

the proposed casino for the following reasons: effect on existing casinos in surrounding communities; loss of jobs; destabilization of gaming industry in the state; market saturation; not the right time; lack of population growth; decline in disposable income; cannibalization; saturated market; declining revenue at existing facilities in excess of one year; reduced attendance; loss of revenue to non-profits; states with much larger populations have half the amount of casinos as Iowa; trend of declining revenue at casinos across the nation; concern about low-income housing next to a casino; concern about being structured around river; and questioned how a casino fits in with seeking to be designated as a Blue Zone community.

Robert Bates addressed the Commission, but was not for or against the casino. He talked about various issues surrounding the flood, how various situations were handled; and problems in the city. He stated the survival of any city is not based on a casino, business or concept, but on the people that support the city.

Chair Lamberti stated the Commission would take a short break prior to commencing the question and answer portion of the meeting. He thanked everyone for attending, noting this is a vital part of the Commission's licensing process.

Chair Lamberti called the meeting back to order, and advised this portion of the meeting is designed for the Commission to ask questions of the applicant. Chair Lamberti provided the applicant the opportunity to respond to comments made during the public hearing.

Brent Stevens, an investor in Cedar Rapids Development Group (CDRG) and a partner in JNB Gaming, which would manage Cedar Crossing if a license is granted, referenced a comment citing Eugene Christiansen from a previous study. Mr. Stevens stated Mr. Christiansen was hired by the Commission in 1995 to advise the Commission at that time. His conclusion at that time was to limit competition. Mr. Stevens indicated CDRG saw the comment in the report prepared by Jack Ketterer, and reached out to Mr. Christiansen to find out if the statement was still a relevant perspective. Mr. Stevens read the following excerpts from an e-mail received from Mr. Christiansen: "The remarks Jack Ketterer attributes to me were made in 1995 in the context of a meeting of the Iowa Racing & Gaming Commission. I appeared before the Commission then to present the results of a market study intended to help the Commission decide the number of gaming licenses; i.e. the amount of supply that was appropriate at the time." Mr. Christiansen further stated that in the nearly two decades since that meeting, the market economics for gaming in the United States have undergone wholesale changes. Viewed from the perspective of 2014, Mr. Christiansen stated a policy of limiting the supply of gaming consequently raises different and, for many legislators and regulators, new issues. Is competition good for the gaming industry or is it bad? Does competition make casinos more or less financially viable? Are the fiscal, i.e. tax receipts, and the economics, i.e. jobs and capital investment, contributions of gaming most effectively insured by limiting supply or by the free market policy that governs most other goods and services in the United States? Mr. Christiansen concluded by noting that different economists might answer the questions differently; however, he believes that judging from the American experience to date the benefits of a free market policy toward gaming supply outweighs the disadvantages as far as fiscal and economic policy goals are concerned.

Mr. Stevens noted that Dan Kehl made reference to Iowa becoming an open Nevada-style market. He stated that CDRG is not saying Iowa should be opened up to a completely free market; they are simply asking to create a limited competition similar to Dubuque, Council Bluffs and the Quad Cities. It is their opinion that limited competition is good for Iowa.

With respect to saturation, Mr. Stevens stated that Cedar Rapids and Iowa City as a market is the second largest market in Iowa, and one of the fastest growing markets in Iowa. When considering one basic statistic about saturation, Mr. Stevens provided the following numbers: The population per position in Dubuque is 43 people per machine; in the Quad Cities, it is 112. He stated that with the prospective granting of the Cedar Rapids license, the market will have 173 people to every gaming position, which they believe is an indication the market is underserved and has plenty of opportunity for growth with the appropriate capital.

Steve Gray, an investor, apologized for a long day, but requested the Commission's indulgence while he presented a few indisputable facts, in his opinion. Regardless of which study is viewed, all of the studies show a net benefit to the state in a range from \$21 million to over \$60 million of net new revenue. He stated the mid-point of the two numbers, \$40 million, is larger than one-third of the existing operations in the state. Mr. Gray reiterated that Cedar Rapids is the second largest market in the state, and if not the fastest growing, one of the fastest growing markets in the state despite the fact they have not had a hotel, convention center, an arena, an amphitheater and a lot of the great things that both the taxpayers and individual investors have done. Mr. Gray stated that when the process was started three years ago, he was approached by Mayor Corbett, Justin Shields and Monica Vernon to help explore the possibility and feasibility of a casino to help Cedar Rapids do what needed to be done. He stated CDRG attempted to partner with many, if not most, of the same people that spoke in opposition to the project today on numerous occasions. The proposed project is about doing what is right for Cedar Rapids and the State of Iowa. He stated the investor group has backed the application because of the impact it could have on Cedar Rapids, and secondly, because of what it could mean monetarily.

Mr. Gray moved to the studies, noting the first concern was whether or not a referendum would pass. They hired a top firm to help with the referendum, which stated they would get 60,000 votes and win by 62%. Mr. Gray stated they received more than 60,000 votes and won by almost 62%. Next, they hired Suzanne Leckert at TMG, one of the most accomplished analysts in the state, and asked her to tell them what they needed to hear. Mr. Gray asked the Commission to consider how historically inaccurate previous market studies have been, up to and including Marquette and how badly they missed the mark previously. He stated that in most instances Marquette has over-estimated the in-market revenue and the impact on the surrounding markets, pointing out that in most instances, surrounding markets have seen increased instead of decreased revenues. Mr. Gray concluded his remarks by addressing viability. He referenced Mr. Hurley's comments about lost revenue to the non-profit, pointing out that Cedar Rapids has been the beneficiary of approximately \$80,000 a year from the casino industry; stating this is their opportunity to do something for the community like what has happened in Council Bluffs, Dubuque and the other markets. Mr. Gray referenced Mr. Kehl's comments with regard to the technical default. Mr. Gray stated that in talking with Mr. Kehl's banker, there have been over 100 instances of technical defaults in the last five years, and in only three of those instances has

the bank ended up owning the business as a result of the following: 1) They didn't believe in management; or 2) the businesses were insolvent. Mr. Gray stated that everyone could agree the Kehl family has been a tremendous operator; their management skills are not in question nor does he believe the company will go insolvent. Mr. Gray concluded his remarks by stating that he hoped Cedar Rapids has demonstrated their need for a casino as much as Waterloo, Riverside, Tama, and all the other markets that have really benefitted. He requested the Commission's support.

Chair Lamberti stated he felt the question portion of the meeting would be relatively short; noting this is the Commission's opportunity to delve into the viability of the project in terms of financing, design, location, amenities the Commission now requires from existing facilities and proposed facilities. Chair Lamberti stated he was comfortable in saying the application met the thresholds so that it would not be necessary to ask a lot of questions. He asked the applicant to confirm the estimated construction timeline and opening date in the event a license were granted based upon the Commission's action date.

Jonathan Swain advised that all of the architectural design has been completed, allowing them to get started immediately upon the granting of the license. He stated they would break ground within a couple of days; construction would take 14-months, with a proposed opening in July 2015.

Chair Lamberti indicated he had no further questions. He called for questions from the other Commissioners. Hearing none, he turned the floor over to Mr. Ohorilko.

Mr. Ohorilko asked for an explanation of the options that Peninsula Partners Cedar Rapids (PPCR) has with respect to purchasing additional shares in ownership; how many shares is PPCR allowed to purchase, and over what period of time.

Mr. Gray stated CRDG spent a considerable amount of time building community support; and as they built their local investor group, one of the fundamental questions was how they would achieve liquidity in the investment. As a result, Mr. Stevens and he reached an agreement that provides PPCR the option to purchase up to 5% of the outstanding shares from existing investors after the second year. If an investor is in a personal or professional situation, they can move to a "first come, first served" basis and move up the list, thus accommodating those individuals wanting to sell shares first. Mr. Gray advised that PPCR is obligated to purchase up to 35% of the existing shares over an eight year period. Mr. Gray stated the arrangement includes a guaranteed IRR formula that is a little over 17% per year; he advised there is a strike price each year. At the end of the eight year period, Mr. Gray stated the existing investors would be able to capitalize on 85% of the money they have invested and still own 65% of the shares they have sold. Mr. Gray stated this is a win-win situation; CRDG has a partner that is willing to provide liquidity for the shareholders in the event the shareholders want to sell, and there is a guaranteed price for the shares.

Mr. Ohorilko stated the Commission heard from the Division of Criminal Investigation at the March Commission meeting, and one of the details presented was the intricate ownership

structure proposed by CRDG with Mr. Stevens being a very critical piece of the ownership group. Mr. Ohorilko asked about the succession plan in terms of ownership and control of CRDG in the event anything would happen to Mr. Stevens.

Mr. Gray stated that within CRDG there is the financial wherewithal to finance the entire project from an equity perspective. He stated that when they approached the 200 investors, they asked them to provide a range of what they would be willing to invest; they then allocated on the lower end of the two numbers so the project was fully financed without the participation of JNB Gaming and PPCR; however, they did not feel that was the right thing to do. Mr. Gray stated that should something happen to Mr. Stevens, he is hopeful Mr. Stevens would suggest that Mr. Gray and Mr. Swain would be able to take over.

Mr. Stevens stated that in terms of Peninsula Pacific and the investment deal, it is largely made up of capital from himself and the family trust. There are a few outside investors that were involved in Peninsula Gaming, and one large institution – Eden Vance, a Boston-based mutual fund. Mr. Stevens stated that in terms of any entity relating from himself personally down through the organization to CRDG, he stated there are appropriate measures in place that take into consideration “what if” something bad were to occur. He indicated he would share the details if requested.

Mr. Gray stated that CRDG was thrilled to have JNB Gaming as a part of the application, but the investor group stands ready to supplement any capital shortfall in the event of an unlikely event. He stated CRDG feels they have adequate equity.

Mr. Stevens stated that in regards to financial control – there is a governance control; there is no control that ultimately cedes or changes over a period of time. As it is presented today and all of the basic corporate requirements for asset sale, sale of the company, incurrence of debt and investments, they are governed by a board. A super majority is also required for any action, providing for a redundancy in the event something would happen to any of the key board members.

Chair Lamberti called for any further questions. He reiterated, as indicated earlier, that the Commission did not expect this portion to be particularly long.

Hearing no further comments, questions or business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Kramer so moved. Commissioner Arnold seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

IOWA RACING AND GAMING COMMISSION
APRIL 16-17, 2014
MINUTES

The Iowa Racing and Gaming Commission (IRGC) met on April 16-17, 2014 at Ameristar Casino Council Bluffs, Inc., Council Bluffs, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti called the meeting to order at 5:00 PM on April 16th, and requested a motion to approve the agenda. Commissioner Mertz moved to approve the agenda as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti requested a motion to go into Executive Session. Commissioner Mertz moved to go into Executive Session pursuant to, but not limited to, Iowa Code Section 21.5(1)b, g and h for the purpose of receiving Division of Criminal Investigation background reports. Commissioner Kramer seconded the motion. The motion carried unanimously on a roll call vote.

Following Executive Session, Chair Lamberti recessed the meeting until 8:30 AM on Thursday, April 17th.

Chair Lamberti reconvened the meeting at 8:30 AM, and called on Monty Terhune, General Manager of Ameristar Council Bluffs, Inc. d/b/a Ameristar Casino Council Bluffs (Ameristar). Mr. Terhune welcomed the Commission to Council Bluffs. He pointed out that Ameristar continues to invest in its team members and facility; advising they are in the process of demolishing the current marquee at the entrance, which is being replaced. The work is being performed by a local vendor. Mr. Terhune noted the vendor has not worked on a project this large in the past; both parties are excited and feel it may lead to additional projects in the future. He stated the new marquee should be up in approximately six weeks. At this time, Mr. Terhune introduced Mayor Matt Walsh.

Mayor Walsh welcomed the Commission to Council Bluffs, noting that gaming has been a great economic boon to Council Bluffs. He noted the facilities and employees contribute to the community in a variety of ways. Mayor Walsh stated he has seen multiple positives as a result of gaming in the community and very little negative.

Chair Lamberti moved to the approval of the minutes, and requested a motion. Commissioner Kramer moved to approve the minutes from the March 5-6, 2014 Commission meeting as submitted. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to announcements and called on Brian Ohorilko, Administrator of IRGC. Mr. Ohorilko recognized the following IRGC staff members in attendance: Council Bluffs Licensing Assistants: Gina Goos and Linda Baxter; Gaming Representatives at Horseshoe Casino: Carol Fajen and Corey Ostermeyer; Racing Stewards at Bluffs Run/Horseshoe: Richard

Woodsmall and Max Zaragosa; Gaming Representatives at Ameristar: Lynette Masker and Bryan Crowdy; Gaming Representatives at Harrah's: Jeff Rethmeier and Julie Petersen; and Gaming Representative in Sioux City: Pam Oliver. He thanked them for their hard work.

Mr. Ohorilko provided the following information with regard to upcoming Commission meetings:

- May 29, 2014 – Jefferson, IA – Site Visit and Public Comment, Sierra Community Theater
- June 12, 2014 –Catfish Bend Casino, Burlington (Submissions due by May 29, 2014)

He noted the May 29th meeting is dedicated to the Greene County license application. The Commission will be visiting the proposed site at 10:00 AM and begin receiving public comment at 12:30 PM at the Sierra Community Theater.

Mr. Ohorilko read the proposed meeting dates for Fiscal Year 2015:

| <u>DATE</u> | <u>LOCATION</u> |
|-------------------|---|
| July 31, 2014 | Stoney Creek Inn & Conference Center, Johnston |
| August 28, 2014 | Riverside Casino & Golf Resort, Riverside |
| October 9, 2014 | Wild Rose Clinton, Clinton |
| November 13, 2014 | Adventureland Inn, Altoona |
| January 15, 2015 | Prairie Meadows Racetrack & Casino, Altoona |
| March 5, 2015 | Prairie Meadows Racetrack & Casino, Altoona |
| April 16, 2015 | Mid America Center/Harrah's Council Bluffs Casino Hotel, Council Bluffs |
| June 4, 2015 | Hard Rock Sioux City, Sioux City |

Chair Lamberti moved to the rules before the Commission for final adoption. Mr. Ohorilko advised the rules were prematurely presented for final adoption at the March meeting; they are now placed on the agenda for adoption in order to comply with the state rule making process. He requested the Commission approve the final adoption of the rules.

Hearing no comments or questions concerning the rules, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the final adoption of the rules as submitted. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to the review of the financial audits for the facilities, and called on Ameristar. Paul Czak, Director of Finance, was present to answer any questions.

Chair Lamberti requested a quick overview of the past year and where the property is at year-to-date.

Mr. Czak stated last year, as have the last 3 or 4 years, was very good for the property. They have experienced a stable market, and revenues and EBITDA have been increasing for the past 3 years. He noted Ameristar merged with Pinnacle Entertainment in 2012, which created a lot of excitement and growth, and a lot of changes going forward. He stated Ameristar will continue to invest in its team members and property as they have in the past. Mr. Czak stated they are very excited about the future of the new company. He stated that the current year is off to a very good start.

Commissioner Mertz asked if any big projects or renovations are planned for the next five years. Mr. Czak stated the current project is the replacement of the marquee as previously discussed. He indicated they will maintain the current level of capital expenditures. Mr. Czak stated Ameristar is always evaluating the property, and now there is a new set of eyes. He advised there are no definite items that he could speak to at this time.

Hearing no further comments or questions concerning the Ameristar financial, Chair Lamberti called on Belle of Sioux City, L.P. d/b/a Argosy Casino Sioux City. Lance George, General Manager, and Jackie Joaquin, Controller, were present to answer any questions.

Hearing none, Chair Lamberti called on Catfish Bend Casinos II, LLC d/b/a Catfish Bend Casinos II (CBC). Jerry Baum and Donald Spears, Chief Operating Officer and Corporate Controller respectively, were present to address any questions. Mr. Baum stated CBC had a 3% increase in revenue, but saw a decrease of approximately 3.4% in 2013 related to the weather in December. He further stated that in adding new patrons to the database and tracking higher-end customers, CBC has determined they are coming to the casino less often and spending less time than in 2012, which is also a contributing factor to the decline in revenue. Mr. Baum advised operating expenses remained constant, but operating income improved. In 2013, operating income was reduced by \$1 million of impairment due to the riverboat, which remains for sale. He indicated there are plans to improve the casino floor; they are currently completing an extensive air quality improvement project in the casino itself. Mr. Baum stated a \$3 million renovation project to the water park was just completed, which also included the renovation of 45 rooms in the Pzazz hotel. The interior of CBC will be renovated this year.

Mr. Baum advised the senior debt facility matures in December 2014. He stated the current interest rate is very favorable; the plan is to make a move as close to the due date as possible.

The new loan vehicle will be presented to the Commission later this year after a new lender is selected and loan terms are negotiated.

Hearing no comments or questions for Mr. Baum, Chair Lamberti called on Diamond Jo, LLC d/b/a Diamond Jo Casino (DJ). Wendy Runde, General Manager, and Lori Nelson, Regional Director of Finance, were present to answer any questions. Ms. Runde advised Dubuque's gross gaming market revenue for 2013 was down 4%; DJ's admissions were flat with 1.1 million visitors year-over-year; and gross gaming revenue at DJ declined \$2.5 million. She stated DJ employed an average of 350 in 2013, resulting in total payroll of \$13.3 million. They invested \$1.8 million in capital expenditures, and made payments of \$3 million to the Dubuque Racing Association (DRA).

Chair Lamberti asked about any capital improvements planned for this year. Ms. Runde advised there are some global initiatives being worked on due to the recent merger with Boyd Gaming. They are looking at installing "Be Connected", the universal player tracking program offered by Boyd at their other properties. The slot system is being updated in order to support the new program, and the floor is being updated as well. The warehouse will also be expanded this summer.

Hearing no comments or questions for Ms. Runde, Chair Lamberti called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, advised their gaming revenue had declined approximately \$5 million; DJW also experienced a 9% decline in admissions. He noted they continue to draw a significant amount of their business from the Minnesota market. Mr. Pang stated they employed 310 in 2013 resulting in a payroll of \$11.5 million. He advised DJW spent approximately \$1.6 million for capital expenditures in 2013. Payments to the non-profit were in excess of \$5 million. With regard to capital expenditures planned for 2014, Mr. Pang stated they will be replacing the carpet throughout the facility, rewiring the slot floor in anticipation of the "Be Connected" program with Boyd Gaming, and getting new chairs for the slot machines and table games. Mr. Pang noted they will also be expanding the adjacent gas station on the property.

Hearing no comments or questions for Mr. Pang, Chair Lamberti called on Harvey's Iowa Management Company, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel (Harrah's). Janae Sternberg, Director of Finance, advised they invested approximately \$9.5 million to move from the riverboat to a land-based facility. Results indicate it was a positive move; gaming revenue was up double digits almost every month since the move. EBITDA also increased. Ms. Sternberg advised that starting in June they will begin installing the newest technology in electronic table games, an e-table games lounge, at a cost of \$1.5 million. They will continue to infuse maintenance capital into the property. She noted the payment to the non-profit increased by approximately \$100,000 from the previous year.

Hearing no comments or questions for Ms. Sternberg, Chair Lamberti called on HGI-Lakeside, LLC d/b/a Lakeside Hotel Casino (Lakeside). Bob Thursby, General Manager, advised 2014 capital expenditures would primarily be for new slot machines, slot bases, slot chairs, and new carpet for the restaurants. Additionally, they have started to upgrade the wiring of the slot

system in anticipation of an upgrade to the system in 2015. Last year's capital expenditures were for the expansion of the hotel, adding 150 rooms for a total of 190. Mr. Thursby noted the occupancy rate is in the mid-80% range.

Hearing no comments or questions for Mr. Thursby, Chair Lamberti called on Wild Rose Clinton, L.L.C. d/b/a Wild Rose Clinton (WRC). Scott Ivers, Chief Financial Officer for Wild Rose Entertainment, advised WRC saw a decline in gaming revenue of approximately \$3 million which he attributed to increased competition from VGTs in Illinois. He advised they continue to invest in the property in terms of updating the gaming floor and slots, and refreshing the facility.

Chair Lamberti asked about any specific capital expenditures for 2014. Mr. Ivers advised expenditures would be similar to 2012 and 2013; focusing on the gaming floor and reinvesting in the facility, noting that it is approximately 6 years old.

Hearing no further comments or questions regarding WRC, Chair Lamberti moved to Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg. Mr. Ivers advised Wild Rose Emmetsburg saw a slight drop in gaming revenue, which he attributed to the economy. He advised the property had seen an increase in revenue in each of the previous years of operation. Mr. Ivers advised capital expenditures were made in updating the gaming floor and keeping the facility fresh.

Commissioner Mertz asked if Wild Rose Emmetsburg is planning any major renovations or expansion either in 2014 or 2015. Mr. Ivers answered in the negative; they are just maintaining the property.

Hearing no further comments or questions concerning Wild Rose Emmetsburg, Chair Lamberti called on Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort (Riverside). Dan Franz, General Manager, advised 2013 revenues were flat at \$109 million and they spent a considerable amount of funds to reach that figure. He noted gaming revenue decreased 6%; slot coin in decreased 2.5% while table drop increased 2.1%. Non-gaming revenue: food and beverage set a new record with an increase of 1.4% over 2012; Mr. Franz stated comp revenue drove the increase, which was up by 6.9% while cash revenue decreased by 1.3%. With regard to hotel operations, there was an increase of 9.2% year over year, and the occupancy rate increased to 74% from 66%. Mr. Franz stated the property instituted a free and reduced rate program for resort club members to attract them to the facility and keep the gaming revenue up. Cash revenue was down 11.2%. Mr. Franz stated they are "refreshing" the hotel rooms to return them to Day 1 condition – new carpet, TV, furniture, fixture, etc. He advised golf revenues decreased 8.2% against the previous year due to weather conditions early in the season. Entertainment revenue was up just under a percentage point, while group sales revenue decreased by approximately 11.3%. EBITDA was down 7.2% from 2012 as a result of higher promotional allowances and higher expenses in an attempt to retain revenue levels. Mr. Franz stated \$3.4 million was given to the Washington County Riverboat Foundation, bringing the total amount to just under \$24 million since the facility opened. He advised taxes were timely paid; and they finished the year with a debt of \$59 million. Mr. Franz stated they had 732 employees at the end of 2013, 471 of which have been employed 2 years or longer. He stated that during

the second year of the Helping Hands employee volunteer program, over 110 employees logged over 7,700 hours of volunteer time, an increase in excess of 10% from the previous year.

Hearing no comments or questions for Mr. Franz, Chair Lamberti called on Grand Falls Casino Resort, LLC d/b/a Grand Falls Casino Resort (GFCR). Sharon Haselhoff; General Manager, noted the property received a clean audit with no internal control issues. She pointed out the facility is owned by 459 unit holders representing 750 Iowa investors. Ms. Haselhoff advised 2013 marked the second full year of operations, and provided the following figures: Gross Revenue: \$68.9 million, which was the result of \$58.1 million in gaming revenue and \$10.8 in non-gaming revenue. The breakdown for non-gaming revenue is as follows: food and beverage - \$6.3 million; hotel revenue - \$2.9 million; and \$1.7 million from retail, spa and entertainment. She advised promotional expenses were up 4.2% while costs of sales were 4.1%, leaving a gross margin of \$60.5 million. Ms. Haselhoff stated expenses totaled \$56.2 million, and provided the following breakdown: payroll, taxes and benefits - \$14.3 million; marketing and marketing promotions - \$7.5 million; and \$13.5 million in gaming taxes to the state, county and city of Larchwood; and \$2.1 million to Lyon County Riverboat Foundation. She advised EBITDA for the year was \$14.1 million. She noted the property had spent \$6.1 million on the golf course by the end of 2013. It is hoped the course will be ready for play by late summer. Ms. Haselhoff stated they have approximately 500 employees, noting they are the largest employer in Lyon County. She stated GFCR started its Above and Beyond program in 2013, which recognizes employees for providing exceptional guest service.

Hearing no comments or questions for Ms. Haselhoff; Chair Lamberti called on Bluffs Run Casino. Ms. Sternberg advised gaming revenue was down year over year, which was expected with the opening of the land-based facility at Harrah's. She advised it was a good year for Horseshoe Casino/Bluffs Run. Capital expenditures were on new slot machines and keeping the floor fresh. She noted they are currently in the midst of a large renovation with the installation of new carpeting in the casino and all food and beverage outlets. They are also doing a remerchandising project, which includes moving the games to different positions, new lighting, and painting.

Hearing no comments or questions for Ms. Sternberg, Chair Lamberti called on Iowa West Racing Association (IWRA). Pete Tulipana, Executive Director, briefly touched on some of the benefits that gaming has brought to Council Bluffs. He advised IWRA's revenues from Ameristar and Harrah's is stable at approximately \$7 million, which is down slightly from 2012, but noted revenues for the start of 2014 are up slightly.

Hearing no comments or questions for Mr. Tulipana, Chair Lamberti called on the Dubuque Racing Association (DRA). Dustin Manternach, Chief Financial Officer, reiterated the Dubuque market as a whole was down 4% and DRA's share was down about 5%. He advised DRA distributed approximately \$9.3 million to the city and local charities, \$1.7 million through their grant process, \$1.2 million to the City of Dubuque as the owner of the facility, and paid approximately \$12.5 million in salaries and \$2.8 million in benefits to the 400 employees. Mr. Manternach stated DRA refinanced their debt in 2014 and saved some interest expense. He noted they spent approximately \$3.2 million on capital expenditures for 2013, but expect that

figure to be approximately \$2.7 million in 2014, including some renovations to the floor, gift shop, and high roller area. With regard to long term development, Mr. Manternach advised they are partnering with the City of Dubuque to develop a master plan for Schmitt Island, which is where Mystique is located.

Hearing no comments or questions for Mr. Manternach, Chair Lamberti called on Prairie Meadows Racetrack & Casino, Inc. (PMR&C). Brian Wessels, Director of Finance, indicated PMR&C ended the year with \$187 million in casino revenue, which was down about 5.7% due to the remodeling project. He stated the facility employs about 1,300 with salaries, wages and benefits totaling approximately \$58 million for 2013. Mr. Wessels advised PMR&C made charitable contributions of approximately \$21 million. Capital improvements were \$18.5 million, with \$10.5 million being normal maintenance and another \$8.3 million for casino renovations. Mr. Wessel advised that starting with the hotel project and going forward, PMR&C has spent approximately \$70 million between the hotel and various remodeling projects.

Chair Lamberti asked when the remodeling projects are scheduled to conclude. Mr. Wessels indicated the spring of 2015. Chair Lamberti noted the hotel was a big addition, and asked how that was working for them. Mr. Wessels stated the hotel is meeting their expectations, and the occupancy rate for 2013 was about 76%, and has been increasing in 2014.

Hearing no comments or questions for Mr. Wessels, Chair Lamberti moved to the review of the horsemen's organizations financial audits, and called on The Iowa HBPA, Inc. and The Iowa HBPA Benevolent Trust. Jon Moss advised the organization continues to do its outreach through education programs on the backside of the track and promote best practices within the industry. He stated they continue to work with the Iowa Thoroughbred Breeders and Owners Association in order to put forward the best possible face for the thoroughbred industry in the state. The organization also does national outreach.

Hearing no comments or questions for Mr. Moss, Chair Lamberti moved to the Iowa Quarter Horse Racing Association (IQHRA) and Iowa Harness Racing Association (IHRA), noting that Mr. Ohorilko would be presenting the information on those two audits.

For the IQHRA, Mr. Ohorilko stated Tom Lopic, President, sent his regrets and a letter setting forth some of the highlights of the previous year. He noted the numbers received are unaudited, but it is anticipated the audited financial will arrive shortly. Mr. Ohorilko advised IQHRA had a net income of \$32,000 from last year; purses are not factored into the equation as they are paid directly by PMR&C. He stated a substantial amount of the IQHRA's income is derived from their Stallion Service Auction, which raised \$108,000 in 2013 – a new record. Mr. Ohorilko stated the group's initiative continues to be on the local community. Some of their main expenses are related to the Youth Days' Racing for the Future program, an educational program for youths 16-18 years old interested in the horse racing industry. He noted the IQHRA does award scholarships as part of the program, and also host a booth at the Iowa Horse Fair.

Hearing no questions concerning the IQHRA audit, Mr. Ohorilko moved to the IHRA audit. Mr. Ohorilko advised that Royal Roland had prepared a letter summarizing the audit. He stated the

IHRA's income is derived from the purse supplement codified a few years back. Their revenue was \$1.7 million, and they paid out purses of \$1.6 million in 2013. Mr. Ohorilko noted that 98% of the purses were paid to owners of horses foaled in Iowa. The IHRA believes the purse supplement has benefited them as they are seeing a steady increase in the number of foals raised by Iowans and the number of out-of-state breeders bringing mares to the state to foal.

Hearing no comments or questions regarding the IHRA audit, Chair Lamberti moved to the next agenda item, the Decision to be rendered in the contested case proceeding regarding the denial of Belle of Sioux City, L.P.'s application for renewal of its operator's license for the Argosy Casino in Sioux City. He noted a hearing on this matter was heard by the full Commission on March 5-6, 2014. Chair Lamberti advised the issue of the hearing was whether or not the applicant's lack of an operator's agreement with a qualified sponsoring organization that is licensed to conduct gambling games at the Argosy Casino in Sioux City, Iowa precludes renewal of the applicant's license to operate the Argosy Casino. Following the hearing on March 5-6, the Commission went into deliberations and instructed the Administrative Law Judge to draft an opinion and order consistent with the decision of the Commission during deliberations. Chair Lamberti noted the proposed Order was before the Commission, and stated the ruling is that the 2013-2014 License Renewal Application submitted by Belle of Sioux City, L.P., for the Argosy Casino – Sioux City is denied. The Order states the conduct of gambling games at the Argosy Casino – Sioux City shall cease on or before July 1, 2014. Chair Lamberti stated that if the Commission adopts the Decision and Order, it would become final.

Chair Lamberti moved to adopt the Decision as drafted by Administrative Law Judge Scase as the final decision of the Commission. Commissioner Mertz seconded the motion, which carried unanimously. Chair Lamberti advised the Decision has been approved, and will be the final decision of the Commission.

Mark Weinhardt, legal counsel for the Belle of Sioux City, L.P., inquired if they would be permitted to address the Commission on this matter at this time. Chair Lamberti answered in the negative.

Chair Lamberti moved to contract approvals and called on GFCR. Ms. Haselhoff presented the following contracts for Commission approval:

- Midwest Turf & Irrigation, Inc. – Golf Course Equipment
- Steffl Drilling & Pump, Inc. – Golf Course Construction – Wells & Pump
- TurfWerks, Inc. – Golf Course Equipment

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by GFCR. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on SCE Partners, LLC. Todd Moyer, General Manager, presented the following contracts for Commission approval:

- American Register Company – Hotel Equipment and Operating Supplies
- Cintas – Uniform Supplier
- En Pointe Technologies Sales, Inc. – Personal Computers, Personal Computer Software and Server Software
- Genesis Gaming, Inc. – Player Tracking System
- TCS John Huxley – Table Games Furniture/Supplies
- Tri City Electric Co. – Wireless Network and Slot Machine Switch Gear
- NRT Technologies, Inc. – Ticket Redemption Kiosks
- Micro Gaming Technologies, Inc. – Marketing Kiosks
- VSR Industries – Slot Lock Supplier
- Theresa Hartsell, LLC – Electrical Consultant and Low Voltage Coordinator

Chair Lamberti asked about a projected opening date. Mr. Moyer stated the project is on schedule for a mid-to-late summer opening, but would prefer not to release the date at this time.

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by SCE Partners, LLC. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Lakeside. Mr. Thursby presented a contract with USA Security for a CCTV system.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by Lakeside. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on IOC Bettendorf, L.C. d/b/a IOC Bettendorf. Stacy Hall, legal counsel, presented a contract with Jim Giese Commercial Roofing to remove the existing roof and install a new roof on the south tower hotel building.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contract as submitted by IOC Bettendorf. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Rhythm City Casino, LLC d/b/a Rhythm City Casino (Rhythm City). Mo Hyder, General Manager, presented the following contracts for Commission approval:

- Aristocrat – Slot Machine Leases & Parts
- Atrium Finance – Guest Lodging
- Midwest Coca Cola Bottling – Coca Cola Beverages
- Data Business Equipment – 5-Year Maintenance Agreement on 2 BPS Count Room Machines
- Delta Dental of Iowa – Employee Dental Insurance Benefits
- Grand Falls Casino Resort – Support Services (RP)

- King Foodservice – Food Purchases
- Marquette Transportation – Tugboat Services for Vessel Safety during Floods
- MedOne Healthcare Systems – Prescription Drug Benefit Plan
- Myers-Cox – Cigarettes, Sundries & Candies
- Kidder Benefits Consultants/Nationwide Investments – 401K Plan Consultant/Custodian
- Reinhart Foodservice – Food Purchases
- Riverside Casino & Golf Resort – Support Services (RP)
- 7G Distributing – Beverage Purchases
- TPI – Direct Mail Advertising
- Thomas V Lasse – Lease of Warehouse Space
- US Bank – ATM Agreement
- Wells Fargo Business Elite Care – Credit Card Purchases

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by Rhythm City. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on WRC. Gus Linke, Interim General Manager, presented a contract with Per Mar Security for a new surveillance system.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by WRC. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Harrah's. Ms. Sternberg presented a contract with BP Canada Energy Marketing as a natural gas supplier.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contract as submitted by Harrah's. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Horseshoe Casino/Bluffs Run. Ms. Sternberg presented a contract with BP Canada Energy Marketing as a natural gas provider.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contract as submitted by Horseshoe Casino/Bluffs Run. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on DRA d/b/a Mystique Casino (Mystique). Mr. Manternach presented a contract with Union Hoermann to provide printing services for direct mail.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by Mystique. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on PMR&C. Gary Palmer, General Manager, presented the following contracts for Commission approval:

- Bolton and Company – Jockey’s Accident Insurance
- EMC Risk Services, LLC – Worker’s Compensation Insurance
- Graham Construction – General Contractor
- Hansen Company Inc. – General Contractor
- Keck Inc. – Gasoline and Diesel Fuel Purchases
- Light This Production, LLC – Audio and Lighting Services for Concerts
- Neumann Brothers Inc. – General Contractor
- Spielo International USA, LLC – Gaming Equipment and Supplies

Mr. Palmer advised Derron Heldt, Director of Racing, was available to address the update on the upcoming thoroughbred meet. Chair Lamberti requested the report be given prior to the Commission acting on the contracts.

Mr. Heldt advised the 2014 race meet would commence on April 18th. He noted the spring weather has been challenging due to the cold, wind, wind chills and frost, making it difficult to get the training track and main track open for the horses to train. Training was supposed to start on March 18th; however the opening of the training track was delayed by two or three days due to frost coming out of the ground. PMR&C staff felt it was unsafe for both horses and humans to be on the training track. The main track was scheduled to open the following week; however, there was still a substantial amount of frost in the ground; opening was delayed about a week and finally opened on April 2nd. Mr. Heldt stated he might have been a little overcautious with the track, but didn’t want to experience any trouble with the main track in June and July. He stated PMR&C has received in excess of 1,600 stall applications; there are only 1,350 stalls available. There are approximately 870 horses on the backside currently; more are expected from around the country as thoroughbred meets at other tracks come to an end. Mr. Heldt stated the track should have close to 1,100-1,200 horses in another couple of weeks. He advised the racing secretary, Pat Pope, arrived from Oaklawn Park on Monday of this week. Mr. Heldt noted he has a lot of experience in the Midwest and east coast, which should prove beneficial in helping PMR&C build its program. He stated Wednesday, April 16th was the first day of entries, where races were drawn for opening day, and there were 10 more horses in the races compared to opening day in 2013.

Chair Lamberti called for any questions concerning the contracts. Commissioner Mertz asked how much insurance coverage PMR&C has on the jockeys. Mr. Heldt stated he thought it was around a half million. Commissioner Mertz asked if that was sufficient. Mr. Heldt stated it has been up to this point, and is aware other tracks around the country might carry more, but feels the amount here is sufficient at this time. Commissioner Mertz asked PMR&C to look at raising the amount of coverage to one million, noting that it might be cheaper to do so now rather than later. Hearing no further comments or questions, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by PMR&C. Commissioner Heinrich seconded the motion, which carried unanimously.

Mr. Palmer advised PMR&C would be celebrating its 25th anniversary this year.

Chair Lamberti moved to Public Comment, and called on Mr. Weinhardt. Mr. Weinhardt stated he was addressing the Commission's Decision to non-renew the Belle's license and ordering them to close the Argosy Casino by July 1st. He noted that each of the Commissioners was appointed by a Governor, and regardless of which Governor, who constantly talked about the importance of the business climate in Iowa, whether it was agriculture, manufacturing, insurance, or gaming. Mr. Weinhardt stated Iowans will not invest, nor are individuals from outside the state going to bring their business to Iowa, unless they have confidence in the state's business climate; they want to know the treatment they receive will be predictable, reliable and fair. He stated today's decision portends a tremendous change; it presents three red flag warnings for the gaming industry in the years to come. Mr. Weinhardt urged all of the operators to pay close attention to what has happened to Penn National (Penn). The first red flag, learned from the course of these proceedings, is the qualified sponsoring organization (qso) rules the roost; noting that Missouri River Historical Development (MRHD) made a conscious decision in 2011 to run Penn out-of-town and replace them regardless of the contractual situation between the parties. He questioned how they were legally able to do so and how the Commission was able to countenance it.

Mr. Weinhardt stated the Commission's attorneys determined the words "conduct" and "operate" mean different things in Chapter 99F of the Iowa Code; however, in the real world, the two words mean the same things. He urged everyone to read all of the filings submitted in this dispute; "conducting" is something that only a qso can do whereas "operating" is what the operator must do. "To conduct gaming" is what gives the qso all of the power in the relationship. Mr. Weinhardt congratulated the qso representatives in attendance, noting their agreement with their operator is a hostage crisis waiting to happen; they have the ability to decide what they want – a higher percentage of the revenue; a different facility; new investments, and maybe a new operator. He stated Penn's experience shows the contract between the parties doesn't matter; Mr. Weinhardt stated Penn has, and had, a contract with its qso, which made a decision to not abide by the contract or negotiate in good faith for a new contract. When the matter came to a head in June 2012, Penn asked the Commission for a fair hearing; a day in court where they could prove they had a contract and that MRHD did not follow the contract. Mr. Weinhardt stated they have not received that day yet. He noted MRHD now has a contract with Hard Rock; however, if MRHD wants to change its mind and dump Hard Rock, they can do so. He went on to say the operator could sue the qso, except the qso is just a conduit and doesn't have any assets the operator could get – certainly nothing equivalent to the millions of dollars invested in the facility. Mr. Weinhardt stated the qsos are bullet-proof, except for a couple of issues:

- If the operator provides the qso with a financial statement and lists an asset value for their license, don't believe it as it is not worth the paper it is printed on; and
- Going forward, what operator is going to want to invest in a facility?

Mr. Weinhardt questioned the fairness of the hearings held before the Commission; noting the federal constitution, state constitution, Code of Iowa, Supreme Court and common sense indicate

that if an entity possesses a license to carry on a valuable business, the license cannot be taken away without a fair hearing in front of a fair tribunal. He stated Penn received their notice in August 2013 telling them about the proceedings, the decision of which was announced today. Mr. Weinhardt stated Penn looked forward to their day in court as the notice indicated the hearing would be about whether or not they had a contract with their qso and what the contract said. He stated they prepared for their day in court, but the game changed on them. When they arrived at the hearing in March, Penn was informed the parties would not be litigating about whether or not there was a contract, but on the fact that MRHD had let its own license lapse – it didn't matter what the contract said. Mr. Weinhardt stated that was the only position the State took during the proceeding. He further stated that no one with significant knowledge of the facts would sincerely believe that MRHD's license is lapsed as the Notice establishing the hearing stated that MRHD is the qso licensed to conduct gambling games at the Argosy Casino Sioux City, the opposite of the position that was used in the hearing. Mr. Weinhardt noted that in court proceedings where lawyers are obligated to say what they believe is the truth, MRHD, the Commission, the City of Sioux City, and Sioux City Entertainment have all indicated in various court proceedings that they believe MRHD is licensed. He stated no one believes MRHD's license has lapsed; it was used as a way of changing the issue from taking a contract away from Penn so as to change the game through deception. Mr. Weinhardt stated the changing of the game at the last minute is not how judicial proceedings should be conducted.

Mr. Weinhardt stated operators have learned not to rely on what the regulators tell them. At the end of 2012, Penn was in a pickle and understood their license was continued by operation of law; however, they wondered whether they should file a license renewal application for their license or not. Penn determined they should; however, were advised it was not necessary by Mr. Ohorilko via e-mail three days prior to the deadline. Mr. Weinhardt advised Penn did prepare a license renewal, which was e-mailed to the Commission's legal counsel who red-lined the application and removed the word "renewal" out of it and returned it. Mr. Weinhardt advised that during the proceedings in March, John Lundquist, legal counsel for IRGC, stated the issue before the Commission was whether or not a 2013-2014 license application that Belle submitted to operate the casino at 100 Larsen Park Road, Sioux City, IA should be granted. He questioned if the only issue in the hearing last month was whether or not the renewal license should have been granted how the Commission could tell them not to file an application. Mr. Weinhardt noted that Penn understands they are operating by operation of law and not by a particular license application, but wondered for how long. He pointed out it would be through the length of the proceedings as there are various issues before the Court; that it is not being ended today. He asked how long Penn would get to operate while the Court is reviewing this matter. Mr. Weinhardt stated Chairman Lamberti and Mr. Ohorilko publicly stated for months that Penn would continue to operate through all judicial proceedings until the last few weeks; Penn is now being told they will close by July 1.

Mr. Weinhardt stated his client is an easy target; they are a big company from out-of-state. It is easy to say we would prefer someone more Iowa-based, more home-grown. He noted casinos are not built with funds raised in kick-starter campaigns. The Hard Rock is not built with funds from several northwest Iowans who passed around a hat; sophisticated investors largely from other states or financial capitals are the ones who will be making decisions about committing resources to make Iowa grow or not grow. They use various formulas and math to determine

the benefits of whether or not they should invest; he stated one of the terms of the equations is the reliability and predictability in how those companies are going to be treated in the state. Mr. Weinhardt stated that with the conclusion of what has happened with Penn; those equations have changed – for the out-of-state and in-state operators. He indicated that is not the future of gaming that Iowa should want.

Chair Lamberti moved to Administrative Business, and the distribution of the Horse Promotion Fund. Mr. Ohorilko advised there is \$2,908.24 for distribution. Three groups have submitted applications for the funds: Legacy Harness Horse Foundation, Iowa Thoroughbred Breeders and Owners Association and the Iowa Quarter Horse Racing Association. He stated all three entities have submitted the necessary documents to be eligible for the FY 2014 funds. Mr. Ohorilko recommended distributing the fund three ways, divided equally amongst the three entities.

Chair Lamberti requested a motion. Commissioner Mertz moved to approve the distribution equally amongst the Legacy Harness Horse Foundation, Iowa Thoroughbred Breeders and Owners Association and the Iowa Quarter Horse Racing Association. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the hearing for DRA for a violation of Iowa Code §99F.4(22), the self-exclusion provisions. He noted there is a proposed Stipulated Agreement in the matter.

Mr. Ohorilko advised Commission staff has entered into a Stipulated Agreement with DRA. He stated there was a violation of the Resolution previously implemented by the Commission which required the execution of a process to eliminate the possibility of an excluded person receiving a player's club account. An individual that signed up to be on the state-wide program in 2009 at PMR&C was playing blackjack at Mystique in January 2014. He requested a comp; the facility asked for information from the player who wrote the information down on a piece of paper. Subsequently, a player's club card was issued. Mr. Ohorilko stated DRA's policies and procedures did not require the supervisor to obtain any identification or check the state-wide list. He noted Mystique acknowledges the facts as stated are true, and has agreed to an administrative penalty between \$3,000 and \$20,000. Mr. Ohorilko advised Mystique has not had any violations of this nature in the past 365 days, and consistent with past practice, the Commission typically assesses a fine on the lower end of the range.

Chair Lamberti called on Mr. Manternach for DRA/Mystique's response. Mr. Manternach advised Mystique takes the situation very seriously, and is using this situation as an opportunity to strengthen their procedures. The procedures have been reviewed with all relevant departments to reiterate the importance of the policies and procedures.

Chair Lamberti noted there was a unique set of circumstances, but there was a weakness in the system that allowed the individual to obtain a player's club card prior to the self-exclusion list being checked. He asked if it was a failure to follow policy or a problem with the policy that has now been corrected. Mr. Manternach noted the problem has been fixed. He pointed out the individual provided the facility with an incorrect name, which was checked against the database. Mr. Manternach stated the employee issuing the card did not check the individual's ID.

Hearing no further comments or questions concerning the proposed Stipulated Agreement, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the Stipulated Agreement as submitted, and assess an administrative penalty of \$3,000. Commissioner Mertz seconded the motion, which carried unanimously.

Following a short break, Chair Lamberti stated he had received numerous inquiries as to how the rest of the day would go. He noted the next agenda item is an administrative appeal; and following the hearing, the Commission will go into Executive Session to consider the decision to be rendered; will come out of Executive Session, and proceed with the remainder of the agenda. He noted the room will have to be cleared for the Executive Session; but there will not be an additional recess.

Chair Lamberti moved to the appeal of the Administrative Law Judge (ALJ) Decision in the matter of Blane Hadley. He noted the Commission would need to move in order to see the screen. The hearing rules allow for a 10-minute argument from each side, with the appellant going first. The appellant will have five minutes for rebuttal.

F. Montgomery Brown, legal counsel for the appellant, noted Jeff Johnson from the Jockey Guild was also present on Mr. Hadley's behalf. Mr. Montgomery advised the Commission would be seeing a video of a quarter horse race at PMR&C from October 10, 2013. The horse's name is Mts No Marks On Me, and is in the fifth lane. He requested the video be played.

Following the video, Mr. Montgomery stated Mr. Hadley was riding the animal on October 10th, and it was ultimately determined by a photo finish that he lost by a nose. He stated "alleged bettors" called in to complain about Mr. Hadley's riding and failure to use a whip on an animal. The stewards reviewed the film and determined Mr. Hadley failed to give his best effort in the race due to his failure to use a whip and other factors that were undisclosed or uncertain at the time. Mr. Montgomery stated the Stewards suspended Mr. Hadley for thirty days. He advised the decision was appealed to the ALJ, and a full evidentiary hearing was held. While the ALJ affirmed the decision; he did not expressly rule on the length of the penalty which was also appealed. Mr. Montgomery stated the case was appealed to the Commission for a review of the fact that Mr. Hadley failed to ride to the best effort and the thirty day suspension. He stated if the violation is not overturned, he feels it is arbitrary, capricious and unreasonable.

Mr. Montgomery stated Mr. Hadley has chosen a profession which requires him to ride large animals, which are not particularly bright but have their own peculiar tendencies. He stated he has been told that, in this profession, two people per year are killed and several others are paralyzed or partially paralyzed. He stated that being a jockey is a dangerous profession; and noted, to his knowledge, that no one has ever been killed in the National Football League or a NASCAR race in the last decade. On the other hand, Mr. Hadley, in losing by a nose in the last 4 to 5 meters of a 300-yard race, allegedly failed to give his best efforts. Mr. Montgomery noted Mr. Hadley had ridden the horse one other time. He pointed out that Mr. Hadley had a duty to ride the horse in a manner that was safe for himself, the horse and the other riders, and keep it in its own relative lane space even though a horse track is not laned like a human track. Mr.

Montgomery stated the video reflects, if viewed objectively and as admitted by Ralph D'Amico, the State Steward, that the horse was drifting to the right and was outside of its expected lane space prior to the finish. Mr. Montgomery stated the ALJ failed to credit the following issues with regard to the horse: it had never been ridden this distance before; it had never been ridden that fast before; it did not need to be whipped; and at least one other rider refused to ride this horse due to its tendency to "lug out" to the rail and had done so after the finish in previous races. He noted Mr. Hadley was aware of the horse's tendency to "lug out". Mr. Montgomery stated it is relatively clear from the video, and which was not credited by the ALJ and testified to by Mr. Hadley, that near the finish Mr. Hadley turned to the right to determine where the No. 6 horse was because his horse was veering to the right. He stated Judge Priester's Decision is, to the extent that it fails to credit the testimony of other jockeys with regard to the horse's tendencies, Mr. Hadley's account that he did not need to whip an animal unnecessarily regardless of what the betting public desired, that the horse was running as fast as it could, and that it started to "lug out" to the right near the finish and he looked to determine where the next horse was, at best unreasonable. Mr. Montgomery stated Mr. Hadley is an athlete, and not a very big one. Every athlete, for whatever reason, does not always have his best day. Mr. Hadley is involved in a sporting activity that requires an ambulance to follow behind him and the other jockeys. He stated Mr. Hadley puts his life on the line in an attempt to win races, and in this particular case, there has been no finding of fraud or any evidence of fraud, nor any motive to do so. Mr. Montgomery noted that if Mr. Hadley had won, he would have received a larger share of the purse.

Mr. Montgomery stated it was claimed during the initial interviews that Mr. Hadley indicated he rode the horse the same way he had before; he used a whip on a slightly smaller scale in a previous race; however, Mr. Hadley denies making that statement. Mr. Montgomery indicated the statement, if made, is largely irrelevant. Mr. Hadley's viewpoint, and what he testified to, is that the horse was doing something that could endanger himself, the other horses and other jockeys and he responded. Mr. Montgomery stated the jockey should be given the benefit of the doubt in a contested matter if they are trying to maintain the safety of themselves and others as he is the one on the horse and can feel each movement. Mr. Montgomery asked the Commission to consider his arguments and those set forth in the appeal letter of February 5, 2014.

Mr. Montgomery turned his comments to the length of the penalty, noting that 30 days is a long time and Mr. Hadley has no prior violations; and is a respected and successful jockey. He stated there is no motive, if the Commission finds there is a violation, to pull the horse back in any way whatsoever as it cost him money and opportunities in the future if viewed as affecting the outcome of the race. Mr. Montgomery stated Judge Priester did not make any finding that the situation affected the outcome of the race; that the horse still wouldn't have been beaten by a nose in a 300-meter race he had never run before. He stated that 30 days was excessive in his opinion, and presented some additional exhibits. Exhibit B is a PMR&C Ruling from May 24, 2010, the most recent instance a jockey was disciplined for failure to give his best effort. He conceded it was under a somewhat different circumstance as the horse was not even going to place and the jockey was fined \$200. The Jockey Guild has conducted a survey going back at least three years, and Exhibit B1 is a spreadsheet of failure to give best efforts from around the nation. When suspension time was imposed, it was due to prior violations by the jockey. Mr.

Montgomery stated that of the numerous violations handed down across the nation; almost all of them resulted in fines between \$200 and \$500. He stated if the suspension in this matter, which was not decided by ALJ Priester, is predicated in whole or part by bettor's complaining, it is an error of law and is arbitrary and capricious.

Mr. Montgomery concluded his remarks by reiterating that Mr. Hadley risks his life on a daily basis, and asked the Commission, if it upholds the ALJ Decision which they feel is not supported by substantial evidence, to consider a suspension of 10 days or less as some jurisdictions would permit Mr. Hadley to ride in selective events in and around a suspension if it is less than 10 days. He requested the Commission strike the ruling and reverse it, or in the alternative, substantially reduce the penalty in this matter to one that is reasonable within the circumstances. Mr. Montgomery offered Exhibits B and B1.

Jeff Peterzalek, Assistant Attorney General representing the Commission, stated under Chapter 99D the Commission has jurisdiction over each and every race meeting that occurs in the state. He noted the Commissioners do not sit and personally watch every race or preside over every race that is run in Iowa but delegate the authority to the Board of Stewards, which is comprised of three individuals who do preside over and watch every single race that is run at PMR&C. Mr. Peterzalek stated the individuals on the Board of Stewards have approximately 130 years of combined horse racing experience as jockeys and trainers. The same individuals presided over the race that occurred in October 2010. He noted the stewards, having watched the live race and then watching the video after the race, unanimously believed there was a let up at the end of the race; that the jockey did not give his best effort. He also noted that patrons had called the track to complain as it was obvious to them there was a problem; that the jockey had let up. Mr. Peterzalek stated the evidentiary hearing in this matter went on for several hours, noting the State presented evidence from the Chief Steward and the trainer of the horse. The trainer also indicated that he did not feel Mr. Hadley had given his best effort in this particular race; as did the President of the Quarter Horse Racing Association after watching the video. Mr. Peterzalek stated he did not believe the culpability for the infraction itself is at issue; it is very clear from the people who know about this type of racing the infraction occurred. He believes the fighting issue is the penalty, noting many of the arguments presented by Mr. Brown were the same ones presented during the evidentiary hearing. Mr. Peterzalek stated the ALJ determined the infraction did occur; determined it didn't matter if there was a motive, nor did it matter there was no determination made as to whether the infraction affected the outcome of the race as it does not pertain to the rule in question. He stated it does impact the penalty. Mr. Peterzalek stated the lower penalties or fines were given to horses and jockeys that did not have any chance of placing or finishing. He noted that in this case, had the jockey not let up, there are indications the horse would have won, which he feels is why many of the bettors called. Mr. Peterzalek reiterated the only fighting issue is the amount of the penalty. He stated the materials provided by Mr. Brown, noting he had looked at similar information on the Racing Commissioners International website, tracked the penalties handed down during these types of infractions. He stated there are some where the penalty has been twice as long and a lot of cases where it has been less. He indicated fines were assessed in the majority of the cases where the horses did not have a chance of finishing in the money. Mr. Peterzalek stated a 30-day suspension is a lengthy suspension, and the documents before the Commission show it is longer than most of the suspensions. He

reiterated the length of the suspension is the issue. He pointed out the Commission has the same jurisdiction and authority as is given to the Stewards who preside over the race. Mr. Peterzalek stated the State is asking the Commission to determine whether the penalty is appropriate.

Chair Lamberti called on Mr. Brown for any rebuttal. Mr. Brown reiterated the horse in question has tendencies which are dangerous to its rider, which Mr. Hadley knew. He stated that while most of us like to maintain we are fearless in our professions, it is not always true; that in the face of danger we will behave differently, which can affect our performance. Mr. Brown suggested that as the explanation for what the Stewards perceived from the video. He stated that in considering whether to reverse the finding or evaluating the length of penalty, the Commission should take into consideration the fact jockeys risk their lives on a daily basis, and are subject to the same human frailties of fear and anxiety as everyone else, and sometimes they just have a bad day. He pointed out that Mr. Johnson was thrown over the rail during a race at PMR&C in the 1990's by a horse that lugged out. Mr. Brown stated, based on the totality of the circumstances of the alleged offense and the characteristics of the appellant, who has no prior disciplinary action against him and is highly regarded in the industry, the 30-day suspension is unreasonable. He reiterated there is some significance to reducing the length to 10 days. He requested the suspension, if not overturned, be reduced to 10 days or less.

Chair Lamberti asked Mr. Peterzalek if he had anything further to present. Mr. Peterzalek advised he did not.

Chair Lamberti called for a motion to go into Executive Session. Commissioner Mertz moved to go into Executive Session pursuant to Iowa Code Section 21.5(f) for the purpose of discussing the decision to be rendered in a contested case conducted according to the provisions of Chapter 17A. Commissioner Kramer seconded the motion, which carried on a unanimous roll call vote.

Following the conclusion of Executive Session, Chair Lamberti reconvened the meeting in open session. Chair Lamberti moved to affirm the Decision of the ALJ and to modify the penalty provision of the Order from a 30-day suspension to a 20-day calendar suspension with the suspension to begin on the first race day of PMR&C's 2014 quarter horse meet. He requested a second to the motion. Commissioner Mertz seconded the motion, which carried unanimously. Chair Lamberti stated an order would be issued pursuant to the motion.

Chair Lamberti moved to the last item on the agenda – the decision regarding the application of Cedar Rapids Development Group, LLC and Linn County Gaming Association, Inc. with respect to a gambling structure license in Linn County. He noted past practice has been for each Commissioner to make comments prior to a decision being issued.

Commissioner Heinrich stated he has been reviewing the proposal based on the criteria set forth in the law and all of the data and information received over the previous months. He commended the principals for the planning, preparation and presentations as all were clear, and precise. He stated the application and principals are in compliance with the law, have a high degree of integrity, have submitted information showing the positive effect in Linn County, had adequate financing, and excellent plans for the casino. Commissioner Heinrich stated he did not

have any question about those criteria and the information provided; that is not the issue in his mind. He stated his concern is the impact on the existing operations, noting he has expressed the sentiment in meetings with individuals representing Linn County and those opposed to the proposed facility. He indicated he also needed to be cognizant of the effect on the State and the various communities that would be impacted by the Commission's decision. Commissioner Heinrich noted he received a significant amount of correspondence from individuals that would be affected, both in and out of Linn County, which were well thought out. He stated his understanding, from the information received, is that a Cedar Rapids casino would affect gross revenues of existing operations, and employment opportunities – positive and negative. Commissioner Heinrich commented on the amount of community support exhibited in Linn County, as well as the communities with existing casinos. He advised another important area for him was the population growth, noting Iowa is not growing at a significant rate. He wondered if the Commission continues to grant licenses if they are just shifting financial resources and jobs or adding economic benefits to local communities and the State. Commissioner Heinrich stated he did not believe eastern Iowa is underserved; that if anyone does desire to gamble, they can reach an existing facility in approximately one hour in most cases; and that a new license would impact existing operations in eastern Iowa to different degrees. He stated the overall net benefit for the State gaming industry in eastern Iowa in terms of total operations is not sufficient enough to add a new license at this time.

Commissioner Mertz thanked the Cedar Rapids group and commended them for their efforts. She indicated this was a hard decision for her. She advised that in rereading the studies, they were all about cannibalization, but did not include anything about entertainment venues or new businesses that would or could start up as a result of the proposed casino. In reading between the lines, she got the message “No more gaming. No more gaming.” from the studies. She sees the revenues from the proposed casino as “new money” that would be available to the State. She noted the Cedar Rapids legislative delegation requested \$8 million in trail money; she stated that it should not have to come out of the taxpayer's pocket; it should come from the community. Commissioner Mertz expressed concern about the amount of tax dollars going to things that communities should be doing themselves, or at least partially with some assistance from the State. She noted there are 16 criteria points. She stated it is not her intent to put anyone out of business or have individuals lose their job, but feels the percentage by which the referendum passed and the community support should be taken into consideration. Commissioner Mertz stated she is a farmer and puts herself at risk every day; she likened gaming to farming – let the market drive the industry. She commented on the number of letters she received, which she divided between pros and cons; and the pros outweighed the cons. Commissioner Mertz stated she would be casting a yes vote.

Commissioner Kramer commenced her comments by apologizing to those who would not like her decision; but indicated she had a decision to make that she believes is right for the State of Iowa and uphold the integrity of the Commission. She thanked Cedar Rapids for their warm welcome; noting that it was great to see the city starting to rebuild after the devastation of the floods. While she feels the support and passion for the project within the community; she also sees the passion on the other side – the fear of lost jobs, the viability of surrounding casinos, loss of revenue to non-profits and the trickle-down effect that comes from that, and the saturation of

casinos in eastern Iowa. She stated she has spent hours reading the letters, e-mails and taking phone calls; noting this issue has been on her mind constantly. After reviewing the criteria, the economic impact criteria weighed on her heavily. The Commission hired two experienced companies to perform studies, both of which indicated the Iowa market is approaching saturation. Commissioner Kramer stated granting a license to Cedar Rapids would signal a significant shift in policy where the impact is estimated to be in excess of 30% on an existing property. She stated she also feared how the Commission would address future applications in Iowa if they ignore the results of the studies. Commissioner Kramer stated she could not support the Cedar Rapids application for the above stated reasons.

Commissioner Arnold thanked the residents of Cedar Rapids for the warm welcome. He also indicated this has been a very difficult decision; and that he has received and read numerous letters and e-mails both in support and opposition to the license. In addition to the letters, the Commissioners also heard the presentation from the applicant, reviewed the application, and received public testimony. Commissioner Arnold stated he had reviewed various materials sent to the Commission, and documents prepared by Commission staff and various stakeholders, and spent considerable time reviewing the market studies and the licensing criteria in the Administrative Rules. He stated the application meets many of the criteria that are to be taken into consideration in making a decision on whether to grant or deny an application; specifically it has strong community support and is a first class development with a number of amenities. Commissioner Arnold stated he has several concerns that many of the criteria related to the economic impact were not met; he is most concerned by the fact the market studies indicate the application would affect revenues by more than 10% at two facilities and Riverside having a possible impact of 42%. He noted the Commission received three additional studies for review from various stakeholders, with two of them showing similar results to the market studies completed on behalf of the Commission. Commissioner Arnold pointed out that existing Iowa statutes and Administrative Rules require the Commission to consider the impact on other casinos, which would likely trickle down to decreased investment in their properties and result in a loss of jobs. He stated no gaming license in Iowa has ever been issued when such a high percentage of impact has been shown on existing facilities. Commissioner Arnold stated he must oppose granting the license.

Chair Lamberti also indicated the decision making process has been very difficult for him. He stated the Commission tries to conduct the licensing process in an open and fair manner where all parties are given a fair opportunity to present their case to the Commission members, and feels confident that goal has been met. He also expressed confidence in the individual Commission members doing their best to arrive at what they feel is the correct decision; noting some people will be disappointed in the decision. Chair Lamberti stated the decision-making process starts with Iowa law, which does not give a lot of guidance; it simply states the Commission shall determine the number and location of such facilities. He stated Iowa is probably the only state in the nation that puts that much authority and discretion in the hands of their Commission as opposed to the Legislature and Governor giving much more guidance. The criteria to be considered in whether to grant a license are developed by the Commission, and they have the ability to weigh the various criteria and give different weights to those elements.

Chair Lamberti stated that in making his decision, he looked at the history and actions of previous Commissions; where they started and where the Commission is at today with respect to gaming and the gaming industry in Iowa. He noted the Commission in Iowa has never taken the position that it is a free-market system for gaming in Iowa; they have not done so in their interpretation of the law, in the promulgation of rules, and, most importantly, in the decisions that have been made relating to the number and location of gaming facilities in Iowa. He feels the Commission has attempted to take a balanced approach in considering new licenses; the Commission looks at economic impacts on the local community, jobs, benefits to the State and the various communities with the overarching goal of providing a stable and predictable gaming environment in Iowa. Chair Lamberti stated the Commission expects and requires significant investment in the facility when a license is granted, but they also expect an ongoing commitment to capital investment to improve the facilities and keep them modern and competitive, and free from significant disruptions. He stated previous Commissions have done a good job of creating a stable and predictable gaming environment.

Chair Lamberti stated that when he looks at the Cedar Rapids application, he would echo the comments of the other Commissioners; there is no question about the quality of the application and proposal submitted. He stated it would pass the majority of the criteria with flying colors; there was nothing further the applicant could have done to improve the quality of the proposal. However, Chair Lamberti advised the Commission does not have the luxury of reviewing the application in isolation; they have to be mindful of what has happened in the past and the current gaming environment. He noted the Commission engaged two companies to provide market studies, and while not perfect, believes the studies were reliable and provided the Commission with information, in part, needed to reach their decision. Chair Lamberti stated that for him to approve the application would be a substantial change in the policies and approach of the Commission in issuing new licenses. He believes the impact on existing facilities is too large and presents the risk of destabilizing the gaming market in Iowa; and would be a significant policy change from the Commission's previous emphasis on significant investment in the facilities both initially and ongoing. Chair Lamberti stated he was not prepared to make that change in policy or balanced approach of previous Commissions and potentially disrupt the stable gaming environment in Iowa; that it would be a significant precedent in how the Commission looks at licenses and new license applications. Chair Lamberti stated he believes previous Commissions have adopted the balanced approach in order to maintain a healthy, stable environment to encourage significant investments and not allow new licenses where there would be a significant impact or impairment on existing facilities. He noted it has been a consistent theme in recent years, and believes the current Commission will be continuing that direction today. Chair Lamberti stated the Legislature and Governor could adopt different policies with respect to new licenses in Iowa; the Commission operates within the environment of Iowa law. He indicated if they elect to do so, he believes it would require them to look at the tax rates and how much gambling the state wants. He noted the current decision is being made under existing statutes and rules, and it matters when the Commission's studies indicated a significant economic impact on existing facilities and setting a precedent the Commission has never done before in terms of the significant economic impact on existing facilities. Chair Lamberti concurred with previous comments about the community support and hard work behind the application; stating it

is not fun to go through this process but believes the Commission as a whole is making a decision they feel is in the best interest of the State of Iowa.

Chair Lamberti moved to deny, without prejudice, the application of Cedar Rapids Development Group, LLC and Linn County Gaming Association, Inc. Commissioner Heinrich seconded the motion. The motion carried on a 4-1 vote, Commissioner Mertz voting no.

Chair Lamberti requested a motion to adjourn the meeting. Commissioner Mertz so moved. Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
MAY 29, 2014**

Following a tour of the proposed casino site in Jefferson, Iowa, the Iowa Racing and Gaming Commission met at the Sierra Theater. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz

Chair Lamberti called the meeting to order at 12:30 PM. Mayor Craig Berry welcomed the Commission to Jefferson, noting they had an opportunity to see many of the businesses in the community that have put Greene County on the global stage. He noted many in the room would be addressing the Commission, expressing why they believe the proposed casino entertainment complex would be good the county, region and community. Mayor Berry stated he retired from the Department of Transportation, and noted that approximately 3,500 east/west vehicles and 1,400 north/south vehicles pass the intersection of Highways 30 and 4 but rarely stop in Jefferson. It is estimated the casino would increase the number of vehicles passing the intersection to 7,000 – a sizeable regional increase; bringing the possibility of highway expansion to connect the region together and spur rural economic development. Mayor Berry indicated a positive vote on June 12th would give these individuals a reason to stop, look around and discover the area. He asked for the Commission's support in building a regional hub of entertainment, not only for Greene County, but for the counties of Carroll, Calhoun, Boone, Guthrie and the north part of Dallas. Mayor Berry stated the proposed facility would not affect the successes of the other casinos of the state. He thanked the Commission for the opportunity to present the project for their consideration.

Chair Lamberti called for a motion to approve the agenda as submitted. Commissioner Mertz moved to approve the agenda as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the rules before the Commission for final adoption. Commissioner Heinrich moved to final adopt the rules as submitted. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to Public Comment; advising the speakers would be taken in groups. He requested individuals stay within their allotted time. He turned the floor over to Mr. Ohorilko, who advised individuals would have 3 minutes; groups would have 5 minutes, and existing license holders would have 10 minutes.

Chair Lamberti advised the Commission did not have the list of speakers before them and requested that each speaker identify themselves, and who they are representing if they are speaking on behalf of a group.

The following individuals spoke in favor of the proposed Greene County facility: Lori Mannel and Norm Fandel, Grow Greene County; Rick Hunsaker, Executive Director, Region 12 Council of Governments; John Hepp, President, Calhoun County Economic Development

Corporation/City Council Member for Rockwell City; Bonnie Silbaugh; Karen Lawton; Sheriff Steve Hauptert; Lorena Lopez, Editor, Iowa Hispanic Newspaper/Board Member of Southwest Latino Association; Carl Behne, CEO, Greene Co. Medical Center; State Representative Chip Baltimore; Suzanne Sievers; Lori Mannel; Shane Olson; Bob Allen; Richard Wilkey; Doug Burns, Carroll Development Association/Newspaper Owner; Vicki Woodford; Mike Holden; Ron Pontolilo, Genesis Development; Carole Custer; John Muir, Chairman, Board of Supervisors; Carla Offenburger; Clifford Carney, Guthrie County Board of Supervisors; Robbie and Angie Pedersen, 1875 Historical Furniture Shop; Robert Fisher, Boone County Economic Development; Jim Ober, Scranton Manufacturing; Jeff Stroborg, CEO, West Central Cooperative; Ken Paxton, Executive Director, Greene County Development Corporation; Craig Marquardt, President/CEO, Community State Bank; Deb McGinn, Tower View Team; Tom Polking; Tom Feldman; Guy Richardson, Rick Morain; Wayne Seaman, Carroll Area Development Commission/Western IA Advantage; Michael Cooley; Tim Heisterkamp; President, Greene County Community Foundation; Mary Jane Fields; Randy Monthei; Chad Schreck, Executive Director, Midwest Partnership Corporation/Western IA Advantage; Bonnie Kilbreath; Jeannette Gerloff; Allen Robinson, Program Director, Jefferson Matters Main Street Program; Chris Henning, Executive Director, Greene County Chamber Events & Tourism; Sid Jones, President, Home Town Bank; Kim Rueter, and Mike Mumma;

These individuals supported the proposed casino for the following reasons: jobs, hotel and entertainment complex; economic benefits for the region; funds for non-profit organizations in Greene County and the region; improve the critical mass; diversify job profiles; provide second job opportunities; ancillary growth of businesses; marketing tool for economic development; generate tax revenue for entire state; tourism destination point; funds for the schools; facility to host family events; funds for the EMS, fire department, and law enforcement agencies; economic benefit to the community; legislature works to find ways to create an inviting environment for businesses to invest in rural Iowa; cannibalization of revenue insignificant compared to economic benefit to Greene County and the surrounding counties; community underserved in meeting and lodging facilities, and entertainment venues; provide location to host large family and special events; strong leadership in community; feels PMR&C will be fine if Wild Rose Jefferson is built; casino is the center of integration in the community to help grow the area; ability to keep revenue in the community from events that are held in the community; ability to become an overnight destination for bike riders and other tourists to the area; provide jobs for special needs individuals; casino right tool to grow community and increase tourism; Jefferson is a progressive community; bring a larger, diverse workforce to the community; community/rural development project; West Central Iowa only place that does not have a destination point; casino will be a regional asset; the casino will be the catalyst to the development of west central Iowa.

The following individuals spoke against the proposed Greene County facility: Mark Vukovich, President and CEO, Blank Park Zoo; Scott Raecker, Executive Director, Character Counts; Gary Palmer, CEO/President, Prairie Meadows Racetrack & Casino (PMR&C); Dan Kehl, CEO, Riverside Casino & Golf Resort; Tanner Hockensmith, Executive Director, ALS Association, Iowa Chapter; Don Labate; Donna Sutton; Lisa Schroeder; Barb Labate; Adrienne Smith; Pastor Julie Paulsen; Bill Sutton; Renee Jedlicka, Palo Alto County Gaming Development Corp.; Dan Stromer, General Manager, Meskwaki Bingo Casino Hotel; Jon Moss, Executive Director, Iowa

Horsemen's Benevolent Protective Association; Warren Bush; Tom Lopic, President, Iowa Quarter Horse Racing Association; Deb Leech, President, Iowa Thoroughbred Breeders & Owners Association; Pam Schutz, Owner, Thoroughbred farm; Richard Coesart; and Sharon Vail.

These individuals spoke against the proposed casino for the following reasons: effect on PMR&C's ability to distribute funds to non-profit organizations, therefore, affecting various programs; cannibalization of revenues from other casinos; reduction in purses at PMR&C, thus causing a trickle-down effect in the industry; continuing decline in gaming revenue at current facilities; no underserved markets in Iowa; saturated gaming market in Iowa; failure of application to meet specific criteria for the granting of a license; stability and reliability of out-of-state markets; consistency in licensing to promote Commission's reputation with existing casinos and Iowa residents; Greene County no different than Webster County with regard to distance from existing casinos; information provided in the "Ketterer Report"; geographical considerations; information and conclusions of the gaming studies; national trend of gaming revenues decreasing due to market competition, including Iowa; Greene County poised to see an upturn in jobs in the area without the casino due to new businesses and expansions at others; declining unemployment rates; no new money to economy; agencies that help those in need will not accept gambling money; concern about local economy and poorer residents in the county; divisive issue in the community; new problem gamblers will create an additional drain on community resources; cash flow analysis showing money leaving Greene County and the contiguous counties; potential loss of new businesses who do not wish to locate near a casino; significant hit for casino in Emmetsburg; revenues down, non-profit revenues also down; ability to make capital improvements at current facilities; questioned stability of industry at this time; ability to attract customers/low population base; horse racing most accepted use of casino money with an agricultural impact in all 99 counties; will affect purses at PMR&C negatively by \$1.7 million, which will effect economy of state; negative impact on investment in industry; threaten livelihood; PMR&C supports an industry and economy outside of Polk County; PMR&C and horse industry unique to Iowa.

Mr. Raecker also suggested encouraging the legislature to revisit the 2006 legislation that created the County Endowment Program to determine if it would be appropriate to increase the amount paid into the fund by the various licensees for distribution to counties without a casino.

Mr. Kehl suggested the Commission consider a moratorium for a period of ten years in order to provide stability and require each licensee to submit a five-year capital improvement plan to demonstrate reinvestment in the industry.

Mr. Mumma summed up the project as "by Iowans for Iowans", and requested the Commission's approval of the application on June 12th.

Chair Lamberti thanked everyone for coming and participating, noting that it is an important part of the licensing process. He indicated the Commission would be taking a short break before commencing the question and answer session with Wild Rose Entertainment (WRE).

Following the break, Chair Lamberti advised he did not expect this portion of the meeting to take long as he felt most questions have been asked and answered. He asked representatives from WRE if they had any response or comments they wished to make in view of the public comments received.

Mr. Timmons, President and Chief Operating Officer, answered in the negative; that the Commission had seen the passion within the community and all of Greene County.

Chair Lamberti advised most of the questions were just following up on the application and provide the Commission with an update on where the project is at with regard to a construction timeline if the license was granted, etc.

Mr. Timmons advised WRE had been working with the architects already, since waiting until the decision would cost them 3-4 months. He stated they have been working with DLR and Snyder and Associates to come up with an underground plan and getting that part of the project in place. They are also working on a steel structural plan in order to start that process in the event the license was granted. Mr. Timmons stated they expect to start moving dirt before the end of the month. He advised the other two casinos, Clinton and Emmetsburg, were opened within 13 months of starting construction, so the goal is to be open by next July. Mr. Timmons stated they have not received their building permit but has received a letter from the mayor advising the city will be running water and sewer lines to the site.

Chair Lamberti asked if all of the necessary land has been secured. Mr. Timmons answered in the affirmative; they have an option to purchase 43 acres.

Chair Lamberti asked about the status of the agreement with the hotel operator. Mr. Timmons stated they had submitted the land lease with BriMark/Cobblestone. He indicated the company has been very good to work with, and offered to be present at this meeting. Mr. Timmons advised the parties are still working out the terms of the operating agreement.

Chair Lamberti requested a summary of the financing for the project, noting it was his understanding all three facilities would be wrapped up into one loan by refinancing the existing facilities, which would provide the equity for the loan. Mr. Timmons turned the floor over to Scott Ivers, Chief Financial Officer. Mr. Ivers stated Chair Lamberti had summarized the financing correctly. WRE approached their existing lenders, Bankers Trust in Des Moines and Dubuque Trust in Dubuque, with the financing proposal rather than choosing a third bank. The banks were in favor of the proposal as it makes the loan stronger; the two current operations will support the loan, removing the risk to the banks during the construction process. Once the Jefferson property is open, it would also help support the loan. Mr. Ivers stated there is more than enough equity between the two current properties.

Chair Lamberti asked the amount of equity between Wild Rose Clinton and Wild Rose Emmetsburg. Mr. Ivers stated the banks look at the market value, which exceeds their debt. He indicated it is at a 50/50 ratio.

Chair Lamberti stated that was all of the questions he had, and called for questions from other Commission members. Hearing none, he thanked everyone for participating and expressed the Commission's appreciation for the hospitality extended to them.

Hearing nothing further to come before the Commission, Chair Lamberti requested a motion adjourn the meeting. Commissioner Kramer moved to adjourn the meeting. Commissioner Mertz seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING & GAMING COMMISSION
MINUTES
JUNE 12, 2014**

The Iowa Racing & Gaming Commission (IRGC) met on June 12, 2014 at Catfish Bend Casinos II, LLC d/b/a Catfish Bend Casino, Burlington, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz.

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

Chair Lamberti called on Rob Higgins, General Manager, who welcomed the Commission to Burlington. He stated Catfish Bend opened Fun City in 2005; then in 2006, Catfish received permission from the Commission to move operations to a land-based facility. Mr. Higgins noted the Commission at that time expressed concern about keeping a separation between the family entertainment complex and the gaming operation; and believes the property has done a good job of doing so. The land-based facility opened in 2007. Mr. Higgins advised the facility continues to upgrade the gaming floor; spent \$2.5 million upgrading the indoor water park; continues to partner with Spirit Hollow Golf Course; and has a great relationship with Keokuk, Fort Madison and Southeast Iowa Riverboat Commission, the non-profit sponsoring organization for the license. Mr. Higgins recognized State Senator Tom Courtney from Burlington, who was in attendance.

Chair Lamberti thanked Mr. Higgins for the hospitality extended to the Commission.

Chair Lamberti moved to the approval of the minutes from the April 3 and April 16-17 Commission meetings, which were previously distributed. Commissioner Kramer moved to approve the minutes as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Brian Ohorilko, IRGC Administrator, for announcements. Mr. Ohorilko provided the following information on upcoming meetings:

- July 31, 2014 – Stoney Creek Inn & Conference Center, Johnston, IA (Submissions due by July 17, 2014)
- August 28, 2014 – Riverside Casino & Golf Resort, Riverside, IA (Submissions due by August 14, 2014)
- October 9, 2014 – Wild Rose Clinton, Clinton, IA (Submissions due by September 25, 2014)
- November 13, 2014 – Adventureland Inn, Altoona, IA (Submissions due by October 29, 2014)

Mr. Ohorilko recognized Erica Worrall, the Commission's Gaming Representative assigned to the facility. He also welcomed Senator Courtney, and thanked him for attending the meeting.

Chair Lamberti moved to the review of the Greyhound Escrow Audit. Jim Quilty, legal counsel for the Iowa Greyhound Association, was present to answer any questions. Mr. Ohorilko asked Mr. Quilty to provide a summary of how the audit was initiated.

Mr. Quilty stated the escrow fund was created as a result of an arbitration decision in 1995, which established funds to be used for purses at Bluffs Run. The fund has been maintained since that time. After the fund was in existence a few years, discussions were held surrounding how the funds were being used. At that time, the Commission decided to require an annual audit, which has been submitted every year since then. Mr. Quilty noted the only funds expended from the escrow account had to do with the maintenance of the web site, management fees, and accounting fees.

Hearing no comments or questions relating to the Greyhound Escrow Audit, Chair Lamberti called on Wes Ehrecke, President/Chief Executive Officer of the Iowa Gaming Association, who talked about the Women Leaders in Gaming Day conference. He advised the Association took a poll last year and found that women comprise 52% of the work force in Iowa casinos. At the executive level, 37% are female; and at the supervisor/manager level, 44% are women. The poll also showed there are many positions and advancement opportunities for women in the gaming industry. The Women Leaders in Gaming Day was created to advance women's awareness of the variety of careers available in the industry. Over 155 individuals attended the conference, which provided an opportunity to realize the networking opportunities, the work/life balance, and hear from some of the individuals in the Iowa gaming industry. Mr. Ehrecke noted there would be another conference next year.

Chair Lamberti moved to the contract approval portion of the agenda, and called on Isle of Capri, Marquette, Inc. d/b/a Lady Luck Casino Marquette (LLCM). Don Ostert, General Manager, presented the following contracts for Commission approval:

- Lithographics Communications, LLC – Direct Mail Vendor
- M&D, Inc. – Drain Pipe Replacement and Generator Silencer Replacement
- Windstar Lines – Line Run Transportation to Property
- Winona Controls, Inc. – Replacement and Maintenance of Chiller, Boiler and HVAC Systems

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by LLCM. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, presented the following contracts for Commission approval:

- Associated Computer Systems – Hardware and Software for Slot Floor Conversion

- Larson's Contracting – Snow Removal, Concrete Replacement, Structural Repairs to Casino and C-Store

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by DJW. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort (RCGR). Dan Franz, General Manager, presented the following contracts for Commission approval:

- Link Strategies – Public Relations Services
- Seminole Energy Services, LLC - Master Natural Gas Sales Agreement

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by RCGR. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Grand Falls Casino Resort, LLC d/b/a Grand Falls Casino Resort (GFCR). Joe Massa, Chief Operating Officer, presented the following contracts for Commission approval:

- Hander Plumbing – Golf Course Construction: Golf Maintenance Storage Building Plumbing and Utilities
- HCC Life Insurance Company – Benefit Plan: Premium Costs
- Marcus Lumber – Golf Course Construction: Golf Maintenance Storage Building
- Wellmark Blue Cross and Blue Shield – Benefit Plan: Administrator and Claim Costs

Mr. Massa noted the facility had corrected the amount on the Wellmark transaction from \$8.7 million to \$1.7 million.

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by GFCR. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on SCE Partners, LLC d/b/a Hard Rock Casino Sioux City (Hard Rock). Curt Beason, legal counsel, presented the following contracts for Commission approval:

- Berg Company – Berg Liquor Control System
- Gametain Solutions – Accounting/Management System
- Reinhart Foodservice Co. – Food Supplier
- State Restaurant Equipment – Restaurant Supplies/Equipment

Chair Lamberti asked the scheduled opening date of the facility. Mr. Beason advised it is August 1st.

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by Hard Rock. Commissioner Mertz seconded the motion, which carried unanimously.

Commissioner Heinrich asked how the project was coming along. Mr. Beason advised that everything is on schedule. Commissioner Heinrich stated he understood that carpeting and machines had been installed. Mr. Beason indicated that was correct, they are getting everything tuned up and ready to go. Commissioner Heinrich asked about the hotel. Mr. Beason indicated the hotel would open on time.

Chair Lamberti called on IOC Black Hawk County, Inc. d/b/a The Isle Casino Hotel Waterloo (IOCW). Stacy Hall, legal counsel, presented a contract with Halvorson Trane for a maintenance and inspection agreement for the HVAC system.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by IOCW. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino Council Bluffs (Ameristar). Monty Terhune, General Manager, presented the following contracts for Commission approval:

- Richard Dick – Offsite Warehouse Lease
- Sysco Lincoln, Inc. – Food Provider
- Hiland Dairy Foods Co. – Dairy Provider

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by Ameristar. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Rhythm City Casino, LLC d/b/a Rhythm City Casino (RCC). Mo Hyder, General Manager, presented the following contracts for Commission approval:

- Cunningham Group Architecture, Inc. – Architectural Design Services
- Kimberly Car City – Vehicles for Promotional Giveaway

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by RCC. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Harvey's Iowa Management Company, Inc. d/b/a Harrah's Council Bluffs Casino & Hotel (Harrah's). Tina Eick, legal counsel, presented the following contracts for Commission approval:

- Forsyth Consulting, Inc. – Music for Casino and Hotel
- TriMark S S Kemp Co. – Multiple Purchased for Kitchen Equipment

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by Harrah's. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Iowa West Racing Association d/b/a Horseshoe Casino/Bluffs Run Greyhound Park (HC/BRGP). Ms. Eick presented the following contracts for Commission approval:

- Forsyth Consulting, Inc. – Music for Casino
- TriMark S S Kemp Co. – Multiple Purchases for Kitchen Equipment

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by HC/BRGP. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Dubuque Racing Association d/b/a Mystique Casino (DRA/Mystique). Jesús Avilés, General Manager, presented the following contracts for Commission approval:

- Aimbridge Hospitality, LLC – Hotel Management Company
- American Trust & Savings Bank – Loan for Acquisition of Hotel and Restaurant
- City of Dubuque – Assignment of Land Lease – Hotel and Restaurant
- Dubuque Casino, LLC – Asset Purchase Agreement
- Hilton Worldwide – Hilton Garden Inn Franchise Agreement

Chair Lamberti noted the contracts relate to the facility purchasing the hotel and restaurant. He requested some background information regarding the transaction, costs, terms, management agreement, etc.

Mr. Avilés advised that nine years ago a group of local investors built the hotel with the intent of eventually selling it to DRA/Mystique. He stated the parties have been in negotiations for the last three years, and have finally come to an agreement on price. The hotel, run by Hilton, has the highest occupancy rate in the area. Mr. Avilés stated DRA has purchased the franchise, and the hotel and restaurant associated with it; thus putting them in a better position to be an all-inclusive operation. This purchase coincides with the development of Schmitt Island. Mr. Avilés stated the transaction is valued at \$16 million; they made a 20% down payment and will make payments over 20 years. He advised DRA will keep the existing management company, Cambridge Corporation, which has done an excellent job over the years.

Hearing no further comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by DRA/Mystique. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Prairie Meadows Racetrack & Casino, Inc. d/b/a Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented a contract with Neumann Brothers, Inc. to act as a general contractor.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contract as submitted by PMR&C. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to the Report on the Socioeconomic Impact of Gambling on Iowans pursuant to legislation. The study was completed by Strategic Economics Group from West Des Moines, Iowa; and Spectrum Gaming Group from Linwood, New Jersey. Mike Lipsman was present representing Strategic Economics Group; and Joseph Weinert, Executive Vice President, and Howard J. Kyle, Senior Public Policy Associate, were in attendance representing Spectrum Gaming Group. A copy of the power point presentation is attached to the minutes and is incorporated in its entirety by this reference.

Chair Lamberti called for any questions pertaining to the study. Hearing none, Chair Lamberti thanked the parties for their work on the study. He noted that while the Commission is interested in the information provided, it is a product designed to be provided to the Legislature and Governor.

Chair Lamberti moved to the hearing for HGI-Lakeside d/b/a Lakeside Hotel Casino (Lakeside), and called on Mr. Ohorilko. Mr. Ohorilko advised Commission staff and Lakeside have entered into a Stipulated Agreement. He stated the agreement relates to a violation of Iowa Code Section 99F.4(18), which requires the continuous recording of gambling activity. Mr. Ohorilko provided the following summary: A vehicle crash caused a brief power loss at the facility and the backup power supply did not function as required. The surveillance system was inoperable for a period of time and there were some sensitive areas in the casino where coverage was lost. Mr. Ohorilko advised there were a couple of similar incidents in 2013. The DCI issued Lakeside a citation in December 2013 due to equipment failure. Mr. Ohorilko stated Lakeside has agreed to the facts as set forth in the Stipulated Agreement and to an administrative penalty up to \$15,000. He advised the Commission would have to establish the dollar amount.

Bob Thursby, General Manager, stated the facility made several attempts to bring their system up-to-date following each of the incidents; however, they finally redesigned and re-equipped the entire system. At the time the system was put in, Lakeside could not take it offline to test it; the only way to test the system was to cut all of the power. Mr. Thursby indicated that during the final incident, when the power pole was hit in front of the casino, the power was off for less than a second. He stated the uninterrupted power system did not work, causing all of the computers related to the surveillance system to reboot, which took the extended length of time. Mr. Thursby advised Lakeside changed the entire system; they rewired it, re-designed it, and

replaced all of the cables in anticipation of some other changes that will be coming next year regarding the slot monitoring system. He advised they are 100% compliant at this time, and will be going forward.

Mr. Ohorilko asked the cost of the new system. Mr. Thursby advised the new UPS System and changes to surveillance and the design cost in excess of \$25 million.

Chair Lamberti noted the proposed Stipulated Agreement contains an agreement for an administrative penalty up to \$15,000; and requested a motion. Commissioner Kramer moved to approve the Stipulated Agreement and impose an administrative penalty of \$7,500.00. Commissioner Heinrich seconded the motion, which carried unanimously.

As there was no Public Comment, Chair Lamberti moved to Administrative Business, and called on Mr. Ohorilko. Mr. Ohorilko advised one of the issues the Commission needs to do at the June meeting each year is establish IRGC and DCI regulatory fees for the next fiscal year. He advised the fees have been calculated based on the respective budgets passed by the Legislature. Mr. Ohorilko advised the calculations have been forwarded to the licensees, and Commission staff has not received any concerns from them. He requested the Commission's approval of the fees.

Chair Lamberti noted the fees are subject to change based on what happens in Sioux City. Mr. Ohorilko indicated that was correct, as well as some modifications in January as a result of the greyhound legislation that was enacted.

Hearing no further comments or questions concerning the regulatory fees for Fiscal Year 2015, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the regulatory fees for Fiscal Year 2015. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti moved to the creation of a Racing Initiative Task Force. Mr. Ohorilko advised that over the last two or three years, various racetracks, horsemen's groups, industry organizations and regulators have expressed an interest in enacting reform through the adoption of various uniform standards. He stated the reforms address many of the safety and integrity concerns raised by critics and supporters of the industry; specifically calling for uniform medication guidelines, a laboratory accreditation program, and adoption of uniform rules and penalties. He advised there was a report in a recent Blood Horse Magazine which indicated there were 26 racing commissions that have taken racing reforms under consideration in the past 12 months. Mr. Ohorilko stated Iowa has recently received some negative publicity in various industry publications in respect to not adopting some of the proposed reforms; however, it is not because the Commission has been complacent about understanding the concerns from the stakeholders. He believes there will not be consensus among the various groups on the reforms; however, other states continue to take action on some of the rules by policy. Mr. Ohorilko stated he would like to request the Commission's support to create a task force with representation from various horsemen's groups in order to truly study some of the initiatives over the next 4-5 months with the goal of the task force providing some recommendations to the Commission to try and determine if these are initiatives the Commission should pursue.

Jon Moss, Executive Director of the Iowa Horsemen's Benevolent and Protective Association, advised the organization is in favor of the task force, and believes it would be a good progressive move for the state. The task force would provide the mechanism to look at and review anything coming down from a regulatory standpoint.

Chair Lamberti thanked Mr. Moss for his comments. He indicated the Commission did not need to make a formal motion. Mr. Ohorilko concurred, but wanted to be sure the Commission was on board with the proposed approach. Chair Lamberti noted there are things that are changing, as well as negative publicity here and other locations; the Commission needs to be on top of issues and using the best practices they can. Chair Lamberti advised Mr. Ohorilko that from the Commission's standpoint he was authorized to move forward with the task force.

Chair Lamberti moved to the review of gaming legislation from the past legislative session. Mr. Ohorilko advised the Legislature passed three pieces of legislation that pertained to racing – two with horse racing and one with greyhounds. He called on Mr. Moss to provide a summary of the horse racing legislation.

Mr. Moss advised the phenylbutazone levels were changed from 5 micrograms per milliliter to 2 micrograms per milliliter for stakes races, which will allow PMR&C to continue to have stakes races; removed the requirement in legislation that the Standardbreds could not use funds to construct a racetrack; and removed the requirement that all stallions standing in the State of Iowa had to be owned by a 51% majority of Iowans. This was originally considered a good protectionist move, but found that owners were moving their studs to other states as they did not want to give up majority ownership. It is hopeful this change will help increase the quality of studs standing in Iowa. Mr. Moss advised another major stumbling block was the Advanced Deposit Wagering (ADW) rule, which contained a loophole that allowed virtually every ADW operator to continue to operate simply by not taking wagers on PMR&C races. He stated the Legislature looked at the issue very closely and decided to make the necessary changes to close the loophole; the change will go into effect July 1st. The ADW operators will need to be in compliance, or they are guilty of a Class D misdemeanor.

Mr. Moss advised the greyhound racing bill does impact the horse racing industry to some extent. He advised there is a disagreement between some individuals, but feels there is strong support to reopen the legislation next year.

Mr. Ohorilko advised the greyhound racing bill allows Mystique Casino and Horseshoe Casino/Bluffs Run to not offer greyhound racing for payments made to a cessation fund. Mystique can do this as of January 2015, and Horseshoe Casino/Bluffs Run in January 2016. Approximately half of the fund will be used to allow the Iowa Greyhound Association to apply for a racetrack license without casino gambling and be able to race at the Mystique facility; the other half will be distributed to participants in the industry to provide for a soft landing. The IRGC is charged with establishing the rules based on guidelines set forth in the Legislature. Mr. Ohorilko advised the Commission can utilize the services of a consultant to help with the process of distributing the funds, which will not commence until 2016. He stated nothing similar to this has occurred in any other jurisdiction to offer some assistance. Mr. Ohorilko stated he would

like to initiate an RFP process in order to review candidates before the process starts unless the Commission has any objections.

Chair Lamberti stated everyone is aware this legislation is new ground for Iowa, and possibly the country. He noted it would be a lengthy process before the Commission reaches the distribution process to determine the various interested parties, go through significant rulemaking, and there will be some issues if the Iowa Greyhound Association chooses to go forward with the operation of the track in Dubuque with separating the licenses, and creating a new license. Chair Lamberti gave the go ahead to start the RFP process to hire a consultant to help the Commission through the various processes.

Following a short break, Chair Lamberti moved to the Decision regarding the application for a gambling structure license in Greene County. Noting the Commission has gone through the licensing process twice over the last several months, Chair Lamberti advised many individuals have inquired as to how the Commission sees the future of gaming in Iowa, and whether they would make some kind of statement going forward. He advised there will be no comments with regard to the future today, but they will be doing so at the July Commission meeting.

Commissioner Heinrich stated the individuals involved with Grow Greene County and Jefferson were a viable group, had a lot of enthusiasm, had good planning and marketing, and made a good presentation during the site visit. He noted he received numerous letters from individuals in Greene County and the surrounding counties. Commissioner Heinrich stated that in order to do his due diligence, he had to review the data available from the studies and the letters. He indicated he spent a considerable amount of time reviewing all of the material. In doing so, he looked at Greene County, as well as the surrounding counties, where existing casinos are located, and the impact on the state. One of the questions is whether or not there is an underserved area in the state; and whether a significant new population will be served by the proposed facility, or just dilute attendance at existing casinos. Commissioner Heinrich noted there has not been a significant change in Iowa's population, and that many in the region are already use to traveling longer distances to gamble. His final analysis showed the majority of the customers would be coming from within the state due to the rural location; there would be some new jobs created; some operations will be impacted negatively, and gaming revenues have been declining but are stable at this time. Commissioner Heinrich noted the efforts of the Governor and Legislature to bring new businesses to Iowa to make it a more viable state. He also pointed out concerns expressed by various non-profit organizations regarding the potential decline in revenues should the license be granted. Noting the casinos operate on a small margin, Commissioner Heinrich indicated it could affect their ability to invest in their current facility. Commissioner Heinrich stated due to the negative impact, minimal growth to the State, declining casino revenues, and the site of the proposed facility, and no significant advantage to the State either way, he was going to vote to deny the license.

Commissioner Mertz commenced her comments by thanking everyone involved in the project. She noted the Commission has been faced with a lot of hard decisions recently. She stated the site visit was very enlightening; the community has a lot of things going for it. Commissioner Mertz stated she is aware of the difference between urban and rural areas. She stated Wild Rose

Entertainment is a good casino company, and the community would get entertainment, a venue to hold events, and a better hotel than originally proposed to the community since it will be connected to the casino. She noted that competition makes businesses work harder to attract customers, and PMR&C is in the process of improving their facility at the present time. Commissioner Mertz stated that in making her decision she looked at the proposed site, the amount of businesses already in the community, and the ability to host conferences, banquets, wedding receptions, etc. which will bring money into the community, county and region. She stated that no one in the State of Iowa has been more concerned about the horses at PMR&C; and believes once PMR&C completes their remodeling project they will see an increase in the number of patrons at the facility. Commissioner Mertz stated her belief that north central and northwest Iowa is missing something; everything in the state goes to where the population is – she wondered why rural Iowa can't have a little piece of the action. She stated the casino project in Jefferson is a good thing, and the right thing to do. Commissioner Mertz stated that she would be casting a yes vote.

Commissioner Kramer thanked everyone in Greene County and Jefferson for the warm welcome the Commission received during the site visit. She stated the pride and enthusiasm for the project was very evident in the manner in which the community was working together. Commissioner Kramer commented on all the positive things happening within the community and county, which has made the decision so much harder on all of them. During the public comment meeting, she got the impression the community needed a banquet room, meeting rooms, and a hotel and that gaming was not the first priority. The funds received by the new non-profit would have a positive impact on the community, county and region while having a negative impact on existing non-profits. Commissioner Kramer stated she received numerous letters, some making a point to state they would respect her decision, whatever it would be; she thanked them for their consideration. She stated the market studies were the deciding factor for her; both independent studies indicated there were no underserved markets in the State of Iowa; and the State would be better served by having current operators invest in their facilities. She indicated this could be demonstrated by looking at the gaming revenues not only in Iowa, but across the nation. Commissioner Kramer stated she believes now is not the right time for any more new casinos; and would not be supporting this application.

Commissioner Arnold commenced his comments by indicating it had been a pleasure to work with everyone involved with the application, noting both sides were very respectful in presenting their side to the Commission. He stated he spent many hours reading the letters and e-mails; the Commission has visited the site, received the DCI background reports, and spent a whole day receiving public comments. Commissioner Arnold pointed out this has been a difficult decision for him; the application has received great community support and offers amenities that are needed in the community and region and would bring \$40 million of investment into a rural community. He stated the impact on existing facilities not owned by Wild Rose is demonstrated by the studies, but appear to be in the minimal range - from 3-8%. Commissioner Arnold stated the application provides a significant positive impact to the region, thus outweighing any impact within the predicted limits. Commissioner Arnold stated he would be voting in support of granting the license.

Chair Lamberti thanked everyone that has participated in the licensing process; everyone put on their best on both sides of the issue. He indicated this is one of the most difficult decisions for him since joining the Commission. He stated the Commission tries to be open and fair in the manner in which they proceed; it is his hope that everyone feels they had an adequate opportunity to present their case. Chair Lamberti stated they all study the criteria set forth in the Code and Administrative Rules, but they are allowed to determine what weight to assign those criteria. He noted there are no magic guidelines to indicate when a license should be granted or denied. In addition to weighing the criteria, the Commissioners also takes into consideration the market, and historical action of previous Commissioners that helped establish Iowa's system. He stated the quality of the project, community support and adequate financing were never in doubt, which leaves the hard criteria – the overall impact to the State of Iowa; the impact on existing facilities; how that has been judged in the past; looking at the overall market; what is occurring in the market; and the Commission's desire to maintain a stable gaming environment in the state. Chair Lamberti stated that his decision could change daily as he reviewed the various criteria, but that it ultimately comes down to what you believe to be the right decision for the State of Iowa. He stated he does see an economic benefit from the casino in Greene County, but also sees an impact on existing facilities, that by historical parameters are within where a license has been granted in the past. Chair Lamberti noted he is a Polk County resident, which impacts him in a couple of different ways in terms of making his decision. He stated Polk County has lots of advantages, and with many more to come in the future due to population growth in the suburbs, many projects that are in the works, and has many advantages that other parts of the state do not. Chair Lamberti stated Polk County would be fine. He stated he has an interest in making sure the rural folks get part of this as well. Chair Lamberti reiterated how difficult of a decision it was, but feels confident the final outcome is the right decision but respects the other Commissioners' decision. He does not believe there is a right or wrong call on this application. Chair Lamberti stated that he will be voting to grant a license to Greene County.

Commissioner Arnold moved to approve the application of Grow Greene County Gaming to conduct gambling games and Wild Rose Jefferson, LLC to operate the gambling structure and all the agreements contained in the application conditioned upon the following:

Mr. Ohorilko read the following conditions into the record:

- A license period of June 12, 2014 through March 31, 2017 and payment of the first installment of the license fee within 30 days.
- A Class D criminal background investigation of Goldfinch Entertainment, L.L.L.P.
- The opening of the gaming floor to the public only after substantial completion of the entire project. Interpretation of this condition shall be in the sole determination of the Commission.
- All required state and local approvals for construction of the project in the proposed location pursuant to 491 IAC 5.4(18).

- Security and emergency response plan approval by the DCI and IRGC.
- A status report on the construction time table at the October Commission meeting and submission of written documentation pertaining to this 14-days prior to the October Commission meeting.
- Substantial completion of the entire project by September 30, 2015 in essentially the same form as represented to the Commission. Interpretation of this condition shall be in the sole determination of the Commission. If the project is not completed by March 31, 2016, a fine of \$20,493.15 per day will be instituted.

Commissioner Mertz seconded the motion, which carried on a 3-2 vote, Commissioners Heinrich and Kramer voting nay.

Hearing no further business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Mertz so moved; Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
JUNE 25, 2014**

The Iowa Racing and Gaming Commission met on Wednesday, June 25, 2014 at The Meadowlands Event Center, Prairie Meadows Racetrack & Casino, Altoona, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti called the meeting to order at 8:00 AM and requested a motion to approve the agenda. Commissioner Mertz moved to approve the agenda; Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to Belle of Sioux City, L.P.'s (Belle) request for a stay of the Commission's April 17, 2014 contested case decision. He advised the Commission will allow each side approximately 30 minutes to present their case, and called on Belle.

A court reporter was in attendance for the hearing. A copy of the certified transcript is attached, and hereto incorporated in its entirety.

Following Mr. Weinhardt's rebuttal comments, Chair Lamberti moved that the Commission go into Executive Session pursuant to Iowa Code Section 21.5(1) to discuss the decision to be rendered in this contested case conducted according to the provisions of Chapter 17A. Commissioner Heinrich seconded the motion, which carried unanimously on a roll call vote.

Upon returning to open session, Chair Lamberti moved to deny Belle's Request for a Stay and asked Administrative Law Judge Scase to prepare an Order for issuance today that will set forth the reasoning of the Commission in closed session so that everyone will have the Order prior to the hearing tomorrow. Commissioner Mertz seconded the motion, which carried unanimously.

Hearing no further business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Heinrich so moved. Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
JULY 31, 2014**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, July 31, 2014 at Stoney Creek Inn and Conference Center, 5291 Stoney Creek Court, Johnston, IA. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti called the meeting to order at 8:30 AM, and moved to the approval of the agenda. He noted that agenda item 4(K)2 was being pulled from the agenda. Chair Lamberti requested a motion regarding the agenda. Commissioner Mertz moved to approve the agenda as amended. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti moved to the approval of the minutes from the meetings held on May 29, 2014; June 12, 2014 and June 25, 2014. Noting the minutes had been distributed previously, he requested a motion. Commissioner Kramer moved to approve the minutes from all three meetings as submitted. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Brian Ohorilko, Administrator of IRGC for announcements. Mr. Ohorilko provided the following information regarding future Commission meetings:

- August 28, 2014 – Riverside Casino & Golf Resort, Riverside, IA (Submissions due by August 14, 2014)
- October 9, 2014 – Wild Rose Clinton, Clinton, IA (Submissions due by September 25, 2014)
- November 13, 2014 – Adventureland Inn, Altoona, IA (Submissions due by October 29, 2014)

Chair Lamberti moved to the contract approval portion of the agenda, and called on Diamond Jo. Kim Pang, General Manager at Diamond Jo Worth, presented a contract with Conlon Construction for the expansion of a warehouse for Commission approval.

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by Diamond Jo. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri Bettendorf (IOCB). Sally Rogers, Chief Financial Officer, presented the following contracts for Commission approval:

- Century Link – Five Year Contract for Phone Services
- Midwest Best Waterproofing – Remove/Replace All Caulking in Expansion Joints and Window Frames

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by IOCB. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Grand Falls Casino Resort, LLC d/b/a Grand Falls Casino Resort (GFCR). Sharon Haselhoff, General Manager, noted the facility is building an 18-hole Rees Jones golf course. They hoped to have it open late this summer; however, due to extreme rainfall earlier in the season the course will not open to the public until next spring. GFCR will be holding some by invitation only special events this fall. She advised the course has been named "The Falls at Grand Falls Casino & Golf Resort".

Ms. Haselhoff presented a contract with Steffl Drilling for wells and pumps related to the golf course construction for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by GFCR. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort (RCGR). Dan Franz, General Manager, advised Riverside would be hosting the Iowa Gaming Association Casino Cup at the end of August. Mr. Franz presented the following contracts for Commission approval:

- Aristocrat Technologies, Inc. – Slot Machine Leases
- Billion of Iowa City – Vehicle Purchases
- William Morris Endeavor TN – Entertainment Booking Agent
- UMR, A United Healthcare Company – Medical and Flexible Spending Plan

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by RCGR. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri, Marquette, Inc. d/b/a Lady Luck Casino Marquette (LLCM). Lori Fisher, Director of Finance, presented the following contracts for Commission approval:

- Trane Building Services – Replacement and Maintenance of Chiller, Boiler and HVAC Systems
- Halifax Security, Inc. d/b/a North American Video – Purchase and Maintenance of Surveillance Video Coverage

Chair Lamberti asked why the surveillance contract is an out-of-state vendor. Ms. Fisher advised that it is a specialty vendor that is utilized corporate-wide.

Hearing no further comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by LLCM. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Rhythm City Casino, LLC d/b/a Rhythm City Casino. Mo Hyder, General Manager, advised the land-based project is progressing well; they are working with the architects and the City of Davenport. He stated one of the items up for approval is the extension of the road, which will enable them to break ground around August 20th. They are hopeful the footings will be in place in early spring 2015, with another twelve months to complete the project.

Mr. Hyder advised the facility was closed for approximately two weeks due to rising waters, and safety concerns for the customers and employees. He said they reopened to an eager crowd on July 15th. He informed the Commission the employees were paid for the entire time the facility was closed, and were excited to be back and are looking forward to the land-based facility.

Mr. Hyder presented a contract with Innovation Capital, LLC, who serves as a financial advisor to Scott County Casinos, LLC. He turned the floor over to Curt Beason to address the remaining items before the Commission for approval: a Purchase and Sales Agreement, Amendment to Joint Development Agreement and Assignment. Mr. Beason advised the casino project would anchor development at the corner of Interstates 74/80. The development is 200-acres in addition to the casino. The documents before the Commission will allow the casino to be built on the new location, accelerate payments under the Joint Development Agreement, and facilitate the development of the area, as well as the city's new Reinvestment District, which will be adjoining the casino. Mr. Beason advised the Riverboat Development Authority (RDA) is in agreement with the Amendment to the Joint Development Agreement. He noted the change in location has delayed the start of construction a little bit. Additionally, the casino has agreed to be responsible for putting in the new roadway that will extend Elmore Avenue up and around to parallel the two interstates and join it with Jersey Road. Mr. Beason called it Davenport's version of Jordan Creek Parkway.

Chair Lamberti referred back to Mr. Beason's reference to the RDA, and asked if they had signed off on the agreement. Mr. Beason answered in the affirmative, that their legal counsel has approved the document.

Hearing no further comments or questions, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract and agreements as submitted by Rhythm City. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on IOC Black Hawk County, Inc. d/b/a The Isle Casino Hotel Waterloo. Barry Hoover, Director of Finance, presented a contract with Tai Ping Carpets Americas, Inc. for carpet for the casino floor.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contract as submitted by The Isle Casino Hotel Waterloo. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City (Hard Rock). Mr. Beason, legal counsel, presented the following contracts for Commission approval:

- Waste Management – Waste Disposal
- Aon Risk Services of Iowa – Insurance
- Zamination.com LLC – Customized Learning Management System (RP)

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by Hard Rock. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino Council Bluffs (Ameristar). Victor Scott, Director of Government Affairs, presented a contract with The Vernon Company which provides marketing promotional products.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by Ameristar. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino & Hotel (Harrah's). Janae Sternberg, Director of Finance, presented the following contracts for Commission approval:

- Kelly's Carpet – Furniture and Carpet Vendor
- American Gaming System – Slot Machine Provider

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by Harrah's. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Iowa West Racing Association d/b/a Horseshoe Casino/Bluffs Run Greyhound Park (HC/BRGP). Ms. Sternberg presented a contract with American Gaming System for slot machines.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by HS/BRGP. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Dubuque Racing Association (DRA) d/b/a Mystique Casino (Mystique). Tom Wiedmayer, Chief Operating Officer, presented the following contracts for Commission approval:

- Cottingham & Butler Insurance – Property and Casualty Insurance
- King Foodservice – Food Purchases
- Premier Linen – Linen and Uniform Rental

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by Mystique. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Prairie Meadows Racetrack & Casino, Inc. d/b/a Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented the following contracts for Commission approval:

- Blue Frog Graphics – Printing Services
- Farner Brocken Company – Candy, Food, Tobacco and Other Supplies
- Great Midwest Seafood Co. – Food Products
- Microsoft Licensing GP – Volume Licensing of Microsoft Software

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by PMR&C. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the hearings, and called on Mr. Ohorilko, who advised Commission staff and representatives of Catfish Bend Casinos, II, L.C. d/b/a Catfish Bend Casino had entered into a Stipulated Agreement regarding a violation of Iowa Code Chapter 99F.9(5) relating to underage gambling. He stated that surveillance coverage showed an underage individual had gained access to the gaming floor for eleven hours, had contact with numerous employees, and had gambled. Mr. Ohorilko noted the individual was challenged at the entrance, thereby not necessarily meeting the requirements for referral to the Commission; however, staff and Division of Criminal Investigation (DCI) personnel felt there were some aggravating circumstances related to properly identifying the minor. Since the incident, Mr. Ohorilko stated Catfish has retrained their security personnel, disciplined the security staff and a manager that were involved and held some special meetings with the DCI. He stated Catfish has acknowledged the facts constitute a violation of Iowa Code Chapter 99F.9(5), and have agreed to pay an administrative penalty up to \$20,000.

Rob Higgins, General Manager, apologized for the situation and advised the facility takes the matter very seriously. They have used the opportunity to retrain staff and have met with DCI. He indicated between the disciplinary actions and retraining the situation is under control. The training stressed that all employees, not just security, are responsible for watching for underage patrons.

Chair Lamberti stated the Commission was concerned about some of the facts surrounding the case, but feels the matter has been appropriately addressed per Mr. Higgins' comments. Hearing

no further comments or questions, Chair Lamberti requested a motion, which should include a proposed administrative penalty.

Hearing none, Chair Lamberti moved to accept the Stipulated Agreement with an administrative penalty of \$15,000. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti turned the floor back to Mr. Ohorilko for a synopsis of the hearing related to DRA for a violation of Iowa Code Chapter 99F.4(22), relating to the state-wide self-exclusion law. He noted Commission staff and DRA representatives have entered into a Stipulated Agreement. Mr. Ohorilko advised on March 7, 2014, an excluded individual entered Mystique and approached the Players' Club desk to redeem a promotional coupon. Upon learning of the incident, Mystique started an investigation and discovered that a mailing list they had purchased was improperly cross-referenced with the state-wide self-exclusion list resulting in five individuals on the list being sent promotional mailings. Mr. Ohorilko stated Mystique has implemented a policy going forward to insure that all purchased mailing lists will include a more thorough screening against the state-wide self-exclusion list. He stated DRA acknowledge the facts constitute a violation of Iowa Code Chapter 99F.4(22) and have agreed to an administrative penalty between \$3,000 and \$20,000. Mr. Ohorilko advised this is the second offense within the past 12 months.

Mr. Wiedmayer stated DRA self-reported the incident. The patron who did come to the casino was a locally banned individual, not a state-wide individual. The other individuals were notified via confidential communication that the mailing was sent in error; none of them came to the casino. Mr. Wiedmayer stated procedures have been implemented whereby they will not be purchasing mailing lists in the future. If they do, they will be more thoroughly checked against the state-wide self-exclusion list.

Hearing no comments or questions for Mr. Wiedmayer, Chair Lamberti requested a motion, including an administrative penalty. Commissioner Heinrich moved to approve the Stipulated Agreement with an administrative penalty of \$5,000. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to Public Comment and called on Wes Ehrecke, President of the Iowa Gaming Association. Mr. Ehrecke advised that August 4-8 is Responsible Gaming Education Week. He noted research indicates over 98% of individuals can gamble responsibly. He advised there are numerous activities planned at the various facilities such as training of staff, and treatment providers will be on site to interact with patrons. Mr. Ehrecke stated the Iowa Gaming Association has a Responsible Gaming Group that discusses best practices to be utilized throughout the year.

Chair Lamberti moved to Administrative Business, the discussion on future licenses and license applications. He noted that as the Commission has gone through the process twice in recent months, they have made it pretty clear they would share their thoughts on the matter at some point.

Chair Lamberti stated he did not believe in a moratorium issued by the Commission as it would not carry much weight, nor would it serve the people of Iowa. He noted that while the Commission has a good indication of what the future looks like at this time, there is no way to know what it will look like six months from now or a longer time period. Chair Lamberti stated it was clear from the Commission's two studies, as well as several private studies, that Iowa's market is pretty saturated. With regard to the short term future, Iowa will have three new facilities coming on line – Hard Rock, Greene County approximately a year out, and the land based facility in Davenport. Chair Lamberti stated it is important to let them get up and running prior to considering any new license applications. He stated that he had little desire to consider any new license applications during the remainder of his term – approximately three years. He went on to state the Commission does need to be cognizant of changing conditions which could warrant looking at new applications – a change in the law, changes in competition from neighboring states, etc. Chair Lamberti stated that he was not encouraging anyone to submit an application, and does not see a set of circumstances that is likely to change his mind over the next three years. He indicated his phone lines were open to anyone who wanted to discuss his thoughts on this issue.

Commissioner Arnold concurred with Chair Lamberti's comments. He indicated his phone lines were also open.

Commissioner Mertz stated the Commission needs to keep an open mind as there could be changes in the environment, economy, or circumstances. She indicated she does not want to say "no" to anyone outright as they have the right and privilege to do what their community and environment entices them to do. She stated the Commission needs to give the new facilities time to get going, and look at the market to determine if it is saturated. She also concurred with Chair Lamberti's remarks, but feels the Commission needs to keep an open mind as it is their duty to look at everything on its own merit.

Commissioner Kramer referred to the market studies prepared for the Commission which indicated the gaming market in Iowa is saturated. She also concurred with Chair Lamberti's comments with regard to the new facilities once they are up and going and determine the market at that time. She noted the number of casinos closing across the country, and the possibility of additional competition from neighboring states. Commissioner Kramer concluded her remarks by stating no one know what the future holds, so will just have to wait and see.

Commissioner Heinrich also concurred with the previous comments, noting the Commission can't just say "no". The law gives people/communities the right to make an application and it is the Commission's job to evaluate it on its own merits; however, he stated he is not encouraging anyone to apply at this time. He expressed concern throughout the recent licensing process about the effect any new casino would have on existing operations. He indicated it is important to wait and see how the new facilities are doing after opening; and believes they will all be successful. Commissioner Heinrich noted the market studies showed a real concern about expanded gambling in Iowa.

Chair Lamberti moved to the election of the chair and vice chair for Fiscal Year 2015, and called for a motion. Commissioner Heinrich moved to nominate Jeff Lamberti to serve as Chair for the next fiscal year. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti requested a motion with regard to vice chair. Commissioner Mertz moved to nominate Carl Heinrich to serve as Vice Chair for Fiscal Year 2015. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti requested a motion to adjourn. Commissioner Mertz so moved. Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
AUGUST 28, 2014**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, August 28, 2014, at Riverside Casino and Golf Resort, LLC d/b/a Riverside Casino & Golf Resort (RCGR), Riverside, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz.

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

Chair Lamberti moved to the Welcome. Dan Kehl, Chief Executive Officer, welcomed the Commission to Riverside and introduced Patty Koller, President of the Washington County Riverboat Foundation (WCRF). Ms. Koller thanked the Commissioners for their work on the Commission which benefits Iowa and Washington County. She expressed appreciation for their long hours of work and commitment to Iowa's gaming industry, and the difficult decisions they have had to make. Ms. Koller stated WCRF has acted in accordance with state gaming laws and within the expectations of the Commission. One of the expectations is providing revenues to non-profits; Ms. Koller stated WCRF has given out 843 grants – over \$22 million in competitive grants plus another \$6 million to city governments in Washington County to help with budgets. She stated there is not one segment of Washington's rural community that has not been touched in some way. She advised the lives and future of the residents of Washington County have been changed forever; and that WCRF will continue to serve non-profit groups in and around Washington County.

Chair Lamberti moved to the approval of the minutes from the July 31, 2014 meeting, noting they had been distributed previously, and requested a motion. Commissioner Kramer moved to approve the minutes as submitted. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to announcements and called on Brian Ohorilko, Administrator, of IRGC. Mr. Ohorilko provided the following information about future Commission meetings:

- September 2014 – No Meeting
- October 9, 2014 – Wild Rose Clinton, Clinton, IA (Submissions due by September 25, 2014)
- November 13, 2014 – Adventureland Inn, Altoona, IA (Submissions due by October 29, 2014)
- December 2014 – No Meeting
- January 15, 2015 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by December 31, 2014)

Mr. Ohorilko introduced IRGC Gaming Representatives Scott Ditch and Sue Hansen, who are assigned to RCGR, and thanked them for their work on behalf of IRGC.

Chair Lamberti moved to the review of the financial audit for the Isle of Capri properties in Iowa. Sally Rogers, Director of Finance for Isle of Capri Bettendorf, L.C., Grant Gubbrud, Director of Finance for IOC Black Hawk County, Inc., and Laurie Fisher, Director of Finance for Isle of Capri Marquette, Inc. were present to address any questions.

Ms. Rogers stated the highlights of 2014 were the sale of the Rhythm City Casino in Davenport to Scott County Casino. She noted IOC Bettendorf took a \$60 million charge, primarily due to changes in the market place, and the advent of Illinois gaming terminals. Ms. Rogers stated the properties continued to have a significant economic impact in Iowa, paying \$48 million in payroll and benefits, and \$38 million with Iowa vendors in 2013.

Hearing no further comments or questions concerning the Isle of Capri audit, Chair Lamberti moved to the next agenda item and called on Mr. Ohorilko for the introduction of Dr. Dionne Benson with the Racing Medication and Testing Consortium (RMTC). Mr. Ohorilko stated Dr. Benson is the Executive Director, is highly respected within the industry, and works very closely with the Association of Racing Commissioners International (ARCI). He indicated this was a good time for Dr. Benson to address the Commission as staff is meeting with the racing groups to discuss various racing initiatives. He advised the task force has made quite a bit of progress, but noted there are varying opinions as would be expected. He stated the more information the Commission can obtain to help in the process, the better. Mr. Ohorilko turned the floor over to Dr. Benson.

Dr. Benson provided some background about the RMTC before addressing their uniform medication policy and the goals of the RMTC. A copy of her presentation is attached and incorporated in its entirety by this reference.

Mr. Ohorilko noted one of the items the racing task force is discussing is therapeutic medications. Iowa is currently testing for many, but not all, of them. He asked what goes into the testing and establishing of the thresholds.

Dr. Benson stated that generally speaking, RMTC uses between 12-20 horses to set the threshold. She stated the issue upon determining the threshold is the physical analysis is based on the same analysis as a dairy cow would be given Europe. She advised the statistical analysis is called the K-factor, which increases as the number of horses decreases; for 20 horses, the K factor is approximately 2.7, for 10 horses, it is almost 3. Dr. Benson stated the statistical analysis takes into consideration the number of horses. She stated that when individuals understand the threshold levels, they understand the medication withdrawal times. Dr. Benson stated that Iowa has not experienced a significant increase, if any, in violations when the state has adopted RMTC thresholds.

Hearing no further comments or questions for Dr. Benson, Chair Lamberti moved to the presentations by the respondents to the Request for Proposal to assist the Commission in

determining the process to distribute the Iowa Greyhound Racing Fund. He advised the order was determined by a random draw prior to the meeting; the order will be Ketterer, LLC; Spectrum Gaming Group and Union Gaming.

Dean Spina, an attorney from the Bradley & Riley Law Firm in Cedar Rapids was present to represent Ketterer, LLC. Mr. Spina advised that Jack Ketterer was out-of-state, but was available by phone to answer any questions if necessary. He read a letter from Mr. Ketterer setting forth the three areas he felt were important in the process: 1) an open and transparent process; 2) solicitation of input from all industry participants and stakeholders, and 3) the objectivity of data utilized in determining the distribution of the funds. Mr. Spina indicated there would also be meetings with Commission staff, Department of Agriculture officials, and key legislators in the passage of the legislation. He indicated they would also meet with the Iowa Greyhound Board to seek input on the number of meetings and location with industry participants; topics to be discussed at those meetings, and determine the most effective means of communicating with industry participants. They will be seeking information for all licensed participants in the greyhound industry from 2010 – 2014, as well as purse information for the same time period paid out by Dubuque Greyhound Park and Bluffs Run Greyhound Park.

Mr. Spina advised Bradley and Riley was engaged by Mr. Ketterer (Ketterer, LLC) to provide legal and administrative services that will enable him to focus his attention on the proposal. He provided some background information on the law firm. Mr. Spina stated the proposed rules submitted to the Commission for consideration should be thorough and anticipate issues that could arise. Some legal issues that could arise include the dissolution of a partnership, the death of a participant, whether or not payments should be pledged as security, and whether awards that come in the future could be assigned to another individual, and under what circumstances.

Chair Lamberti called for any questions. Commissioner Heinrich advised the proposal answered any questions he might have had. He concurred that it is important to get input from the industry.

Chair Lamberti called on Spectrum Gaming Group. Adam Steinberg advised that Spectrum Gaming offers a broad spectrum of services that are unparalleled in the industry. He indicated principals in the company have experience in the areas of gaming, regulatory, law enforcement, economic analysis and financial services. He noted the company has an extensive background in performing work for government entities, as well as the private sector. He stated the company completed a report on the socioeconomic impact of gambling in Iowa in 2014. Mr. Steinberg advised Spectrum recently completed a 700-page report on the impact of gaming in the state of Florida, which included an analysis of the state's greyhound industry. Other greyhound and pari-mutuel experience includes reports for the Kansas Racing & Gaming Commission, Indiana Racing & Gaming, as well as Illinois and Ohio. He advised that Spectrum Gaming is very focused on the area and understands some of the unusual needs that are part of the Midwest. Mr. Steinberg then covered Spectrum's ability to comply with or meet the technical requirements of the Request for Proposal.

Mr. Steinberg concluded his remarks by stating Spectrum Gaming Group and its associates have a breadth of experience in administrative rulemaking, socioeconomic analysis, public pulse analysis, investigation and due diligence. He stated the company is knowledgeable about Iowa, knows the industry and market.

Chair Lamberti called for any questions. Commissioner Heinrich concurred with Mr. Steinberg's comments about Spectrum's knowledge of the data from past experience, but questioned how much effort they would spend to talk with individuals directly impacted. Mr. Steinberg advised they would set aside a fair amount of time and would take more if needed. He reiterated their knowledge of the greyhound industry, but will need to get more specific as to how to achieve the cessation of greyhound racing in Iowa, and who will be impacted.

Commissioner Heinrich noted Iowa finds itself in a unique situation. He mentioned the kennel owners and the impact on them. Mr. Steinberg advised Spectrum will interview as many of the kennel owners as possible.

Chair Lamberti called on Union Gaming. Michael Green provided background information on the company, their services, team members, and their experience in the gaming industry. Mr. Green acknowledged Union Gaming Analytics has limited experience with the greyhound industry in Iowa, but does have extensive knowledge and experience with many aspects of the horse racing industry nation-wide, which would provide them the ability to have an informed but unbiased perspective on Iowa's greyhound racing industry. Mr. Green advised Union Gaming would spend as much time as necessary in Iowa to speak with as many stakeholders as possible to gain a thorough understanding of Iowa's greyhound industry and the ramifications of the track closure in Pottawattamie County in order to make recommendations. They will set out to determine what they feel is a fair and equitable distribution of the monies based on a deep quantitative analysis to ensure the maximum benefit to each party involved.

Hearing no comments or questions concerning the Union Gaming presentation, Chair Lamberti moved to contract approvals and called on RCGR. Dan Franz, General Manager, presented the following contracts for Commission approval:

- Hawkeye Sports Properties, LLC – Marketing and Sponsorship Agreement
- Marshall Furniture Co. – Carpet and Supplies for Casino Upgrades
- Physicians Clinic of Iowa, P.C. – Health Care Expenses
- Team Staffing Solutions, Inc. – Temporary Staffing

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by RCGR. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri Bettendorf, L.C. d/b/a Isle Casino Hotel Bettendorf (IOCB). Ms. Rogers presented a contract with Dubuque Barge & Fleeting Service Company for labor and equipment to dredge sediment from Marina Harbor for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contract as submitted by IOCB. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Rhythm City Casino, LLC d/b/a Rhythm City Casino (RC). Mo Hyder and Curt Beason, General Manager and legal counsel respectively, presented the following contracts for Commission approval:

- J & A Printing, Inc. – Direct Mail Advertising
- Riverside Casino & Golf Resort – Support Services (RP)
- Zurich – Insurance Services
- Purchase Agreement

Chair Lamberti, noting the complexity of the Purchase Agreement even though it is in keeping with the original agreement, asked for a description of the changes. Mr. Beason advised the master purchase agreement was for the casino site, roadway and the drainage area. Part of the agreement was an arrangement for Baxter Construction to develop the public access areas. Due to the number of land owners involved, and to more appropriately define responsibilities and to make the contract directly between the City and Baxter Construction, the purchase agreement was separated out into individual contracts. Mr. Beason advised there are no material changes from what was approved at last month's meeting; just the allocation. The casino will take 40.01 acres, with the balance being acquired on behalf of the City by Baxter Construction in order to develop the roadway and drainage area. Mr. Beason stated that upon the Commission's approval, RC would proceed with the closing.

Chair Lamberti asked if all parties had signed off on the revised agreement, including the Riverboat Development Authority. Mr. Beason answered in the affirmative, indicating he had provided a copy to the Commission.

Chair Lamberti called for any further comments or questions. Hearing none, he requested a motion. Commissioner Arnold moved to approve the contracts as submitted by RC. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Wild Rose Jefferson, LLC d/b/a Wild Rose Jefferson (WRJ). Tom Timmons, Vice President of Operations for Wild Rose Entertainment, presented a contract with Jefferson Hotel Group for the ground lease and hotel operation for Commission approval.

Chair Lamberti noted the contract is providing more specifics about the agreement submitted with the proposal, and asked if there were any significant changes. Mr. Timmons advised there were not.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by WRJ. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, presented the following contracts for Commission approval:

- Commercial Flooring Co. – Carpet Installation for Casino Floor
- Young Plumbing & Heating – Renew Contract for Building Environmental Systems

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by DJW. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City (HRHC). Curt Beason, legal counsel, presented the following contracts for Commission approval:

- Global Payments Gaming Services, Inc. – Cash Advance Processing
- NRT Technology Corp. – Ticket and Cash Redemption Kiosks
- Tech Art, Inc. – Blackjack Card Readers
- City of Sioux City – Special Event Seating
- US Bank NA – ATM Services

Chair Lamberti asked about the contract with the City of Sioux City for special event seating, noting the contract did not provide any details. Mr. Beason indicated he would obtain and provide the requested information to the Commission, but believed it related to The Backyard area of the property, which would be opening on the weekend. Chair Lamberti requested that future contracts provide a little more detail. He stated he wasn't sure if the seating was for the arena, or something else.

Mr. Ohorilko stated he had contacted Todd Moyer, HRHC General Manager, due to his concerns regarding the lack of details on the contracts. He advised that the contract in question is for arena seating at the Tyson Event Center. HRHC is taking over the lease that Argosy had for box seating.

Hearing no further comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by HRHC. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on IOC Black Hawk County, Inc. d/b/a The Isle Casino Hotel Waterloo (IOCW). Bari Richter, General Manager, presented the following contracts for Commission approval:

- JAMS Marketing – Marketing Promotional Items
- Commercial Flooring Co. – Carpet Installation

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by IOCW. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Prairie Meadows Racetrack & Casino, Inc. d/b/a Prairie Meadows Racetrack & Casino (PMR&C). Derron Heldt, Director of Racing, stated PMR&C had a solid thoroughbred meet. On-track handle was up 3.5%, while off-track handle was down about 6.5%. Field size was 7.4 this year versus 7.8 last year. He advised these numbers reflect a trend that is being seen around the country; however, their on-track handle numbers go against the national trend. Mr. Heldt stated the track surface was very safe this year; they put down new soil last fall. They also purchased some equipment for the track superintendent, which allows him to test the various components of the track surface.

Mr. Heldt advised there were some issues during the transition from the thoroughbred meet to the quarter horse meet last year with regard to the condition of the stalls. This year PMR&C placed a lot of emphasis on providing the quarter horses with clean stalls and in a condition that represented what PMR&C wanted the quarter horses to have. He indicated there were no complaints regarding the stall conditions this year.

With regard to the quarter horse meet, Mr. Heldt stated on- and off-track handle is down slightly. He advised there are currently 575 horses on the back side, and they are expecting another 25 this week. Racing occurs on Friday, Saturday and Sunday. Mr. Heldt stated PMR&C has enough horses to fill the races. He noted there are some trainers, approximately 5-8, that are shipping their horses in from Indiana, Oklahoma or other areas rather than stabling them on the backside.

Mr. Heldt stated everyone is looking forward to October 17-18 when PMR&C will be hosting the Challenge Championship Races for the second time in three years. This year they will be offering some Iowa-bred stake races during the Challenge Championship weekend giving the Iowa horses a chance to compete on the same racetrack as the other races with horses from all over the country. They hope this will generate some great results and crowds for the weekend.

Mr. Heldt advised that PMR&C's agreements with the thoroughbreds and quarter horses, which they are required to bring to the Commission each year, have expired. He stated that in July PMR&C sent proposed agreements out to both groups with a proposed calendar for discussion and proposed changes. He stated they have been in negotiations with the quarter horse group, and have a signed agreement with them for a five-year agreement, which will be included in their pari-mutuel license application in November.

Commissioner Mertz commended PMR&C on the Iowa-bred races; that it is important to provide the Iowa breeders an opportunity to showcase their horses.

Hearing no further comments or questions for Mr. Heldt, Chair Lamberti moved to the contracts. Ann Atkins, Chief Operating Officer, submitted the following contracts for Commission approval:

- Delta Dental of Iowa – Employee Dental Insurance
- Nalco Company – Water Treatment Chemicals and Equipment
- Paycom Software, Inc. – HR/Payroll System Software Agreements and Processing
- Wellmark Blue Cross Blue Shield of Iowa – Employee Medical Insurance

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by PMR&C. Commissioner Mertz seconded the motion, which carried unanimously.

As there was no Public Comment or Administrative Business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Mertz so moved. Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
OCTOBER 9, 2014**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, October 9, 2014 at Wild Rose Clinton, LLC d/b/a Wild Rose Clinton (WRC), Clinton, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz.

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

Chair Lamberti moved to the Welcome. Travis Dvorak, General Manager, welcomed the Commission to Clinton on behalf of Wild Rose Entertainment, Wild Rose Emmetsburg, and their newest property under construction, Wild Rose Jefferson. He expressed his hope that everyone enjoyed their stay at the facility. He introduced Tom Fullerton, President of the Clinton County Development Association (CCDA).

Mr. Fullerton asked additional board members in attendance to stand, and welcomed the Commission to the City of Clinton and Clinton County. He advised he first appeared before the Commission in 1991, when Clinton was awarded the fifth gambling license issued in the state. While Clinton is a small market, Mr. Fullerton stated they have been very proud of their operators over the years; the Robert Kehl family and Mississippi Belle II, and since 2006, with Wild Rose Casino and Resorts. He noted Wild Rose Clinton was the first truly land-based casino licensed by the Commission as it was not required to have a water feature in order to have a license. Mr. Fullerton advised CCDA has received over \$23 million from the casino operators since being licensed in 1991, and has been a major investor in many development projects throughout Clinton and Clinton County. CCDA provided the majority of the match money for a \$20 million Vision Iowa project for redevelopment of the riverfront; and provided millions of dollars for the industrial park – a 500+ acre park on the south side of the city that is served by the railroad and has become the home of several new industries within the county. Additional funds have gone toward fire trucks, band uniforms, band instruments, and many other events and activities throughout the county.

Chair Lamberti thanked everyone for their hospitality, and moved to the approval of the minutes from the August 28, 2014 Commission meeting, noting they had been previously distributed. Commissioner Kramer moved to approve the minutes as submitted. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to the announcements, and called on Brian Ohorilko, Administrator of IRGC. Mr. Ohorilko provided the following information about upcoming Commission meetings:

- November 13, 2014 – Adventureland Inn, Altoona, IA (Submissions due by October 29, 2014)
- December 2014 – No Meeting
- January 15, 2015 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by December 31, 2014)
- February 2015 – No Meeting

Mr. Ohorilko noted the Commission has received the license application from the Iowa Greyhound Association, which was due in the Commission's office by October 1st. He advised the Commission will be holding a special meeting in late October/early November consistent with what the Commission has done with other license applications. The Commission will hold a special meeting to receive public comment on the application, as well as provide the Commissioners with an opportunity to ask questions of the applicant. He stated an agenda will be distributed and posted once the date and location have been determined so that everyone is aware of the date.

Mr. Ohorilko introduced Michelle Perino, IRGC's Gaming Representative, assigned to WRC, and thanked her for her work on behalf of IRGC.

Chair Lamberti, addressing the application from the Iowa Greyhound Association, noted it is somewhat different from the Commission's normal procedure as it was set by Legislation; however, the Commission is trying to keep its procedure as close as possible to what has been done in the past. He noted the Commission is on a tight schedule with regard to a decision on the application; however, they believe it is appropriate to make sure the public has an opportunity to be heard prior to the decision.

Chair Lamberti moved to the selection of the vendor to assist the Commission with the distribution of the Greyhound Racing Fund. He noted the Commission heard presentations from the proposed vendors to assist the Commission with the process of determining how to distribute the greyhound racing fund established by Legislation during the last session at the August Commission meeting. He stated all three vendors are well qualified and capable of providing the assistance necessary in helping the Commission to be fair and equitable in the distribution of the funds. Chair Lamberti stated he studied the three proposals, but the final decision came down to cost in an effort to be good stewards of the funds.

Chair Lamberti moved to select Spectrum Gaming Group to perform the tasks necessary to assist the Commission in determining how best to distribute the greyhound racing funds, and directed staff to enter into a contract consistent with the Request for Proposal. Commissioner Mertz seconded the motion.

Commissioner Heinrich concurred all three vendors were qualified to provide the necessary assistance; however, the choice came down to economics for him as well.

Hearing no further discussion or comments, Chair Lamberti called for the vote. The motion carried unanimously.

Chair Lamberti called on Wild Rose Jefferson, LLC d/b/a Wild Rose Jefferson (WRJ) for a construction update and contract approvals. Tom Timmons, Vice President of Operations, noted the license was granted on June 12; they started moving dirt on June 13th, and held a groundbreaking ceremony on July 10th. Since then, the rains moved in putting the project a little behind schedule. Mr. Timmons stated most of the ground work is completed, the footings are in, and they are in the process of pouring concrete for the drives. He advised three walls will be precast and should be delivered this week; it will take about a week to set them in place. Steel is schedule to arrive in another week or two. Mr. Timmons stated the goal is to have the project totally enclosed by winter, which will enable them to continue working throughout the winter. He stated the project is on schedule to try and open by August 1, 2015.

Mr. Timmons stated his report included the hotel schedule. He noted they will be pouring the slab for the hotel, but are not building the hotel. The hotel is being built by Cobblestone, which will take approximately six months. Cobblestone's projected completion date is sometime in June 2015. He advised Cobblestone has not started on the project at this time.

Hearing no comments regarding the construction progress, Chair Lamberti moved to the contracts submitted by WRJ. Mr. Timmons submitted the following contracts for Commission approval:

- USA Security, Inc. – Design and Installation of Security and Surveillance Systems
- Signarama Altoona – External and Internal Signage
- Iowa Audio Video, Inc. – Audio and Visual Systems

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by WRJ. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the contract approval portion of the agenda and called on Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino & Hotel (Harrah's). Tina Eick, legal counsel, presented a contract with Hospitality Network, an Affiliate of Cox Communication for Wireless Network Equipment for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by Harrah's. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, presented the following contracts for Commission approval:

- Henkel Construction – Jo Stop Convenience Store Remodel Construction Contract
- Mulgrew Oil Company – Renegotiation of Dealer Agreement to Provide Petroleum Products to Convenience Store

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by DJW. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo, LLC d/b/a Diamond Jo Casino (DJ). Wendy Runde, General Manager, presented a contract with Halvorson Trane to replace the starter drive on the chiller for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contract as submitted by DJ. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri Bettendorf, L.C. d/b/a Isle Casino Hotel Bettendorf (IOCB). Nancy Ballenger, General Manager, presented the following contracts for Commission approval:

- Northwest Mechanical – Repairs & Maintenance on HVAC and Other Mechanical Equipment
- MultiMedia Games – Purchase of Slot Machines and Parts
- Shye West – Various Marketing Promotional Items

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by IOCB. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Grand Falls Casino Resort, LLC d/b/a Grand Falls Casino Resort (GFCR). Mo Hyder, General Manager at Rhythm City, presented a contract with All Phase Electric to do the electrical work on the golf course maintenance building for Commission approval.

Commissioner Heinrich asked about the golf course. Mr. Hyder advised that it is coming along well. He noted Grand Falls has hosted several invite only events for individuals to play the course. They have received good feedback. The developer of the course, Rees Jones, and the media will be at Grand Falls on Friday. Mr. Hyder advised all 18 holes of the course would be opened to the public sometime next spring.

Hearing no further comments or questions, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by GFCR. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort (RCGR). Dan Franz, General Manager, stated several individuals from Riverside were able to play the course earlier this week. He stated the course feels like you are in another world; the course is very challenging and will be a great addition to the Grand Falls facility.

Mr. Franz presented the following contracts for Commission approval:

- City of Riverside, IA – Payment in Lieu of Admission Fee Agreement
- GTECH, USA, LLC – Slot Machine Leases
- Kluesner Construction, Inc. – Asphalt Material and Labor for Casino Parking Lot
- Marsh USA, Inc. – Insurance
- Vital Support Systems d/b/a OneNeck IT Solutions – SmartNet Support Renewal

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by RCGR. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on HGI Lakeside d/b/a Lakeside Hotel Casino (Lakeside). Bob Thursby, General Manager, presented the following contracts for Commission approval:

- VSR Industries – Slot Bases
- Henningsen Construction – Parking Lot Asphalt
- Midwest Casino Supply – Slot Chairs

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by Lakeside. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on SCE Partners, LLC d/b/a Hard Rock Casino Hotel & Casino Sioux City (HRC). Stefan Huba, Assistant General Manager, presented the following contracts for Commission approval:

- Certegy Check Services, Inc. – Check Guarantee Services
- Pepsi-Cola of Siouxland, Inc. – Beverage Supplier

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by HRC. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Iowa West Racing Association d/b/a Horseshoe Casino/Bluffs Run Greyhound Park (HC/BRGP). Ms. Eick presented the following contracts for Commission approval:

- Hospitality Network, an Affiliate of Cox Communication – Wireless Network Equipment
- Insight Direct USA – Purchase of Networking Equipment

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by HC/BRGP. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Dubuque Racing Association d/b/a Mystique Casino (Mystique). Dustin Manternach, Chief Financial Officer, presented the following contracts for Commission approval:

- Aristocrat, Inc. – Slot Machine Lease & Purchases
- Houlihan's – Assignment of Houlihan's Restaurant Franchise Agreement & Addendum

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by Mystique. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Prairie Meadows Racetrack & Casino (PMR&C). Brian Wessels, Chief Financial Officer, presented the following contracts for Commission approval:

- Atrient – Kiosks and Software System for Managing Casino Guest Promotions
- Chestnut Sign Co., Inc. – Sign Manufacture and Installation
- Des Moines Performing Arts – Sponsorship of Fine Arts Series Events
- Halvorson Trane – Ventilation Equipment Parts and Service

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by PMR&C. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the Hearings before the Commission and called on Mr. Ohorilko. Mr. Ohorilko advised Commission staff and Lakeside management had agreed on a Stipulated Agreement regarding the violation of Iowa Code Section 99F.4(22), the self-exclusion provision. Mr. Ohorilko stated Lakeside purchased two mailing lists in July of this year. An individual came to the facility that was on the self-exclusion list and attempted to redeem some of the promotional mailings. Lakeside conducted their own internal review and determined there were a substantial number of individuals who received mailings that were on the self-exclusion list, which indicated the lists were incorrectly cross-referenced with the self-exclusion list. Mr. Ohorilko noted this is the first violation of this nature in the last 365 days. The proposed administrative penalty agreed upon is in the range of \$3,000 and \$10,000.

Mr. Thursby advised the two purchased lists were comprised of individuals who had cashed a check at the casino in the past six months and those that had answered a survey indicating their interest in receiving information from casinos. He advised the error he made was allowing the mail house and advertising company to scrub the list against the self-exclusion list. Mr. Thursby advised personnel at Lakeside would be checking the list against the self-exclusion list going forward to ensure that it is done correctly. Mr. Thursby accepted responsibility for not having that process done in-house.

Chair Lamberti stated that Mr. Thursby had answered his question, which was where did the failure occur. Hearing no other comments or questions concerning the Stipulated Agreement,

Chair Lamberti called for a motion. Commissioner Heinrich moved to approve the Stipulated Agreement as submitted, and to assess an administrative penalty of \$3,000. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Mr. Ohorilko for the background on the second hearing, IOC Black Hawk County, Inc. d/b/a The Isle Casino Hotel Waterloo for a violation of Iowa Code 99F.4(22), the self-exclusion provision. Mr. Ohorilko advised Commission staff and IOC Waterloo management had reached a Stipulated Agreement. In this situation, an individual signed the paperwork to be placed on the state-wide self-exclusion list in June 2009. Subsequently, the individual got married and was able to obtain a Player's Card and receive promotional mailings. In June 2014, the facility requested identification from the individual prior to printing her entries in a promotional drawing. In doing so, the facility determined the individual was on the self-exclusion list, and had won a taxable jackpot, which she received previously, and was the triggering fact for this violation. At the time of receiving the payout, the individual should have been requested to provide identification, which should have been cross-referenced with the state-wide self-exclusion list. Mr. Ohorilko noted IOC Waterloo has incorporated some additional procedures to prevent the situation from re-occurring. He advised the parties have agreed to an administrative penalty between the range of \$3,000 and \$10,000. He further noted IOC Waterloo has not had a violation of this nature within the last 365 days.

Bari Richter, General Manager, advised the facility is cognizant of the severity of the violation. She advised that after the violation occurred, the facility went back through the touch points in the related training materials, strengthening each item and adding a secondary checkpoint. They have also worked with the check cashing vendor, which was one of the items in the Stipulation, to insure they are properly uploading the self-exclusion information. With regard to the W2G situation, Ms. Richter stated the facility has performed extensive re-training and added checking the IGA list as an added verification. She stated the facility will do what they can to prevent the situation from occurring again in the future.

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the Stipulated Agreement as presented, and assess an administrative penalty of \$3,000. Commissioner Kramer seconded the motion, which carried unanimously.

As there was no Public Comment, Chair Lamberti moved to Administrative Business and called on Mr. Ohorilko. Mr. Ohorilko advised there will be a reversion to all of the facilities; the Commission's FY 2014 budget has closed. He advised the Commission does not have all of the information from the DCI, but will be forwarding additional information in the near future. Mr. Ohorilko stated the amount to be reverted to the racetracks from the Commission is \$34,945; for the riverboats and excursion gambling structures, the amount is \$37,677.

Hearing no further business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Mertz so moved. Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
NOVEMBER 5, 2014**

The Iowa Racing and Gaming Commission (IRGC) met on Wednesday, November 5, 2014 at Prairie Meadows Racetrack & Casino (PMR&C). Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti stated the purpose of the meeting is to receive public comment on the pari-mutuel license application submitted by the Iowa Greyhound Association (IGA) to conduct dog racing and pari-mutuel wagering at the facility in Dubuque. He advised this meeting is different than other meetings taking place across the state; noting the Commission has engaged the services of a consultant pursuant to legislation approved during the last session to assist the Commission in the distribution of the cessation fund. Chair Lamberti stated that is a separate matter from the purpose of this meeting. He advised the Commission has conducted public comment meetings with regard to other license applications as well as a presentation and question and answer session about the actual application submitted to the Commission.

Chair Lamberti stated those individuals signed up to address the Commission know their order. He advised the Commission would prefer comments to be 3-5 minutes in length; noting some have requested their times be combined in lieu of all of the individuals speaking. Chair Lamberti indicated that is acceptable. Chair Lamberti called for the first speaker, and requested that each speaker identify themselves for the record.

The first speaker was John Filipelli. He advised his family resides in Iowa; and he and his wife operate a contract kennel at Bluffs Run. They are interested in the situation before the Commission today due to the money involved for racing. Mr. Filipelli stated the affiliates of Filipelli and Miner Racing were going to allot their time to Dean Miner in order to be more efficient in the time allotted.

Dean Miner stated his partner, Mark Spahos, had just distributed a binder of information. He noted they had additional copies in the event anyone else wanted one. Mr. Miner stated he is a partner of the Filipelli family, and is a resident of Wheeling, West Virginia, but has chosen to move his business to Iowa, and had every intention of moving to Iowa and building a farm, however, with the turn of events, that will not be possible. Mr. Miner stated he and other kennel owners have been made aware the IGA is going to request escrow monies that have built up in a fund since 1995 established by Bluffs Run Casino in order to start their new venture in Dubuque. Mr. Miner stated the IGA has been in existence for about 20 years, but does not exist anymore.

He advised the organization still calls itself the IGA but in his mind it is the IGA 2.0. Mr. Miner stated the old entity represented all of their interests and was a non-profit entity. He questioned how the IGA could have any access to the monies earmarked for the development of greyhound racing and purse structures, etc. in order to transfer the funds to Dubuque for use by the IGA 2.0, which is a for-profit entity. Mr. Miner stated the IGA 2.0 is a completely new group, a new set of circumstances, and he believes there would be legal ramifications of taking the money from the escrow account to use for their own new for-profit interests.

Mr. Miner stated various TV newscasts and newspaper articles over the last couple of years made it very clear the two casinos interests wanted out of subsidizing the greyhound business. The casinos offered the state \$70 million approximately two years ago, as well as last year. This time around the casino interests offered the funds to the greyhound industry. He noted newspaper articles in the Dubuque area indicated the funds could be used for city programs and developing better projects for the City of Dubuque.

Mr. Miner stated the license the IGA 2.0 is applying for today is a subsidized license, but instead of Mystique and Harrah's doing the subsidizing, the IGA wants the greyhound people to subsidize the license. Mystique and Harrah's will pay \$72 million to the state in order to cease conducting greyhound racing at their facilities. It is his opinion the Legislature said they were waiting for the facilities and the IGA to submit an agreement to them. He noted that while the casinos and the Legislature wanted out of the greyhound racing business, there was one party, the IGA/IGA 2.0, who wanted to be involved in detailing how it all worked. Mr. Miner stated the IGA wants to put everyone in the subsidizing business; instead of slot machines subsidizing racing in Dubuque in 2015, 2016, 2017, or whatever the plan calls for, the IGA wants greyhound interests to subsidize racing. Mr. Miner stated that he does not want to be a slot machine, nor does it serve the best interests of all the greyhound families, farmers, dog owners and investors to take half of \$72 million and subsidize a handful of people to race at Dubuque for a few years. He called that the definition of inequality. Mr. Miner indicated there is a risk of impropriety.

With regard to the legislation that was passed, Mr. Miner advised the main proponent was the IGA Executive Board, through their legal counsel – Jerry Crawford, who is also the legal counsel for the members of the IGA. Mr. Miner then referenced excerpts from an August 2014 IGA meeting and from the legislation that was passed. Mr. Miner noted the legislation allows purse payments made from January 1, 2010 through December 31, 2014 to be utilized in determining how the remaining cessation funds would be distributed. It is his belief that certain IGA Executive Board members would each get \$4 million of the funds.

Noting that a number of racetracks have closed over the past few years, and the likelihood that more will be shuttered via legislation in the upcoming year, Mr. Miner questioned why the IGA 2.0 wants to use half of \$72 million to subsidize their organization to race a few years. He indicated the intent is not to make this issue personal, but find solutions that are better for everyone invested in the industry rather than a handful of individuals.

Mr. Miner stated the Filipelli and Miner group sent a certified letter, with more to follow, to the IGA and the Executive Board requesting information. They received none; nor were any

meetings held with the membership. He advised that two days before the end of the legislative session, there was an invitation only phone call during which the members were asked to vote on two issues: 1) do you support a solution of the sort outlined by Jerry Crawford; and 2) do you authorize Jerry Crawford to continue negotiating and the IGA Board to give formal approval to any result Jerry Crawford comes up with or the current solution as explained to you.

Mr. Miner noted the legislation requires the IGA to run a minimum of 60 dates; with 9 race cards per performance, which could easily be done in 6-8 weeks. Current race cards contain 15 races per performance. He pointed out the IGA is requesting \$36 million to run the program for five years, or \$7.2 million per year. He questioned the value to the Iowa economy if the IGA is allocated \$1.2 million for expenses, leaving \$6 million for purses. Mr. Miner stated the IGA, upon learning how much it was going to cost to run a live meet, reached out to an expert consultant named Jim Gartland, one of the foremost experts on running greyhounds, running racing departments. The IGA asked Mr. Gartland how they could cut costs. Mr. Miner advised he contacted Mr. Gartland and asked how many dogs would be needed to run 60 dates with 9 races per card. Mr. Gartland advised him it could be done with only 250-350 dogs, or the equivalent of 6-8 kennels. Mr. Miner pointed out that most of the IGA Executive Board members are kennel owners. He stated that Mr. Crawford indicated at the IGA meeting that anyone who wanted to race with the IGA would be able to do so. Mr. Miner advised there are 6,000 Iowa-bred greyhounds registered with the Iowa Department of Agriculture. There are also thousands of dogs outside of Iowa that may want to race in Dubuque as well.

He advised the IGA has seven executive board members, most of whom are kennel owners. The minutes of the August 24th meeting state the IGA Executive Board cannot enrich themselves. They will establish a three-person panel to review the kennel applications and determine which kennels operators will be chosen.

Mr. Miner advised that all of the funds are going to come from simulcasting. Again referring to the August 24th minutes, Mr. Miner pointed out that Mr. Crawford indicated the IGA would make some changes to the current system, and would hopefully see revenues of \$40 million. Mr. Miner noted Mr. Crawford stated the IGA has the right, legislatively, to put simulcast facilities everywhere as long as there is only one per county. He advised that Mr. Crawford also indicated the most lucrative simulcast product is horse racing from outside Iowa.

In closing, Mr. Miner requested that the IRGC investigate the involvement of the IGA Executive Board and legal counsel and the deals made to get the legislation passed; how the IGA legal team will be paid and how much, with an emphasis on lead counsel, Jerry Crawford; to investigate the relationship between Mr. Crawford and the IGA Executive Board members in relation to their outside financial relationships with an emphasis on thoroughbred ownership; to investigate possible past conflicts of interest concerning Mr. Crawford and potential future conflicts as Mr. Crawford has complicated and lengthening ties to the horse racing industry in Iowa despite representing the greyhound industry and appears to be in charge of negotiating a simulcast agreement between the two parties in the near future. He further requested IRGC to request a business plan from the IGA with precise costs and expected greyhound revenue from racing at Dubuque during the first five years when the \$36 million is to be disbursed. Mr. Miner further

requested the IGA Board provide a cost and expected revenue to be generated by racing at Dubuque for years 6-10 when the membership feels there will be insufficient funds to even cover employee costs after the \$36 million subsidy is gone. He also requested copies of all agreements and contracts the IGA Board has agreed to with regards to persons connected with the Dubuque racing project, projections of the expected purse amounts after the \$36 million is exhausted. Mr. Miner requested the Commission to expand the role of Spectrum Gaming to include future viability of racing at Dubuque due to their belief the only reason the IGA is seeking the live racing license is to get to the large simulcast funds. He also requested the Commission look at the impact on Iowa's agri-business economy. Mr. Miner asked the Commission to seek Spectrum's opinion of the greyhound industry and its future viability; if they are not satisfied with the responses, he asked that the entire \$72 million be paid out to all interested parties in Iowa racing. He also requested an independent auditor review the all relevant documents.

The following individuals addressed the Commission:

Pete Temple, a greyhound racing fan and a media person, stated he has been bothered by some of the news articles surrounding this topic. He noted many of the articles contained the words fading interest, waning, declining, failing, etc. Mr. Temple stated those articles are not telling the whole story; that Iowans no longer know about greyhound racing, not that they don't care. He indicated he was in favor of granting a license to IGA, as it would give them the opportunity to properly promote the races; he stated there has been no promotion or advertising in the recent past. Mr. Temple expressed his support of simulcasting as it provides additional opportunities to the racing fan, and provides a revenue stream to help sustain purses; and of the 5-year window for the license as he does not believe there has been a fair test of greyhound racing in Iowa because of the lack of promotion. It is his opinion the five-year license would provide an opportunity to show that greyhound racing can make a come-back in Iowa with advertising and promotion.

John Herrig, Directing Business Representative for the Machinists Union for District 6, advised the union represents the pari-mutuel employees at Mystique Casino. He addressed the issue of jobs for the members, noting the only way they will continue to have a job is if a license is granted. Mr. Herrig expressed the union's support of the license application, but also expressed concern about the number of races that will be allowed. They would prefer unlimited races, the race card would have more than nine races, and the meet would be longer than 60 days.

Rick Bartley, owner of Bartley Corporation in Abilene, Kansas, which has a kennel contract at Horseshoe Casino/Bluffs Run Greyhound Park in Council Bluffs, IA, stated they first came to Bluffs Run in 2000. Mr. Bartley, defending out-of-state kennels, advised that he has purchased meat for his 42-acre farm which houses approximately 300 head of greyhounds, and has trained a significant number of Iowa greyhounds as there are no training tracks in Iowa. He stated that he purchases a lot of Iowa-bred greyhounds. Mr. Bartley also expressed concern for his employees. He raised the issue of a conflict of interest with the IGA holding the pari-mutuel license and then holding the contracts. He then asked if the \$36 million that is going to the IGA will be returned to the funds held by the IRGC for distribution in the event the venture fails in Dubuque.

As that concluded Public Comments, Chair Lamberti moved to the IGA's presentation regarding their license application.

Bob Hardison, President of the IGA, advised his wife and several Board members were present. He turned the floor over to Jerry Crawford, the IGA's legal counsel since 1990. Mr. Hardison asked the Commission to approve the IGA's request for a license. With regard to Mr. Miner's comments, Mr. Hardison stated he received significant input from him in the early stages, and had retained a text message in which Mr. Miner stated "his group was on board and supported Jerry and Don".

Mr. Crawford introduced Jim Quilty and Nick Mauro, who were present as co-counsel for the IGA. Before starting the presentation regarding the license application, Mr. Crawford made the following observations regarding previous comments:

- The IGA continues to be a non-profit organization under their corporate charter.
- Even though they are only required to race 60 days per the legislation; the IGA application requests 120 days for 2015 with no reduction in the number of races, and have suggested increasing the number of races per performance and no reduction in the number of dogs.
- The information provided to "Gartland" was completely erroneous and inconsistent with the public record that exists with the IRGC. Mr. Crawford stated he had never heard of Mr. Gartland or spoken with him, even though he is supposed to be the IGA's expert witness. He advised that Messrs. Quilty and Mauro also have not heard of him, or spoken with him.
- Mr. Crawford noted there was a suggestion there should not have been a second-chance fund of \$36 million to operate racing at Dubuque. He made the following observations: That is what the Legislature put in the law that was passed and signed; that there would be two funds – one to provide a soft landing and the other for second-chance racing. He indicated the IGA would have come under attack from its members if it hadn't figured out a way to preserve breeding and racing of greyhounds in Iowa. Mr. Crawford noted that Article 3 of the IGA's corporate charter states its sole and exclusive purpose is to further the best interests of breeding and racing greyhounds in Iowa.

Mr. Crawford moved to the presentation, noting that greyhound racing started in 1985 in Dubuque, and 1986 in Council Bluffs. He noted at that time those two communities were down and out on their luck; and they owe an enormous community debt of gratitude for what greyhound racing did for their communities in the 1980's. Indian casinos arrived a few years later; and once Indian casinos and slot machines existed, greyhound revenues began to decline and that has been true in every jurisdiction where greyhound racing has tried to compete with slot machines. In 1995, the Iowa racetracks sought legislation allowing them to have slot machines at the tracks. The tracks did not have sufficient votes to get that accomplished; they approached the IGA for assistance and agreed that if they got slot machines they would be a life

partner in supporting purses for greyhound racing. Mr. Crawford noted the “marriage” between the tracks and the IGA eventually crumbled as the tracks were frustrated by the amount of money they were obligated to give the greyhounds in purses; they had other things they wanted to do with the money. Mr. Crawford credited Jesús Avilés and Bo Guidry, who spent hours figuring out a way to end greyhound racing in Iowa. The agreement that was reached called for a payment of \$72 million in cash; \$36 million for the soft landing; \$36 million for the second-chance racing in Dubuque; and an additional \$19 million in racing purses over what was initially contemplated by the tracks. When simulcast revenues are included, which the IGA was given the authority to do, Mr. Crawford stated the agreement totals over \$100 million for the greyhound industry from the negotiated “divorce settlement”. Mr. Crawford stated he no longer thinks of the situation as a divorce as the IGA is working with Mr. Avilés with regard to the racing at Dubuque in 2015 and with Mr. Guidry on the possibility of simulcasting at Horseshoe Casino in the future. He clarified the IGA is not allowed to simulcast in every county in Iowa; they are allowed to simulcast on site at an existing casino licensee’s premise if the facility so chooses. The statute only allows one simulcast facility per community; therefore, precluding simulcasting at all three Council Bluffs properties.

Mr. Crawford pointed out there had only been one other settlement in the history of greyhound racing in the country, which occurred in Rhode Island when the kennels received \$2 million. He stated the agreement reflects favorably on the leadership the Board of Directors of the IGA has provided in representing their membership, and is doing a great job as stewards in trying to move forward under difficult circumstances.

With regard to the soft-landing formula, Mr. Crawford noted no one receives any funds until the Commission makes that determination. He stated he informed the IGA board they were never going to discuss what the soft-landing formula should be as they had a conflict of interest. He advised the board has never had any such discussion; however, they do have the ability as individuals to attend the meetings being held by Spectrum Gaming to express their personal views. Mr. Crawford stated the IGA has not taken any position on the soft-landing funds since the legislation was passed and signed into law.

Mr. Crawford advised there was a telephonic meeting involving all of the IGA membership; the vote was 42-1 to pursue a solution similar to what was adopted; the vote was 41-3 to give authority to himself and Don Avenson, the IGA’s lobbyist, to continue to pursue a solution. He stated the IGA held its annual meeting in August to adopt new By-laws to enable the IGA to conduct the business outlined by the statute; and the Board of Directors was up for election. They were re-elected on a vote of 61-7.

With regard to racing in Dubuque, Mr. Crawford noted there is a funding stream for live racing; and advised that the lease with the City of Dubuque and sublease with the Dubuque Racing Association (DRA) were approved unanimously by the Dubuque City Council at their meeting last Monday. He stated the second chance at Dubuque is important as it provides Iowa with the opportunity to keep the nation’s top greyhound breeding program alive; and extended live racing at Council Bluffs through 2015 which will create an opportunity for individuals to clear a significant number of greyhounds through the system and through the end of their useful lives as

racers and enter the adoption program at Bluffs Run. He advised there would be no reduction in the number of kennels at Dubuque. Mr. Crawford stated the IGA is going to appoint a three-person committee to help review the kennel applications; these individuals will be knowledgeable about greyhound racing but will have no stake in the live racing at Dubuque. It is everyone's intent that no one will be excluded from racing at Dubuque. He advised purses will be greater in 2015 than they were in 2014; and will be easily sustainable under the budget presented. With regards to the management structure, Mr. Crawford advised there would be no change; Brian Carpenter will continue to be the Director of Racing and Jean Hallahan will continue to be the Director of Mutuels. The tellers are also going to continue. Mr. Crawford stated the IGA has brought Tom Timmons and Matt Kingdon on board as consultants, both of whom have worked for the IGA in the past.

Mr. Crawford stated that simulcasting has not been a priority from the standpoint of the quality of the experience, whether that was from electronics, food and beverage or anything that made the area a desirable location. He stated the IGA will start slowly, but hopes to create quality shared destinations in the facilities that will attract young people that might want to watch football or basketball games but don't currently have a location with a good electronic display, which will help the casinos as it will help to increase foot traffic.

Mr. Crawford stated he believes the IGA has met all of the requirements of the Iowa Code and Administrative Rules for a license. He noted IRGC has selected the IGA as the recipient of the Iowa Greyhound Promotion Fund for 22 years, which is an indication of the IGA's worthiness to receive the license.

Chair Lamberti noted the Commission is in a unique situation with the Legislation as opposed to other applications the Commission has dealt with in the past, but advised all of the Commission's financial, integrity, and operational requirements will be the same for the IGA as any other licensee if a license is granted.

Chair Lamberti asked Mr. Crawford if the proposed budget submitted is the budget for 2015. Mr. Crawford indicated it was; that it was prepared by Matt Kingdon and Tom Timmons, who described it as very conservative; meaning they overstated costs and understated revenues to make sure that if anything went wrong the IGA would still be fine.

Chair Lamberti asked about the purse amount in Dubuque for 2014. Mr. Crawford advised they were \$2.18 million. Chair Lamberti noted the IGA is proposing purses of \$3.2 million. Mr. Crawford answered in the affirmative.

Chair Lamberti noted that Mr. Crawford had advised the agreements with the City of Dubuque had been approved; he asked where they were at in their discussions with the DRA. Mr. Crawford advised the negotiations have been concluded, and copies of the agreement were available. He indicated the agreement had been submitted to the City of Dubuque for approval the previous Monday, and was unanimously approved.

Commissioner Mertz asked if, or how, the horsemen associations have a place in this scenario. Mr. Crawford indicated the horsemen's group lobbied against the bill. He stated that he is a horse person. He advised the Iowa Horsemen's Benevolent and Protective Association (IHBPA) has the ability and statutory permission to reach out to HBPA organizations in other states if an agreement has not been reached with the track as to revenue sharing on imported horse signals into Iowa, and request that particular state not take Iowa's signal until an agreement has been reached. Mr. Crawford noted Bluffs Run and Mystique have imported horse signals for a number of years, and is not sure why this has become an issue at this time. He stated his belief that the horse and dog racing interests have more in common than they have differences. He pointed out that the horsemen's groups were given the authority to have advanced deposit wagering. Mr. Crawford stated the IGA has asked the horsemen's groups to let them simulcast their races from PMR&C and anywhere else they have a simulcast facility and the IGA would give them 100% of the profit. This would expand their handle on horse racing, which makes the races more attractive to people out-of-state to bet on. He stated that up to this point the horsemen have not been interested. Mr. Crawford stated the issue is unresolved at this time, but will continue to be a topic of discussion.

Commissioner Heinrich noted many in the Council Bluffs area have expressed concerns about the distribution of funds being equitable. Another concern expressed in the western portion of the state is their ability to race in Dubuque. He noted Mr. Crawford had stated that racing in Dubuque is open to everyone. He asked if that is in writing. Mr. Crawford answered in the affirmative.

Chair Lamberti asked about the three-person panel that will be reviewing the kennel applications. Mr. Crawford advised those individuals will not be involved in racing at Dubuque, but will have a background in greyhound racing.

Chair Lamberti stated he had been asked if the Dubuque facility would look different once the IGA begins operating the racetrack portion of the facility, so that it is apparent it is a new licensee. He asked Mr. Crawford how he envisions the facility will appear to someone who is used to going to the current facility. Mr. Crawford stated he hopes the current racetrack portion of the facility looks nothing at all like it does today. He noted there has been zero incentive for Dubuque or Bluffs Run to spend one cent more on greyhound racing than required. Racing has not been promoted, nor is the atmosphere on the track-side of the facility attractive. Mr. Crawford stated the concept behind the second-chance racing was to provide the IGA an opportunity to see if they could make it enough better that it was self-sustaining.

Chair Lamberti asked Mr. Ohorilko if there were any questions from staff. Mr. Ohorilko asked when the IGA anticipates being ready to accept simulcasting wagers should they receive a license; would it be immediately or would they need some time. Mr. Crawford stated they would be ready to accept simulcast wagers on January 1, 2015. He advised that he could not say what it would look like as there will need to be some construction work done, but the footprint of the area has been established. He indicated it might be on a smaller scale in the beginning until the construction work can be completed.

Hearing no further comments or questions concerning the IGA's license application, and there being no further business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Mertz so moved. Commissioner Heinrich seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

BARBARA BLAKE

**IOWA RACING AND GAMING COMMISSION
MINUTES
NOVEMBER 12-13, 2014**

The Iowa Racing and Gaming Commission (IRGC) met on Wednesday evening, November 12, 2014 at Prairie Meadows Racetrack and Casino (PMR&C). Commission members present were Jeff Lamberti, Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz. Vice Chair Carl Heinrich was absent.

Chair Lamberti called the meeting to order at 5:30 PM, and moved to the approval of the agenda. He advised the Commissioners that items 8C (Simulcast/Escrow Agreement with Iowa Greyhound Association) and 11 (Hearing for Michael Bell) were being removed from the agenda. Chair Lamberti indicated the hearing has been continued until the January Commission meeting. He requested a motion to approve the agenda as amended.

Commissioner Mertz moved to approve the agenda as amended. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti moved to the Executive Session, and requested a motion. Commissioner Mertz moved to go into Executive Session pursuant to, but not limited to, Iowa Code Sections 21.5(1)a, g and h for the purpose of receiving Division of Criminal Investigation (DCI) background reports on the Iowa Greyhound Association. Commissioner Kramer seconded the motion, which carried unanimously on a roll call vote.

After returning to open session, Chair Lamberti requested a motion to recess the meeting until 8:30 AM on November 13th at the Adventureland Inn. Commissioner Mertz so moved. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti reconvened the meeting at 8:30 AM at Adventureland Inn, noting the Commission met in Executive Session the previous evening. He advised those in attendance of the amendments to the agenda.

Chair Lamberti moved to the approval of the minutes from the October 9, 2014 Commission meeting, and requested a motion. Commissioner Mertz moved to approve the minutes as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to announcements and called on Brian Ohorilko, Administrator of the IRGC. Mr. Ohorilko provided the following information regarding upcoming Commission meetings:

- December 2014 – No Meeting
- January 22, 2015 – Stoney Creek Inn & Conference Center, Johnston, IA (Submissions due by January 7, 2014)
- February 2015 – No Meeting

- March 5, 2015 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by February 19, 2015)

He advised the January meeting was being moved back a week to January 22nd due to a scheduling conflict, and would now be held at the Stoney Creek Inn & Conference Center in Johnston, IA.

Chair Lamberti noted that Commissioner Heinrich was absent due to the recent passing of his wife. He stated the Commission's thoughts and prayers were with the Heinrich family at this difficult time. He called on Wes Ehrecke, President of the Iowa Gaming Association, who also expressed condolences to Commissioner Heinrich on behalf of the Association membership. Mr. Ehrecke advised those who had met Shirley Heinrich described her as kind, gracious and wonderful.

Chair Lamberti moved to the rules before the Commission under Notice of Intended Action, and called on Mr. Ohorilko. Mr. Ohorilko provided the following summary of the rules: Item 1 removes the reference to the Gamblers Treatment Fund since it no longer exists; Item 2 is clarification of rules due to recent legislative changes regarding the DCI officers; IRGC staff will be handling the security regulations via a security plan; Item 3: Commission staff is receiving revenue reports on line, therefore, the requirement for the month-end report no longer exists; Item 4 adds a requirement for an independent network security assessment to be submitted to the Commission; Item 5 allows the racetracks to offer Trifecta wagering in circumstances with fewer horses; Items 6-9 are racing rules Commission staff and the horse industry have worked on through the task force which will bring Iowa regulations more in line with industry-standard model rules; Item 10 allows a licensed designee of an owner or trainer to enter a horse, and restricts the period of time when a jockey agent can enter a horse – the cut off time will be established by the stewards; Item 11 clarifies when horses can be coupled; Item 12 reduces the number of betting interests from 8 to 7 when a horse is scratched without penalty; Item 13 changes when the scratch time will be determined, the time will be set by the stewards; Items 14 and 15 are rules that clarify the waived claiming rule; Item 16 is a gaming rule allowing for multi-state wide-area progressive slot systems; and Item 17 is a rule change to accommodate new technology.

Mr. Ohorilko advised the proposed rules have been sent to all of the proposed stakeholders, but noted there are a few rules where staff is still working with the industry to try to make sure everyone is on the same page. He requested approval of the Notice of Intended Action on the rules.

Hearing no discussion or questions concerning the proposed rules, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the Notice of Intended Action. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti moved to the contract approval portion of the agenda and called on Diamond Jo, LLC d/b/a Diamond Jo Casino (DJ). Wendy Runde, General Manager, presented the following contracts for Commission approval:

- AJR Equities, Inc. – Merchandise for Promotional Gift Give-Aways
- KWIK Stop C-Store – Gas Cards for Promotional Give-Aways

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by DJ. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort (RCGR). Dan Franz, General Manager, presented the following contracts for Commission approval:

- American Hotel Register Co. – Hotel Amenities/Linen Supplies
- Rhythm City Casino, LLC – Support Services: Internal Audit, Regulatory Compliance, IT Services

Hearing no comments or discussions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by RCGR. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, presented an amendment to the Amended and Restated Operator's Agreement with Worth County Development Authority, and the following contracts:

- Global Payments – Check Guarantee Service
- Nagle Signs – Purchase of Electronic Message Sign

Mr. Pang stated the amendment extends the operating agreement to March 31, 2025, and gives DJW the right to renew the agreement for succeeding ten year periods. All other terms and conditions remain the same.

Hearing no comments or questions concerning the amendment to the Operating Agreement or the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the Amendment to the Operator's Agreement and the contracts as submitted by DJW. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Rhythm City Casino, LLC d/b/a Rhythm City Casino (RC). Joe Massa, Chief Executive Officer, presented the following contracts for Commission approval:

- Marsh USA, Inc. – Property and Liability Insurance and Bond Premiums
- TPI – Direct Main Advertising
- UMR – Medical and Flexible Spending Plan

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by RC. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri Bettendorf, L.C. d/b/a Isle Casino Hotel Bettendorf (IOCB). Nancy Ballenger, General Manager, presented the following contracts for Commission approval:

- Medical Associates of Clinton – Update to Previous Vendor Contract for On-Site Medical Clinic
- Bertch Cabinetry Mfg., Inc. – Manufacturer of Hotel Room Furniture for South Tower Remodel
- Incredible Technologies – Provider of Slot Machines and Parts

Ms. Ballenger advised the contract with Bertch Cabinetry out of Waterloo is for the interior renovation of the South Tower, the original hotel tower. The estimated investment is approximately \$8 million. The scope-of-work will include all 256 rooms and hallway corridors. She advised the finishes will be similar to the North Hotel Tower. All rooms will receive new carpeting, wall coverings, window treatments, mattresses, case goods, lighting, electronics as well as upgrades to the bathrooms. The renovation is to be completed in early spring 2015.

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by IOCB. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Catfish Bend Casinos II, LLC d/b/a Catfish Bend Casinos II (CBC). Gary Hoyer, Chief Executive Officer, presented the following contracts for Commission approval:

- US Bank – Debt Refinancing
- Paul Kosbab & Josh Jones – Sale of Riverboat

Mr. Hoyer advised the first contract involved the restructuring of the financing which involves changing the licensed casino company from a borrower to a guarantor, and establishes a new holding company to hold the debt which will be at a level above the casino. He stated the terms with US Bank are excellent and competitive and will benefit the casino company over the next five years. The terms also provide considerable flexibility for the company.

Mr. Hoyer advised this is the second time he has submitted a contract for the sale of the riverboat; the first one did not close. He noted due diligence is still pending; but the prospective buyers would like to move the boat down river before the locks close meaning the transaction would close in December.

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by CBC. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Wild Rose Clinton, L.L.C. d/b/a Wild Rose Clinton (WRC). Travis Dvorak, General Manager, presented the following contracts for Commission approval:

- Aristocrat – Purchase 6 Helix Uprights and Software
- Konami – Purchase 6 Podium Upright Video Cabinets

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by WRC. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino Council Bluffs (Ameristar). Matt Block, Vice President of Government Affairs for Pinnacle Gaming, presented the following contracts for Commission approval:

- Edwards Chevrolet & Cadillac – Purchase of Vehicles for Hotel
- Shye West d/b/a Imagine This – Marketing and Promotional Items

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by Ameristar. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City (HRHC). Todd Moyer, General Manager, presented the following contracts for Commission approval:

- Cintas Corporation – Kitchen Uniforms, Linen Supply and Maintenance
- Wellmark BCBS of Iowa – Health Insurance Provider for Employees
- L & L Distributing Co., Inc. – Beverage Supplier
- Alcoholic Beverages Dept./State of Iowa – Alcoholic Beverages
- GPI USA, Inc. – Gaming Instruments of Chips, Cards, Dice and Layouts
- AmSan – Cleaning Supplies
- Risk Management Consultants LLC – Risk Management Consultant and Insurance Coordinator
- USPS – Postal Services
- The Printer, Inc. – Printing Services

Chair Lamberti noted that Mr. Moyer had followed up and provided more details for contracts that were with non-Iowa vendors. Chair Lamberti advised all facilities that it is better to submit more information, not less, when submitting contracts with out-of-state vendors.

Hearing no comments or questions regarding the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by HRHC. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg (WRE). Tom Timmons, Vice President of Operations, presented the following contracts for Commission approval:

- Heartland – 401k Contributions
- Imagine This – Promotional Products
- Reinhart Foods – Food products
- Waldinger Corp – Heating and Cooling

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by WRE. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on IOC Black Hawk County, Inc. d/b/a The Isle Casino Hotel Waterloo (IOCW). Bari Richter, General Manager, presented a contract with BakeMark to provide bakery ingredients and products.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contract as submitted by IOCW. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the Gambling Structure License Renewal for the Dubuque Racing Association d/b/a Mystique Casino. Tom Wiedmayer, Chief Operating Officer; Dustin Manternach, Chief Financial Officer, and Brian Southwood, Vice President of Grants and Special Projects, were present to answer any questions. Mr. Wiedmayer requested a 15-month license which will take the facility through March 2016, allowing them to sync up with the other license renewals as the license is changing from a 99D (pari-mutuel license) to a 99F (gambling structure) license as approved by the Legislature during the 2014 session.

Mr. Wiedmayer also presented the following contracts for Commission approval:

- Advanced Business Systems – Postage Machine Lease
- Iowa Street Market – Liquor Purchases
- Maines Paper & Food Service – Food Purchases
- O'Connor & Thomas, P.C. – Legal Services

Hearing no comments or questions concerning the license renewal or contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the Dubuque Racing Association's request for a license to conduct gambling games and to operate a gambling structure from January 1, 2015 through March 31, 2016, including the additional contracts. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the next agenda item, the license renewal application of the Iowa West Racing Association d/b/a Horseshoe Casino-Bluffs Run Greyhound Park (IWRA/HC-BRGP). Pete Tulipana, Executive Director of IWRA, expressed sympathies to Commissioner Heinrich on behalf of the Council Bluffs properties on the loss of his wife.

Mr. Tulipana stated IWRA's relationship with Horseshoe is excellent; they meet regularly to discuss operations and the pari-mutuel track. He noted Harrah's is one of the largest employers in the region, and advised that the administration and employees are active in the community.

With regard to operations this year, Mr. Tulipana advised that as a result of the gaming license fees, IWRA has granted \$5 million to the Iowa West Foundation (IWF). Funding received in the first three quarters of this year has helped IWF award \$12 million in grants and initiatives. He provided the following examples of how the funds are being utilized: \$1.1 million for preschools throughout Pottawattamie County; over \$1 million for trails that are being built throughout the county; and through IWF's education initiative, they are looking at a pilot program to provide summer learning opportunities to help prevent students from falling back during the summer months. Mr. Tulipana described Harrah's/Horseshoe as a key corporate partner in the community, and requested that the Commission approve the license renewal application.

Samir Mowad, Assistant General Manager, was present to address any questions concerning the license renewal application.

Hearing no comments or questions concerning the license renewal application, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the renewal of the pari-mutuel racing license, including dates, and the racetrack enclosure license to conduct gambling games for Bluffs Run Greyhound Park/Horseshoe Casino, contingent upon the following conditions:

- The import and export contracts should continue to have the review and approval by staff to insure regulatory compliance.
- Continuous review of racetrack maintenance issues and monitoring of injuries in cooperation with the Iowa Greyhound Association and IRGC representatives.

Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to HC/BRGP's request for season approvals for the 2015 live race meet. He moved to approve the season approvals for the 2015 racing season as submitted by HC-BRGP. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the pari-mutuel license application submitted by the Iowa Greyhound Association (IGA) to conduct live racing in 2015. Tom Timmons, Vice President of Operations for Goldfinch Entertainment, advised they had been hired as a consultant by IGA to assist them through the licensing process; and advised that all three of the attorneys representing the IGA are currently out-of-town. He indicated he would try to answer any questions to the best of his ability, or get a response back to the Commission if he did not know the answer.

Chair Lamberti noted this is a unique situation due to the legislation and the requirements, which has put everything on a fast time frame compared to what the Commission is used to; and stated there is a lot of work to be done between now and January with respect to simulcasting, and the live race meet in April. He stated IGA would be required to comply with all of the requirements of the Iowa law; no corners will be cut. Chair Lamberti stated the Commission's most important

duty is to insure the integrity of the meet and any simulcasting. He advised that while the Commission understands the requirements of the legislation, they will be holding the IGA to the same standards as any other licensee. He noted the motion would contain a laundry list of conditions the Commission expects to be complied with moving forward in the process.

Hearing no comments or questions concerning IGA's license application, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the IGA's request for a pari-mutuel racing license, including the dates, at Dubuque Racing in Dubuque from January 1, 2015 through December 31, 2015 contingent upon the following conditions:

- Approval of a revised security plan by IRGC and DCI staff reflecting the current area set out in the lease or other arrangements made to utilize security officers not employed by IGA.
- Payment of regulatory fee as determined at the January Commission meeting.
- The import and export contracts should have the review and approval by IRGC staff to ensure regulatory compliance.
- Approval of Totalizator (tote) testing and system reports prior to opening.
- Approval by IRGC staff for procedures to comply with self-exclusion and set-off programs.
- Submission of signed agreements and any other ancillary agreements or contracts requiring Commission approval to IRGC staff by December 15, 2015 to be reviewed at the January Commission meeting for approval.
- Submission of proof of adequate financing to support simulcast operations submitted to IRGC staff by December 15, 2015. In addition, submission of adequate financing to support live racing operations to the Commission at a later date as determined by the Commission. Interpretation of these conditions shall be in the sole determination of the Commission.
- Final walk-through of facility by IRGC staff prior to opening.
- Demonstration of compliance with all other regulations as set forth in Iowa Code Chapter 99D and the related Iowa Administrative Rules prior to opening. Interpretation of this condition shall be in the sole determination of the Commission.

Chair Lamberti noted the references to December 15, 2015, in the motion should be December 15, 2014. Commissioner Mertz accepted the amendment to her motion. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the agenda items for PMR&C, which included a review of the quarter horse meet, the license renewal, comments from the Iowa Horsemen's Benevolent Protective Association and contracts. Gary Palmer, General Manager, introduced Derron Heldt, Director of Racing, who addressed the quarter horse meet. He advised the quarter horse meet was 27 days; the on-track handle was down slightly or flat compared to last year; on-track handle was about \$466,000 this year; and field size was down slightly from last year – 7.6 entries per race this year versus 7.9 last year. Mr. Heldt noted inventory on the back side was down – 725 horses in 2013 versus 645 this year. The difference was represented by 8-10 trainers that did not stable their

horses on the back side. When reviewing the conditions for the live meet, they elected to utilize the back side to ship in and ship out for the races.

Mr. Heldt advised the highlight of the meet was the Challenge Championships held on the last day of the meet. He noted there were 10 races on Friday and 11 races on Saturday. Approximately one month prior to the Challenge Championship, PMR&C hosted a regional championship for the central part of the Midwest, and the six winners from those races raced on Saturday. Of the six horses that qualified at PMR&C, three won their race while the other three did not finish worse than third. Mr. Heldt noted PMR&C also ran two Iowa-bred races that weekend, which was something new this year. He indicated it worked very well.

Mr. Heldt stated he received a phone call from Tom Lepic, President of the Iowa Quarter Horse Racing Association (IQHRA), advising he would not be able to attend the Commission meeting. He asked Mr. Heldt to inform the Commission that he and his board have some ideas for the 2015 racing season which they will bring forward in the next 30-60 days; possibly less racing days, less purse amounts or categories, etc. Mr. Heldt stated the IQHRA Board is willing to work with PMR&C in order to put their best foot forward and improve racing in Iowa.

Mr. Heldt also addressed the horse racing task force Mr. Ohorilko put together to bring all the stakeholders together. The group held meetings from August through October. He stated nine or ten of the rules presented under the Notice of Intended Action affect racing. He pointed out that the members did not always agree, but were always able to reach a consensus. Mr. Heldt stated those rules will help racing – both the thoroughbred and quarter horse industries - going forward.

Hearing no comments or questions concerning the quarter horse meet, Chair Lamberti moved to the license renewal application for the pari-mutuel license. He indicated it was his understanding PMR&C had reached an agreement with the IQHRA with regard to purses, but are still working on an agreement with the thoroughbreds. Mr. Palmer indicated that was correct; that they have been in negotiations this week, and there are just a couple of issues on which they have been unable to come to an agreement.

Mr. Palmer presented the following additional contracts for Commission approval:

- Acres 4.0 – Kai Software that Assists Casino Staff with Prompter Guest Service
- Air Filter Sales & Service – Air Filter Service
- Daniels Filter Service – Air Filter Service
- Health Solutions, LLC – Employee Wellness Program
- Kabel Business Services – Administer Flexible Spending/Dependent Care Plans for Employees

Chair Lamberti noted the license renewal of the racetrack enclosure license is also before the Commission at this time. He called for any questions regarding the license renewal application. Hearing none, he called on the Iowa Horseman's Benevolent Protective Association for their comments. Jon Moss, Executive Director, concurred with Mr. Palmer's assessment that the parties are close to reaching an agreement, and; therefore, are not comfortable indicating they

agree with the license approval for next year. He indicated the parties have not been able to reach an agreement with regard to the number of races to be run. He requested the Commission postpone approval as they have done in the past with regard to the pari-mutual license and race dates. Mr. Moss emphasized the parties are close, and believe they can reach an agreement very quickly.

Chair Lamberti noted PMR&C has submitted an agreement with the IQHRA; however, the IHBPA and IQHRA agreements are required to be submitted together so the Commission will hold off on approving the agreement with the IQHRA. He advised the Commission does not have any issues with that agreement. Chair Lamberti stated the Commission would set the race dates for the thoroughbreds at the January meeting if the parties have not reached an agreement. He urged the IHBPA and PMR&C to resolve their differences.

Chair Lamberti called for any comments or discussion regarding the PMR&C license renewal application. Mr. Palmer stated that when the Commission delays approval of the dates, it makes it difficult for them to get their condition book out, and line up horses and races for the following year; the delay puts them two months behind. He advised the disagreement lies in Article 3. Mr. Palmer stated PMR&C has agreed to the dates and times, and 67 races; however, Article 8 calls for 9 races, or 603 races that PMR&C has agreed to. Mr. Palmer stated the disagreement is that the IHBPA wants to insert 603 opportunities, which PMR&C is not comfortable in doing. He stated 67 times 9 is obviously 603; Mr. Palmer stated this is what is holding up the contract with the IHBPA, and possibly two months' of work and handicapping quality racing at PMR&C.

Mr. Heldt pointed out the Commission had moved the meeting date in January back a week. He indicated he is usually trying to recruit horses at the end of December.

Mr. Moss stated that while he understands the concerns expressed by Messrs. Palmer and Heldt, he does not believe it is something that is insurmountable. He stated if the parties have a signed agreement; PMR&C could proceed with the condition book and recruiting of horses without the Commission's approval of the agreement. Mr. Moss concurred with Mr. Palmer's assessment of the situation that the disagreement lies solely in the number of racing opportunities. He noted the Commission has historically granted them a minimum of 603 races. Mr. Moss advised the IHBPA has compromised considerably in order to guarantee the 603 races, part of which is agreeing to a couple of weeks with five days of racing per week which is difficult for the thoroughbred industry to accomplish and have a full field. The IHBPA is concerned about losing racing opportunities. He requested the Commission hold off on approving the license. Mr. Moss reiterated that if the parties were able to reach an agreement within the next couple of weeks, he didn't see any reason why PMR&C could not go forward with getting the condition book out.

Chair Lamberti stated he was not sure if the Commission had any flexibility to try to move things along quicker in the future. Hearing no further comments or questions, Chair Lamberti requested a motion.

Commissioner Kramer moved to approve the renewal of the pari-mutuel racing license with 67 race days scheduled for thoroughbreds and 26 race days scheduled for quarter horses, the

racetrack enclosure license to conduct gambling games for Prairie Meadows Racetrack & Casino, all contracts contained in the application with the exception of the agreement with the Iowa Quarter Horse Association, and the additional contracts contingent upon the following conditions:

- The import and export contracts should continue to have the review and approval by staff to insure regulatory compliance;
- All marketing promotions that may affect live racing, particularly the racing schedule and post times, shall have prior approval from IRGC;
- Ongoing updates to staff on track surface safety measures and improvements; and
- Establishing specific dates and post times at the January meeting.

Commissioner Mertz seconded the motion, which carried unanimously.

As there was no Public Comment or administrative business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Mertz so moved. Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK