

**IOWA RACING AND GAMING COMMISSION
MINUTES
JANUARY 4-5, 2017**

The Iowa Racing and Gaming Commission met on Wednesday and Thursday, January 4-5, 2017 at the Isle Casino Hotel Waterloo (IOC Waterloo), Waterloo, Iowa. Commission members present were Richard Arnold, Chair; Kris Kramer, Vice Chair; and members Carl Heinrich and Jeff Lamberti. Commissioner Dolores Mertz was excused.

Chair Arnold called the meeting to order at 5:30 PM on Wednesday, January 4th, and moved to the approval of the agenda. Commissioner Heinrich moved to approve the agenda as presented. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to Executive Session and requested a motion. Commissioner Lamberti moved to go into Executive Session pursuant to Iowa Code Sections 21.5(1)a, d, and g for the purpose of receiving Division of Criminal Investigation background reports on Z Capital. Commissioner Kramer seconded the motion, which carried unanimously on a roll call vote.

Upon the conclusion of Executive Session, Commissioner Lamberti moved to leave Executive Session. Commissioner Kramer seconded the motion, which carried unanimously. Chair Arnold advised the meeting was recessed until 8:30 AM on January 5th.

Chair Arnold reconvened the meeting at 8:30 AM, and advised the agenda had been approved as presented. He moved to the Welcome. Todd Connelly, General Manager, welcomed everyone to Waterloo. He noted the facility has been open for 9½ years and is looking forward to celebrating their ten year anniversary in late June. He introduced Tim Hurley, President of the Black Hawk County Gaming Association (BHCGA).

Mr. Hurley welcomed the Commission to Waterloo and the Cedar Valley. He noted several members of the BHCGA were in attendance, and advised there is a wide diversity in their backgrounds and experiences. He stated they all have deep ties to the community and a long and sustaining history of involvement in local commissions, agencies and institutions that serve the less privileged in the area. Mr. Hurley noted BHCGA made changes to the By-Laws at the recommendation of the Commission, but the most important and scariest was changes to the term limits. He advised there has been a 2/3 turnover in the last two years in board membership, and a complete turnover will occur by June. Mr. Hurley stated the new board members have provided new insights and expertise and have made BHCGA stronger and better. He introduced Beth Knipp, the Executive Director for BHCGA, as the go-to person for the board as well as many of the other non-profits across the state for her knowledge and guidance.

Mr. Hurley stated BHCGA has funded or committed to fund 403 different projects for a total of just over \$36.25 million. Awards have gone to 49 different communities in the counties of Black Hawk, Bremer, Buchanan, Butler, Tama and Chickasaw. He advised awards are typically one-

third of a project's cost, and BHC GA's investment has leveraged another \$72 million in partnering investments or over \$180 million total in new facilities, programs, equipment and services, as well as new hope and community pride. Mr. Hurley stated he feels BHC GA stands out in the manner in which it accomplishes its goals partly due to the percentage of funds received from IOC Waterloo and the granting of quarterly awards which provides them with flexibility and the ability to meet the needs of the area. He listed several projects that have helped spur the re-development of downtown Waterloo, which is one of the primary goals of BHC GA. Mr. Hurley stated Ms. Knipp had distributed BHC GA's latest annual report to the Commission. Mr. Hurley introduced Mayor Quentin Hart.

Mayor Hart also welcomed the Commission to Waterloo, and acknowledged Mr. Connelly, noting he is very visible within the community and that the facility hosts many events for the community and surrounding areas. He stated the BHC GA board is focused and is a great group to work with. Mayor Hart stated that prior to serving on the city council and becoming mayor, he heard many arguments against gaming; however, he noted Waterloo would not have experienced the re-development that it has without the benefit of the gaming dollars. He stated that approximately eight years ago he started a program called "From the Heart" which brings youth from across the country to the community to volunteer to fix houses, etc. During the flood, the organization was able to leverage funds from BHC GA which allowed them to work on approximately 45 houses for peoples that did not have the necessary resources or ability to make repairs.

Chair Arnold thanked everyone for the hospitality, and moved to the approval of the minutes from the November 17, 2016 Commission meeting. Commissioner Kramer moved to approve the minutes as presented. Commissioner Heinrich seconded the motion, which carried unanimously.

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

- February – No Meeting
- March 7, 2017 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by February 21, 2017)
- April 13, 2017 – Harrah's, Council Bluffs, IA (Submissions due by March 30, 2017)
- May – No Meeting

Mr. Ohorilko noted the March meeting will be held on Tuesday, March 7 commencing at 8:30 AM at Prairie Meadows Racetrack & Casino. He advised the riverboat license renewals will come before the Commission at this meeting. He requested that a representative from each facility and non-profit be in attendance at the meeting.

Mr. Ohorilko advised the Request for Proposal (RFP) for companies interested in doing a market study for the Commission is posted on the Commission's website. The RFPs are due in the Commission's office by noon on February 24th. He also stated the application for Linn County is

on the website. Those submissions are due in the Commission's office by 3:00 PM on February 13th.

Mr. Ohorilko stated the economic impact reports for calendar year 2016 are due in the Commission's office by February 15th.

Mr. Ohorilko recognized the following staff members in attendance: Shirley Stokes and Shelly Sturch, Gaming Representatives at IOC Waterloo, and Cathy Dillon and Cheryl Vetsch, Licensing Assistants at Mystique Casino in Dubuque.

Chair Arnold moved to the rules before the Commission for final adopt and called on Mr. Ohorilko. He stated since the October meeting, the Commission has held a public hearing, and appeared before the Administrative Rules Review Committee. One individual attended the public hearing and advised, with regard to Item 18, that entities do not provide irrevocable surety bonds, but rather surety bonds. Mr. Ohorilko advised the change is reflected in the rules before the Commission. He stated the Rules Review Committee had some questions but no concerns. He requested approval of the final adoption of the rules.

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

Chair Arnold called on Harvey's Iowa Management Company, Inc./Iowa West Racing Association d/b/a Horseshoe Casino/Bluffs Run Greyhound Park with regard to Caesar's Entertainment Corporation's request for shelf approval of debt financing. Lorraine May, legal counsel, advised the shelf approval and terms before the Commission is exactly what was approved three years ago, which would have expired due to the approval period. She requested approval of the renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to approve the shelf approval of debt financing. Commissioner Lamberti seconded the motion, which carried unanimously.

Chair Arnold called on Affinity Gaming. Ms. May, representing Z Capital, stated the purchase of Affinity Gaming by Z Capital is a positive move for the State of Iowa, noting she has worked with the management team the last four years. Ms. May advised Z Capital is a leading alternative asset management firm with \$2.2 billion in regulatory assets under management. She introduced the following leadership from Z Capital: Jim Zenni, the founder, President and Chief Executive Officer who has over 20 years of experience in the field; and Martin Auerbach, Senior Editing Director, General Counsel and Chief Compliance Officer.

Ms. May stated Z Capital Partners is the private equity portion of Z Capital as a whole and has significant restructuring expertise and actively works with management teams to enhance enterprise value with a long history of successful growth. She noted Z Capital has been invested in Affinity Gaming since 2009; Mr. Zenni and Z Capital were backgrounded and found suitable

in 2012. They currently own approximately 42% of Affinity Management, and are the largest shareholder. Ms. May discussed the financial structure of the purchase. She advised that following the completion of the transaction, the only changes would be that Z Capital Partners and management would own 100% of the stock of Affinity Gaming, providing a unified leadership committed to growth and a better relationship with the qualified sponsoring organization, Clarke County Development Corporation (CCDC), with a focus on the future of the facility and the community. Ms. May stated CCDC and Z Capital have reached an agreement in principle to resolve the differences. The parties will be sitting down and re-writing all of the contracts relevant to the transaction with a plan of having them to the Commission in time for consideration at the March meeting.

Ms. May called on Doug Gross, legal counsel for CCDC, for his comments. Mr. Gross stated CCDC appreciates the opportunity to work with a new group and reaffirmed that the parties have reached a conceptual agreement to resolve the differences on a permanent basis. He thanked the Commission for their efforts and patience in working with CCDC to reach this goal.

Ms. May stated the financing for the transaction is committed and ready to go upon the Commission's approval of the submitted contracts. She advised the shareholders have approved the transaction, and approvals have been received from Colorado and Missouri. The transaction will be before Nevada within the next week. The goal is to have all regulatory approvals and close the transaction by the end of the month. Ms. May requested the Commission's approval of Z Capital's stock purchase of Affinity Gaming.

Commissioner Lamberti clarified that the transaction would occur quickly after receiving approval from Nevada. Ms. May answered in the affirmative. Mr. Auerbach stated they are projecting January 31st.

Commissioner Lamberti stated it has been a long road in terms of resolving the issues in Osceola, but is encouraged by the news that the parties have reached an agreement to re-write the necessary agreements. He noted the individuals from Z Capital have been approved previously and the Commission received an update as part of this process and advised there was nothing but stellar reviews of the company and individuals involved. He stated the Commission is looking forward to having Z Capital in charge. Commissioner Lamberti moved to approve the Z Capital Stock Purchase.

Commissioner Heinrich asked if all issues would be resolved by March. Mr. Auerbach stated that was Z Capital's expectations. He advised he has made numerous trips to Iowa the last two years, and is looking forward to a significant change in the dynamics of the relationship between Z Capital and CCDC. He stated he will be returning to Iowa in early February for a documentation session.

Chair Arnold called on Mr. Gross for any additional comments. Mr. Gross concurred with the earlier statements that the documents will be completed in final form for submission as part of the license renewal at the March meeting. He advised the parties have had thorough discussions

about the material elements of the agreements and there is a full understanding of what those documents will include. He recommended approval of the transaction.

Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to the contracts submitted as part of this transaction. Marc Rubenstein, General Counsel for Affinity, presented the following contracts for Commission approval:

- Amendment to First Lien Term Loan
- Second Lien to Term Loan Facility

Mr. Rubenstein advised these are the financing documents that will become effective with the merger. He stated Z Capital is upsizing the term loan previously approved in the amount of \$300 million to \$330 million and are adding a second lien term loan. Mr. Rubenstein advised the documents are virtually identical to documents previously approved by the Commission.

Ms. May stated it is possible there could be a reduction in the interest rate. She requested that the documents be approved with the caveat there could be some fluctuation in the interest rate.

Commissioner Lamberti moved to approve the amendment of the first lien term loan and the approval of the second lien term loan facility with the caveat there could be a reduction in the interest rate. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the contract approvals and called on Wild Rose Clinton, LLC (WRC). Steve Nauman, General Manager, presented the following contracts for Commission approval:

- Cummins-Allison – Purchase of New JetScan MPS
- USA Security – Upgrading and Replacing Surveillance Equipment

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

Chair Arnold called on Diamond Jo Worth, LLC (DJW). Kim Pang, General Manager presented a contract with Cummins-Allison Corp. for the purchase of equipment and maintenance contracts for equipment in the Cage and Soft Count areas of the facility.

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

Chair Arnold called on IOC Waterloo. Mr. Connelly presented the following contracts for Commission approval:

- Gitchi Gaming, Inc. – Slot Chair Vendor
- Atlantic Bottling Company – Coca-Cola Vendor/Beverage Vendor

Commissioner Lamberti stated the Commission has seen a trend by the facilities over time, particularly those with multiple locations in multiple jurisdictions, of selecting non-Iowa vendors that is being driven by corporate directing that a specific vendor be utilized. He indicated that is OK at one level, such as large purchases of IT equipment, etc., where it is unlikely the facility would be able to show that an Iowa vendor could compete due to the size and scope of the buying power. However, with the purchase of slot chairs, the Commission is aware there are Iowa vendors and he would like to see some demonstration of costs beyond a corporate contract. Commissioner Lamberti stated this may require the local general managers to advise corporate that requiring a specific vendor be utilized may not be sufficient due to the requirement to utilize Iowa vendors. He stated he would like to see documentation that there is a cost benefit to the facility.

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

Chair Arnold called on IOC Bettendorf, L.C. (IOCB). Nancy Ballenger, General Manager, presented the following contracts for Commission approval:

- Allamakee New Beginnings (Iowa Food Hub) – Vendor Provides Locally Sourced Meat and Dairy Products
- Brintons Americas – Carpet Manufacturer and Distributor
- Lithographic Communications – Marketing, Printing, Direct Mail, and Postage Services
- Middle Mile Productions, LLC – Marketing Advertising Agency Producing Television and Radio Commercials

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

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

- Crane Payment Innovations (CPI) – Purchase of MEI Advance Bill Acceptors and Easitrax Soft Count System
- Data Business Equipment – Cash Handling Equipment
- Optiv Security – Purchase of Varonis Software to Identify Sensitive Data Locations in Network, etc.

Chair Arnold called on Harveys Iowa Management Co., Inc. (Harrah's). Janae Sternberg, Director of Finance, presented a contract with Global Payments Gaming Svcs., Inc. to provide check verification and credit card advance transactions.

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

Chair Arnold called on Iowa West Racing Association d/b/a Horseshoe Casino/Bluffs Run Greyhound Park (IWRA d/b/a Horseshoe Casino/BRGP). Ms. May advised the facility has submitted a service/management agreement for simulcasting of dog and horse races at Horseshoe Casino, which would provide a new entertainment opportunity for the community. She requested approval of the contract.

Commissioner Lamberti noted there had been some concern as to the wording of the contract between Commission staff, the Attorney General's Office, etc. which have been resolved. Commissioner Lamberti moved to approve the management contract between IWRA d/b/a Horseshoe Casino/BRGP and William Hill Race and Sports Book for simulcasting conditioned upon:

- William Hill being found suitable by IRGC, and
- The approval of operating procedures and controls by IRGC staff prior to accepting wagers.

Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the contracts submitted by IWRA d/b/a Horseshoe Casino/BRGP. Ms. Sternberg presented the following contracts for Commission approval:

- Global Payments Gaming Svcs. Inc. – Check Verification and Credit Card Advance Transaction Provider
- OS Sales (Omaha Steaks) – Meat Supplier
- Premier Midwest Beverage – Beverage Supplier
- Tipping Point Gaming – Slot Machine Hardware/Software Supplier

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by IWRA d/b/a Horseshoe Casino/BRGP.

Chair Arnold called on Iowa Greyhound Park (IGP). Brian Carpenter, General Manager and Director of Racing, provided the following recap concerning the 2016 live race meet: The live meet ran from May 14 through October 22 for 24 weeks of racing with 96 performances; they ran 15 race cards Wednesday, Friday, Saturday and Sunday. The facility had four major stakes races; the Iowa Breeders Cup had 104 entries and was won by RF River from the Superior Kennel. Mr. Carpenter advised IGP paid out just over \$2 million in purse supplements for the season. They had ten kennels with nine being Iowa-based. He noted simulcast wagering was offered during the off-season on Friday, Saturday and Sunday, and during live racing simulcast wagering was available Wednesday through Sunday. The largest handle day was the Kentucky Derby; other big days were opening day, July 4th weekend, and closing day of live racing.

Attendance was just over 275,000; some of the larger draws for attendance were the greyhound adoption day and the kids' day. The on-track live handle was up 4% from 2015; live export handle was up 54%; and the horse and greyhound import combined was up 23%. Mr. Carpenter advised the facility is a long way from being able to meet all of the financial expenses on their own, but are headed in the right direction.

Mr. Carpenter stated the facility has started, or finished, some of the following projects for the 2017 live race meet: improvements to the grandstand, added TVs to the tables located in the back of the grandstand for those unable to see the live races, added TVs down the middle of the grandstand for live racing and any sporting events; added two self-teller machines at the far end to make it easier for people to place bets; and are still considering ideas for the outside area. Mr. Carpenter advised the improvements can be found on the facility's website: igaracing.com.

Chair Arnold moved to the request for approval of a pari-mutuel management contract/service agreement with William Hill Race and Sports Book for simulcasting. Hearing no comments concerning the agreement, he requested a motion.

Commissioner Kramer moved to approve the management agreement between the Iowa Greyhound Association and William Hill Race and Sports Book for simulcasting conditioned upon:

- William Hill being found suitable by IRGC,
- Submission and approval by IRGC of any agreements with 99F licensees, and
- The approval of operating procedures and controls by IRGC staff prior to accepting wagers.

Commissioner Lamberti seconded the motion, which carried unanimously.

Mr. Carpenter presented the following contracts for Commission approval:

- Sport View Television Corp. – Television Control Center, Monitor System, Cameras and Technical Support for Live Racing
- Sportech Racing, LLC – Tote System
- Quilty Law Firm – Legal Services
- HBPA Agreement

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

Chair Arnold moved to the hearing for Dubuque Racing Association, Ltd. (DRA) for a violation of Iowa Code §99F.9(4) (Minor). Mr. Ohorilko advised Commission staff and DRA have entered into a Stipulated Agreement. On August 17th and 18th, a minor entered the gaming floor unchallenged, was on the floor for over 30 minutes and gambled which triggered the referral to the Commission. He noted the minor had entered the floor on two previous occasions where the

conditions for a referral were not met. Mr. Ohorilko stated that as a result of the violation Mystique has agreed to pay an administrative penalty of \$20,000. Additionally, they have agreed to provide a course on ID training, which Mr. Ohorilko confirmed has already been conducted by a Dubuque police corporal. He recommended approval of the Stipulated Agreement.

Brian Rakestraw, Assistant General Manager, advised that Tom Hiatt, Director of Security was also present. Mr. Rakestraw stated the facility takes these types of incidents very seriously. He indicated the facility was informed this same individual was out in the parking lot breaking into cars. They were informed the individual was a minor after they were arrested. Mr. Rakestraw stated Mystique does have policies and procedures in place to prevent minors gaining access to the gaming floor, but in this instance, one of the guards felt the individual was of age and did not follow the policies and procedures or utilize the tools in place. The team members involved in this incident have been disciplined. Mr. Rakestraw confirmed the additional training had taken place, and advised management stresses to staff the importance of following established policies and procedures and utilizing the tools available to them to try and prevent these situations from occurring.

Mr. Hiatt advised staff training was conducted following this incident, and he spoke directly with everyone in the Security Department to stress the seriousness of this situation. He stated he had trained the individual from the police department that came to the facility and provided the ID training. Mr. Hiatt stated the surveillance department is conducting audits of the various entrance podiums and will notify him if they see something amiss. He advised he is also attempting to locate younger looking individuals to come to the facility to see if they will be challenged before being granted access to the gaming floor. Additionally, "buzz reports" are given at the start of the various shifts to make sure everyone is aware of the promotions for the day and the importance of preventing minors from gaining access to the gaming floor.

Hearing no comments or questions concerning the Stipulated Agreement, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the proposed Stipulated Agreement with an administrative penalty of \$20,000. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to Public Comment. Jon Moss, Executive Director of the Iowa Horsemen's Benevolent and Protective Association (IHBPA), stated he wished to address an on-going situation that has occurred since the passage of the Advanced Deposit Wagering (ADW) legislation in 2011 which allowed Iowans to wager on horse racing through the internet. He noted horse racing is unique in that it can be wagered on on-line, partially through the Interstate Horse Racing Act. Mr. Moss stated it was the IHBPA's understanding when the legislation was passed that any illegal or unlicensed operators of ADW companies would be required to comply with the law. He stated the IHBPA has attempted work with IRGC, but has had minimal response to their concerns. Mr. Moss stated the unlicensed ADW companies are not complying with the self-trespass list, debt offset, or the licensing requirement, which is a Class D felony. He indicated the companies would be adding tax evasion to the list starting this year as the Attorney General has stated that all ADW activity is taxable. Mr. Moss questioned how many

offenses would have to occur before the IRGC or the Attorney General's Office would take action against the ADW companies for not complying with the law. He stated the Legislature passed the ADW law with the understanding that these companies would come into compliance and be regulated. Mr. Moss indicated this matter not only affects Iowa with regard to horse racing, but any potential online gaming that is authorized in the future. He requested that the Commission reach out to the Attorney General's Office to try and reach a solution in order to get the companies to comply with the law and get licensed in Iowa.

Commissioner Lamberti stated the Commission is aware of the situation, but indicated the issue is a complex one and there are issues about how the legislation was prepared. He indicated the Commission staff is continuing to work with legal counsel.

Mr. Moss stated when the IHBPA had issues previously they approached the Commission and felt some of those issues had been worked through. He indicated if there are additional areas that need to be addressed and brought back to the legislative body, the IHBPA, with the Commission's guidance, would be supportive of the changes. He indicated the IHBPA is willing to do whatever is needed to bring this matter to a conclusion.

Chair Arnold moved to Administrative Business. Mr. Ohorilko noted this meeting was the last one for Karyl Jones as she is retiring the following day. He noted Karyl has been with the Commission 30 years. Mr. Ohorilko stated Karyl loves what she does; the relationships with the employees, the Commissioners and those within the industry. He described her as a loyal, honest and hard-working employee. He noted she has worked under every Commissioner appointed to the Commission and every administrator. Mr. Ohorilko thanked Karyl for her dedication, indicating that she would be missed. He presented her with a plaque which read "Karyl Jones – In recognition of your dedicated service to the Iowa Racing and Gaming Commission from December 12, 1986 to January 6, 2017."

Ms. Jones thanked the Iowa Gaming Association for their recognition of her during their meeting the previous evening. She stated she was thankful for the opportunity to work with a lot of great people and enjoyed her time at the Commission, indicating that she loved going to work. She thanked everyone for making her time enjoyable.

Commissioner Arnold congratulated Ms. Jones on her retirement and wished her the best of luck in the future and thanked her for her service.

Commissioner Lamberti congratulated Ms. Jones as well, noting her retirement won't be as pronounced for the Commission members as for the staff who have become dependent on her being there to take care of issues; however, he feels everyone is in good hands and will move forward.

Hearing no further business to come before the Commission, Chair Arnold 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
MARCH 6-7, 2017**

The Iowa Racing and Gaming Commission (IRGC) met on Monday and Tuesday, March 6-7, 2017 at Prairie Meadows Racetrack and Casino, Inc. d/b/a Prairie Meadows Racetrack and Casino in Altoona, Iowa. Commission members present were Richard Arnold, Chair; Kris Kramer, Vice Chair; and members Carl Heinrich and Jeff Lamberti. Commissioner Dolores Mertz was excused.

Chair Arnold called the meeting to order at 4:30 PM on Monday, March 6th, and moved to the approval of the agenda. He noted Item 10(J)2 had been withdrawn. Commissioner Lamberti moved to approve the agenda as amended. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the next agenda item, Executive Session, and requested a motion. Commissioner Lamberti moved to go into Executive Session pursuant to Iowa Code Section 21.5(1)a, d, and g for the purpose of receiving Division of Criminal Investigation background reports on CQ Holding Company, Inc. and Eldorado Resorts, Inc. Commissioner Kramer seconded the motion, which carried unanimously on a roll call vote.

Upon conclusion of the Executive Session, Commissioner Lamberti moved to leave Executive Session. Commissioner Kramer seconded the motion, which carried unanimously. Chair Arnold recessed the meeting until 8:30 AM on Tuesday, March 7th.

Chair Arnold reconvened the meeting at 8:30 AM and advised the agenda had been approved with one revision, the withdrawal of item 10(J)2. He moved to the approval of the minutes and requested a motion. Commissioner Heinrich moved to approve the minutes as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

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

- April 13, 2017 – Mid-America Center, Council Bluffs, IA (Submissions due by March 30, 2017)
- May – No Meeting
- June 15, 2017 – Isle of Capri Bettendorf, Bettendorf, IA (Submissions due by June 1, 2017)

Mr. Ohorilko noted license applications for Linn County were due in the Des Moines office on February 13th. The Commission did receive three applications; two from Cedar Rapids Development Group and one from Wild Rose Entertainment. He advised dates related to the licensing process will be announced at the April meeting, as well as meeting dates for the next fiscal year.

Chair Arnold moved to the next agenda item, National Problem Gambling Awareness Month, and called on Eric Preuss, Program Manager for the Iowa Gambling Treatment and Prevention Program. Mr. Preuss stated the goal of National Problem Gambling Awareness Month is to educate the public and healthcare professionals about the warning signs of problem gambling and promote the availability of help and hope. He noted gambling revenue and participation is at an all-time high with 75% of Americans having gambled in the past year, and 15% in the past week. Mr. Preuss advised between 8 and 12 million people meet the criteria for a gambling disorder, but less than 1% seek help because they don't know what a gambling disorder is or where to seek help. He noted gambling modifies how the brain works and is similar to how other drugs affect the brain. Groups with the highest risk of developing gambling problems are seniors, adolescents, college students, athletes and veterans. A gambling disorder is defined as a persistent and recurrent problematic gambling behavior that leads to significant problems. The Iowa Gambling Treatment Program was established in 1986 to provide treatment for problem gamblers, concerned persons and family, outpatient counseling, recovery support services, and prevention and education services. The program funds 11 gambling treatment programs covering all 99 counties with over 600 individuals receiving help each year. Mr. Preuss stated treatment does work; approximately 92% of Iowans that have completed treatment within the program network report a reduction in the number of symptoms they are experiencing at the time of discharge compared to admission. He advised that only 45% of adult Iowans are aware that help for gambling disorders is available and funded by the Department of Public Health. Mr. Preuss stated the 1-800-Bets Off line received 5,722 calls in 2016, or about 125-150 calls per month from Iowans. Many calls are also received from out-of-state individuals. The phone line is the number one referral source for the treatment network. He noted the majority of individuals seeking help last year started gambling before the age of 21. Their budget for FY2017 is approximately \$2.65 million. Mr. Preuss concluded his presentation by providing several links to various resources to seek help with a gambling disorder.

Chair Arnold thanked Mr. Preuss for his comments and the services provided by the program. He called on the Iowa Gaming Association. Wes Ehrecke, President, stated the association embraces National Problem Gambling Awareness Month and Week, and noted the casinos include the 1-800 Bets Off number in their advertising to heighten the awareness of the program. He stated most would have a table set up to provide an opportunity for interaction with staff and provide awareness of the program to the patrons.

Mr. Ehrecke distributed copies of the 2015-2016 County Endowment Fund's annual report "Building Iowa's Communities through Philanthropy" that shows the funds that have gone to non-casino counties. The funds are distributed to the counties by the Iowa Economic Development Authority and Iowa Council of Foundations. Twenty-five percent of the funds received are required to remain in a permanent endowment. The county foundations distributed funds to 2,139 grants for a total of approximately \$8.4 million. Combined with grants distributed in the casino counties, that amount is about \$80 million.

Chair Arnold moved to the Gaming Market Analysis presentations. He noted six companies responded to the Commission's Request for Proposal. He advised the order was determined prior to the meeting. He called on Marquette Advisors. Lou Frillman and Brent Wittenberg,

President and Vice President respectively, were present. Mr. Wittenberg stated the firm feels their level of expertise is high, and believes they are uniquely qualified to conduct this analysis. The firm has been in business for 30 years, has experience in both tribal and commercial markets nationally. The company is based in Minneapolis, giving them a strong understanding of Iowa, the economy and gaming market. Mr. Wittenberg advised they have experience in all types of markets – diversification, geographically, and at all points in the cycle ranging from emerging markets to more mature markets, low profile, and more competition for a limited market share. Staff wise, he indicated he and Mr. Frillman would be doing the work. Mr. Wittenberg stated they have direct experience in the State of Iowa, previously completing two market analyses on behalf of the Iowa Racing & Gaming Commission – one in 2008-2009 and 2014. He stated the Commission is familiar with their approach of providing a very thorough analysis and high quality work product with accurate results.

Mr. Wittenberg stated in 2009 they were reviewing two different opportunities; one relating to Grand Falls Casino in Larchwood. At that time, they forecast revenue of \$60 million and they achieved \$58.3 million in 2013. In 2014, they looked at opportunities in Linn County and Greene County. They forecast the facility in Greene County to do \$28 million in 2016; they did \$28.5 million. He stated their understanding of the current engagement from a review of the RFP documents calls for a comprehensive review of historic and current performance of all facilities, meeting with marketing managers and general managers of each facility in order to understand their customers, all the underlying demand factors, demographics, economy, individual communities, and to the extent possible, understanding who the customers are. Mr. Wittenberg stated they have received good cooperation from the operators in the past in providing requested information. He stated they would need to develop a thorough understanding of the gaming participation rate and how it is changing in Iowa, the frequency of visits and where people are demonstrating a preference to gamble – how far they are willing to travel and why they choose one facility over another. The end product will include a comprehensive forecast of gaming revenue both state-wide and a per facility basis, with an additional focus on specific proposals that were referenced in Linn County and the unique qualities of those proposals individually. The report will show revenue forecasts for the various proposals and what the potential impact might be on other operators throughout the state and what level of cannibalization might occur.

Mr. Wittenberg stated that while there is a lot of math that goes into the process, it is not just about the math model; it is about bringing a high level of expertise and hard work to the analysis, interfacing with the operators, extensive field work, and in the end, providing the best advice on behalf of the Commission.

Commissioner Lamberti noted the Commission is familiar with their work from previous engagements. He asked if their methods or ways of conducting their studies has changed over time, or has it been a consistent approach. Mr. Frillman stated their approach has been consistent. He stated they are practical people, and a lot of the work looks scientific in the sense there is a lot of models and math involved. It is their belief that you have to be practical in analyzing the information. Mr. Frillman stated their methodology has proven to be sustainable and accurate over time.

Hearing no further comments or questions for Marquette Advisors, Chair Arnold called on Union Gaming. Michael Green, Vice President of the Analytics Department, stated Union Gaming is a boutique investment bank and advisory firm focused exclusively on the global gaming industry. There is a private side and public side of the business; the public side provides equity research and trading; and on the private side they offer their advisory business and analytic services. He advised most of the senior management team has not only served as consultants to the gaming industry, but have also worked on the operator/supplier side. Mr. Greene stated they have four offices: Las Vegas, New York, Hong Kong and Macau, which they feel are important to their analyses and being able to understand the gaming markets. He advised that throughout any analytics project, they like to leverage the experience across all of the offices and management team. He stated the analytics team is very knowledgeable and experienced; none of the work is outsourced to third parties. He stated they are able to get smarter with each project they do, and build up a routine with the in-house knowledge. Mr. Greene stated they are learning and adapting with each market study they do; trying to understand any changes in the market and why it is occurring. With their complimentary line of business, they are able to bounce ideas off each other and understand what is going on in the market. He stated the firm prides itself on its attentiveness to the client's needs; they operate like a casino and are never closed; they are accessible at any time. Mr. Greene stated they are not afraid to tell a client no if they don't feel a project is a good idea, or to downsize a project. They break their analytic platform down into three segments: market studies; development services and legislative support, and have different ways of viewing the market in each instance. He indicated senior management would be performing the work. Mr. Greene reviewed their experience in providing a report to the Commission in 2013-2014. A look at the numbers since the issuance of that report shows that gaming revenue has seen a modest growth, and feels their analysis from that time frame has been proven to be correct. Since that time, Mr. Greene stated Union Analytics has done about 100 mandates in 21 states and 20 international markets. He stated their gravity model is an industry standard they would be using, but they also have a proprietary gravity model they use when analyzing certain markets. He indicated they would also be visiting the casinos to better understand player dynamics and behavior.

Mr. Greene concluded his remarks by highlighting Union Gaming's knowledge, expertise, their unique approach, Iowa relationships, and the continuity of the analytics team, attentiveness to client needs, and their extensive client base.

Hearing no comments or questions for Union Gaming, Chair Arnold called on Annex Analytics. Peggy Stover, President, introduced Jim Thebeau, the Chief Operating Officer for Annex. Ms. Stover stated she is a Fortune 500 veteran; has worked in a variety of fields and on an extensive number of projects for various companies including Kellogg's, Kraft, Coors Brewing and SCE Johnson Wax. She advised she is the Director of the Marketing Institute of the University of Iowa. Her background is in finance, marketing, and innovation. Ms. Stover stated Mr. Thebeau was a partner and Chairman of the Board for Amperage Marketing, and CEO of Henry Russell Marketing. He is also a Fortune 500 veteran, having worked with CBS Television and Rockwell International. His background is in journalism.

Ms. Stover stated the firm helps small to mid-sized businesses uncover and tap into data they may be collecting but are unsure how to apply it. They have found that many organizations sit on a significant amount of data that goes unanalyzed. She stated the company analyzes the data, plugs in the key findings and makes recommendations to the organization. Ms. Stover indicated the company is a female and minority-owned company founded in May 2016, is Iowa-based, and is located in downtown Cedar Rapids. She stated their collective experience includes over 50 years of experience in marketing, market research, consumer insights, data analysis, competitive intelligence, sales, new product development, media and communications. Ms. Stover advised their broad background had enabled them to take a very good and close look at the different industries they have serviced from a variety of perspectives.

Ms. Stover stated their experience is what makes them unique. Both are Fortune 500 veterans, have worked with a wide array of industries; everything from consumer packaged goods, tourism, travel, communications, government, higher education, non-profits, for-profits and everything in between. She indicated they have a unique marketing background; they are marketers who do data analysis, or analytics. She indicated that is a rare combination of skills. She stated they look beyond the obvious for numbers and answers; they don't take the path of least resistance to find what the data is telling their clients. Ms. Stover stated they have written numerous industry-wide papers for a wide variety of clients. She stated that over the course of their combined experience, they estimate they have worked over 500 marketing projects for various clients.

Ms. Stover stated the Marketing Institute at the University of Iowa has done some tremendous work for local Iowa towns, including rebranding, increasing tourism for the city of Washington, providing sustainability programs and initiatives for Sioux City, and are in the process of rebranding Maquoketa, and have done healthcare management projects, and market feasibility studies. She stated their wide range of experience gives them a wide array of different lenses to look at different problems to come up with solutions for their clients.

Ms. Stover stated data is what their company is all about. They also layer the data, numbers and information they collect with common sense; what are people doing. They look at what the data is telling them and what the data can predict. She advised they have the expertise to analyze the data and turn it into actionable insights. Their process includes identifying the challenge or opportunity; use the data to start answering the questions, layer on information from other sources, find the key insights and facts, and then provide an unbiased actionable recommendation.

Ms. Stover stated their data is kept under lock and key; they always use encrypted software, and never use unsecure Internet sites, even when traveling. The insights and reports are always presented in person; they don't like doing anything by e-mail. She stated they do not collect, nor use personal identifier data in order to protect their clients. All data is returned to the client unless otherwise stated.

Commissioner Lamberti noted the proposal indicated the bid was good for 30 days, but noted the Commission will not be making a decision until April 13th, and don't anticipate that a contract

would be issued until around April 19th. He stated the Commission wanted to confirm that the bid would be good through that date. Ms. Stover answered in the affirmative.

Commissioner Lamberti noted the company was located in the Cedar Rapids area; and the Commission has received three applications for a casino in that area. He asked if she had business relationships with any of the individuals involved in the applications. Ms. Stover indicated they did not.

Chair Arnold called on White Sand Gaming. Sal Scheri, President and CEO, introduced Jim Nickerson, Vice President. He advised they started White Sand Gaming in 2001, but have been involved in the industry since 1983. He stated the company maintains offices in Atlantic City, London and Macau; their headquarters are in Las Vegas. Ms. Scheri stated the firm provides consulting services to a wide array of clients; some on the regulatory side, the operator side and a little on the development side. He noted that consulting firms provide a wide variety of services and stated White Sand Gaming provides those services as well. He stated a lot of their work is used to obtain financing for casino and hotel projects. Mr. Scheri noted the company has amassed a wide variety of clients from gaming, regulator/lotteries, and hospitality over the years. He indicated this gives them an understanding of both the operational and consulting side.

Mr. Scheri turned the floor over to Mr. Nickerson to discuss some recent projects for the Maine State Legislature, New Hampshire Gaming and Regulatory Authority, and the New Mexico Gaming Control Board. New Hampshire was attempting to determine if casinos would be successful in the state with the expansion of gambling in Massachusetts. New Mexico had one more license to award and was trying to determine where it should be located and what it should look like. They have also done work for Southern Gaming Resorts, Somerset, MA, and Wilmington, DE, and Marriott Hotels for a proposed casino-hotel project in Las Vegas.

Mr. Scheri stated the team members at White Sand Gaming have a unique set of skills and experience. He advised all team members at one point in time have worked for a casino resort or hotel somewhere in the United States and understands how casinos do business, make their money, market, cut costs, and drive top line revenues while creating profits for the stakeholders. He stated they also have experience with the Big Four accounting and consulting firms. Mr. Scheri stated the experience at those firms is very specific due to the regulations governing them. The numbers have to be tight, and a significant amount of time is spent learning the methodology. He indicated it is an excellent training ground to insure the quality and level of your work is commensurate with the clients that you are working with. Mr. Scheri stated that during his time with KPMG and Deloitte, they did extensive work for Fortune 50 companies. He noted that during the early 1990's when he was at Deloitte, the firm did a lot of work for the first racetrack casino in the United States – Prairie Meadows Racetrack and Casino.

Mr. Scheri moved to White Sand's methodology they bring to the table from their experience at the various accounting firms, noting they have very formal methodologies. He noted they are very stringent and are not very adaptable. He stated White Sand has adapted those methodologies into their own proprietary methodology that is more nimble, shorter and quicker to provide results, but does not generate additional fees. Mr. Scheri stated when their

methodology is combined with their real world experience in the gaming industry, they have been able to create a methodology that is realistic and provides excellent results in a timely manner.

Mr. Nickerson stated they will first determine the competitive spend by finding a similar market with similar demographics and characteristics to be used for comparison purposes. They will also look at various user demands, how the proposed properties will impact the competitor set and use the gravity model to look at the variables that come into play and also calculate the cannibalization from the existing set. He stated they have the ability to determine the win per unit per day to determine the market expectation and the effect on the surrounding market.

Mr. Scheri provided the following reasons for the Commission to consider White Sand Gaming: treat each engagement as unique and develop original data for each project; their financial projections and impact analysis have a demonstrated accuracy in excess of 95%; combination of experience from the Big Four accounting firms as well as direct gaming and hospitality experience; and extensive knowledge of the Midwest and Iowa gaming market, as well as future trends in gaming, hospitality and entertainment. He indicated they are held to a high standard and strict methodology in their approach in doing this type of work, but their approach continuously evolves just as the industry continues to evolve. Mr. Scheri stated they also consider Internet and social gaming in their approach and how it is impacting current operations and the future. He advised numerous casinos in Delaware make more money from social gaming than they do with internet gaming. In jurisdictions where Internet gaming is not allowed, social gaming is an important part of their operation; it is how they drive initial visitors to their casino.

Hearing no comments or questions for Mr. Scheri, Chair Arnold called on Spectrum Gaming. Michael Pollock, Managing Director and Co-CEO, advised he is a former regulator and has been focused on the gaming industry for just under 40 years. He introduced Dr. Scott Fisher, noting he has been involved in analyzing the gaming industry for 20 years.

Mr. Pollock stated the firm was founded in 1993, and has performed work for 36 states, 47 countries and six continents, and 16 government entities, including the Commission. He stated they are also the Executive Director for the National Council of Legislators from Gaming States. Mr. Pollock stated the organization is neither pro nor anti-gaming, but does disseminate the best practices in gaming. He stated the firm has worked in a number of jurisdictions where they went from zero to establishing a regulatory system and a casino industry from scratch, specifically in Ohio, Singapore and Massachusetts. He noted competing newspapers in one jurisdiction had good words to say about their work; they made a powerful case, issued an important warning, and performed an independent analysis. Mr. Pollock advised much of their work in the public domain is available on their website. He stated there are a number of factors that make their work stand out, and one in particular is the human element. They make a strong effort to reach out to as many stakeholders on site as possible without regard to their viewpoint; and while the individual may not like the final product, they can see that their voice has been heard. Mr. Pollock stated they are in constant communication with the client throughout the process.

Mr. Pollock turned the floor over to Mr. Fisher, who provided an overview of how Spectrum would proceed with this project should they be selected. He stated the two main tasks to be handled are the identification of underserved/underperforming markets, and analyzing the Linn County opportunity cost benefits. In order to determine if there are any underperforming markets, they will conduct a state-wide analysis, which is originally completed from a blind perspective. The results will be extended to a gravity model by plugging in the existing casinos to determine what markets are being underserved or underperforming. Reconciliation of the two reports can be achieved by several different methodologies: one would be a simple straight quantitative analysis by looking at visitations versus dollars. They will also visit each casino to talk to the general managers, marketing personnel and touring the facilities to understand what causes individuals to visit the facility. They will discuss the radius from which the facility draws visitors and why; collect data from the facility to determine frequency of visitation. This will help to determine whether there is an opportunity to expand some of the markets, whether visitation and revenue is left on the table, and what the total opportunity is for the state going forward in terms of visitation and revenues.

Mr. Fisher stated the second task is to understand the opportunity in Linn County. The firm would review each of the applications; determine where the patrons would be coming from, and whether they would be coming from other casinos already in the market, new patrons, visitors to the state, etc. They would also determine what impact a facility in Linn County would have on each of the casinos in the market. Mr. Fisher indicated a sensitivity analysis would be done in the event the applicants decided to build a larger facility than originally planned and what that would mean from a gravity model perspective. The business plans would also be reviewed to determine what opportunities are available for tourism and business development in the market; are the plans reasonable, and the numbers credible.

Mr. Pollock stated team members come from a government background; and make sure all of their reports can be trusted, and clients can trust them to always do their best work.

Hearing no comments or questions for Spectrum Gaming, Chair Arnold called on Strategic Economic Group. Mike Lipsman stated the company is a small group specializing primarily in Iowa and Midwest studies. Their team consists of four people that would be working on the project should they be selected. He noted the firm was formed in 2001 as a separate business, but each individual has extensive experience working in economic analysis, planning, and public policy. Mr. Lipsman highlighted the qualifications of the team members. He reviewed the various projects the company has performed related to gaming in Iowa. He noted that while the firm is small, they have the ability to handle large projects.

Mr. Lipsman stated they broke their proposal down into three major sections with 15 subsections. The main tasks would include an analysis of the national/regional and border states, and then state-wide. Secondly, they would look at each casino to determine if there are opportunities for additional expansion in those markets, and then analyze the Linn County casino proposals. He advised they would analyze both gaming and non-gaming activities; talk with the casino managers, local government officials and businesses; and analyze changes in the Iowa gaming industry. For the market analysis, Mr. Lipsman indicated they would utilize zip code

data to determine market attraction from each zip code; correlate zip code demographic and economic characteristics with casino patronage rates; and utilize various data to develop the gravity model. The gravity model and analysis of historical patronage data would be used to estimate the impact of a potential new Linn County casino. The report would also include estimates on the gross and net Linn County casino gaming revenue impact, estimates on the impact on state and local tax revenue, and an economic analysis.

Following a short break, Chair Arnold called on Eldorado Resorts, Inc. (Eldorado). Doug Gross, legal counsel, requested approval of a stock purchase agreement and shelf debt financing to finance the purchase of the Isle of Capri (Isle) facilities in Waterloo and Bettendorf. He introduced Anthony Carano, the Executive Vice President of Operations for Eldorado.

Mr. Carano provided a brief history of the company, noting it was founded in 1973 by his grandfather and a business partner. Eldorado has always been, and remains, a family-run business. He reviewed the expansion history of the company, culminating with the agreement to acquire Isle of Capri Casinos. Mr. Carano advised the transaction to date has gone well. He provided brief highlights of Eldorado's various properties located in Reno, Nevada; Columbus, Ohio; Shreveport, Louisiana; Erie, Pennsylvania; and West Virginia. He stated the company is proud of its food and beverage area as everything is done in house; they have an in-house butchery; bakery; and make all the pasta in house. Some of the properties have micro-breweries.

Regarding the transaction with Isle, Eldorado will be paying \$23.00 per share. Shareholders have the option of electing shares or stock, which is subject to a 58% cash and 42% stock proration procedure. Eldorado shareholders will own approximately 62% and Isle shareholders will own approximately 38% of the combined entity. The total purchase price is \$1.7 billion. Mr. Carano advised they have announced a \$35 million synergy number, with most or all occurring at the corporate level. He stated they have great general managers throughout the Isle assets and don't plan on making any changes to the general managers and team members at the Iowa properties.

With regard to financing, Mr. Carano indicated they are on the road to secure the financing. They are seeking a new 5-year, \$300 million revolving credit facility, a new \$1.45 billion 7-year term loan and new 8-year senior notes in the amount of \$375 million. It is anticipated the financing will close by the end of the following week and be in place by the time approvals are received from all of the regulatory jurisdictions. Mr. Carano stated Eldorado will manage the new company, but will add two new directors as agreed upon by Isle and Eldorado, who are current members of the Isle board. Regarding the approval process, he stated Eldorado and Isle shareholders approved the merger on January 25th; they have received approvals from three or four jurisdictions already, hope to get Iowa's today, Nevada the following week, leaving three more which they hope to get in the next month. The transaction will close as soon as the last regulatory approval is received, hopefully in the second quarter.

After the closing of the transaction, Eldorado will be a \$3 billion regional gaming company with 20 properties in ten states. The transaction will double Eldorado's net revenue and EBITDA. They will operate in excess of 20,800 slot machines and VLTs, approximately 560 table games and over 6,500 hotel rooms. Mr. Carano stated the net leverage at closing is expected to be about

five times, with the ability to pay it down rapidly with cash flow. He advised that both Standard & Poor and Moody upgraded the company's debt rating. The balance of the presentation was a quick overview of the ownership, a pro forma structure of Eldorado post-closing and a corporate organization chart. Mr. Carano thanked the Commission and advised they are excited about coming into Iowa. He advised that Eldorado's company culture is to re-invest in their properties; they don't get behind in their capital maintenance.

Hearing no comments or questions for Mr. Carano, Chair Arnold requested a motion. Commissioner Lamberti advised the Commission received a significant amount of background information from the DCI, and stated the Commission feels comfortable with the transaction. He noted that shareholders from both organizations overwhelmingly approved the transaction. Commissioner Lamberti moved to approve the stock purchase of IOC Black Hawk County, Inc. and Isle of Capri Bettendorf, L.C. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the approval of the shelf application for approval of debt financing. Commissioner Lamberti moved to approve the shelf application for the debt financing. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on CQ Holding Company, Inc. Jeff Watson, President, stated they were before the Commission to seek approval of their stock purchase agreement and their debt refinancing. He advised the company operates the Casino Queen in East St. Louis, Illinois, just across from the Gateway Arch, and are the only 100% employee-owned gaming company in the country by virtue of their ESOP. They currently have 605 employees. Mr. Watson stated they are very excited to begin working with the team at Lady Luck Marquette, and have made several trips to the facility already. He stated they would be retaining all of the property leadership. Mr. Watson indicated the property was attractive to them due to the great work the current team does; they are here to support the current management team. He advised they fit in with Casino Queen's operating philosophies.

Mr. Watson stated the debt package before the Commission is in conjunction with the stock purchase agreement. The debt package will refinance their existing debt and provide the financing for the acquisition of the Marquette property. The debt package consists of a \$50 million term loan with a \$5 million revolver. There is an unsecured piece of the financing for up to \$13 million, for a total debt package for the refinancing and acquisition of approximately \$67 million.

Mr. Watson reiterated there would be no changes in the Marquette management team, or at the corporate level. He indicated the company is intent on supporting both of the operations once the transaction is closed. This is the last regulatory approval needed, and they expect the transaction, subject to the Commission's decision today, to close around March 13th.

Chair Arnold called for any questions. Commissioner Lamberti noted the DCI was very thorough in their report. He concurred that the ESOP is very unique in the gaming industry and required a little more examination than some other transaction. He stated the Commission is

comfortable with what they learned from the report. Commissioner Lamberti moved to approve the stock purchase of Isle of Capri Marquette, Inc. by CQ Holding Company, Inc. conditioned upon staff receipt of copies of any agreements, recommendations, or correspondence with the Department of Labor. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to the request for approval of debt financing pursuant to IAC 491-5.4(8). Commissioner Lamberti moved to approve the request for debt financing pursuant to Iowa Administrative Code 491-5.4(8). Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the Excursion Gambling Boat and Gambling Structure License Renewals and called on Iowa West Racing Association (IWRA) and Ameristar Casino Council Bluffs, LLC (Ameristar). Monty Terhune, General Manager, requested approval of the relicensing of the facility. He advised 2016 was a successful year with gross gaming revenue of \$170 million, which was higher than the previous year, and represents their highest market share in the last ten years. He stated total payroll and benefits are in excess of \$26 million, which is higher than previous years and reflects an initiative rolled out in July insuring that all team members make a minimum of \$10.15 per hour. This represents a 4.5 – 5% increase in wages and helped to increase total payroll and benefits per FTE by over \$1,200 to \$40,700 in 2016. Mr. Terhune stated in addition to reinvesting in the team members, Ameristar reinvested over \$6.1 million in the facility including renovations to Riva's Steak and Seafood and Club 38. Over \$14 million in renovations is planned for 2017, including the boat renovations currently underway and hotel room renovations in the second half of the year. Mr. Terhune advised Ameristar finished 2016 with over 94% in Iowa spend, and are working with IWRA to extend their operating agreement, which is currently set to expire in March 2018. He stated Ameristar values the relationship and appreciates the leadership provided by Pete Tulipana during his tenure as president and CEO.

Mr. Tulipana advised IWRA and Ameristar have a tremendous partnership. He noted that in 2016, IWRA passed the \$400 million mark in terms of philanthropy distributed throughout southwest Iowa over 20 years. He stated most grants require a 50% match, so that would equal \$800 million invested as a result of the Iowa West Foundation in the last 20 years. He noted the Iowa West Field House was opened last year in the Mid-America Center. This was the result of a county-wide recreation study. The field house has 8 basketball courts that can be converted to 10 volleyball courts. The location was chosen to try and serve as a stimulus to encourage additional economic development in the area, and it appears it will do so. He stated thousands of kids and families are there every weekend, and they are seeing significant numbers during the week as well. Mr. Tulipana advised the second project is "Pottawattamie Promise", which allows poverty-level students from southwest Iowa, to enroll with full scholarships to Iowa Western Community College, including books, tuition, room and board, etc. The scholarships allow those individuals to achieve a two-year degree, helping to prepare them for jobs. Mr. Tulipana stated these projects would not have happened without their partnership with the casinos. He requested approval of the license renewal for Ameristar.

Commissioner Lamberti noted the Operating Agreement between Ameristar and IWRA expires about a year from now, and expressed his hope the parties were working on the matter. Mr.

Tulipana advised the parties had just had a discussion, and they are prepared to extend their agreement with Ameristar.

Hearing no further comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Iowa West Racing Association, renew the license to operate Ameristar Casino Council Bluffs, LLC as an excursion boat that will not cruise and approve the facility's revised security plan included in the license application. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on IWRA and Harveys Iowa Management Company, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel. Janae Sternberg, Director of Finance, requested renewal of their license for 2017. She stated they are excited about the upcoming year as Caesar's looks to come out of bankruptcy; and indicated the Commission could see a significant investment at both of the Council Bluffs properties. She noted Harrah's has been in operation for 20 years. Ms. Sternberg stated the partnership between Harrah's and IWRA is fantastic; they are fortunate to have a forward-looking group to work with whether it is from the standpoint of family, education, or economic.

Mr. Tulipana stated IWRA has an exceptional relationship with management at Harrah's. He indicated they meet on a quarterly basis, and that IWRA Board members are gratified to have open conversations about the gaming business and how the casinos are operating. He stated IWRA has just invested, in partnership with the city, \$6 million for a landing park after crossing the pedestrian bridge from Omaha into Council Bluffs. Behind that is a new development that is going to have an office building, townhomes and apartments, and possibly condominiums. They eventually hope to have additional development both north and south along the riverfront adjacent to Harrah's. Mr. Tulipana requested approval of Harrah's license renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Iowa West Racing Association and renew the license to operate Harvey's Iowa Management Company, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel as a gambling structure. Commissioner Kramer seconded the motion, which carried unanimously.

Commissioner Heinrich stated he had heard there was a possibility the IWRA offices could be moving down to the riverfront development. Mr. Tulipana indicated that was correct.

Chair Arnold called on Black Hawk County Gaming Association (BHCGA) and IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo (IOCW). Todd Connelly, General Manager, requested approval of the facility's license renewal application. He stated the property has an excellent relationship with BHCGA. He turned the floor over to Tim Hurley, President of BHCGA.

Mr. Hurley concurred with Mr. Connelly's statement regarding the relationship between BHCGA and the facility. He stated Isle of Capri has lived up to all of their commitments and have been an asset to the community, not just in the revenues the city receives for distribution,

but also as community partners. Mr. Hurley advised they have started to develop a similar relationship with Eldorado Resorts. He stated over the last 12 months, BHCGA has distributed over \$4.9 million to 41 projects located in 20 different communities in Black Hawk County and the surrounding counties. Some of the larger commitments are: \$1 million to Hawkeye Community College Adult Learning Center; \$400,000 to the House of Hope; and in excess of \$87,000 to Goodwill Industries. Mr. Hurley advised BHCGA invests in quality of life projects that benefit the entire Cedar Valley region and have provided numerous funds from the organization to support and enrich parks, recreation, and sports-related projects across the Cedar Valley, as well as public safety grants. He noted BHCGA will be celebrating 10 years of granting awards in June totaling over \$38 million to 409 different projects. The awards are usually one-third of the project cost so BHCGA's funds have leveraged another \$76 million for an approximate total of \$114 million in new facilities, programs, equipment and services. Mr. Hurley stated 25% of the revenues BHCGA receives are directed to the Waterloo Development Corporation for renovating downtown Waterloo. He requested approval of the license renewal application.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Black Hawk County Gaming Association, renew the license to operate IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo as a gambling structure, and approve the facility's revised security plan included in the application. Commissioner Kramer seconded the motion, which carried unanimously.

Mr. Connelly presented a contract with Martin Bros. Distributing Co., Inc. as a food vendor.

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

Chair Arnold called on Worth County Development Authority (WCDA) and Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, introduced Ken Abrams and Deb Hanson, President and Chief Financial Officer respectively, of WCDA. Ms. Hanson thanked Mr. Pang and the DJW staff for all they do to help north Iowa. She advised the majority of their funds still go to scholarships for all graduating seniors and other educational needs. Ms. Hanson noted Kum & Go will be opening in April and will employ 50 people. She requested approval of their license renewal application.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Worth County Development Authority, renew the license to operate Diamond Jo Worth, LLC d/b/a Diamond Jo Worth as a gambling structure, and approve the facility's revised security plan included in the application. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Washington County Riverboat Foundation, Inc. (WCRF) and Riverside Casino & Golf Resort, LLC (RCGR). Dan Franz, General Manager, advised the facility has a

great relationship with WCRF; they have done marvelous work in distributing the funds throughout the local communities. He introduced Dave Michell, the new president of WCRF.

Mr. Michell stated 2016 was a great year for WCRF; they paid out approximately \$3.2 million in grants to dozens of projects. He advised \$225,000 went to five different trail projects in three counties; \$400,000 toward a \$4 million community recreation center in Kalona; \$2.5 million toward a \$7 million auditorium addition at the Washington High School; the Halcyon House, a Wesley Life home located in Washington, received \$750,000 toward an \$11 million dementia center; and \$100,000 to the University of Iowa Children's Hospital. Mr. Michell noted that since inception, WCRF has granted approximately \$39 million to over 1,000 projects in different counties. He stated WCRF has implemented all of the changes requested by the Commission in 2015 in order to meet good governance procedures. Mr. Michell stated WCRF has an excellent relationship with RCGR and requested renewal of the gaming license.

Mr. Franz acknowledged Jim Logan, Executive Director of WCRF since inception, and noted he does a lot of the hands on work. He stated that as of December 31, 2016, RCGR's economic impact since opening in 2006 has totaled \$711 million, including \$233 million in taxes and fees; \$190 million in payroll and related expenses, and \$241 million in equipment, supplies and services and \$47 million in charitable contributions. He advised that in 2016, 98% of non-gaming, non-specialized purchases were from Iowa vendors. The number of employees remains around 700 during the winter months and increases to approximately 750 during the summer. Riverside is the largest employer in Washington County. Mr. Franz stated 2016 marked the fifth year of their employee volunteer program, Lending Hands, which exceeded 10,000 hours of volunteer hours and was recognized as the Large Employer Group Winner for the state's Give Back Iowa Challenge. He stated RCGR appreciates the privilege and opportunity granted by the Commission and the State of Iowa to operate the destination gaming resort, and takes the responsibility seriously. Mr. Franz stated the property is undergoing a multi-million dollar renovation focusing on the casino floor, show lounge, and restaurants, but will include updates throughout the property. It is his intent to have design construction for the Commission's review and approval at the April meeting. He requested approval of the gaming license for the period of April 1, 2017 through March 31, 2018.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Washington County Riverboat Foundation, Inc., renew the license to operate Riverside Casino & Golf Resort, LLC as a gambling structure and approve the facility's revised security plan included in the application. Commissioner Kramer seconded the motion, which carried unanimously.

Mr. Franz presented the following contracts for Commission approval:

- AJR Equities Inc. – Marketing and Promotional Merchandise
- Wired Productions – Entertainment Expenses

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

Chair Arnold called on Missouri River Historical Development, Inc. (MRHD) and SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City (HRHC). Todd Moyer, General Manager, stated the facility employs 549 individuals, and had over 1.5 million visitors in 2016. Last year, salaries, wages and benefits totaled \$13.9 million; gaming taxes, payroll taxes and fees totaled \$20.2 million, \$3.7 million was distributed through charitable contributions, and another \$1.5 million in city and county contributions. He stated through their commitment to buy from Iowa companies, HRHC purchased over \$70 million in goods and services, representing more than 95% of their qualifying purchases. Mr. Moyer stated the property has had a significant impact on the quality of life in the region through the entertainment available at the facility. Since opening, the facility has held 470 shows or events, selling 220,000 tickets to individuals from all 50 states and eight different countries. The hotel has received, for the third year in a row, the Triple A 4-Diamond Award. Mr. Moyer stated he is very proud of HRHC's relationship with MRHD, and to be a part of the contributions and commitment to the ways in which the organization enhances life in the region. He introduced Mark Monson, President of MRHD.

Mr. Monson thanked the Commission for giving MRHD the opportunity to partner with HRHC. He stated every facility in the area features local bands; the Hard Rock provides a vehicle for those individuals to compete and possibly entertain at other Hard Rock facilities. Mr. Monson stated MRHD and HRHC have partnered to bring in Broadway shows; and to help the non-profit Sioux City Conservatory of Music, which helps challenged children. The Conservatory holds a concert every year in December; this year there were 175 children in the program. Mr. Monson advised MRHD pledged or granted about \$5.5 million, but only took in approximately \$3.5 million. The grants awarded were \$1.25 million to the trail system; \$1 million to the Ag Expo Center; and a grant process for another \$1 million for projects between \$25,000 and \$50,000. He stated the grants being distributed are double of what they were doing under the previous license.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Missouri River Historical Development, Inc. and renew the license to operate SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City as a gambling structure. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Scott County Regional Authority (SCRA) and Isle of Capri Bettendorf, L.C. (IOCB). Nancy Ballenger, General Manager, introduced John Nagle, Vice President of SCRA. She stated IOCB has a great relationship with SCRA, and they are great stewards of the funds they receive.

Mr. Nagle concurred with Ms. Ballenger regarding the relationship between SCRA and IOCB. He indicated IOCB invests in the community, and gives back to the community through their employees. He stated SCRA distributed 118 grants totaling \$3.1 million in 2016; since their inception the amount distributed through grants exceeds \$78 million. Some of the grants in 2016

were \$250,000 to St. Ambrose University for a health and fitness building; \$102,000 to the River Bend Food Bank; \$75,000 to Gabe's All-Inclusive Playground, a park for children with disabilities; \$76,000 to the Davenport Community School District for their STEAM project, which includes arts in the STEM program; and \$75,000 to the River Center for Performing Arts.

Ms. Ballenger stated 2016 was a transformational year for the Quad Cities market as they moved to a land-based facility by modernizing the entire complex. The casino is the centerpiece between the two hotels and opened on June 24th. The move has allowed them to provide a more convenient and comfortable experience to their guests. Ms. Ballenger stated since the opening, the Quad Cities market has grown by double digits, with the majority of the growth coming from out-of-state visitors. She indicated IOCB operates the largest hotel in Iowa with 509 rooms. Ms. Ballenger requested approval of the license renewal application on behalf of the 503 team members.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Scott County Regional Authority and renew the license to operate Isle of Capri Bettendorf, L.C. as a gambling structure. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Regional Development Authority (RDA) and Rhythm City Casino, LLC (RC). Mo Hyder, General Manager, introduced Dana Wilkerson and Matt Mendenhall, the Vice Chair and new President of RDA respectively. He noted RC has an excellent working relationship with RDA and they have been a great partner. Mr. Hyder noted RC opened their new \$110 million facility at the intersection of I-74 and I-80. The move has provided a lot of visibility in the local area, and has helped draw additional visitors. He noted with the move, RC has been able to contribute more to the city of Davenport, Scott County, RDA and the State of Iowa. He turned the floor over to Ms. Wilkerson.

Ms. Wilkerson introduced Matt Mendenhall as the new President of RDA. Mr. Mendenhall stated he views the position as a tremendous privilege to be able to serve the community, and looks forward to learning what RDA does. He indicated he has worked in and around the non-profit sector for the past 15 years and has seen first-hand what the funds do in the community.

Ms. Wilkerson stated the RDA is excited to have Mr. Mendenhall join the board. She referenced the sudden death of their previous president, Randy Rathje. During his tenure, the Board started a new strategic plan, and will continue working on that this year. She stated RDA is thrilled with the new casino and community support received from the management team over the years. Ms. Wilkerson noted the organization officially changed their name from Riverboat Development Authority to Regional Development Authority. She stated RDA is very happy with the increase in funding due to the new casino and location; they have been able to double the amount of funds contributed to the community. She noted RDA celebrated 25 years and completed their 50th grant cycle. They have distributed over \$60 million to the community.

Mr. Hyder requested approval of the gaming license.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Regional Development Authority, renew the license to operate Rhythm City, LLC as a gambling structure and approve the facility's revised security plan included in the application. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Dubuque Racing Association (DRA) and Diamond Jo, LLC d/b/a Diamond Jo Casino (DJ). Wendy Runde, General Manager, noted DJ's agreement with the DRA expires in December 2018, and stated a first round document has been drafted and shared with Q Casino. She advised discussions and negotiations have started. She introduced Brian Rakestraw, Assistant General Manager of DRA and Q Casino.

Mr. Rakestraw read a letter from Jesús Avilés, General Manager of Q Casino and President of DRA, which requested approval of the DJ gaming license. He stated the partnership between the DRA and DJ goes back to 1996 and has remained strong throughout the 21 years of operation. During this time, the DJ, through its various owners, has proven to be an excellent corporate citizen. The DJ has contributed over \$34 million to DRA, with over \$20 million coming during the Boyd Gaming ownership over the last eight years to assist in funding multiple not-for-profit organizations as well as many community and charitable organizations. Examples of organizations that have received grants through the DRA are: Arts, Culture and Recreation; Animal Welfare; Education; Civic and Community Projects; Emergency Services; Health and Human Services; Veterans; Police and Firefighters; the Community Foundation of Greater Dubuque; local and regional Chambers of Commerce; and the Greater Dubuque Development Corporation. This year DRA pledged over \$250,000 for the reconstruction of The Steeple Square, a \$14 million project, with the help of DJ and Q Casino. In addition to their contributions to the DRA, DJ contributes to many worthwhile and charitable organizations in the community. The letter noted the DJ team donates their time to many community events and activities throughout the greater Dubuque area that bring joy and hope to the recipients. The letter concluded by requesting approval of DJ's gaming license.

Ms. Runde requested renewal of the gaming license on behalf of the 450 team members.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Dubuque Racing Association, Ltd. and renew the license to operate Diamond Jo, LLC d/b/a Diamond Jo Casino as a gambling structure. Commissioner Kramer seconded the motion, which carried unanimously.

Ms. Runde presented a \$2 million dollar food and beverage construction proposal. There are four components to the project: transformation of the existing deli into a Subway; deconstruction and removal of the existing radio booth and promotional stage; relocation of the cards and dice storage room and transform the slot showcase area. With the removal of the deli area, the footprint of the exterior walls will not change, but back-of-house space will be stripped and reconfigured for new operations. Front-of-house space will be updated to conform to Subway standards. Ms. Runde stated they hope to find a new home for the radio booth, and the promotional stage will be relocated to the gaming floor. A new cards and dice secured storage

room will be located in the Mississippi Moon Bar, which will remain on the casino floor and retain all of the existing security components as the current room. Once the new location is completed, the existing cards and dice room will be demolished and transformed into back-of-house space to support the new restaurant. The current slot showcase area holds 60 machines; approximately one-half will be relocated to new locations on the gaming floor with the balance being retired. The existing space will be stripped of the current finishes and be transformed into a restaurant and bar. She had slides showing the current and post-construction layout of the areas impacted by the construction. Ms. Runde requested the Commission's approval to proceed with the project.

Hearing no comments or questions concerning the remodel project, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the request for the remodel. Commissioner Heinrich seconded the motion, which carried unanimously.

Ms. Runde presented the following contracts for Commission approval:

- Conlon Construction – Construction – Food and Beverage Remodel Project
- Lamar Advertising

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

Chair Arnold called on the Dubuque Racing Association, Ltd. (DRA). Mr. Rakestraw noted the Mystique Casino has re-branded and changed their name to Q Casino. He stated they would also be submitting plans to remodel their restaurants, entertainment facility and hotel in the amount of approximately \$2.7 million. Mr. Rakestraw proceeded to read another letter from Mr. Avilés. Mr. Avilés pointed out DRA is the only entity in Iowa and the gaming industry that is both an operator and qualified sponsoring organization. They have operated the facility un-interrupted since June 1985; first as a greyhound racing facility; then as a racing and slot park under Chapter 99D, and as a full-service casino under Chapter 99F since 2004.

The letter advised DRA has contributed hundreds of millions of dollars to the City and non-profit organizations from the handle and adjusted gross receipts of \$1.5 billion. They have paid out state and payroll taxes and benefits in excess of \$500 million since 1985. Over 400 non-profit organizations apply to DRA's grant programs every year in conjunction with their business partner, DJ. Dubuque Racing Association contributes \$300,000 to the economic development process in the community each year. Examples of organizations that have received grants through the DRA are: Arts, Culture and Recreation; Animal Welfare; Education; Civic and Community Projects; Emergency Services; Health and Human Services; Veterans; Police and Firefighters; the Community Foundation of Greater Dubuque; local and regional Chambers of Commerce; and the Greater Dubuque Development Corporation. He noted DRA's employee engagement programs contribute thousands of volunteer hours in self-driven initiatives that benefit the citizens, underprivileged and elderly each and every year.

Mr. Rakestraw requested approval of the DRA licenses.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Dubuque Racing Association, Ltd., renew the license to operate Dubuque Racing Association, Ltd. as a gambling structure and approve the facility's revised security plan included in the application. Commissioner Lamberti seconded the motion which carried unanimously.

Mr. Rakestraw presented a contract with Lange Sign for internal and external signage for Commission approval.

Hearing no comments or questions concerning the contract, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the contract as submitted by DRA/Q Casino for Commission approval. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Lyon County Riverboat Foundation (LCRF) and Grand Falls Casino Resort, LLC (GFCR). Sharon Haselhoff, General Manager, introduced Gerry Stai, Vice President of LCRF, and stated they were before the Commission to request approval of the license renewal. She stated gaming revenue was over \$54.3 million for 2016. Ms. Haselhoff advised 2017 would also be exciting as renovations are planned for the hotel rooms. She stated since the facility opened, they have contributed over \$76.9 million in taxes and fees to the State; created over 500 jobs with an annual payroll in excess of \$15.1 million; and contributed over \$11.8 million to LCRF. Ms. Haselhoff advised the facility and LCRF have an excellent relationship. She turned the floor over to Mr. Stai.

Mr. Stai noted a group of individuals started meeting at the local Pizza Ranch in 2008 as they heard of the possibility of a casino coming to Lyon County. With the manner in which the proposal was presented, the referendum passed with a 63% approval. He stated LCRF has received approximately \$12 million to distribute to the non-profits and other organizations in Lyon County, with the evidence of those funds being visible throughout the county. Mr. Stai requested approval of their license for 2018.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Lyon County Riverboat Foundation, Inc., renew the license to operate Grand Falls Casino Resort, LLC as a gambling structure, and approve the facility's revised security plan included in the application. Commissioner Kramer seconded the motion, which carried unanimously.

Ms. Haselhoff presented the following contracts for Commission approval:

- AJR Equities Inc. – Marketing and Promotional Goods Purchases
- Cintas Corporation – Employee Uniforms
- Rhythm City Casino – Shared Services: Goods and Services Allocation (RP)

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

Chair Arnold called on Clarke County Development Corporation (CCDC) and HGI-Lakeside, LLC (Lakeside). Martin Auerbach, General Counsel for Z Capital/Affinity Gaming, advised the promises made previously have been kept. He noted he told the Commission at the January meeting the company was committed to striking a new relationship between Lakeside and CCDC. He stated the entities have entered into a new and better relationship.

Bob Thursby, General Manager, introduced Bill Trickey and Doug Gross, Executive Director and legal counsel respectively of CCDC. Mr. Gross stated CCDC is pleased with the working relationship that has been established with Z Capital to resolve ongoing issues on a permanent basis. He concurred with Mr. Auerbach's statement regarding the improved relationship between Lakeside and CCDC.

Mr. Trickey advised CCDC has 13 volunteer members, and the leadership is in attendance. He stated the casino has been a game changer in Clarke County. He noted the Board of Directors has a strong commitment to Clarke County and the welfare of Clarke County. He also expressed excitement about the new ownership.

Mr. Thursby requested approval of the license renewal.

Chair Arnold stated he is happy to see the improvements at the facility as he has received numerous complaints regarding the condition of the facility over the years. He asked if anything was being done about the quality of the food. Mr. Thursby advised a new executive chef has been hired and is already on site. There has been a rapid and dramatic improvement in the food.

Commissioner Heinrich noted the parties had promised to reach an agreement and he is happy to see they have done so.

Hearing no further comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Clarke County Development Corporation, renew the license to operate HGI-Lakeside, LLC as a moored barge and approve the facility's revised security plan included in the application. Commissioner Heinrich seconded the motion, which carried unanimously.

Mr. Thursby submitted a contract with Citizens Bank, NA for the issuance of incremental second lien debt per the existing credit agreement.

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

Chair Arnold moved to the approval of the following agreements submitted for Commission approval:

- Request for Approval of Operating Agreement
- Request for Approval of Casino Site Agreement
- Request for Approval of Lease Agreement
- Request for Approval of Release and Settlement Agreement

Commissioner Lamberti concurred with previous comments and expressed the Commission's appreciation for the parties getting the issues resolved. He moved to approve the Operating Agreement, Casino Site Agreement, Lease Agreement and Release and Settlement Agreement. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Southeast Iowa Regional Riverboat Commission (SIRRC) and Catfish Bend Casinos II, LLC (CBC). Rob Higgins, General Manager, introduced Dave Walker, Treasurer of SIRRC. Mr. Walker requested approval of their license for the upcoming year. He advised SIRRC has received \$1.334 million to be distributed in Lee and Des Moines County. He noted SIRRC is a pass-through organization; the funds are distributed to the cities of Burlington, Fort Madison and Keokuk for their distribution. He was informed by a Keokuk representative the majority of their funds are spent on their Convention and Visitors Tourism Bureau, as well as making significant improvements to the athletic facilities in the park. The City of Fort Madison has a board that accepts applications; their major project for the last year has been a sport complex for softball and soccer, which will be available for use this summer. Burlington's funds are sent to Grow Greater Burlington, the economic arm of the city. Funds were used for the mixed-use business park, and the renovation of the community college complex in West Burlington to build new classrooms. Mr. Walker stated none of the enhancements would be possible without the funds. He stated CBC is a great partner for SIRRC and a good corporate citizen. Mr. Walker requested renewal of the licenses for SIRRC and CBC.

Mr. Higgins stated Mr. Walker has been very instrumental in the growth of Burlington and many of the projects. He noted 2015 was an excellent year for the property with revenue growth of approximately 11%. He advised revenue has decreased between 2-3% this year but they are still pleased with how things are going. Mr. Higgins stated the property continues to grow with many projects under construction, namely a Panera Bread and Cold Stone Creamery. They will be also adding a new Hampton Inn and Resort, and have completed a new parking area in front of the facility. He stated CBC has a great relationship with SIRRC. He requested renewal of their license.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Southeast Iowa Regional Riverboat Commission and renew the license to operate Catfish Bend Casinos II, LLC as a gambling structure. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Clinton County Development Association (CCDA) and Wild Rose Clinton, L.L.C (WRC). Steve Nauman, General Manager, stated they are very excited for 2017;

indicating they are a few weeks away from opening their dog and horse racing simulcast facility in the Coaches Corner. They will simulcast races from Prairie Meadows, Dubuque, and tracks from around the country. He requested renewal of their license. Mr. Nauman introduced Les Shields, Vice President of CCDA.

Mr. Shields noted CCDA was one of the earliest license holders in Iowa, and celebrated their 25th anniversary in June 2016. He stated they distribute over \$1 million each year to non-profits, municipal governments and schools in Clinton County and eastern Iowa. CCDA granted \$200,000 to the remodeling of the Eagle Point lodge which was built by the Work Progress administration and overlooks the Mississippi River at Lock and Dam 13. This project was spearheaded by the Rotary Club, which raised over \$1 million in private donations to complete the renovation. They also committed to provide \$500,000 over the next several years to replace the Mercy Hospital cancer treatment radiation facility. The total cost of this project will exceed \$1 million. Mr. Shields stated CCDA has an excellent working relationship with WRC, and recognized some of the management team at the corporate and property level. He requested approval of CCDA's license renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Clinton County Development Association and renew the license to operate Wild Rose Clinton, L.L.C. as a gambling structure. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Palo Alto County Gaming Development Corporation (PACGDC) and Wild Rose Emmetsburg, L.L.C (WRE). Steve Cody, acting General Manager, introduced Renee Jedlicka and Larry "Skip" Wallace, the current and past President of PACGDC. Ms. Jedlicka advised the organization has distributed \$15 million over ten years in Palo Alto County and the surrounding counties as requested by the Commission. They just distributed \$1.7 million this past weekend. Ms. Jedlicka advised PACGDC has worked with cities on a housing initiative, as well as a demolition initiative to try and encourage people to stay in the area; to demolish a house and then build or buy a new house. She stated the program has worked well for them. Ms. Jedlicka noted the facility is in transition regarding the general manager position; and PACGDC has transitioned board members as requested by the Commission; two original board members will be retiring.

Mr. Wallace advised PACGDC is not utilizing grant money for the housing initiative, but is utilizing reserve funds. He thanked Wild Rose Entertainment for the second renewal of their Operating Agreement for another three years.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Palo Alto County Gaming Development Corporation and renew the license to operate Wild Rose Emmetsburg, L.L.C. as a gambling structure. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Grow Greene County Gaming Corporation (GGCGC) and Wild Rose Jefferson, L.L.C. (WRJ). Travis Dvorak, General Manager, stated the property has only been

open 1½ years, but has given \$2 million to GGCGC. He noted that he has worked at all three Wild Rose properties; and all pay more than the minimum required to their respective qualifying sponsoring organizations. The facilities also contribute to their respective communities in other ways, such as the community center in Emmetsburg, and contributions to the hospital and Bell Tower renovations in Jefferson. Mr. Dvorak advised that management at all three properties have joined various community organizations. He introduced Craig Marquardt, Vice President of GGCGC.

Mr. Marquardt noted this is the first license renewal for GGCGC. He advised they are in the midst of their second grant cycle, and will be distributing approximately \$1.2 million on April 4th. He stated GGCGC will have distributed between \$2.2 and \$2.4 million in the first two grant cycles. Mr. Marquardt stated GGCGC has an excellent working relationship with Wild Rose at the corporate and local levels. He requested approval of the license renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Grow Greene County Gaming Corporation and renew the license to operate Wild Rose Jefferson, L.L.C. as a gambling structure. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Upper Mississippi Gaming Corporation (UMGC) and Isle of Capri Marquette, Inc. d/b/a Lady Luck Casino Marquette (IOCM). Don Ostert, General Manager, requested renewal of the license, noting the facility started its 23rd year of operation in December 2016, as well as the 23rd year of a successful partnership with UMGC. He introduced Sindee Gohde, Executive Director of UMGC.

Ms. Gohde thanked the Commission for all their suggestions in 2016, advising she was able to get all of the recommendations implemented. She noted UMGC receives significantly less than the other facilities from their operating agreement, but advised a new contract has been signed which will increase their funds. Ms. Gohde noted UMGC received an additional \$50,000 prior to their contract date; they will receive \$100,000 this year and next. She stated they will eventually reach the 3.25% as set forth in the agreement. She stated they are looking forward to what they can do in the future. Ms. Gohde stated the facility has a family-type atmosphere; and considers the team members as additional family members. She indicated UMGC has an excellent relationship with IOCM. Ms. Gohde stated she is looking forward to working with the Casino Queen management, and believes they have a lot of the same values. She requested approval of their license renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to Upper Mississippi Gaming Corporation, 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 and approve the facility's revised security plan included in the application. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on the Iowa West Racing Association d/b/a Horseshoe Council Bluffs (IOWRA/Horseshoe). Ms. Sternberg introduced Dave Grolman, Senior Vice President of Operations for William Hill. She advised Horseshoe has entered into a partnership with William Hill to add simulcasting to the gaming floor. They are partnering to build out a 2,697 square foot simulcast area on the west side of the casino floor. This will be a 60-seat venue, which will include 28 race carrels, 24 lounge chairs and 8 bar seats, a full-service bar, a video wall with sixteen 55" televisions to view the races from around the country and various sporting events. There will be full-service and self-service betting windows and simulcast wagering seven days a week. Ms. Sternberg advised the estimated construction costs for the project are \$500,000. She indicated they are ready to proceed with construction upon receipt of the Commission's approval and expect to be open in time for the Kentucky Derby.

Hearing no comments or questions concerning the construction of the simulcast facility, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the request for the remodel of the simulcast area. Commissioner Kramer seconded the motion, which carried unanimously.

Ms. Sternberg advised Horseshoe is looking to move their High Limit table games to an area right off the casino floor. Patrons currently have to go down a long hallway to reach the area. She noted there is some under-utilized space in front of their large buffet, which will be converted to the new High Limit space. It will be approximately 1,140 square feet with 5 black jack tables, a roulette table, and some seating around the outside. The new location will allow Horseshoe to offer food and beverages in the area. Ms. Sternberg advised they are ready to start this project upon receipt of the Commission's approval and have it completed by Memorial Day weekend. Construction costs are estimated to be \$415,000.

Hearing no comments or questions concerning the High Limit project, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the request to remodel the High Limit Table Game Room. Commissioner Heinrich seconded the motion, which carried unanimously.

Ms. Sternberg submitted a contract with Commonwealth Electric as an electrical vendor.

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

Chair Arnold called on the Iowa Greyhound Association d/b/a Iowa Greyhound Park. Brian Carpenter, General Manager and Director of Racing, requested approval of the 45-day plan for the upcoming race season. He advised the 2017 schedule and purses are the same as 2016. This will be the 33rd season of live racing in Dubuque, and the third year under the Iowa Greyhound Association. Mr. Carpenter advised they have made some upgrades to the grandstand, and the Mutuel department has added more televisions. He stated they are looking forward to the new OTB location at Wild Rose Clinton. He advised the facility has purchased a grader to help the track maintenance staff with the banking of the turns to make the track safer for the greyhounds.

Hearing no comments or questions concerning the 45-day plan, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the Iowa Greyhound Association's 2017 Season Approval with the following conditions:

- The immediate written notification of any change in racing official positions.
- The completion of necessary IRGC licensing and DCI background checks of racing officials.
- 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 IRGC representatives.
- Walk through by IRGC staff to ensure all equipment is in working order and the facility is ready to accept the greyhounds.
- Approved security plan by staff.

Commissioner Heinrich seconded the motion, which carried unanimously.

Mr. Carpenter presented the following contracts for Commission approval:

- United Healthcare – Health Insurance for Full-time Employees
- Roberts Communications – Equipment and Services for Sending Out Simulcast Signal for Live Races

Hearing no comments or questions concerning the contracts, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as submitted by the Iowa Greyhound Association d/b/a Iowa Greyhound Park. Commissioner Lamberti seconded the motion, which carried unanimously.

Chair Arnold 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:

- American Teletimer Corp. – Purchase of Multi-Color LED Sports/News Ticker and Continued Use of Photo Finish/Timing Service
- Baker Electric – Electrical Contractor (RP)
- Bankers Trust Company – Banking Services and Credit Cards (RP)
- Bankers Trust Company – Line of Credit (RP)
- CenturyLink – Internet Service –Additional Capacity
- Midwest Ambulance Service of Iowa, Inc. – Ambulance and Emergency Medical Services

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

Chair Arnold moved to the hearings before the Commission and called on Mr. Ohorilko. Mr. Ohorilko advised Commission staff and Diamond Jo Worth (DJW) have entered into a proposed Stipulated Agreement related to a violation of Iowa Code §99F.9(4) regarding underage gambling. He advised a minor entered the gaming floor unchallenged on November 4, 2016; was on the floor in excess of 30 minutes and gambled; therefore meeting all the criteria for a Commission referral. Mr. Ohorilko stated the minor did attempt to re-enter the gaming floor; however, that security officer did identify the individual as a minor. Shortly thereafter, the facility informed IRGC the minor had entered the gaming floor earlier that evening. He advised DJW has agreed to a penalty in the amount of \$20,000. He requested the Commission's approval of the proposed agreement.

Mr. Pang stated this is a very important topic for staff, and when he conducts second interviews for security team members one of issues they discuss is underage individuals gaining access to the gaming floor. He noted the facility did self-report the incident. Following the incident, staff was retrained and reminded that any individual appearing to be under the age of 35 is to be asked for identification.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the Stipulated Agreement with an administrative penalty of \$20,000. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the second hearing before the Commission. Mr. Ohorilko advised that Commission staff and Harvey's Iowa Management Co., Inc. have entered into a proposed Stipulated Agreement for a violation of Iowa Code §99F.4(22) relating to the state-wide self-exclusion process. He advised the individual completed the paperwork in 2010; they entered Harrah's on November 4, 2016 and won a jackpot of \$16,200.25. As part of the process, the facility did find the individual's name on the set off list, and withheld some money for that, but paid the remainder of the jackpot to the individual. Mr. Ohorilko advised Harrah's corporate staff discovered the error approximately 11 days later and self-reported the violation to the Commission. He noted Harrah's has made a payment of \$16,200.00 to the State's general fund consistent with statute. Mr. Ohorilko stated Harvey's Iowa Management Co., Inc. has agreed to the facts and agreed to pay an administrative penalty in the amount of \$3,000 - \$20,000 as set forth in the Commission's Resolution. He noted this is the first offense of this nature in the past 365 days for Harrah's.

Ms. Sternberg advised this was an interesting situation as they discovered their casino management system, which is generally foolproof, is not when someone changes their last name and moves from one state to another after signing up for the program. Due to the incident, she advised the facility has instituted some additional procedures for the Casino Services and cage teams. She noted any time they pay out a jackpot, they are required to obtain a social security number, which is entered for tax purposes only. Anytime an individual wins a jackpot and was not playing with a players card, the social security number will be run as another check to determine if the individual is on the self-exclusion list. Ms. Sternberg stated if this procedure had been in place, the name would have come up as being on the list. She advised the employees

who were involved in the incident have been disciplined. She stated the facility takes the incident seriously and will continue to monitor and self-report.

Commissioner Lamberti stated it was his understanding the name was caught in the set off list, and wondered if that was the new name. Ms. Sternberg answered in the affirmative. She advised the previous last name was Smith and did not flag on the date of birth either.

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

As there was no public comment, Chair Arnold moved to Administrative Business and called on Mr. Ohorilko. Mr. Ohorilko advised the year-end economic impact reports are unaudited numbers the Commission receives from each of the properties. The reports indicate the facilities had a total economic impact in excess of \$1.2 billion in calendar year 2016. When gaming equipment and necessary or specialized purchases are excluded, the total spend with Iowa vendors was 93.4%. The following properties made over 95% of their purchases with Iowa companies: Catfish Bend, Diamond Jo Casino, Diamond Jo Worth; Grand Falls Casino, Hard Rock Hotel and Casino; Harrah's; Mystique; Riverside; Wild Rose Clinton, Wild Rose Jefferson, Horseshoe and Prairie Meadows.

Mr. Ehrecke distributed a handout showing the gaming industry's economic impact through competitive wages and benefits; the Buy Iowa First program, charitable contributions, and gaming tax revenue.

Mr. Ohorilko provided notice of the Horse Promotion Fund, advising there is \$1,771.05 available for distribution. Organizations interested in applying for the funds must have their application in the Commission office by 3:30 PM on April 3rd.

Mr. Ohorilko advised the total amount of revenue allocated for 2017 racing purses for the three breeds are based on 2016 numbers at PMR&C. For 2017, the total required purse amounts for the thoroughbreds will be \$14,500,884.97; quarter horses - \$2,909,717.05; and Standardbreds – 1,669,509.78.

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

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
APRIL 13, 2017**

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, April 13, 2017 at the Mid-America Center in Council Bluffs, Iowa. Commission members present were Richard Arnold, Chair; Kris Kramer, Vice Chair; and members Carl Heinrich and Jeff Lamberti. Commissioner Dolores Mertz was excused.

Chair Arnold called the meeting to order at 8:30 AM. Mayor Matt Walsh welcomed the Commission to Council Bluffs. He stated visitors to the city only had to look around the community and other communities around the state to see the benefits of the work conducted by the Commission.

Chair Arnold moved to the approval of the agenda. Commissioner Heinrich moved to approve the agenda as presented. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the approval of the minutes from the March 6-7, 2017 Commission meeting. Commissioner Kramer moved to approve the minutes as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to Announcements and called on Brian Ohorilko, Administrator of IRGC, who provided the following information regarding future Commission meetings:

- No meeting in May
- June 15, 2017 – IOC Bettendorf (Submissions due by June 1st)

Mr. Ohorilko announced the meeting dates for Fiscal Year 2018:

July 13, 2017	Prairie Meadows Racetrack & Casino, Altoona
August 24, 2017	Riverside Casino & Golf Resort, Riverside
September 26, 2017	Cedar Rapids Site Visits/Public Comment
October 12, 2017	Wild Rose Emmetsburg, Emmetsburg
November 16, 2017	Dubuque Diamond Jo, Dubuque
January 4, 2018	Prairie Meadows Racetrack & Casino, Altoona
March 6, 2018	Prairie Meadows Racetrack & Casino, Altoona
April 19, 2018	Ameristar Casino, Council Bluffs

June 14, 2018

Hard Rock Hotel & Casino, Sioux City

He advised the dates would be posted on the Commission's website.

Mr. Ohorilko provided the following timeline for the Linn County application process:

- July 13 – Applicants to give presentations
- September 26 – Site Visits, Public Comment, and Question & Answer for Commissioners
- October 12 – Receive the results of the gaming market studies, receive DCI background investigation reports
- November 16 – Decision

Mr. Ohorilko recognized the following staff in attendance: Gaming Representatives at Ameristar: Bryan Crowdy and Lynette Masker; Gaming Representatives at Horseshoe Casino: Cory Ostermeyer and Carol Fajen; Gaming Representatives at Harrah's: Julie Petersen and Jeff Rethmeier; and Licensing Assistant Linda Baxter. He thanked them for their work on behalf of the Commission.

Chair Arnold moved to the selection of the companies to perform the gaming market analysis. Commissioner Lamberti stated the Commission was pleased by the number of qualified applicants that responded to the Request for Proposal. He noted the Commission took the quality of the presentation and cost into consideration in making their decision. He stated it was important to strike a balance between a company who is familiar with what has occurred over the last few years but also to get a new perspective. Commissioner Lamberti stated he felt it was a good idea to select more than one vendor. Commissioner Lamberti moved to select WhiteSand Gaming and Marquette Advisors Inc. to conduct the market analysis. Commissioner Kramer seconded the motion.

Chair Arnold stated he concurred with Commissioner Lamberti's comments and feels both companies are very good. He called for the vote. The motion carried unanimously.

Chair Arnold moved to a review of the licensee's financial audits and called on Ameristar Casino Council Bluffs, LLC. Kendra Stronach, Director of Finance, advised they completed their VIP Lounge, several maintenance projects and have some underway for 2017; and there are additional projects yet to be approved by the Commission. She stated their community spend in 2016 was \$46 million, including \$34 million to the State and \$5 million to the Iowa West Foundation. Payroll and benefits totaled \$6 million. She advised their market share was up slightly year over year even though the total market share for the area decreased. Ms. Stronach advised 2016 was a good year and they are looking forward to 2017.

Hearing no comments or questions for Ms. Stronach, Chair Arnold called on Catfish Bend Casinos II, L.C. Rob Higgins and Donald Spears, General Manager and Controller respectively were present to address the financial audit. Mr. Higgins noted revenue was down approximately 3.5% from last year. He stated there are approximately \$18 million in renovations occurring on

the property, including a new 69-room Hampton Inn, Panera Bread and Cold Stone Creamery being built on the campus.

Hearing no comments or questions for Mr. Higgins, Chair Arnold called on Diamond Jo, LLC d/b/a Diamond Jo Casino. Kim Pang, General Manager for Diamond Jo Worth, advised gross gaming revenue was down .9%, or approximately \$1.1 million; admissions dropped 71,000 from 987,000 to 916,000. Total economic impact was about \$47.5 million, with 99.1% spent in the State and with local vendors. Diamond Jo had 322 full-time employees resulting in payroll and benefits of \$12.7 million. Capital expenditures were \$2 million, and they made a payment to Dubuque Racing Association (DRA) of \$3.29 million. For 2017, they will have the usual \$2 million operating expense to keep the property fresh, and will be doing an additional \$2 million for the new restaurant/bar and changing the deli to a Subway.

Hearing no comments or questions for Mr. Pang, Chair Arnold called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth. Mr. Pang advised gross gaming revenue was down 1.6% or \$3.2 million; gross revenue was down 1.8% from the prior year; admissions were down 1% or 13,000; and visitors were at 1,257,000 versus 1,277,000 the prior year. Total economic impact was approximately \$51.7 million with 90% being within the state and local vendors. Total payroll and benefits for 380 employees was \$12.5 million. Capital expenditures for 2016 were \$3.1 million, mostly in slot product. Mr. Pang advised they paid Worth County Development Authority (WCDA) just under \$4.9 million. He noted WCDA has awarded 74 community grants within Worth County and the surrounding counties totaling about \$1.8 million. In 2016, Worth County high school graduates received approximately \$673,000 in scholarships toward their college education. For 2017, Diamond Jo Worth will spend about \$2.3 million for capital expenditures, mostly for slot product.

Hearing no questions for Mr. Pang, Chair Arnold called on the DRA. Bill Eichhorn, Director of Finance, advised they had a 1% decline in overall revenue for 2016. They had several capital projects; the main ones were replacing the carpeting in the casino and surveillance system. Mr. Eichhorn noted their economic impact was approximately \$43 million with 94% within the State of Iowa. For the coming year, they are renovating the Hilton Garden Inn, which will include all of the guest rooms. The main areas of the hotel have already been completed. For distributions, DRA gave out approximately \$9.8 million between the city and charities. Mr. Eichhorn stated they did receive \$3 million from their co-licensee, Diamond Jo. They paid \$6.5 million in wages; \$10.2 million in gaming taxes and regulatory fees, and the third installment of \$1 million to the Iowa Greyhound Association.

Hearing no questions for Mr. Eichhorn, Chair Arnold called on Harveys Iowa Management Company, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel (Harrah's). Janae Sternberg, Director of Finance, noted Harrah's was still operating under the bankruptcy environment during 2016, but are experiencing minimal impact at this point. They are looking forward to emerging from bankruptcy later this year. Ms. Sternberg noted operations were relatively flat year over year; down slightly from a gross gaming revenue standpoint. Capital spend was \$2.7 million; the bigger projects were an upgrade to the digital surveillance system, all new casino chairs, slot machines and maintenance on the building. For 2017, capital expenditures will be for routine

maintenance on the building. Taxes paid in 2016 were \$23 million; payroll was \$14 million and Iowa spend was \$10 million.

Hearing no questions for Ms. Sternberg, Chair Arnold called on HGI-Lakeside, LLC. Lisa Ryan, Controller, was present to address any questions on the audit.

Hearing no questions for Ms. Ryan, Chair Arnold called on SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City. Kevin Sweet, Director of Finance, advised they saw a growth of approximately 8% in revenues. The facility had approximately 550 FTEs last year with about \$12 million in payroll. Mr. Sweet stated the VIP expansion project is close to being completed; that was a \$6 million capital expenditure. He advised 85% of purchases were made with Iowa vendors.

Hearing no questions for Mr. Sweet, Chair Arnold called on Wild Rose Clinton, L.L.C. Tom Timmons and Scott Ivers, President and Chief Financial Officer of Wild Rose Entertainment respectively, were present to address the financial audits. Mr. Timmons stated he would also be addressing the audits for Wild Rose Emmetsburg, L.L.C. and Wild Rose Jefferson, L.L.C.

- Wild Rose Clinton: Gaming revenue declined 5% over the previous year due to the VGT machines in Illinois, and the opening of the new properties in Davenport and Bettendorf. Mr. Timmons stated they are starting to see a little comeback after the first of the year.
- Wild Rose Emmetsburg: Revenues were down approximately 3.5% with about one-half being due to the opening of the Jefferson property, which they expected. Mr. Timmons advised there are numerous synergies between the two properties. He advised Emmetsburg is also experiencing a little bit of a comeback.
- Wild Rose Jefferson: Mr. Timmons noted this is the first full year of operation at the property. Revenues were between \$28-29 million, where they thought they would be.

Hearing no questions for Mr. Timmons, Chair Arnold called on Riverside Casino & Golf Resort, LLC. Dan White, Chief Financial Officer for Elite Casino Resorts, LLC, advised the audit is done on a consolidated basis and includes Riverside Casino & Golf Resort, Grand Falls Casino & Golf Resort and Rhythm City Casino Resort. He noted the company received a clean opinion for 2016 with no internal control conflicts. Mr. White stated there is no comparison to 2015 as Elite Casino was formed in June 2015. He stated overall gross revenue increased approximately 5% over 2015 when compared to 2016; gaming revenue increased by 3.5%; non-gaming revenue increased 12.6%; operating expenses increased by 14%; payroll totaled \$51 million for 2016, an increase of 14% year over year; \$7.5 million paid in non-profit fees; and capital expenditures were \$2.6 million. Mr. White stated there were approximately 1,600 employees between the three properties. In 2016, Riverside celebrated its ten year anniversary; Grand Falls celebrated its five year anniversary, and Rhythm City had the grand opening of the land-based facility.

Hearing no questions for Mr. White, Chair Arnold called on Horseshoe Casino. Ms. Sternberg advised revenues decreased approximately 4.5%; the property is still operating under the

bankruptcy environment and pulled back on their marketing spend. The facility is looking forward to emerging from bankruptcy in the latter half of the year. She expressed her hope that everyone had gone to the property to see the construction for the new High Limit Gaming Room opening at the end of May and the simulcast facility opening at the beginning of May. Ms. Sternberg stated the capital infusion should continue over the next few years. She noted the facility spent \$1.7 million on capital expenditures in 2016; they upgraded the digital surveillance system, added new slot machines and did some building maintenance. They made \$49 million in tax payments; \$20 million in payroll; and \$12 million was spent with Iowa vendors.

Hearing no questions for Ms. Sternberg, Chair Arnold called on the Iowa West Racing Association (IWRA). Pete Tulipana, Executive Director, advised they saw a decrease in cash distributions to the Iowa West Foundation from casino revenues. He advised revenues were flat in 2016, and remain flat so far in 2017.

Hearing no questions for Mr. Tulipana, Chair Arnold called on the Iowa Greyhound Association. Brian Carpenter, General Manager for Iowa Greyhound Park, advised they saw an increase of approximately \$2 million in handle. He stated they have also made improvements to the grandstand for the upcoming live meet, and purchased some equipment for track maintenance.

Chair Arnold noted this is the second year there have been issues with the audit. He asked what steps were being taken to correct them. Mr. Carpenter advised the auditing company informed management right away this year. He indicated a meeting was held with the third-party accounting company. Mr. Carpenter advised a plan had been drawn up and has been presented to the Board. They are looking at going with a different group, possibly with a management company.

Chair Arnold stated the Commission would like to see the issues corrected by next year.

Chair Arnold called on Prairie Meadows Racetrack & Casino, Inc. (PMR&C). Brian Wessels, Director of Finance, stated 2016 was a very good year; casino revenues were up 2.3%. They paid gaming taxes and regulatory fees of \$46.3 million; community betterment grants of \$36 million, which includes the lease payment to Polk County; and payroll and benefits totaled \$60.4 million. At the end of the year the facility had 1,230 employees. In 2016, PMR&C invested \$8.8 million in the property.

Hearing no questions for Mr. Wessels, Chair Arnold moved to the contract approvals. Commissioner Heinrich stated he was very encouraged by the re-investment in the various properties, and appreciates their efforts to make their purchases with Iowa vendors.

Chair Arnold called on IOC Bettendorf, L.C. (IOCB). Todd Connelly, General Manager of IOC Waterloo, presented the following contracts on behalf of IOCB:

- Airgas National Carbonation – Liquid Co2 on New Casino Floor
- Marlin Business Bank – Finance Company Handling Payments for 2nd Wind Exercise Contract

Hearing no comments or questions for Mr. Connelly, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as submitted by IOCB. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on the DRA. Mr. Eichhorn presented a contract with US Foods for food purchases for Commission approval.

Hearing no comments or questions for Mr. Eichhorn, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contract as submitted by DRA. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on IOC Black Hawk County, Inc. (IOCW). Mr. Connelly presented a contract with Halverson Trane for a maintenance and inspection agreement for the HVAC system for Commission approval.

Hearing no comments or questions for Mr. Connelly, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contract as presented by IOCW. Commissioner Lamberti seconded the motion, which carried unanimously.

Chair Arnold called on Ameristar Casino Council Bluffs, LLC (Ameristar). Monty Terhune, General Manager, presented the following contracts for Commission approval:

- Agilylsys – IT Support and Software
- ASI, LLC d/b/a Ameritex Services – Laundry Services
- B & J Properties – Offsite Warehouse Lease
- Cummins Allison – Count Room Equipment
- Meat by Linz – Meat Provider
- Wells Fargo Bank (WFB-PCard) – Employee Credit Cards

Hearing no comments or questions for Mr. Terhune, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by Ameristar. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called on Wild Rose Clinton, L.L.C. (WRC). Mr. Timmons presented the following contracts for Commission approval:

- Everi/Global Cash – Cash Access Services
- Clinton National Bank – Bank Services and Credit Cards
- PC Connections – Equipment for Video TV Wall

Mr. Timmons stated the last contract is with an out-of-state vendor, and advised they did take bids. The contract is for televisions for the video wall in the Coaches Corner for the simulcasting of races.

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

Chair Arnold called on Wild Rose Emmetsburg, L.L.C. (WRE). Mr. Timmons presented a contract with The Printer, Inc. for printing services for mailers for Commission approval.

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

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

- Bakemark USA LLC – Bakery Supplies and Goods
- Fleck Sales – Beverage Purchases
- Hy-Vee – Alcoholic Beverages, Gift Cards and Lottery Tickets
- Prairie Farms Dairy – Dairy and Food Purchases

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

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

- Global Payments Inc. – Redemption Kiosks
- Kluesner Construction, Inc. – Asphalt Overlay Driveways and Parking Areas
- OfferCraft, LLC – Software & Services Agreement

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

Chair Arnold called on HGI-Lakeside, LLC (Lakeside). Ms. Ryan presented the following contracts for Commission approval:

- AJ's Cleaning & Restoration – Deep Cleaning Service
- Des Moines Asphalt & Paving – Repaving Parts of the Parking Lot
- Mid-Iowa Refrigeration Inc. d/b/a Goodwin Tucker – Repairs and Maintenance Work on Property

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

Chair Arnold called on Harrah's. Ms. Sternberg presented the following contracts for Commission approval:

- Sigmar Solutions – Marketing and Promotional Items
- Novitex – Copy and Print Services

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

Chair Arnold called on the IWRA d/b/a Horseshoe Casino/William Hill. Ms. Sternberg presented the following contracts for Commission approval:

- Sigmar Solutions – Marketing and Promotional Items
- Novitex – Copy and Print Services
- Bizco – Install Video Wall, Audio and HD Modulators at Casino Race Book

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as submitted by IWRA d/b/a Horseshoe Casino/William Hill. Commissioner Lamberti seconded the motion, which carried unanimously.

Chair Arnold called on the IGA d/b/a Iowa Greyhound Park for an update on the live race meet. Mr. Carpenter advised the kennel compound opened on April 1st; the same ten kennels from 2016 were invited back. Morning schooling commenced on Monday, April 3rd. He noted five of the ten kennels have been in with their dogs; it is mostly puppies that are schooling right now. Official schooling will start on April 29th with live racing starting on May 13th. The schedule remains the same as last year. Mr. Carpenter stated there is over \$100,000 to be given out in stakes money plus the Iowa Breeders Cup, which is usually over \$100,000. Mr. Carpenter noted they have added additional OTB facilities that will be taking the signal and specifically the first OTB in Iowa at the Wild Rose Clinton property. He noted the first weekend was very good and hopefully will draw some individuals from Illinois. Mr. Carpenter stated investments were made in the grandstand by adding some TVs down the middle, as well as to the tables and back wall, and some new self-tellers at the east end. He advised they also added some counter-top stands as many people like to stand to make their wagers versus sitting. They were experiencing a significant amount of glare on the TVs from the floor so they painted the ceiling black, which cut the amount of glare down significantly. Mr. Carpenter advised they purchased a grader for the maintenance staff to help bank the turns, making the track safer for the dogs.

Chair Arnold called on PMR&C for an update on the upcoming thoroughbred meet and contract approvals. Derron Heldt, Director of Racing, advised stall applications from owners and trainers were due March 15th; they received 1,700 applications for the 1,350 available stalls. He stated

staff has been calling the owners and trainers trying to get a better handle on the number of horses they are bringing in order to reach the 1,350 mark. Mr. Heldt stated there is going to be around 98 trainers. The barn area opened on March 31st; the training track opened on April 2nd for the horses that are starting to arrive; and the main track opened on April 9th. He stated there are approximately 400 horses on the backside at this time, representing about 38 trainers. He advised the next couple of weeks would be very busy as two of the feeder tracks, Sunland Park Racetrack in El Paso, Texas and Oaklawn Park in Hot Springs, Arkansas, will be finishing their meets. Approximately 40% of the horses that race at PMR&C come from these two tracks. Mr. Heldt stated PMR&C is optimistic as this year has a different feeling. People that have committed from other states are making plans and shipping horses to race here. He feels they will have their inventory on the backside at capacity or slightly over which is better than in previous years.

Mr. Heldt stated the post times would be a little different this year. The Thursday and Friday post times last year were at 5:30 PM; he noted concerns were voiced by the horsemen and patrons. They have moved the post time back to 6:00 PM this year. He noted the Kentucky Derby falls on the second weekend of racing this year. There are some Iowa connections in the Kentucky Derby this year; it is possible the Albaugh Family from Ankeny could have a horse participating. Additionally, there is a new trainer at PMR&C that came from Sunland Park that had a horse run in a derby there who has enough points to run in the Kentucky Derby. This would be the first time a trainer stabled at PMR&C would have a horse in the Kentucky Derby.

Mr. Heldt stated PMR&C has a new promotion – The Prairie Meadows Racing Club. In January, the Racing and Marketing Departments worked closely to create the new club, which is a 501c club. It is a social and educational club where individuals are asked to pay \$300 to join. There are currently 84 members, giving the club approximately \$10,000 to buy or claim a horse that would race in the Prairie Meadows Racing Club name. Mr. Heldt stated the concept has been very successful at other racetracks around the country. PMR&C views this as a way to introduce individuals to horse ownership, and possibly attract some that may not have participated in racing before. There are events planned every month. They have hired Kelly Von Hemel, a Hall of Fame trainer in Iowa, to be the trainer for the club and he is in the process of looking for a horse to buy or claim.

Chair Arnold moved to the contracts. Mr. Wessels presented the following contracts for Commission approval:

- Control Installations of Iowa – Surveillance Equipment
- Great America Financial – Printing Equipment Leased from Infomax
- Insurance Office of America (IOA) – Jockey's Accident Insurance
- True North Companies – Insurance Brokerage Services
- Underground Company – Track Drainage Repair

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

Chair Arnold moved to Public Comment. Joan Foster addressed the Commission regarding the Greyhound Cessation Fund Hardship Claims. She stated she is aware Public Comment is for current issues, but she wanted to do her homework on the issue and the proximity of the meetings prevented her from doing so until now. Ms. Foster noted that between April and October 2016, the Commission heard 16 hardship claims for payment from the Greyhound Cessation Fund, but only seven were approved. She stated the majority of the claims were denied as the individual would be receiving annual payments, which would be received 16 months after the track closed. She asked the Commission to clarify how individuals submitting claims did not qualify due to the fact they would be receiving a check in 16 months.

Commissioner Lamberti stated the Commission will stand by their decisions as reflected in the minutes. One of the considerations taken into account in making those decisions was whether individuals were eligible for other payments outside of the hardship funds. It did not have anything to do with the timing; the timing was based on the rules adopted by the Commission and the legislation passed by the Legislature. He stated the rules indicated when the hardship claims needed to be submitted, and per the rules, have been closed for quite some time. He indicated he was not sure what her question was.

Ms. Foster stated the legislation said “industry participants are eligible to receive up to \$100,000 from the Commission if they can demonstrate the need to be compensated due to hardships caused by the closing of the pari-mutuel track, the dog racetrack located in Pottawattamie County.” She noted that passage does not say anything about whether the individual is eligible to receive future payments. Ms. Foster stated the Commission paid one gentleman \$80,000 who is getting disability payments, and had a job at that time. She stated there was no consistency in the decisions. She questioned how the Commission could tell someone they were not having a hardship at that time when they would be receiving a payment in 16 months. Ms. Foster stated she did not think there was any answer that would justify the decisions; that there was a lot of unfair treatment.

Commissioner Lamberti stated that was one of many factors considered in making their decisions. The reasons for the decisions were set forth at that time. He advised that pursuant to the legislation and the rules, the Commission had the discretion to make those decisions.

Ms. Foster stated she was bothered by some of the decisions; and still doesn't understand. She noted the only individuals that received money didn't have anything to do with the dogs directly. The last individual to receive a payment boards greyhounds in Dubuque County, and earned approximately \$5,000 per year from doing so. The Commission awarded him \$15,000; he is also received an annual payment of \$54,011. He was the only recipient of hardship funds that also received an annual payment. Ms. Foster stated the Commission did not ask him if he was going to receive funds from the annual payment, but did ask everyone else. She again asked where the consistency was.

Commissioner Lamberti stated he did not have the facts in front of him regarding the particular cases she is referring to, and is not going to reopen them at this late date. He stated the Commission is going to stand by the decisions that were made.

Ms. Foster stated she was not asking the Commission to change anything; but also stated he should not need anything in front of him to tell her how the determinations were made.

Commissioner Lamberti stated he did tell her how the determinations were made.

Ms. Foster thanked the Commission for their time, telling them they would hear from her again.

Chair Arnold moved to Administrative Business, and called on Mr. Ohorilko. Mr. Ohorilko advised the Commission received one application for the Horse Racing Promotion Fund – the Iowa Thoroughbred Breeders and Owners Association (ITBOA). He noted they are eligible to receive the funds in the amount of \$1,771.41. He requested a motion for approval of the distribution of the funds.

Commissioner Lamberti moved to approve the distribution of the Horse Racing Promotion fund in the amount of \$1,771.41 to the ITBOA. Commissioner Kramer seconded the motion, which carried unanimously.

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

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
JUNE 14-15, 2017**

The Iowa Racing and Gaming Commission met on Wednesday and Thursday, June 14-15, 2017 at the Waterfront Convention Center in Bettendorf, Iowa. Commission members present were Richard Arnold, Chair; Kris Kramer, Vice Chair; and members Carl Heinrich, Jeff Lamberti, and Dolores Mertz.

Chair Arnold called the meeting to order at 5:30 PM on Wednesday, June 14th, and moved to the approval of the agenda. Commissioner Kramer moved to approve the agenda as presented. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to Executive Session and requested a motion. Commissioner Lamberti moved to go into Executive Session pursuant to Iowa Code Sections 21.5(1)a, d, and g for the purpose of receiving Division of Criminal Investigation background reports on Rubicon Controlled LLC. Commissioner Heinrich seconded the motion, which carried unanimously on a roll call vote.

Upon the conclusion of the Executive Session Commissioner Lamberti moved to leave Executive Session. Commissioner Kramer seconded the motion, which carried unanimously. Chair Arnold advised the meeting was recessed until 8:30 AM on Thursday, June 15th.

Chair Arnold reconvened the meeting at 8:30 AM, and advised the agenda had been approved as presented. Chair Arnold welcomed back Commissioner Dolores Mertz. Bob Gallagher, Mayor of the City of Bettendorf, welcomed everyone to the Quad Cities and to Bettendorf. He noted the Waterfront Convention Center, which is where the meeting is taking place today, is an outgrowth of what gaming can do in a community. This facility was built and is owned by the city but run by the Isle of Capri. He introduced Barry Anderson President of the Scott County Regional Authority (SCRA).

Mr. Anderson welcomed the Commission and staff to Bettendorf. He stated SCRA has been in existence for over 25 years and holds the license for Isle of Capri. He noted that a few weeks ago spring grant awards were announced. \$1.5 million were awarded to about 65 agencies and organizations in Scott County. Over the past 25 years they have awarded nearly \$80 million has been awarded to organizations and agencies in Scott County. He noted that SCRA has provided the convention center with over \$3 million in the last 10 years to help construct the facility, also support to purchase emergency vehicles and medical equipment, provided support for local school districts, provided support to hundreds of other non-profit organizations which has been made possible by the great relationship and partnership with the Isle and the city of Bettendorf. He also thanked the IRGC for the oversight and guidance to help them fulfill their responsibilities. Mr. Anderson introduced Nancy Ballenger, VP, General Manager, Isle of Capri, Bettendorf.

Nancy Ballenger welcomed the Commissioners and stated this was the birthplace of Riverboat Gaming in Iowa on April 1, 1991 which is 9552 days ago that this industry started which has grown and changed so much. She noted that the Isle of Capri's one year anniversary of their 16 million dollar land based development is coming up on June 24th called Landiversary. They are

very excited about that investment and looking forward to many more in the Quad Cities. She then thanked the Commissioners for coming.

Chair Arnold thanked Nancy for the tour of the facility and the city of Bettendorf for welcoming the Commission, and moved to the approval of the minutes from the April 13, 2017 Commission meeting. Commissioner Lamberti moved to approve the minutes as presented. Commissioner Kramer seconded the motion, which carried unanimously.

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

- July 13, 2017 – Prairie Meadows Racetrack and Casino, Altoona, IA (Submissions due by June 29, 2017)
- August 24, 2017 – Riverside Casino and Golf Resort, Riverside, IA
- September 26, 2017 – Special meeting with respect to the Cedar Rapids application process which will be at Double Tree by Hilton Cedar Rapids Convention Complex, Cedar Rapids, IA
- October 12, 2017 – Emmetsburg Wild Rose Casino, Emmetsburg, IA

Mr. Ohorilko informed everyone that last month the Commission set the dates for the meetings for the next fiscal year. The April meeting in 2018 will be April 12th instead of April 19th at the Ameristar Casino in Council Bluffs, IA.

Mr. Ohorilko recognized the following staff members in attendance: Stu Hoover, Gaming Representative at IOC Bettendorf, Dan Martens and Stan McClellan, Gaming Representatives from Rhythm City, Davenport, and Debbie Douglas, Licensing Assistant for the Quad Cities, and Cheryl Vetsch, Dubuque, IA taking the minutes for Julie Herrick.

Chair Arnold moved to the Resolution for Iowa statewide and lifetime self-excluded persons request for amendment from Iowa Gaming Association. Wes Ehrecke, President, Iowa Gaming Association, representing the 19 Iowa Casinos, stated that the voluntary self-exclusion program has been in existence over 20 years. Its core and intent was a collective initiative by the industry to have a voluntary program as a helpful resource in order that they could exclude themselves. The program has evolved. In its beginning it was property specific where a casino would allow a patron to ban themselves from that property and if they would agree to be arrested for trespassing, their winnings would be forfeited. In 2004 the legislature changed it to a statewide program where a patron could voluntary chose to be banned from all casinos in Iowa. Mr. Ehrecke stated that a new state law would go into effect on July 1st allowing for a five year option as well a lifetime. In addition, an option is available for patrons for reinstatement if they have been part of the voluntary program for at least 5 years. Mr. Ehrecke stated that the IGA feels a fine policy needs to be in existence, but notes the industry is very proactive with responsible gambling initiatives as exemplified by the industry's responsible gaming group which meets on a quarterly basis to discuss best practices and keeping the self-exclusion program viable. Mr. Ehrecke noted that human errors occur when carrying out the self-exclusion program and that there will be more room for human error with the new law change. Mr. Ehrecke stated that If an excluded patron wins a jackpot and it is erroneously payed to them, according to state law, the casino would need to pay the state the same jackpot amount in addition to being fined by the Commission upwards of \$20,000. Like the minors policy we feel there should be a stipulated agreement, depending on the severity of the situation, of maybe \$1000 for this type of incident.

Chair Arnold appointed a sub-committee of Commissioner Kramer and Commissioner Heinrich to study this proposal and report back. Commissioner Lamberti commented that he wants a little more time to look at it and he did not see anything in this proposal that would be terribly concerning. Mr. Ehrecke welcomed the opportunity to visit more with the Commissioners on this issue and thanked the Commissioners for their time.

Chair Arnold then moved to the next agenda item, Caesars Entertainment Operating Company. Lorraine May introduced herself along with her partner Anne Clark, representing Harrah's Council Bluffs Casino and Hotel and Horseshoe Council Bluffs and to hopefully attain approval of the Commission with regard to the items necessary to rise from the bankruptcy. Ms. May indicated that on January 15, 2015 Caesars Entertainment Operating Company, Inc. (CEOC) filed a voluntary petition for reorganization of the bankruptcy law. On January 17, 2017 there was an agreed plan of reorganization filed with the Bankruptcy Court. Ms. May indicated that there were many stake holders involved in reaching this plan, the bond holders, note holders, stock holders, secured creditors, and unsecured creditors. She stated that to bring this bankruptcy plan to fruition, it requires gaming approval in a number of states. Ms. May stated that if any one of those dominoes fails to fall, the entire plan of re-organization will be at risk. Ms. May continued with an update of where approvals have been received: Mississippi, Illinois, Pennsylvania, Indiana (anticipated by the end of June).

Ms. May stated that the company hopes to emerge from bankruptcy with \$16 billion in less debt, \$1.5 billion in less interest, and positive cash flow of \$.8 million dollars. Ms. May stated the company will be a solid business entity; solid financially and solid structurally. Caesars Acquisition Company (CAC) will merge with and into CEC. The legal structure of several of the entities including one of the Iowa entities, Iowa Management Company Inc., will be converted to LLCs for tax reasons associated with the real estate. Apollo and TPG interest will be markedly reduced. CEOC will separate the majority of its operational interests from the real estate. They will then transfer the real estate to VICI Properties Inc., a newly formed REIT. On the effective date of the transaction CEOC will convey the stock of VICI to its creditors effectively transferring the debt as well. CEOC and VICI will enter into a long- term lease agreement to lease the property back to CEOC and its subsidiaries.

Ms. May stated that this is how it looks for Horseshoe Casino; the licensee is Iowa West Racing Association, the manager at Horseshoe Council Bluffs is a Caesar's entity which is HBR Management Co., but the real estate is owned by HBR Realty Company Inc., which will be converted to an LLC. The lease with Iowa West Racing Association will remain intact. Harrah's Council Bluffs Casino and Hotel essentially will have the same type of process. Harveys Management Company will be converted to an LLC it will transfer the real estate to Harrah's Council Bluffs LLC and then back up to CEOC. None of the debt will remain with CEOC as there will be a separation between the operating functions and the real estate functions. CEOC will transfer its real estate to the newly formed REIT (VICI Properties Inc.) Also on the effective date, CEOC will convey the stock of VICI to CEOC's creditors. This decision was highly negotiated and overseen by the entire bankruptcy court.

Ms. May also conveyed that once VICI owns the real estate there would be a lease back to CEOC and its subsidiaries, the Horseshoe property remains leased to Iowa West Racing Association. The attorney for the people owning VICI Properties Inc. is well aware of their relationship with Horseshoe in that Harrah's is operating only as a manager in that concept. The lease has a mandatory reinvestment in the real estate to make sure that it is maintained. The lease has specific provisions which make it subject to Iowa regulation and the lessor cannot

come in and take over the license or gaming equipment at any point unless licensed by the state of Iowa. Ms. May also stated that most of the people the Commission will be dealing with have been previously been licensed and have been operating in Iowa for many years.

Ms. May continued that the operating license for Harrah's Council Bluffs Casino and Hotel will remain with Harveys Management Company LLC. Harveys Iowa Management Company LLC will retain the EIN of Harvey's Iowa Management Company, Inc., which is the current licensee. The license at Horseshoe Council Bluffs will remain with the Iowa West Racing Association. HBR Management Company, Inc. will remain the manager at Horseshoe Council Bluffs.

Ms. May then asked the Commission for approval of the transactions necessary to affect the real estate transfers in accordance with the leases, an approval of the lease, and approval of the management and support agreement. Ms. May then introduced Eric Hession, Executive Vice President and Chief Financial Officer for Caesars and Tim Donovan, Executive Vice President and General Counsel and Chief Regulatory and Compliance Officer for Caesars to answer any questions the Commissioners may have.

Commissioner Lamberti responded that they had been briefed at the Executive Session by DCI and it is complex but much more simplified coming out of bankruptcy with a much healthier balance sheet. Commissioner Lamberti made a motion for approval of the master lease. Commissioner Heinrich seconded the motion, which carried unanimously. Chair Arnold requested a motion for approval of the management and lease support agreement. Commissioner Lamberti made a motion to approve the management and lease support agreement. Commissioner Kramer seconded the motion, which carried unanimously. Commissioner Lamberti made a motion to approve the transfer of the real estate assets to the REIT consistent with the lease agreement and subject to approval by the bankruptcy court. Commissioner Mertz seconded the motion, which carried unanimously.

Tim Donovan then thanked the Commissioners and staff for all of their hard work and Lorraine May.

Chair Arnold moved to the next item, Riverside Casino and Golf Resort LLC, request for remodel. Dan Kehl, CEO of Elite Casino Resorts. Mr. Kehl presented pictures of the 10 million dollar remodel of Riverside that will start in September including floor coverings, wall finishes, etc. The entryway will include a new light feature and new marble flooring. The hotel guest services will move to the rotunda. The gaming floor with the water feature being removed over the center bar, the center bar will be reworked and a light sculpture coming down simulating water will be added with new LED lighting and sound upgrades to the facility. The poker room will be reworked looking more like a sports book. All the restaurants will be reworked, adding a bar in the rotunda area. The facility has been open for 11 years and is in need of an upgrade and has been in the planning stages for a couple of years. Looking to start construction on September 5th and ending the remodel the end of January, 2018. Mr. Kehl then requested approval from the Commission for the remodel. Chair Arnold asked for any questions from the Commission. Commissioner Heinrich commented that it is always nice to see reinvestment in a property to make it more desirable for the customers. Chair Arnold then requested a motion to approve the request for remodel. Commissioner Lamberti made a motion to approve the remodel for Riverside Casino and Golf Resort. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to the contract approvals and called on Ameristar Casino Council Bluffs, LLC. Monty Terhune, General Manager, presented the following contracts for Commission approval:

- Second Amendment to Second Amended and Restated Excursion Boat Sponsorship and Operations Agreement – QSO extension agreement
- Tai Ping Carpets Americas, Inc. – casino carpet

Hearing no comments or questions, Chair Arnold requested a motion for the first item requested for contract approval. Commissioner Lamberti made a motion to approve the Second Amendment to Second Amended and Restated Excursion Boat Sponsorship and Operations Agreement. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold requested a motion for the second contract approval item for new carpet. Commissioner Kramer made a motion to approve the contract as submitted. Commissioner Lamberti seconded the motion, which carried unanimously.

Chair Arnold called on HGI Lakeside LLC. Dave Monroe, General Manager, presented the following contracts for Commission approval:

- AJR Equities, Inc. – Marketing promotional items
- Everi Payments Inc. – ATM kiosks

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

Chair Arnold called on Isle of Capri Bettendorf, L.C. (IOCB) Nancy Ballenger, VP, General Manager, presented the following contracts for Commission approval:

- Loffredo – fresh produce
- Graphic Controls – slot tickets for slot machines
- Sam's Club – liquor and cigarettes
- Schebler – metal fabrication and installation
- Crawford Heating and Cooling – HVAC and maintenance

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

Chair Arnold called on IOC Black Hawk County, Inc. Todd Connelly, General Manager, IOC Waterloo, presented the following contracts for Commission approval:

- Nagle Signs, Inc. – new signs and installation
- Service Roofing Co. – new roof and repairs

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

Chair Arnold called on Casino Queen Marquette, Inc. Donald Ostert, General Manager, presented the following contracts for Commission approval:

- Unicare Life & Health Insurance – dental & vision insurance
- United of Omaha Life Insurance Company – life insurance

Chair Arnold commented concerning the Unicare Life and Health Insurance contract in that this is an outside vendor and we would like to use Iowa vendors if possible. Mr. Ostert commented the reason for the out of state vendor is that they obtained the same insurance company as they have at the St. Louis property. Chair Arnold requested a motion. Commissioner Mertz moved to approve the contracts as submitted by Casino Queen Marquette. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Rhythm City Casino, LLC. Mo Hyder, General Manager presented the following contracts for Commission approval:

- Executive Services Company LLC – executive services (RP)
- Sysco Food Services of Iowa – food

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

Chair Arnold called on the Dubuque Racing Association, Ltd.(DRA), d/b/a Q Casino. Bill Eichhorn, Chief Financial Officer presented the following contracts for Commission approval:

- Friedman Insurance – officers and directors, property and cyber insurance
- Greater Dubuque Development Corp. – area economic development group

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

Chair Arnold called on Wild Rose Clinton, LLC. Leah Garcia, Assistant General Manager presented a contract with Performance Foodservice for the purchase of food products.

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

Chair Arnold called on SCE Partners, LLC, d/b/a Hard Rock Hotel & Casino Sioux City. Todd Moyer, General Manager, presented the following contracts for Commission approval:

- Elevated Music Service, Inc. – service agreement
- Epiphany Production, Inc. – entertainment act
- BC Tours, Inc. – entertainment act
- Valentine Road Corporation – entertainment act
- Cruising Kitchens, LLD – mobile food unit
- Nomota, Inc – entertainment act

- Global Payments Gaming Services, Inc. – cash advance processing & check guarantee services
- US Bank National Association – ATM services
- Advance Weapon Technologies, Inc. – entertainment act

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

Chair Arnold called on Grand Falls Casino, LLC. Sharon Haselhoff, General Manager, presented the following contracts for Commission approval:

- Executive Services Company LLC – executive services (RP)
- Ziegler Power systems – generator customer support agreement

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as submitted by Grand Falls Casino. Commissioner Heinrich seconded the motion, which carried unanimously.

Commissioner Heinrich requested an update on the golf course at Grand Falls Casino. Ms. Haselhoff stated it was green, looked great, and is in excellent condition. It is ready to be played anytime.

Chair Arnold called on Riverside Casino and Golf Resort, LLC. Dan Franz, General Manager, presented the following contracts for Commission approval:

- Altorfer Power Systems – maintenance for fork trucks and lifts and generator testing
- Baxter Construction Company, LLC – construction manager resort renovation project (RP)
- DLR Group, Inc. – architect for resort renovation project
- DPT Mechanical – cooling tower internal replacements
- Executive Services company LLC – executive services (RP)
- Harris Golf Cars – golf cars purchase
- Honkamp Krueger & Co., P.C. - CPA professional services

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Mertz moved to approve the contracts as submitted by Riverside Casino and Golf Resort. Commissioner Lamberti seconded the motion, which carried unanimously.

Commissioner Heinrich commented on getting a report on the golf course at Riverside. Mr. Franz stated they are ready for the Commission in August. The grass is green and ready to go.

Chair Arnold called on Prairie Meadows Racetrack and Casino, d/b/a Prairie Meadows Racetrack & Casino. Gary Palmer, General Manager, presented the following contracts for Commission approval:

- GL Dodge City – vehicles for promotional giveaways
- Lithia Mercedes Benz of Des Moines – vehicles for promotional giveaways
- Professional Solutions – processing fees for credit cards

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the contracts as submitted by Prairie Meadows Racetrack & Casino. Commissioner Kramer seconded the motion, which carried unanimously.

As there was no public comment, Chair Arnold moved to Administrative Business and called on Mr. Ohorilko. Mr. Ohorilko called for approval of the regulatory fees for fiscal year 2018. These fees were based off of the legislative appropriation. The first payment would be on July 6th and would be for five weeks plus current, so it would be a payment for six weeks. The fees become effective June 26th. Because of the payment up front those fees would stop being collected on May 24th with any reversion potentially ending the payments earlier. Mr. Ohorilko stated that the DCI fees were also sent out. Mr. Ohorilko requested approval of the regulatory fees for fiscal year 2018.

Hearing no questions or comments, Chair Arnold requested a motion to approve. Commissioner Mertz moved to approve the regulatory fees for fiscal year 2018. Commissioner Kramer seconded the motion, which carried unanimously.

Mr. Ohorilko then updated the Commissioners on any legislation that could impact the Racing and Gaming industry from the most recent Legislative session that was passed. He provided a brief summary of House File 568, Senate File 442, and House File 462.

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

MINUTES TAKEN BY:

CHERYL L. VETSCH

**Iowa Racing and Gaming Commission
Prairie Meadows Race Track and Casino
MINUTES
July 13, 2017**

The Iowa Racing and Gaming Commission met on Thursday, July 13, 2017 at Prairie Meadows Race Track and Casino. Commission members present were as follows: Richard Arnold, Chair, Kris Kramer, Vice Chair; and members Carl Heinrich, Jeff Lamberti and Dolores Mertz.

Chair Arnold called the meeting to order at 8:30 AM on Thursday, July 13, 2017. Chair Arnold, on behalf of the IRGC Commissioners, extended a welcome to all present at the meeting.

APPROVE AGENDA: Chair Arnold requested a motion to approve the meeting agenda as presented. Commissioner Mertz moved to approve the agenda, seconded by Commissioner Heinrich, which carried unanimously.

APPROVE MINUTES: Chair Arnold requested a motion to approve the minutes from the June 14-15, 2017 meeting. Commissioner Heinrich moved to approve the minutes, seconded by Commissioner Kramer, which carried unanimously.

ANNOUNCEMENTS: Brian Ohorilko, Administrator of Iowa Racing and Gaming Commission stated the next commission meeting will be on August 24, 2017 at Riverside Casino and Golf Resort. Mr. Ohorilko specified any agenda items submitted are due in the commission office on August 10, 2017. There will be a special meeting on Tuesday, September 26, 2107, dedicated to the Linn County application process. There will be site visits in the morning, followed by public comment in the afternoon and a question & answer session with commissioners. Mr. Ohorilko confirmed the next commission meeting will be on October 12, 2017 at Emmetsburg Wild Rose Casino & Resort, with the final meeting of the year on November 16, 2017 at Dubuque Diamond Jo Casino.

Mr. Ohorilko recognized commission staff present recording minutes today for Julie Herrick is Linda Sample, Licensing Assistant at Prairie Meadows Race Track and Casino. Mr. Ohorilko expressed appreciation for Linda's work on behalf of the Commission.

RESOLUTION FOR IOWA STATEWIDE AND LIFETIME SELF-EXCLUDED PERSONS: Commissioner Kramer, who served on the sub-committee, stated the committee was formed to review the proposal of the voluntary self-exclusion resolution by the IGA members. The IRGC committee met with members of the IGA, met with IRGC counsel, and reviewed material from other gaming jurisdictions with voluntary exclusion programs. They discussed the matter in depth.

The committee does believe that the public policy in the senate file 99F.4.22 would call for a change in resolution.

The committee believes the industry has the continued responsibility to strive to implement the best practices.

The committee is recommending a two tier approach for handling potential violations of the present self-exclusion resolution. In instances where the individual is currently on a statewide exclusion list and initiates contact with the property like attempting to gamble, participating in a marketing contest, attempting to obtain a players card, the incident will be reviewed by the gaming board. In instances where the facility initiates contact with the individual on the statewide exclusion list such as sending marketing material to someone on the list, the incident will be reviewed by the commission. Specifically, the committee is recommending the violations paragraph number 2 and 3 on the present resolution are managed by referral to the gaming board. The violations of paragraph number 1 and number 4 will be referred to the commission with a penalty range of \$5,000 to \$20,000 to be decided by the commission at the hearing. The committee is also recommending that items 2A and number 2B be aggregate transactions in a gaming day and not just a single transaction. The committee has also recommended the names be removed on the license controlled marketing mailing list no longer than 90 days after enrollment in the statewide program instead 100 days.

Chair Arnold requested any questions or comments. Commissioner Lamberti conveyed his appreciation to the committee for their review of all the information, their recommendations and reaching a compromise. Commissioner Lamberti then made a motion to approve the proposed changes to the exclusion policy with an effective date as of today July 13, 2017 for incidents occurring today and moving forward, seconded by Commissioner Dolores Mertz, which carried unanimously.

ADMINISTRATIVE RULES – Notice of Intended Action: Brian Ohorilko addressed there are two rules before the commissioners today for approval of the Notice of Intended Action. Both items have been passed in the most recent legislative session.

Item one will allow for a 5 year option for individuals who are interested in signing up on the Statewide Self-Exclusion list which is consistent with the piece of legislation passed this session.

The second item is in regard to horse racing and therapeutic medications, which will allow for the commission and industry to be in line with the ARCI controlled therapeutic medication schedule. This schedule has been adopted by virtually every other racing jurisdiction. Mr. Ohorilko reported these two rules have been sent to all of the stakeholders in the racing & gaming industry and does not believe there any issues preventing approval for this Notice of Intended Action.

Hearing no comments or questions, Chair Arnold requested a motion for approval. Commissioner Kramer made a motion, seconded by Commissioner Heinrich, which carried unanimously.

IOWA GREYHOUND ASSOCIATION – External Audit: Brian Carpenter, Director of Racing & General Manager of Iowa Greyhound Park and President of the Iowa Greyhound Association, Bob Hardison is here today to give an update on the transition of accounting firm. Mr. Hardison reported on the External Audit. Mr. Hardison discussed the issues with their accounting at the Iowa Greyhound Park. Mr. Hardison feels the situation has been rectified. Goldfinch has assumed the accounting procedures and identified problem areas. Mr. Hardison is very confident going forward the accounting will be efficient and completed in a timely fashion. The intent is to secure a long term accounting firm, respectively Goldfinch, within the next 30 days.

Commissioner Lamberti discussed concern with significant deficiencies, which have to do with the segregation of duties and financial responsibilities. Commissioner Lamberti expressed the need for reconciliation. Even though the commissioners understand difficulties of adequate segregation of duties, especially in a smaller organization, this deficiency must be corrected. Commissioner Lamberti conveyed it is imperative when the commissioners receive the next auditor's report, these significant deficiencies will no longer be present.

REVIEW OF HORSEMEN'S ORGANIZATIONS FINANCIAL AUDITS:

- A. The Iowa HBPA, Inc. and the Iowa HBPA Benevolent Trust – Jon Moss, Executive Director & Secretary Treasurer, referred to the audit before the commissioners and is present for any questions the commissioners may have at this time. There were no questions. Mr. Ohorilko asked Mr. Moss to review services the Iowa HBPA provides. Mr. Moss reviewed the broad scope of services provided by the non-profit organization representing horseman in the state of Iowa. Assistance backside on the race track with hardship, for example if a family member has passed away, they assist with travel. If a horseman is injured they assist with medical appointments, cultivating business relationships with doctors, dentists, chiropractors who will provide a discount and service. The Iowa HBPA also provides representation of horseman at meetings, hearings at racing associations, commissions and other pertinent organizations.
- B. Iowa Quarter Horse Racing Enterprises, Inc. d/b/a Iowa Quarter Horse Racing Association – Chris Hovey, Secretary with Iowa Quarter Horse Racing. Ms. Hovey reported on the highpoints of the past year. They held a Charity Golf Tournament, which raised funds for the disabled jockey fund. They held an All American party with trainers, backside workers and their families to come enjoy the day together. An exciting highlight was the Youth Days Program. They worked in conjunction with Prairie Meadows to select six youth to spend 3 days learning about the racing & training experiences. At the end of the program, the youth receive scholarships for their college education.
- C. Iowa Harness Racing Association – Royal Roland, President here to present the audit and discuss harness racing here in Iowa. The association believes harness racing is going very

well. The number of standardbred foals being born each year is steady and slightly increasing. There are new participants coming to Iowa to race who have not done so in the past. Most exciting, two county fairs have approached the association to start holding races here in Iowa. The Lee County Fair in Donnellson held races last weekend, which went well. Also, the Hamilton County Fair in Webster City will have races in a couple of weeks. The association is very happy to extend races to several locations and expose as many people as possible to harness racing.

PRESENTATIONS ON PROPOSED CEDAR RAPIDS CASINOS:

- A. Wild Rose Cedar Rapids, LLC – Tom Timmons, President & Chief Operating Officer of Wild Rose LLC. Mr. Timmons introduced the Executive management team, Gary Kirke, Dr. Michael Richards, Scott Ivers, Chris Collins, Rick Gilson, Lea Garcia. Also present are three General Managers from Wild Rose properties, Travis Dvorak – Jefferson, Steve Cody – Emmetsburg, Steve Nauman – Clinton. Also here today are groups which Wild Rose has partnered with 401 First Avenue LC, and Steve Emerson – Aspect Architecture & Hunter Parks. Attending are four members of the Cedar River Alliance Dick Meisterling, Barbara Hames-Bryan, Darlene Davermann-Reid, Michelle Smothers Omar. Two Cedar Rapids Alliance members not able to attend are Oather Taylor, Brent Mohasci. Mr. Timmons speaks for the entire team for how much they appreciate the opportunity to present the application for the Boutique Casino. At this time a video was shown of several interviews, members of the non-profit, architects, local business owners, restaurant owners, and the public.

Mr. Timmons reviewed analysis of the overall state's gaming market as the Commission's responsibility and major objective is to award new gaming licenses in accordance with it. Wild Rose has analyzed Iowa gaming markets over the past quarter of a century and how the industry has evolved. Iowa Gaming is different from other states as it is not a free market. The gaming industry has a regulation system to balance the investment made by operators with the revenues generated for the state in the form of gaming taxes. These revenues are shared with local communities and counties via non-profits. A major objective of the commission certainly over the past 15 years has been to award new licenses based on the state's overall gaming market.

Mr. Timmons stated that there were five gaming licenses applied for in 1992 to nineteen in 2017. There has been revenue to the State of Iowa approaching 300 million dollars into the general fund. Wild Rose has heeded what the commissioners said in 2014 when they applied for a license in Cedar Rapids. The chief reasons given for rejecting that application were cannibalization, saturation and fear of destabilization. Though they know the commissioners sighted findings of the studies of Marquette Advisors and Union Gaming, we know from our experience in Jefferson those figures were very accurate in gaming revenue, however, the predicted cannibalization did not occur. Wild Rose went to an expert for

some answers. Mr. Timmons invited Sabastian Sinclair, Firm Consultant for Christiansen Capital Advisors to speak.

The first slide reviews the methodology used in the market study. Measures of relative market supply compared to population, the observed historical impacts of new casinos in other comparable markets, and the drive time to respective casinos. Using these three measures in conjunction, Mr. Sinclair demonstrated the analysis to several casinos in various cities and the relative efficiency of various other markets. Mr. Sinclair indicated market studies often differ to how populations are distributed in relation to casinos. Cedar Rapids appears to be moderately undersupplied using the three measures. The findings determined the Wild Rose Casino in Cedar Rapids would only modestly impact the gaming revenue in nearby casinos, specifically the Iowa casino at Waterloo, Meskwaki and Riverside. As Mr. Sinclair mentioned before with the moderately undersupplied market conditions in Cedar Rapids, along with the relative size of this proposal, from the State of Iowa's perspective any these adverse effects will eventually become a gain of gross tax revenue which Wild Rose Casino would generate. In summary, CCA has estimated Wild Rose Casino with 700 slot machines and 20 table games would generate 266.8 million in net new gaming revenue in the first five years. In the same five year period, generate new gaming taxes of 58.7 million. For the proposed 600 slot machine and 15 table games this would generate 231 million in net gaming revenue and 48 million in gaming taxes. This concluded the presentation. There were no questions for Mr. Sinclair.

Mr. Timmons spoke about the size of the Urban Boutique Casino facility which is designed not to compete with the existing 47 restaurants, coffee shops, bars, hotels and theatres. Wild Rose would like to partner with these businesses through vouchers and bring in more shows and entertainment into downtown Cedar Rapids. A video was shown at this time.

Mr. Timmons introduced developer & construction specialist, Steve Emerson of Aspect Architecture & Hunter Parks. Mr. Emerson is a Cedar Rapids native. Mr. Emerson has been developing in downtown Cedar Rapids since 1999. Mr. Emerson believes the Boutique Casino would be a great asset to downtown.

With this team, Mr. Emerson is confident they have a plan which differentiates them from any other casino or development in downtown. This Boutique Casino will integrate into the existing downtown structures and is the right concept. This development team is not asking for any funding up front, tax payer money, city, county or state assistance. They are not going to ask for reimbursement of their taxes, not requesting the city to build a parking structure, tear down existing buildings or assist in any way. They will develop this casino privately, they will make it a success and will pay their taxes. They will help the city and community succeed if given this opportunity. At this time a video was shown with interviews from citizens of Cedar Rapids supporting the Boutique Casino.

Mr. Timmons reported the Boutique Casino is a 25,000 square foot facility, with 600 slot machines, 20 table games, full service bar & show lounge, and an Iowa store. At this time a video was shown regarding architectural design.

Mr. Timmons then introduced Darlene Davermann-Reid. Ms. Daverman-Reid said she is very excited to have the opportunity to speak about the Cedar River Alliance partnership with Wild Rose Casino and what the gaming revenue means to their community. When the discussions first began with Wild Rose, the agreement was made the new casino would contribute 4% of the top gaming revenue, which was 33% more than what state law requires. Over the past several months as they have continued their discussions, Wild Rose has now agreed to a hefty 5% which means an additional \$500,000 for Cedar Rapids. This totals 2.5 million dollars annually for the city of Cedar Rapids and outlining community. At this time a video was shown regarding the charitable benefit of a casino in the community.

Mr. Timmons summarized the Urban Boutique Casino proposal is an operational structure unlike any other casino in Iowa. Mr. Timmons said they understand this proposal is different than any other proposal which the commissioners have seen. This proposal is an opportunity to bring a casino to Cedar Rapids and Lynn County. Wild Rose can make that a reality. It is the culture at Wild Rose to listen to the community and the commission as they have done in the past. In Cedar Rapids, this project does not seek to disrupt the progress downtown has made in the past 3 years. It is intended to collaborate, support and energize them. The goal of this proposal is to strike that balance for all the constituents, including the state, without cannibalizing or destabilizing the industry. The Boutique Casino will draw to and not away from the energy of the night life, shops and attractions helping revitalize downtown Cedar Rapids. This is right idea, at the right time, with the right operated by the right people. Mr. Timmons concluded the presentation.

Chair Arnold thanked them on behalf of the commissioners for a very nice presentation.

B/C. Cedar Rapids Development Group LLC – Cedar Crossing on the River 1.0 & 2.0 – Brent Stevens, Chairman & Chief Executive Officer. Mr. Stevens expressed appreciation to the commissioners for the opportunity to be here today. The group will present plans and provide 2 options to develop a casino in Iowa's second largest city, Cedar Rapids. Several other team members will be joining in the presentation, Natalie Schramm – Chief Financial Officer & Secretary, Jonathan Swain – Chief Operating Officer, and partners at JNB Gaming and the City Manager for Cedar Rapids, Jeff Pomerantz. We recognize the importance of the decision that you as commission members have to ensure that the state is a viable and stable gaming industry. We appreciate the position and the rules by which we operate. There are two decisions here, first is this the right time for Cedar Rapids and who is the right developer for the Cedar Rapids market. Our gaming industry developers has a history of developing cutting edge gaming facilities right here in Iowa and their commitment developing venues that lift up surrounding communities all speak

very well to them as the best choice. Mr. Stevens reviewed the past 20 years of investments in casinos in Dubuque and Sioux City, Iowa.

Mr. Stevens proceeded to review two proposals; Cedar Crossing on the River 1.0 and a more modest urban gaming casino that ties into the downtown infrastructure Cedar Crossing Central 2.0. There was a video presentation played at this time was an overview of the two project options for Cedar Rapids entertainment, economic and development needs.

Mr. Stevens reviewed the team's history of more than two decades of experience providing quality gaming experience to Iowans and people around the country. Mr. Stevens explained they are an Iowa based developer and operators with a proven track record for long term success here in the state. They build sustainable long term assets which create the best results for the state of Iowa and local economy. Peninsula Pacific and JNB Gaming have been involved in casino gaming development in Iowa since 1997. The Cedar Rapids Development Group has partnered with more than 200 local investors to develop this project along with Linn County Gaming Association, a non-profit gaming license applicant, JNB the operator they believe that their team has the perfect balance of experience.

Mr. Stevens spoke about Peninsula Gaming's history. They delivered some of the best results in the industry with their shareholders for a very long period of time. Their team members were recognized for the best customer service and the friendliest casino employee's here in the state of Iowa 11 years in a row. They have a record of success because of their patient and deliberate approach of investing in regional gaming. Peninsula Pacific is the name of the second chapter of Peninsula Gaming.

Mr. Stevens stated that this project, if awarded a license, would be their 8th ground up development in the casino industry. They have built the only two urban casinos in Iowa. They look forward to being involved in the growth of the community of Cedar Rapids. In 1999, they closed on Diamond Jo Casino and in mid-2000 land based casino gaming was finally voted in the legislature here in Iowa. The credit for that was to create more regional attractions, more synergy with local businesses and long term sustainable growth.

Mr. Stevens said they were fortunate to be awarded in 2005 the Worth County Casino license. It became operationally a 40,000 casino development in 2006. Immediately they invested another 35 million and doubled the size of the casino, built a hotel, built meeting space and created more activity for the community which was a tremendous success of an urban development land based casino.

They began in Sioux City in 2012. Thanks to the commission's help they opened in partnership with Warner Gaming, the Hard Rock Casino in Sioux City. Mr. Stevens

thanked the commission for the right decision for the approval of the Hard Rock Casino. Mr. Stevens discussed other successful casinos developed by their team.

Mr. Stevens introduced Natalie Schramm, Chief Financial Officer & Secretary and partner of JNB Gaming in Cedar Rapids. There are 200 local investors of which the majority are based and vested in the Cedar Rapids area. Cedar Crossing has partnered with the local non-profit Linn County Gaming Association. The board members are looking forward to hosting the commission in September in Cedar Rapids. Our non-profits from Cedar Rapids and surrounding community will benefit from Cedar Crossing. As outlined in the application, they will provide between 3½ to 5 percent of the gross gaming revenue to Linn County Association. Ms. Schramm said they strongly believe in the economic benefit of casinos for the surrounding communities and the key to that success is partnering with local government and communities that they operate in as a foundation. Partnering with the Linn County Association and entering into an exclusive agreement with the city of Cedar Rapids.

At this time, Ms. Schramm introduced Jonathan Swain, partner and Chief Operating Officer of JNB Gaming. Mr. Swain reviewed the original project of Cedar Crossing on the River 1.0. This project has been unchanged since 2014. After hearing concerns regarding the impact of the size of that project, they have developed a smaller project using the same process developing this idea. The partnership agreement has been extended through 2029 with the city of Cedar Rapids. Mr. Swain discussed the details of the 206 million dollar investment of the downtown project including the 25 million dollar, 900 space parking structure developed for the city. This casino complex would have 55,000 square feet, 550 slot machines and 15 table games. There will be two food and beverage amenities in the facility.

The center bar will be a full service restaurant. The facility would be directly connected to the US Cellular Center. It would provide 231 permanent jobs once fully operational.

Included in the application was an economic impact study showing just under 73 million in total economic output, 231 jobs, 11.6 million dollars in charitable contributions to non-profits in the first five years, 4.5 million dollars to Cedar Rapid in taxes and 93 million dollars in taxes and fees to the state of Iowa. Mr. Swain reviewed the casino architectural design, along with the parking structure proposal.

The RYAN Companies US, Inc. and OPN Architects will be the design/build team for this project. Mr. Swain acknowledged the OPN Architects are on record for the US Cellular Center, Double Tree Hotel, and Convention Center rendering them uniquely qualified with specific experience and expertise to tie the proposed casino together. Mr. Swain reviewed the casino architectural design plans of Cedar Crossing on the River. Mr. Swain believes their group has two proposals which will invest heavily into Cedar Rapids. Also, the quality work of this team differentiates them from other proposal. There has been a lot of thought to design, interiors and finishes to make sure people have the quality

gaming experience. This is important to the long term investment and critically important to being successful. Mr. Swain also believes with either of these proposals, another piece of success is the point partnerships which use reward credits in restaurants and other businesses in the community. This is projected to provide hundreds of thousands of dollars to local business vendors in point partnerships through this program. Another important partnership in these proposals is the City of Cedar Rapids and with that Mr. Swain introduced Jeff Pomerantz, City Manager of Cedar Rapids to present information about that partnership.

Mr. Pomerantz said it is an honor to be here today and thanked the members of the commission for allowing the presentations and their consideration of Cedar Rapids. Mr. Pomerantz discussed how the city has been working very hard to rebuild Cedar Rapids since the flood of 2008. Mr. Pomerantz has been in Iowa since 1998. Mr. Pomerantz was the city manager in West Des Moines for 12 years. Seven years ago Mr. Pomerantz took the opportunity to take the position of City Manager in Cedar Rapids because of his belief in the Iowa's second largest city and viewed it as a tremendous opportunity to help rebuild. There has been tremendous success in rebuilding the city for growth and development. The nucleus of this development is the downtown area. Mr. Pomerantz believes that Cedar Crossing is a wonderful fit for the city for a number of key reasons. Mr. Pomerantz spoke about Cedar Crossing Central in the downtown area. This casino would be built on under-utilized property and provides unique benefits to Cedar Rapids and local businesses in the downtown area. As they moved forward on rebuilding of downtown the focus was on key properties, the Double Tree Hotel and US Cellar Center, and the convention center. The city council & mayor took a risk with over 100 million dollars invested in these facilities.

Mr. Pomerantz indicated this was done because they believed this would encourage more growth and more development in the downtown area. New growth has also happened from the private sector in both small and large businesses. The casino and new parking garage will help to complete a critical next step. A casino would add to the success of the Double Tree Hotel & convention center. The parking structure, which is owned by the city, was repaired couple years ago after a consultant reviewed the facility. The city invested 1 million dollars in the last couple years and it will need replaced in the next 10 to 12 years, at a cost of 25 million dollars based on its size. This proposal would allow this parking facility to be replaced. Citizens would not need to use tax dollars out of parking revenue. The casino will bring significant dollars to the city revenue offering performances, entertainment, attracting conventioners and many more visitors. From the cities perspective, they are very committed to this project and feel very confident with their current position. The public overwhelmingly support this project. As mentioned before, the Memorandum of Understanding between the City and Cedar Rapids Development Group is in place through 2029. The city views this as an innovative plan to put the casino facility where it is connecting these structures. Mr. Pomerantz thanked the

commissioners for their time is looking forward to seeing the commissioners in Cedar Rapids.

Mr. Stevens reviewed the proposal choices. First, the Cedar Crossing on the River 1.0 the original proposal which was heard in 2014 and then today we have Cedar Crossing Central 2.0. It is the same size casino compared to the alternative. The amount of investment into casino central is 106.4 million dollars versus the alternative 42 million dollars. If thought about as an investment per gaming position, this would be a difference of 193,000 per position versus somewhere between 60,000 & 85,000 per position. That is long term thinking, it's sustainable, it's about the customer, about the community, and about partnering with the community.

Mr. Stevens reviewed some Sioux City Hard Rock Casino statistics. There were 455 shows in a 2½ year period of time which utilized the facility in a much smaller market. If CRDG is fortunate enough to be awarded a license they will invest heavily, make it come alive, dramatically increase visitors in the hotel, and additional patronage in the downtown area with this casino. Mr. Stevens thanked the commissioners for the opportunity and summarized why CRDG believes they are the best choice to be awarded the gaming license. They have decades of Iowa gaming experience success with other urban casino models, strength in their partnership philosophy with the local community, they are patient and thoughtful and very deliberate. When asked to respond with a proposal, they have worked with the city and local community and provided another option.

On behalf of the commissioners, Chair Arnold thanked them for a very nice presentation.

CONTRACT APPROVALS:

- A. Grand Falls Casino & Golf Resort, LLC – Sharon Haselhoff, General Manager, presented two contracts for Commission approval: 1) Cintas Corporation – Employment Uniforms; 2) Tech Art, Inc. – Card Reader License Agreement (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich motioned to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.

- B. HGI Lakeside LLC – Luke Keller, Director of Marketing presented three contracts for Commission approval: 1) Halvorson Tran – HVAC Repairs & Maintenance; 2) Kohl Wholesale – Food Product/Supplies for Resale in Restaurant (OSV); 3) Supreme Systems, Inc – Major Roof Repairs (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti motioned to approve the contracts, seconded by Commissioner Heinrich, which carried unanimously.

- C. Riverside Casino & Golf Resort LLC – Dan Franz, General Manager presented one contract for Commission approval: 1) Agilysys NV, LLC – Hardware/Software Upgrade & Maintenance Services (OSV). Hearing no comments or questions, Chair Arnold

requested a motion. Commissioner Lamberti made a motion to approve the contract, seconded by Commissioner Heinrich, which carried unanimously.

- D. Harvey's Iowa Management, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel – Janae Sternberg, Vice President of Finance, presented two contracts for Commission approval: 1) Honeywell Internal Inc. – Building Material Supplier; 2) C3 (CAP) d/b/a Charles Attal Presents – Entertainment Programming Services (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Mertz made a motion to approve the contracts, seconded by Commissioner Heinrich, which carried unanimously.
- E. Iowa West Racing Association d/b/a Horseshoe Council Bluffs – Janae Sternberg, Vice President of Finance presented two contracts for Commission approval: 1) C3 (CAP) d/b/a Charles Attal Presents – Entertainment Programming Services (OSV); 2) All Star Premium Products – Marketing Product Supplier (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer made a motion to approve the contracts, seconded by Commissioner Mertz, which carried unanimously.
- F. Prairie Meadows Racetrack & Casino – Gary Palmer, President & CEO presented one contract for Commission approval: 1) Shye West (Imagine This) – Promotional Items (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.

HEARINGS

- A. Rhythm City Casino & Resort, LLC – Stipulation Agreement for Violation of Iowa Code §99F. 4(22) (Self-Exclusion) – Brian Ohorilko, Administrator of IRGC reviewed the specific circumstances regarding the violation. Mr. Ohorilko noted this is the first offense of this type of activity from Rhythm City Casino. Mo Hyder, General Manager of Rhythm City Casino & Resort addressed the measures management has taken to prevent any further occurrences.

Commissioner Lamberti had a question as to what failed in this instance since the individual had the same first/last name and date of birth. Mr. Hyder explained it was a newer employee confused with what they were visually seeing on the computer. It was confirmed the violation was due to human error. Hearing no additional comments or questions, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the stipulation agreement with a fine of \$3,000, seconded by Commissioner Heinrich, which carried unanimously.

- B. Riverside Casino and Golf Resort LLC – Stipulation Agreement for a Violation of Iowa Code §99F. 4(22) (Self-Exclusion) Mr. Ohorilko, Administrator of IRGC reviewed the

specific circumstances regarding the violation. Mr. Ohorilko noted this is the second incident of such at Riverside in the last 365 days. Dan Franz, General Manager of Riverside Casino & Golf Resort reviewed measures management has taken to prevent any further occurrences.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich made a motion to approve the stipulation agreement with a fine of \$5,000, seconded by Commissioner Mertz, which carried unanimously.

PUBLIC COMMENT: Chair Arnold requested any public comment at this time. There were no public comments forthcoming.

ADMINISTRATIVE BUSINESS: Chair Arnold requested administrative business at this time. Mr. Ohorilko indicated there was no administrative business.

ELECTION OF CHAIR AND VICE CHAIR: Commissioner Heinrich made a motion to place in nomination for election the current Chair – Commissioner Richard Arnold for Chair, and the current Vice Chair – Commissioner Kris Kramer for Vice Chair, seconded by Commissioner Mertz, which carried unanimously.

ADJOURN: Chair Arnold requested a motion to adjourn. Commissioner Kramer so moved, seconded by Commissioner Heinrich. The meeting was adjourned at 10:40 AM.

MINUTES TAKEN BY:

LINDA M. SAMPLE

Iowa Racing and Gaming Commission
MINUTES
August 24, 2017

The Iowa and Racing Gaming Commission (IRGC) met on Thursday, August 24, 2017 at Riverside Casino & Golf Resort (RCGR). Commission members present were as follows: Richard Arnold, Chair, Kris Kramer, Vice Chair; and members Carl Heinrich, Jeff Lamberti. Commissioner Dolores Mertz was excused.

Chair Arnold called the meeting to order at 8:30 AM on Thursday, August 24, 2017. Chair Arnold welcomed those present at the meeting, and thanked Riverside staff for hosting the Golf Tournament as it was a very enjoyable day.

Dan Franz, General Manager of RCGR, welcomed the Commissioners, Commission staff, and fellow Iowa gaming company representatives to the facility and thanked the commission for allowing them the privilege of hosting this meeting and the golf tournament.

Mr. Franz was hopeful everyone enjoyed the course and festivities yesterday. Mr. Franz extended an invitation to Riverside at any time, which at one time was a cornfield and farm, but has been built into a little bit of a paradise in this Iowa countryside. At this time, Mr. Franz introduced Mr. Tom Basten, Secretary of the Washington County Riverboat Foundation (WCRF).

Mr. Basten welcomed the commissioners to RCGR, the largest employer in Washington County. Mr. Basten is proud to announce this year they exceeded the \$40,000,000 mark in grants awarded since the casino opened in 2006. Overall, they have given 23% of these grants outside of the county of Washington to 9 other counties; Louisa, Iowa, Johnson, Linn, Henry, Jefferson, Polk, Muscatine and Keokuk. This year 33% of their grant awards went to groups outside of Washington County.

One of their larger grants this year was \$200,000 awarded to Lone Tree schools in Johnson County so they could amass funds to complete their Lone Tree Wellness Center. Several weeks ago WCRF awarded mini grants of \$2,000 or less to 52 non-profits, which will be used to improve the quality of life in their community. Some examples provided include replacing lighting to LED at the Columbus Community Senior Center, downtown improvements in Keota, a flagpole to properly thank our veterans in the Louisa County area, and landscaping in Washington County.

Mr. Basten stated that the impact this casino has had on areas which fellow Iowan's enjoy has been tremendous. One example is Lake Darling State Park.

Since the beginning of this casino and the Washington County Riverboat Foundation, this park has received over \$1.3 million in grants through the efforts of groups such as Friends of Lake Darling, Isaac Walton League, the Lake Darling Youth Center, the Lion's Club and the City of Brighton.

Mr. Basten focused briefly on the Friends of Lake Darling and the impact this casino has had on them. This group started out years before this casino was ever a reality as a group of citizens concerned about the declining condition of their local state park. They were proud to raise \$1,000 to \$2,000 each year for help with maintenance and pay for park improvements. This group has been able to direct some of the \$1.3 million of foundation money with other fund raising efforts to not only continue with maintenance assistance, but also to build 6 year-round two bedroom cabins, a lodge that seats 200 people, a playground, and a trail bridge to connect the two campgrounds. Last year the Friends of Lake Darling were honored at the National Association of State Park Directors meeting held in Indiana as the recipients of the President's Award for local organizations. Their competition was from all 50 states in the nation, with several groups in each state, and the Friends of Lake Darling won this award.

Mr. Basten closed by saying thank you on behalf of the WCRF. Chair Arnold thanked Mr. Basten for his presentation.

APPROVE AGENDA: Chair Arnold requested a motion to amend the agenda as Item 5.A. will be withdrawn. Commissioner Lamberti made a motion to approve the meeting agenda as amended with the removal of Item 5.A, seconded by Commissioner Kramer, which carried unanimously.

APPROVE MINUTES: Chair Arnold requested a motion to approve the minutes from the July 13, 2017 meeting. Commissioner Heinrich moved to approve the minutes, seconded by Commissioner Kramer, which carried unanimously.

ANNOUNCEMENTS: Brian Ohorilko, Administrator of the IRGC, stated the next commission meeting will be in Cedar Rapids on Tuesday, September 26, 2017, at the Doubletree Convention Complex. This is a special meeting dedicated to the Linn County Application process. An agenda will be posted, but the tentative plan is to start the site visits at 8:30 a.m. with a break for lunch and public comment beginning about 1:00 p.m. After public comment the commissioners will have an opportunity to ask questions of the applicants.

Mr. Ohorilko confirmed the following commission meeting will be on October 12, 2017 at Emmetsburg Wild Rose Casino & Resort, with agenda items due in the commission office by September 28. The final meeting of the year will be on November 16, 2017 at Diamond Jo Casino in Dubuque.

Mr. Ohorilko recognized both commission staff present here at Riverside, Scott Ditch and Sue Hansen.

REVIEW OF LICENSEE'S FINANCIAL AUDITS: Casino Queen Marquette, Inc., IOC Bettendorf, L.C., and IOC Black Hawk County, Inc. – Sally Rogers, Sr. Director of Finance, of the Isle in Bettendorf, along with Grant Gubbrud, Sr. Director of Finance from the Isle of Waterloo. Before the commission were financial statements from the Fiscal Year Ending 2017. The highlight has been the grand opening of the land-based facility in Bettendorf in June of 2016, which has been very well received by their customers. Their employees are very excited about it also. They ended the year with an increase of 10 percent more revenue than the previous fiscal year, which is excellent news. Ms. Rogers offered to answer any questions. There were no questions at this time.

CONTRACT APPROVALS:

- B. Ameristar Casino Council Bluffs, LLC – Paul Czak, General Manager, presented 5 contracts for Commission approval: 1) Gasser – Slot Chairs (OSV); 2) Hawkins Construction – Design and Construction Master Agreement (OSV); 3) Marnell Architecture (OSV) – new restaurant concept, hotel, restroom (OSV); 4) Meat by Linz – Meat Product (OSV); 5) Tai Ping Carpets Americas, Inc. – Casino Ramp & Parking Garage Carpet (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich motioned to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.
- C. Dubuque Racing Association, Ltd. d/b/a Q Casino – Jesus Aviles, General Manger, presented 3 contracts for Commission approval: 1) CNJ Sound – Labor and Equipment for Concerts; 2) Imagine This, Inc. – Promotional Gifts and Items (OSV); 3) RDG Planning & Design – Consulting on Schmitt Island Master Plan. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.
- D. IOC Bettendorf, L.C. – Nancy Ballenger, Vice-President & General Manager, presented 3 contracts for Commission approval: 1) Performance Food Group (PFG) – Food vendor; 2) Foundry LLC – Advertising and Production Agency (OSV); 3) WPP Group USA, Inc. – Maxus Communications – Advertising Production Agency (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich made a motion to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.
- E. IOC Black Hawk County, Inc. – Todd Connelly, General Manager, presented 2 contracts for Commission approval: 1) Loffredo Fresh Produce Co. Inc. – Produce Vendor for Food Outlets; 2) Data Business Equipment – Purchase Two Currency County Machines. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer made a motion to approve the contracts, seconded by Commissioner Heinrich, which carried unanimously.
- F. Diamond Jo, LLC – Wendy Runde, General Manager, presented 4 contracts for Commission approval: 1) ISM LLC – Liquor /Beer Purchases; 2) Express Services Inc. – Staffing Services; 3) USA Security Inc. – Surveillance System Upgrade; 4) Windstar Lines – Motor Coach Transportation. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer made a motion to approve the contract, seconded by Commissioner Heinrich, which carried unanimously.
- G. Diamond Jo Worth, LLC – Kim Pang, General Manager, presented 2 contracts for Commission approval: 1) Martin Bros. Distributing – increase in amount of prior approved contract; 2) Northwood Hotel Ventures LLC – Comped Hotel Rooms for Players. Chair Arnold asked if the Northwood Hotel was connected to Diamond Jo Worth Casino. Mr. Pang explained it is connected to the casino and is a Country Inn & Suites with 102 rooms. Chair Arnold asked if there have been any capital improvements. Mr. Pang reported they are undergoing capital improvements and it should be completed by the end of the year. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the contract, seconded by Commissioner Heinrich, which carried unanimously.

- H. Grand Falls Casino and Golf Resort, LLC – Sharon Haselhoff, General Manager, presented 2 contracts for Commission approval: 1) Best Buy For Business – Television Replacement Purchase; 2) Paradise Artists – Entertainment Talent Booking Agency (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich made a motion to approve the contract, seconded by Commissioner Kramer, which carried unanimously.
- I. Riverside Casino and Golf Resort, LLC – Dan Franz, General Manager, presented 4 contracts for Commission approval. 1) Billion Chev Buick GMC Cadillac – Motor Vehicle Purchases; 2) Brintons – Resort Renovation Project Casino Floor Carpeting (OSV); 3) WME-IME Holdings, LLC – Entertainment Booking Agent Expense (OSV); 4) Zurich North America – Insurance (OSV). Commissioner Lamberti asked a question on the Insurance Contract with Zurich. Commissioner Lamberti noted there were a couple of bids with obviously large companies in Boston and New York. Commissioner Lamberti asked if this was placed for bid in Iowa.

Mr. Franz reported they use Marsh, a broker, who Riverside has had a relationship with since Riverside began. Mr. Franz informed the Commissioners they do ask Marsh to look at Iowa companies. What Marsh conveys to them with the casino operation, resort size and coverages they are looking for, the Iowa companies are not competitive. Going forward, Mr. Franz will emphasize to Marsh to ensure these Iowa companies which are considered in the process are properly documented. Commissioner Lamberti agreed it would be helpful. Hearing no further questions, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.

- J. SEC Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City – Kevin Sweet, Assistant General Manager, presented 5 contracts for Commission approval: 1) Buzz Creative Group, LLC – Marketing Agency (RP); 2) Creative Artists Agency – Talent Agent & Deposits (OSV); 3) Fish Guys, Inc. – Food Supplier (OSV); 4) Jones Family Farms, Inc. d/b/a Claussen’s Nursery – Property Maintenance Agreement; 5) W.A. Klinger, LLC – General Contractor for Construction Projects. Hearing no questions or comments, Chair Arnold requested a motion. Commissioner Heinrich made a motion to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.
- K. Wild Rose Emmetsburg, LLC – Tom Timmons, President & Chief Operating Officer, presented 2 contracts for Commission approval: 1) Waldinger Corporation – Repairs & Maintenance; 2) R&D Industries – Audio Visual Upgrade. Hearing no questions or comments, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.
- L. Wild Rose Jefferson, LLC – Travis Dvorak, General Manager, presented 1 contract for Commission approval: 1) Liebl Marketing Group – Marketing/Advertising Buyer. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer made a motion to approve the contracts, seconded by Commissioner Heinrich, which carried unanimously.

- M. Harveys Iowa Management, Inc. d/b/a Harrah's Council Bluffs – Lorraine May, legal counsel, presented 2 contracts for Commission approval: 1) MN Airlines LLC (dba Sun Country Airlines) – Private Charter Company; 2) PC Connection Sales Corporation – Apple Products Supplier (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich made a motion to approve the contract, seconded by Commissioner Lamberti, which carried unanimously.
- N. Iowa West Racing Association d/b/a Horseshoe Casino Council Bluffs – Lorraine May, legal counsel, presented 2 contracts for Commission approval: 1) MN Airlines LLC (dba Sun Country Airlines) – Private Charter Company; 2) PC Connection Sales Corporation – Apple Products Supplier (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer made a motion to approve the contract, seconded by Commissioner Lamberti, which carried unanimously.
- O. Iowa Greyhound Association – Brian Carpenter, General Manager, presented 2 contracts for Commission approval: 1) Crawford & Mauro Law Firm – Services Rendered to Create Simulcasting at Bluffs Run and pursue simulcasting in additional casinos; 2) Crawford & Mauro Law Firm – Monthly Retainer Agreement for Legal & Consulting Services. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich made a motion to approve the contract, seconded by Commissioner Kramer, which carried unanimously.
- P. Prairie Meadows Racetrack and Casino, Inc. d/b/a Prairie Meadows Racetrack & Casino – Gary Palmer, President & CEO, presented 2 contracts for Commission approval: 1) ADP (Automatic Data Processing) – Payroll & Human Resources Software; 2) True North Companies – Insurance Brokerage Services. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the contract, seconded by Commissioner Heinrich, which carried unanimously.

PUBLIC COMMENT: Chair Arnold requested any public comment at this time. There were no public comments forthcoming.

ADMINISTRATIVE BUSINESS: Recap of Prairie Meadows Thoroughbred Season – Derron Heldt, Director of Racing, presented a review of the recent Thoroughbred meet. It was a very good meet this year. The handle increased by double digits over the previous year. This was due to a couple of new initiatives. They created a new bet called Jackpot Pick 5, where players had to pick the last 5 winners of the last 5 races on the race card. The players had to possess the winning tickets. There were a couple of carry overs for this bet, which increased the Jackpot to over \$100,000. It took a few weeks for it to get that large with bets both on track and off track so this created a lot of interest.

Mr. Heldt described another new initiative this year which took place on Thursday nights. Prairie Meadows partnered with TVG race horse channel that broadcasts races around the country. Mr. Heldt reported all the on-air personalities collaborated together and created a Pick 4 where players had to pick the last 4 winners. Prairie Meadows had a lot of coverage on this race horse channel throughout the country and worked hard in promoting this bet on and off track which really increased the handles and was very positive on the campus side.

Mr. Heldt said Prairie Meadows' average field size was 7.1, which is near what they did last year. Prairie Meadows works hard to get this number and were pleased to be able to maintain the number from last year, which was a positive.

Mr. Heldt indicated for Iowa Breds, Prairie Meadows offered at least one Iowa Bred race a day and this year they averaged 2.5. The Iowa Bred opportunity has grown more than what is offered per their contract. They had an additional 62 Iowa Bred horses that ran in open company, which are open races they can participate in and the horses did very well running those races.

Mr. Heldt advised Prairie Meadows had a very safe race track this year for both humans and horses. There were 4 catastrophic injuries which the state racing commission veterinarians indicated is consistent with other racing programs. There were 4,200 horses which started and the industry standard is 1 catastrophic injury per 1,000 starters so Prairie Meadows is right at the industry average or slightly below, which is positive. Prairie Meadows continues to work hard on this area. Prairie Meadows sends their track superintendent to a yearly conference pertaining to track surfaces so they can have current and up-to-date information about what is happening with race tracks around the country.

Mr. Heldt reported the highlight of the season is the Festival of Racing which falls in the second week of July. There were 6 major races offered with a purse of \$100,000 or more. Horses from all over the country come to Prairie Meadows to participate in these races. There was a great balance of quality horses day in and day out on the backside this year which ran very well and participated in our Festival of Races. An Iowa Bred horse won one of the Festival races.

Mr. Heldt said the Thoroughbred meet final weekend was two weeks ago. On Friday evening the Prairie Meadows Hall of Fame was held. One thoroughbred and one quarter horse were inducted. These are horses which have participated at Prairie Meadows during their racing careers and now have become brood mares producing Iowa foals and foals born in other states. These foals have gone on to race at other tracks and Prairie Meadows doing very well. These two horses were very good inductees to be placed in the hall of fame.

Mr. Heldt announced there were also two individuals inducted into the Hall of Fame; Butch Hammer and Dr. Keith Soring. Mr. Hammer has been influential in quarter horse racing for many years and very active on Youth Days. Dr. Soring was a practicing veterinarian and has been a state veterinarian for years. Both are great individuals and very deserving to be in the Hall of Fame due to their excellent representation of horse racing.

In closing, Mr. Heldt discussed the Prairie Meadows Race Club created in April of this year. This was an initiative to create new interest in horse race ownership. There were 98 individuals who put forth \$300 each to purchase a race horse. About 3 weeks into the meet they were able to claim a horse, How about Him. How about Him raced 4 times with 2 wins, 1 second place and finished really well a couple of other times. The Prairie Meadows Race Club was a very educational not for profit club put together for individuals to learn more about horse ownership. Mr. Heldt announced Prairie Meadows will begin working on club memberships to offer a Race Club 2 next year.

ADJOURN: Chair Arnold requested a motion to adjourn after hearing no further business to come before the Commission. Commissioner Kramer so moved, seconded by Commissioner Lamberti. The meeting was adjourned at 9:00 AM.

MINUTES TAKEN BY:

LINDA M. SAMPLE

**IOWA RACING AND GAMING COMMISSION
MINUTES
SEPTEMBER 26, 2017**

The Iowa Racing and Gaming Commission (IRGC) met at the Doubletree Hilton in Cedar Rapids on Tuesday, September 26, 2017 for the purpose of touring the proposed casino sites and receiving public comment. Commission members present were Rich Arnold, Chair; Kris Kramer, Vice Chair; and members Carl Heinrich, Jeff Lamberti and Dolores Mertz.

Chair Arnold called the meeting to order at 1:00 PM. He requested that speakers stay within the allotted time limits due to the number of individuals wishing to address the Commission. Brian Ohorilko, Administrator of IRGC, provided information on how the process would proceed for individuals addressing the Commission: individuals will be given three minutes to speak, individuals representing a group will receive five minutes, and current licensees will receive ten minutes. He requested that speakers provide their name and indicate whether they are speaking as an individual or on behalf of a group.

The following individuals spoke against a Cedar Rapids license:

- Ed Raber, Washington Economic Development Group, due to cannibalization; transfer of funds and jobs from the counties Washington, Black Hawk, Tama and Dubuque to Cedar Rapids; no significant increase in gaming revenue to offset regional economic losses and hardships; expressed concern “boutique casinos” could lead to something similar to the former Touchplay;
- Nancy Ballenger, General Manager, Isle Casino Hotel Bettendorf: Isle of Capri has invested almost \$300 million in building the facility due to the stable gaming environment in Iowa, facilities want to thrive, not just survive;
- Dan Kehl, Chief Executive Officer, Elite Casinos: precedence of avoiding cannibalization in a saturated market; rejection of Nevada’s open market approach to licensing; no significant changes to the market in the past three years, flat gaming revenue, and possibility of opening the state to a round of statewide expansion;
- Jon Papakee, Meskwaki Casino: Meskwaki has felt the impact of more casinos in their region, requiring adjustments to goals, strategies and its place in Iowa’s gaming market; there were financial consequences to the casino and community they serve; another casino in the region would cause existing casinos to re-evaluate their priorities; reinvestment in the facility and community will decrease; less funds available to upgrade casino floor and invest in upgraded technology; maintain a protected market to insure the state is not over saturated;
- Todd Connelly, General Manager, Isle Casino Hotel Waterloo: Opposes a license being issued in Linn County; license denied in 2014 due to expected cannibalization of existing casino revenue from 68 – 73%; expected shift in jobs, community resources and reinvestment in operations. Noted none of the factors from 2014 have been mitigated in the current proposals. Study from 2014 projected revenue from Waterloo, Dubuque and Riverside would grow by 7.6% from 2013 to 2017, but revenue has shrunk by 4%, admissions have declined 19.8% in the same time period; questioned why the state would add capacity when the market is already shrinking; Cedar Rapids casino would create

255-300 jobs but other casinos would lose between 300-350 jobs; IOC Waterloo has done everything it promised when granted a license – overall economic impact for first ten years has been over \$580 million to the Cedar Valley and State of Iowa, \$125 million to Iowa vendors, \$48 million to Black Hawk County Gaming Association, over \$22 million in new capital to maintain property on top of the original \$160 million investment. Requested the Commission reject all of the Linn County proposals.

- Dan Stromer, Meskwaki Bingo Casino Hotel: Had similar conversation three years ago; introduced to the terms cannibalization and saturation. Today, casinos across the country are struggling to stay even; for FY 2017, twelve out of nineteen casinos in Iowa had decreasing revenue. Questioned how casinos can stay competitive with casinos outside the state without the revenue source to reinvest in the property; competition within the state just reallocates money from one property to another. Had a study done looking at 10 different states with limited gaming licenses, primarily from the Midwest, Iowa with a population of just over 3 million, had the lowest number of people available per casino, roughly 146,000. Louisiana was the next closest with 196,000 per casino. Casino industry in Iowa is not the same as it was 10-15-25 years ago; when first opened in Iowa, difficult to not make money. Price of doing business has gone up considerably. Decision not just about Cedar Rapids; it is about industry and state.
- Mark Gallagher, Recreation Manager, City of Waterloo: Advocating for Cedar Valley and Black Hawk County Gaming Association (BHCGA). Residents of area have been supportive of gaming since introduced in region. Feels there is not a consensus of what the plan should look like for a casino in Cedar Rapids. Since BHCGA's inception, the recreation department has received over \$12 million in grants. Feels it is the Commission's priority to protect the viability of existing license holders. Asked that the license for Linn County be denied.
- Gary Palmer, President & CEO, Prairie Meadows Racetrack & Casino: Opposes a new casino regardless of scale or scope in Iowa due to over-saturation of casinos in the Midwest; cannibalization of existing Iowa casino revenues, and new land-based facilities with significant capital investment; second lowest population and adults per gaming position of the 5 bordering states with gaming; for last 3 fiscal years (2015, 2016 and 2017) Iowa casino revenues have increased due to a new facility addition or the replacement of an existing facility through capital infusion; for those same fiscal years, revenue growth at same-store properties has been relatively flat; revenues still lag the 2012 fiscal year peak of \$1.465 billion.
- Dirk Whitebreast, Management Team, Meskwaki Bingo Casino Hotel: Opposes the potential issuance of a gambling license to any of the applicants for a Cedar Rapids casino as there are a sufficient number of casinos in the State; realities of the current state of the local market and outlook for the future within the region require little examination – issuance of a license would leave existing casinos with little choice but to make life altering decisions for employees with long-term consequences. Feels if any applicant were to receive a license, it would be to the detriment of existing casinos in an already limited market. Asked what has changed since Cedar Rapids was denied a license 3 years ago.
- Frank Magsamen, Chair, Black Hawk County Board of Supervisors: Provided several ways in which the BHCGA has benefited Black Hawk County through helping to fund

projects that impact quality of life, tourism, and recreational opportunities, some of which would not have been possible without funding from BHC GA. Funds have also been utilized to leverage additional funding from city, county, state and federal funding for specific capital projects that impact public safety and quality of life. Loss of funding may make it necessary to increase property taxes or reduce services to the residents of Black Hawk County, and slow progress in Cedar Valley and the county. Market studies from 2014 indicated the state was saturated. Urged the Commission to consider the negative impact an additional license would have on existing communities.

- Tim Hurley, Chair, Black Hawk County Gaming Association (BHC GA): Opposed to the issuance of a gaming license in Linn County due to the inextricable tie between the fortunes of the Isle and the good work BHC GA has been able to affect in the seven county area over the last ten years. Stated no substantive changes in the state since he addressed the Commission in 2014 on this same issue. Understands why Cedar Rapids and Linn County want a casino as he has seen the renewal of Waterloo and Cedar Valley due to the \$39 million in grants the BHC GA has awarded over the years; grants leveraged another \$80 million in additional funding. Market saturation: doesn't feel there will be any surprises when the market studies are released. Iowa has one casino, including the tribal casinos, for every 141,000 people; the only other state close to that ratio is North Dakota at 158,000. The norm is 750,000 people per casino. Fitch Ratings considers a metric, win per machine per day, and anything below \$210 is characteristic of a saturated market. A sampling of 16 state-sanctioned casinos shows that 11 are at or well below the \$210 baseline metric. Don't need another casino in a market that is already struggling to keep its head above water. Iowa needs to see a significant population growth or growth in discretionary or household income, neither of which has occurred. No Iowan is more than an hour's drive from a casino. The market is saturated, the industry is flat and the customer base is changing; don't need to add another competitor that would cannibalize the existing facilities. Timing: 2003 not the first time Linn County voters turned down gaming, but the most impactful. Two consecutive market studies indicated the state was saturated except for the I-380 corridor. There was an implicit invitation for Linn County to apply for a gaming license. A month prior to the release of the studies, Black Hawk County voters approved a referendum on gaming. Linn County again decisively rejected a referendum to approve gaming in Linn County. Black Hawk and Washington Counties filled the void left by Linn County by approving referendums and building casinos, and door is closed for the foreseeable future for a new casino regardless of size without significant cannibalization. BHC GA distributes grants anywhere from \$1,000 to multi-millions four times per year in seven counties; business plan would drastically change if they were to lose 10-13% of AGR-based revenue. Stated when Black Hawk and Washington counties were awarded licenses in 2005, there was a presumed covenant made between the license holders, operators and IRGC – the licensees would build first-class facilities with amenities and run the operations to achieve revenue projections and do so with integrity and a view to the long-term; for the IRGC, they presumed that after significant capital investment, and livelihoods established, there would be protection from more casinos in the market. To do otherwise, is to put all of the prior investment at risk.

- Michelle Weidner, City of Waterloo: Advised City of Waterloo appreciates the license granted to BHCGA, and respects research and data-driven decision making process the Commission has used previously in making decisions granting gaming licenses. Feels it is critically important they continue to apply those principles in evaluating whether there is room to add more facilities. Waterloo has the most diverse minority population, but mean income for residents is less than many of the other larger cities. Have been through difficult decades, but have come a long way in dramatically changing the face of the city, and the opportunities and critical services provided for citizens can be attributed to the Isle Waterloo casino revenue to the City of Waterloo. Requested the Commission carefully consider future requests, imperative the current licenses be protected; the State will not benefit from over-saturation of the market if every community feels they need to have a facility. All communities will lose with that approach. Granting another license would be appropriate if there is population growth and additional income to support more venues.
- Barron Fuller, Sr. Vice President of Operations, Eldorado Resorts: Expressed Eldorado's concerns regarding the issuance of new casino licenses in Cedar Rapids. Market studies from 2014 projected significant revenue cannibalization from existing casinos within the market; confident the current market studies underway will project similar if not greater cannibalization which would be counter-productive to the intent of gaming in Iowa. During tenure at Marquette, experienced significant revenue cannibalization with the opening of the Diamond Jo Worth property in 2006, and the Isle Waterloo property in 2007; requiring significant business model changes and many jobs were lost. Respect the difficult decision facing the Commission, but asked that they weigh the sustainability of existing facilities and the communities in which they operate.
- Marjorie Fletcher: Urged the Commission to vote no to any more casinos. Don't need a business that takes money away from too many people who can't afford to lose it. Arguments for bringing in a casino are jobs, people buying houses, and paying property taxes. Doesn't feel waitresses, dealers, slot technicians will have a large enough income to pay much in property taxes. Casinos bring entertainment; Cedar Rapids and Iowa City already have a lot going on, with many being free or inexpensive; not desperate for more entertainment venues. Feels a casino will cause more jobs to be added in the following areas: bankruptcy courts, divorce lawyers, substance abuse counselors; and those assisting abused spouses and children. Don't allow another chance for poverty and welfare into area. Vote no.

The following individuals spoke in favor of a casino:

- Hazel Meyocks urged the Commission to approve a license for Cedar Rapids as the citizens don't need to face an increase in property taxes and the need for flood gates. Pointed out that other like businesses operate in close proximity and still manage to stay in business. Feels a casino would help the county and city; only fair that Cedar Rapids should have a casino.
- Ben Verhulle: Young business professional in Cedar Rapids; attended University of Iowa. Many friends from outside of Iowa are returning to the larger metro areas with more entertainment venues. Likes to gamble on a casual basis, and has driven to Riverside; friends comment about the drive. Doesn't care what has happened, but wants

to see what can or will happen in the future. Don't want to see Cedar Rapids' opportunity for a casino taken away because of cannibalism. A new casino may not be the way to go, but the existing casinos should be re-investing in those facilities rather than fighting a Cedar Rapids license. Two reasons existing casinos might be seeing a decrease: Cedar Rapids residents are not driving to the other casinos as they don't want to support a business targeting their community; and the huge movement to on-line gaming. Need to find things to differentiate themselves to prove they are worthy of an individual's business.

The following individuals spoke on behalf of the Cedar Crossing proposals:

- Melanie Primasing, owner of Simply Divine Candy: Favors a smaller downtown casino for jobs, inclusive of city and downtown interests, will build a new parking ramp saving taxpayers \$6 million; bring more entertainment to the three existing venues leading to more jobs, hotel/motel tax, more business for downtown shops, offers a patron point program to be used at local businesses.
- Tami Culver, original investor in Cedar Crossing: Business provides over 200 jobs in the community. Started building relationship with Cedar Crossing as felt values were the same. Individuals talked to indicated they liked gambling, being entertained, etc. but would not drive an hour to do so. People in Cedar Rapids are not visiting the other casinos, and deserve one locally to be entertained. Cedar Crossing has a plan to give up to 5% to non-profit; is aware of how under-funded non-profits are and the importance of funding them. Argument about people losing jobs; plenty in Cedar Rapids that need jobs. No reason why people in the second largest city in the state should have to drive an hour to be entertained. Urged the Commission to vote for the Cedar Crossing proposal, would be hurt as an investor if Wild Rose were selected.
- Mayor Ron Corbett, Cedar Rapids: Back to square one regarding a casino license for Cedar Rapids and Linn County; much has changed over the last 3 years and much has stayed the same. What's changed: City has continued to grow every year, continued to recover from the 2008 floods, and continued to build for the future. When Cedar Rapids requested a casino license previously, it was not for the casino to lead the city in the recovery from the flood; they wanted the license to compliment what Cedar Rapids was going to do from a recovery and re-building standpoint. The recovery and growth is why the Commission should consider partnering with the city. What hasn't changed: the need for flood protection – the previous application would have built and incorporated flood protection and the city's portion of the revenue would have also been used for flood protection. No resources from the federal government have been appropriated at this time. The city was able to avert another major flood event last year. Distributed a copy of a Wall Street Journal article complimenting Cedar Rapids on their recovery from the flood; feels this is another reason the Commission should partner with the city going forward. What hasn't changed: no change in the Commission membership, no change to the license criteria, and most of the existing operators are still against additional competition. In listening to representatives from the current licensees talk about their challenges, wondered if the pendulum has swung so far to protecting the industry that it has actually hurt the industry, represented by depressed revenues and little growth. What has changed: the state's finances are not as healthy as they were 3 years ago. Incumbent

on the Commission to not just look at individual casinos, but the industry as a whole. Can try to get the maximum benefit or the minimum; Cedar Rapids is going for the maximum benefit in seeking a license for the Cedar Crossing proposal. Maximum benefit for the Commission is to grant a license to Cedar Crossings. Current licensees want to have the minimum impact on the industry, in Cedar Rapids, and for the State of Iowa. Decision may be similar to 3 years ago, but the impact for the State and Cedar Rapids is greater than it was 3 years ago. Urged the Commission to look favorably on a license for Cedar Rapids and Linn County, and specifically Cedar Crossing.

- Maureen Hunt: Feels there has been a lot of growth in the I-380 corridor. Referendum passed with 61% approval for Cedar Crossing on the River. Long time since vote in 2013; feels Linn County and the corridor are due their casino. Referenced the Rhythm City and IOC Bettendorf properties going land-based. Stated she does not make the 1 hour drive to the “local” casinos due to the smoke; prefers to go to Rock Island, IL. Noted it has been included in the Quad Cities market and that it would also be cannibalized. Has not been to a casino since the Cedar Rapids license was denied. Asked the Commission to approve Cedar Crossing’s application.
- Ralph Russell, Cedar Rapids City Council Member: Representing people of Linn County and as a businessman. Noted the citizens approved gaming in Linn County several years ago and still don’t have a casino. While not an average gaming participant; has talked to many individuals in Linn County and Cedar Rapids. Heard two recurring themes: like going to the casino but don’t visit existing casinos as they don’t want to drive the 50-75 miles, don’t want to spend a half day/day or stay overnight to go to a gaming facility. Feels a Cedar Rapids casino would generate a significant amount of business. Believes this is the land of opportunity. Statistics presented today have been about revenue; another part of the formula is expenses. Experienced several recessions while in business; when revenues decline, expenses have to cut. Noted there have been no discussions regarding profit. Believes in free enterprise; has worked well in the United States. Feels it is time for the Commission to be bold and change course. If neighboring businesses suffer a small impact, they will adjust. Asked the Commission to vote for the one of the Cedar Crossing applications as it would be a big benefit to the voters of Linn County and residents of Cedar Rapids.
- Dan Stastny: Visits casinos occasionally. Is responsible for a daughter who relies on various non-profit agencies to meet her needs. Blue collar worker; will do anything necessary to make her life easier. Has been required to pick up the slack when the non-profits are unable to help. Non-profit agencies are in need of help. Other speakers have talked about how much the non-profit license holders are able to give back to the community and non-profit agencies. With shortfall in revenues, funding has to be cut and non-profits are one of the first to be cut, which in turn hurts those in need of assistance. Asked the Commission to consider the Cedar Crossing application and what they could give back to the community.
- Justin Shields: Had a list of figures and convincing arguments for why the Commission should vote for the original Cedar Crossing application, but has come to the conclusion that if can’t have the bigger casino, Cedar Rapids should at least have the smaller version. Has read the state law several times, but never saw where it said a community had one chance for a license. Also heard talk about all the job losses, businesses that would close,

taxes raised – all of the negative things that would happen to other communities if Cedar Rapids were to get a license. Feels if that theory was correct, there would only be 1 casino in Iowa as any additional licenses would have cannibalized the first one. Doesn't feel the casino industry is any different than any other business. Farm prices mentioned; Iowa is a farming state, but no laws passed protecting farmers from going broke. Beyond time to follow the state law. If Cedar Rapids is causing all this damage without a license, what would they do if given the opportunity to help and assist in growing the state? Asked the Commission to work with the second largest city in the state, give Cedar Rapids the opportunity to show how much they can do for the state.

- Troy Sauter, representing the building trades: Life revolves around two principles: building buildings and taking care of people. Voiced support of a casino in Cedar Rapids. Doesn't care if a Cedar Rapids casino makes money for the investors, but wants it to benefit the city and the people living in the community, which is accomplished with tax revenue, employment opportunities, charitable donations and additional tourism to the area. Believes the Cedar Crossing team is a great opportunity for Cedar Rapids as they have committed to building new buildings in Cedar Rapids, and using local contractors and workers who will pay local taxes and spend their money in Cedar Rapids and the surrounding communities. The significant number of construction jobs and full-time jobs at either Cedar Crossing facility will stimulate the growing economy in Cedar Rapids. Iowa has a tradition of destination casinos, and that is what is needed in Cedar Rapids. Referendum vote was based largely on a large destination-type casino like Cedar Crossing on the River. Casino will bring people into the area; need more attractions and events to help grow the community. Many people have referenced a decrease in their business at existing casinos; feel something different needs to happen. A casino is what Cedar Rapids needs for their future. The 15,000 building trade workers hope the Commission will take that into consideration when making their decision in November. Looking forward to seeing what a Cedar Rapids casino will do for the community.
- Craig Capron, CNJ Sound: Provides lights and sound for entertainment venues. A casino would bring a lot of business for companies like his in this area. Stated Cedar Rapids has been struggling in the entertainment area for many years. Has done a lot of work at other casinos; most shows over early enough to allow individuals to go out on the town and spend money at other businesses. Looking forward to the Cedar Crossing casino.
- Aaron McCreight, Go Cedar Rapids: Representing visitors to the area. Have heard about saturation, visits and residents going to other locations, but have not heard about visitors to Cedar Rapids looking for things to do. Last year, over 1 million people spent the night in local hotels; asked them what they would like to see in Cedar Rapids. The number one response was a destination downtown entertainment district. All three casino proposals are downtown. Go Cedar Rapids strongly supports the Cedar Crossing ideals, where they are coming from, and where they will take Cedar Rapids. The overnight visitor number does not include those individuals making day trips, or visiting and staying with relatives or friends. Reminded the Commissioners their decision does not just impact the citizens of Iowa, Linn County or other communities and counties, but the millions of visitors to the area.
- Doug Thompson, Entertainer: Has worked at a number of the casinos represented today; has nothing to gain, but a lot to lose. With regard to cannibalization, talked about how

close some of the existing casinos are to each other. Questioned how much more revenue a Cedar Rapids casino can bring into the community and for the State. Gets paid to entertain people to stay at the casino, but in some locations many do not stay; the casino is an entertainment destination. While some have indicated there are enough entertainment options; feels Cedar Rapids is large enough to support multiple entertainment opportunities at the same time. Pointed out that other businesses make changes and update things to continue to attract people to their business in order to compete with like businesses. Heard that current facilities have to update security, technology, gaming floor, etc. to stay competitive; feels that is what visitors expect in order to keep returning. Stated Cedar Rapids is not trying to steal from other communities; trying to better their own community.

- Jay Anderkin, General Manager, Doubletree Convention Complex: Expressed facility's support of a casino, excited about possibility of having a casino connected to the arena and convention complex. Events at the arena impact the Doubletree and downtown area. Looking for an opportunity to promote more events using the casino which in turn means more business for the hotel and downtown area. In discussions with the operator that wants to connect to the arena, believe there will be multiple opportunities to work together. Having the casino connected to the hotel will allow them to present the casino as an amenity. Can present one contract to business decision-makers that includes a casino, hotel, and arena. Feels will allow them to bring in more conventions and events in the casino. Parking is a top concern of hotel guests, and the opportunity for a new parking facility that connects to the arena would be great. Believes the entertainment venue would enhance the Doubletree's guest experience and that of other visitors to Cedar Rapids.
- Lee Clancy, former Mayor of Cedar Rapids: Envy the communities with casino and what they have been able to do as a result of the charitable dollars. Believes Legislature made an error when promulgating law as they did not have the charitable funds funneled into one large pot shared on the basis of population. Ironic that one of the attributes listed by potential competitors is what they have been able to do in their community because of the casinos and charitable dollars, and wondered why not available to Cedar Rapids, the second largest city in the state and second largest county. Flood in 2008 caused almost \$3 billion in damage to infrastructure; but city has made remarkable strides in recovering but has a long way to go, particularly in flood protection and making the city safe for all citizens. Urged the Commission to support the Cedar Crossing project; investors have spent enormous amount of personal and city resources to bring the proposal to the Commission.
- Sarah Rivera, Della Viti Wine Lounge: Recently opened a wine lounge across the street; have spent the last year building their business. Like the small town feel, but also like the big city amenities in the downtown area. Indicated their business increases significantly when there are events/conventions at the Doubletree, US Cellular or other event sites. Support the Cedar Crossing proposal. Don't feel any amenities offered by the casino will detract from their business, but bring more individuals to patronize their business. Wants to see the downtown area continue to grow. Feels Cedar Crossing would benefit everyone.

- Doug Neumann, Executive Director, Cedar Rapids Metro Economic Alliance: Represents approximately 1200 employers and 90,000 workers. Has officially endorsed the Cedar Crossing project; organization does not blindly endorse any and all development projects. Several previous gaming proposals have been opposed by the organization. Feels the Cedar Crossing proposal is far superior to previous opportunities, and others in community feel the same way. Supports the current proposal based on specific criteria that has been researched, discussed and debated and eventually received unanimous approval from Board and stakeholders: investment level, quality of development, and ownership structure. Tremendous economic development project. Project team continues to build trust with the Alliance by working with them on various issues/concerns. Stated licensed gaming has not been a specific economic development strategy in the community; but makes more sense now than ever before.

The following individuals spoke on behalf of the Wild Rose Cedar Rapids proposal:

- Les Shields, Clinton County Development Association: Wild Rose Clinton was the first land-based casino, Clinton County citizens benefit from entertainment options, and local governments, schools and non-profits across Clinton County have received millions of dollars for projects that would not have been possible with the funds received from Wild Rose; no need to look further to find an established, well managed and honest entertainment provider;
- Ed Podolak: Pained by difficult recovery from 2008 floods, encouraged Commission to issue a license to Wild Rose; has seen what the casino and non-profit in Jefferson have done for the community, feels the “boutique” idea will help all of the small businesses and create income for the non-profits, and draw people to the downtown area.
- Barbara Bryant, business owner from Marion; Cedar Rapids has 2,200 hotel rooms with an 85% occupancy rate Monday – Thursday; also has another 2,500 medical visitors per week; is on Cedar River Alliance Board – Wild Rose will donate 5% to non-profits, or \$2.5 million per year for the board to distribute to non-profits and human service agencies in Linn County. Encouraged the Commission to vote yes for the Wild Rose Casino, or at least vote yes on one of applicants because Linn County needs it and deserves it.
- Guy Richardson, former Greene County Supervisor: Supporting Wild Rose’s application for a license. Highlighted what the company did to support their efforts in obtaining a gaming license in Jefferson. Stated Wild Rose is a great corporate citizen in Greene County and Jefferson; support many community endeavors above and beyond what is required by law; and employees are members of the community and participate in the community. Agrees with some of the comments heard, people in Cedar Rapids probably don’t travel to casinos as much as what they would like to if a casino were located in Linn County. Urged Commission to consider the Wild Rose application.
- Rick Morain, Grow Greene County Gaming Corporation (GGCGC): Supporting Wild Rose’s application for a license. Stated Wild Rose has met and exceeded every expectation GGCGC and the community has had for them; the company, owners, management team and employees are deeply embedded in Greene County. Share pride in Iowa values, understanding and generosity. Greene Co. Medical Center opted for a \$22 million addition and remodeling; sought \$4 million in a capital campaign from the private

sector in a county of less than 10,000 people. After several months and many donations, the campaign was still significantly short of goal. Approached management team at Wild Rose with pitch, who talked with the owners. Wild Rose made a six-figure donation to the capital campaign as a corporate contribution, and suggested GGCGC match the contribution, putting the capital campaign over its goal. Stated Wild Rose is committed to improving the quality of life in Greene County. GGCGA has distributed \$1.4 million in each of the last two Aprils, with 20% of the total going to the community foundations of the six counties contiguous to Greene County.

At the conclusion of the public comments, Chair Arnold called for any questions for the Cedar Rapids Development Group (CRDG) from the Commissioners. He asked if they had any comments in response to the public hearing. Brent Stevens, Chairman and CEO of Peninsula Pacific, a partner in the Cedar Crossing proposals, stated the Commission's process is healthy and allows for debate. Being in the industry, he understands the views presented by the current licensees as his company has been in the same position before, and is there now with regard to supply. They believe the right place to spend their time is focusing on the customer; customers and trends are changing. If the industry doesn't recognize that, there will be some winners and some self-proclaimed losers because they ignored the customer. Focusing on the customers is achieved through capital, technology and listening to the community; Cedar Crossing is a summary of those things.

Steve Gray, Chair of CRDG, stated the Cedar Crossing proposal drew out the unique combination of some good gaming operators and a strong business community that supports the project. There is broad-based community support, including labor. This format provided an opportunity for many in the community to voice their support.

Commissioner Mertz asked if the project had all of the necessary permits for construction. Mr. Stevens advised they do not have the building permits at this time as they would need to complete the construction drawings to submit to the city in order to obtain the permits. They don't anticipate any problems in acquiring the necessary permits should a license be granted.

Commissioner Lamberti inquired about the construction timeframe for either project. Mr. Stevens estimated two years before either project would be operational.

Hearing no further questions for CRDG, Chair Arnold called on Wild Rose, and asked for their comments in response to the public hearing. Tom Timmons, President, concurred with Mr. Stevens' comments with regard to the licensing process. He noted the comments contained a lot of numbers; 14 individuals spoke against any casino proposal, 8 from within the industry. Mr. Timmons stated he understood they want to protect what they have. He noted one speaker questioned whether the state would have more than 1 casino now if this same attitude had been in place at the beginning. He pointed out several riverboats began operations in April 1991. Mr. Timmons stated the cannibalization argument can be made either way. He pointed out that Rhythm City and Bettendorf moved to land-based facilities but no one asked Wild Rose what that would do to their facility in Clinton. Mr. Timmons stated their numbers dropped for the first few months, but the facility is making a comeback. He stated when a new facility opens, people

will try it but will go back to what they are used to. Mr. Timmons stated Wild Rose has the ability to do a bigger project, but submitted what they believe will work under the Commission's rules.

Commissioner Mertz asked if Wild Rose had all of the necessary construction permits. Mr. Timmons stated he did not think any permits had been obtained at this time; would seek the permits if they are awarded a license. He did not feel there would be an issue in obtaining the permits. Mr. Timmons indicated the construction timeline would be 18 months from the time the license was issued.

As there was no further business to come before the Commission, Chair Arnold requested a motion to adjourn. Commissioner Mertz moved to adjourn. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold thanked everyone for their comments.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
OCTOBER 11-12, 2017**

The Iowa Racing and Gaming Commission (IRGC) met on Wednesday and Thursday, October 11-12, 2017 at Wild Rose Emmetsburg. Commission members present were Richard Arnold, Chair; Kris Kramer, Vice Chair; and members Carl Heinrich, Jeff Lamberti and Dolores Mertz.

APPROVE AGENDA: Chair Arnold called the meeting to order at 4:30 PM, and requested a motion to approve the agenda. Brian Ohorilko, Administrator of IRGC, advised Agenda Item 8 has been withdrawn. Commissioner Lamberti moved to approve the agenda as amended. Commissioner Mertz seconded the motion, which carried unanimously.

EXECUTIVE SESSION: Chair Arnold moved to Executive Session. Commissioner Lamberti moved to go into Executive Session pursuant to Iowa Code Section 21.5(1)a, d, and g for the purpose of receiving Division of Criminal Investigation background reports on Linn County Gaming Association, Inc./Cedar Rapids Development Group, LLC and Cedar River Alliance for Gaming/Wild Rose Cedar Rapids, L.L.C. The motion carried unanimously on a roll call vote.

Following the conclusion of Executive Session, Commissioner Lamberti moved to leave Executive Session. Commissioner Kramer seconded the motion, which carried unanimously. Chair Arnold recessed the meeting until 8:30 AM on October 12th.

Chair Arnold called the meeting back to order at 8:30 AM, and noted the agenda had been approved with the withdrawal of Agenda Item No. 8.

APPROVE MINUTES: Chair Arnold moved to the approval of the minutes from the August 24, 2017 meeting. Commissioner Mertz moved to approve the minutes as submitted. Commissioner Lamberti seconded the motion, which carried unanimously.

WELCOME: Chair Arnold moved to the Welcome. Steve Cody, General Manager, welcomed everyone to the facility on behalf the owners, corporate staff and employees. He introduced Renee Jedlicka, President of Palo Alto County Gaming Development Corporation (PACGDC). Ms. Jedlicka noted the county voted overwhelmingly to approve gaming and feels privileged to have the license. She advised the Board works closely with the other non-profit licensees to learn how they operate and have adopted some of their policies and practices. They just hosted a class to help organizations learn how to write a grant and learn about their new paperless process. Ms. Jedlicka stated they have learned the importance of having a good relationship with the owner/operator of the casino, and meet with them regularly. She expressed appreciation for Mr. Cody and Tom Timmons.

Ms. Jedlicka introduced Mayor Myrna Hedding. Mayor Hedding stated the casino has had a positive effect on the community; good things have occurred within the community and surrounding area that would not have been possible without the funds received through PACGDC. She thanked the Commission for granting a license to Emmetsburg.

ANNOUNCEMENTS: Chair Arnold called on Mr. Ohorilko for announcements. Mr. Ohorilko advised the final meeting of the year would be on November 16th at the Diamond Jo in Dubuque. Submissions for that meeting are due by November 2nd. There will not be a meeting in December. The first two meetings of 2018 will be on January 4th and March 6th; both will be held at Prairie Meadows Racetrack and Casino (PMR&C) in Altoona.

Mr. Ohorilko recognized Tammy Hoffman, the Commission's Gaming Representative assigned to Wild Rose Emmetsburg.

STATEWIDE MARKET ANALYSIS: Chair Arnold moved to the Statewide Market Analysis presentations and called on Marquette Advisors, Inc. Louis Frillman and Brent Wittenberg, President and Vice President respectively, were present. Mr. Frillman thanked the Commission for placing their trust and confidence in the company.

Mr. Wittenberg provided a brief summary of the scope of the project and the information reviewed and provided in their report. He stated Iowa has high quality facilities; professional management; facilities are well-built and maintained; and reinvestment to keep them fresh and attractive. Mr. Wittenberg indicated the facilities are right-sized for their respective markets based on their analysis and conversations with the operators. While the industry had revenue of \$1.453 billion in Fiscal Year 2017, Marquette noted a slow growth trend even with expansion and new facilities. Since 2010, revenue growth has been under one-half percent per year with relatively flat admissions. Gaming participations rates across the state are showing a slight decline. Iowa has seen a mixed casino performance; last fiscal year 12 out of 19 facilities had a downward trend in revenue.

With regard to the slow growth trend, Mr. Wittenberg indicated it is due to less population growth with a focus on an adult population that is 21+ years old; and a market that is seeing less than 1% growth per year. He advised that participation rates have peaked in most areas except in local markets with a new or expanded facility. He stated that the market as a whole, and for most individual facilities, is approaching maximum market penetration. Most Iowans have multiple facilities within an hour drive, which is also the case for Cedar Rapids. There are three facilities within one hour. Mr. Wittenberg stated the drawing power of Iowa's casinos is increasingly local; the trend is more apparent than three years ago. He stated resort amenities are becoming less relevant as the draw area has decreased.

Mr. Wittenberg stated Iowa and the majority of the individual submarkets are not under-served, nor did they find any under-performing facilities relative to their respective markets. He stated Marquette had done a comprehensive analysis of the state as a whole in comparison to a variety of other states and markets; and compared the sub-markets in Iowa with each other based on a variety of ratios; talking with a number of casinos; number of gaming positions per adult and how that matches with personal income growth throughout the state by sub-market. They looked at the Des Moines market as a possible exception. Mr. Wittenberg noted that while gaming may not be as convenient for some in the Des Moines-area market population base with only two casinos within an hour; there are four within a ninety minute drive, including the Meskwaki Casino. He noted that added gaming in Des Moines would likely grow revenues, but have a

significant negative impact on PMR&C and on smaller peripheral facilities such as Osceola, Meskwaki and others depending on the size of the facility.

Mr. Wittenberg asked what this all means. He stated there is a slow or low growth pattern in the Iowa market; increasingly local casinos; and a battle for market share with casinos forced to invest in their facility, keep things fresh, bring in entertainment, and ensure quality food and beverage service. Fiscal year 2017 saw mixed results. In developing the revenue forecast, Mr. Wittenberg stated they started with a baseline model, which effectively predicts the 2017 market situation. The baseline model was built on actual visitation information, admissions data and player revenue data sorted by point of origin – zip code and county – throughout the state. The player tracking information provided by the operators facilitates the buildup of the model. Mr. Wittenberg stated the model is very accurate in predicting the current market situation. The next step in Marquette's process is to develop an adjusted model, or a baseline forecast, looking out five years to 2022. The adjustments to that model include adjustments to population; they predicted low to moderate growth in the population base. Additional adjustments include gaming participation rates with most markets averaging a 1% decline per year throughout the market; and adjustments tied to inflation with respect to average spend per visit, less than 1% per year. The last step in their process is to provide alternative forecasts, which account for a license in Linn County, noting there were three different scenarios. The first part of the process is to again adjust the participation rates; and the redistribution of market share – where are the casino trips going/coming from, primarily based on convenience.

Mr. Wittenberg stated their baseline scenario looking up to 2022 shows growth to \$1.473 billion, which is tied to a growth rate of 0.3% annualized, down slightly from what the market has experienced from 2010 to date. These numbers are for known facility development. The 0.4% growth since 2010 factors in some new facilities and considerable expansion; this model does not factor in any expansion at facilities. The impact of the change on revenue coming from outside of Iowa is approximately \$648 million to \$662 million, some of which is attributable to recapture of revenue from Illinois based on what is happening in the Quad Cities.

Looking at the impact of the various Linn County proposals, convenience is the primary factor with respect to consumer choice and where they want to gamble. Mr. Wittenberg stated it is a fact that the majority of the casinos in Iowa generate between 80-85% of their revenues from within a 30-60 minute drive. They expect a Linn County casino would be the dominate casino respective to the local population base; Cedar Rapids and Linn County would be the primary gaming venue for the facility. Primary competitors would be Riverside, Isle of Waterloo, as well as the Meskwaki Casino; secondary competition would be Clinton, the Quad Cities and Dubuque. Mr. Wittenberg stated they expect a significant redistribution of market share, particularly with respect to the local market. The impact on Riverside would be the most pronounced.

When reviewing participation rates in connection with new casinos or expanding existing facilities significantly, Marquette has the benefit of understanding what has occurred in this or other markets within Iowa. Mr. Wittenberg stated the participation rate for Cedar Rapids, based on player tracking information they examined from the various operators, is about 3.5 visits to a

casino per adult per year. In order to determine what would be reasonable for a new casino in the middle of the market, they examined a variety of comparable markets in Iowa – Waterloo, Dubuque, Davenport/Bettendorf, Des Moines and Omaha/Council Bluffs. Their adjusted model reflects a participation rate of 6 for the larger casino; and about 5 for the smaller casino proposals. Adjustments were made to the surrounding markets within 30-60 minutes from the facility of 5-10% going forward.

Mr. Wittenberg stated a new casino in Cedar Rapids would capture approximately 80% of the local market. The larger facility would generate revenue of \$85 million per year by 2022. The smaller proposals would generate \$52-\$57 million in gross gaming revenue per year; with 45-56% representing new gaming revenue to the State and the rest would be from cannibalization. The cannibalization impact is most pronounced with respect to Riverside, as previously concluded. Under the current scenarios, Mr. Wittenberg stated the impact would be between \$18 and \$22 million based on the different proposals, or 21-25% of the otherwise projected revenues for Riverside in 2022. He indicated it is hard to gage the exact response by Riverside or any other casino that has been cannibalized in that fashion, but it is almost certain it would result in a reduction of gaming devices in the facility and the number of employees.

With regard to economic impact attributable to the new proposals in the Cedar Rapids market, Mr. Wittenberg stated the proposals do document the employment impact on-site, ranging from 225–355 direct jobs per facility, varying by proposal. Marquette estimates there will be between 71–115 indirect jobs created, again varying by proposal.

Mr. Wittenberg showed a matrix which laid out some of the various attributes of the different proposals in terms of size, estimated construction costs, projected annual admissions ranging from about 750,000 to 1.2 million per year; the projected 2022 stabilized net win on a per position basis. It also reflects the projected impact on gaming from out-of-state customers, which is relatively low – ranging from \$2 - \$5 million per proposal; and the impact on new state money from gaming tax revenue.

Mr. Frillman stated they were not asked to evaluate this, but when they are talking about new money in the proposals outside of cannibalization, the Commission needs to remember that most of that money is currently being spent elsewhere in the market today. While it is effectively new money to gaming, it more than likely comes out of other entertainment options. He also pointed out there is no offset to job creation. He stated a facility can't lose \$10-\$20 million in revenue and maintain the same job force. Mr. Frillman stated the Commission should consider there will be job losses in the immediately competing casinos if one of the Cedar Rapids proposals is approved.

Mr. Wittenberg stated that if there is a reduction in the number of gaming devices and to the food and beverage service at a facility, it will reduce the attractiveness of that facility. He noted the cannibalization of approximately \$22 million by 2022 is substantial, it could become even more over the long term given the potential reduction in the number of gaming devices and food and beverage service.

Mr. Wittenberg noted their forecast varies somewhat, not so much in terms of the gross revenue basis, from their previous analysis in 2014. They had projected \$81 million in their analysis from 2013-2014 with a 73% cannibalization rate for the larger proposal. Their current analysis is 45%. The short answer for the difference is they have the benefit of contemporary data analysis and current trends. It has been demonstrated in the market what happens when a casino is built; markets are much more localized, and have been able to see what happens to local participation rates, which is substantial, and considerably less so with respect to distant markets. Mr. Wittenberg stated they anticipate a Cedar Rapids casino would have a much more localized customer base compared to where they were three years ago based on the current trend in Iowa. They expect far fewer customers from 45 minutes and beyond therefore reducing somewhat the impact as it relates to the peripheral markets and casinos relative to Cedar Rapids.

Mr. Wittenberg called for any questions concerning the report. Commissioner Lamberti stated Mr. Wittenberg had hit on the primary question regarding the difference in the cannibalization rate between 2014 and today. He asked if that was primarily a factor of the participation rate locally when it was adjusted.

Mr. Wittenberg stated they do see an upside to the participation rates in Cedar Rapids. From their analysis, it appears that Cedar Rapids participation rates are somewhat reduced compared to when they looked at the market in 2013. They feel there is some potential for a new facility in this market; he feels the other comparable markets demonstrate that fact as well. He noted the projected participation rate in Cedar Rapids is 6; Waterloo is at 7.5 and the Quad Cities is just over 7 at the three facilities.

Commissioner Lamberti reiterated the presentation answered the majority of his questions. He asked if all of the facilities cooperated with them in terms of providing access to information. Mr. Frillman stated there was almost 100% participation in terms of interviews, which have been ongoing over the last few months. Mr. Frillman noted they have seen everything in the Iowa markets 2-3 times, and have been in some of the facilities 4 or 5 times.

Commissioner Lamberti noted the report covered where Marquette was at in their revenue projections for a Cedar Rapids facility. They previously projected \$81 million; now it is approximately \$85 million. He noted that in reviewing the numbers presented by the different proposals, Marquette's projection is not too much different from the proposals. Commissioner Lamberti asked if that would be an accurate statement. Mr. Frillman stated they are relatively close, but they developed their revenue projections from the model they developed.

Commissioner Mertz asked if Marquette took the agricultural economy into account when preparing their report. Mr. Frillman answered in the affirmative.

Commissioner Lamberti noted Cedar Rapids is the second largest city; and their report covered how gaming has become very localized in Iowa. He stated Cedar Rapids has the benefit of having more people coming in, whether for conventions, business, medical appointments, etc. He asked how that is factored into the numbers.

Mr. Wittenberg stated the number is not inconsequential but is less than 10% of the gross. He noted there are other similar markets in Iowa, namely Altoona and Bettendorf.

Commissioner Lamberti noted Mr. Wittenberg had talked about how well the current facilities do in reinvesting in their facilities and providing amenities. He noted there is a large proposal with several amenities, and then two scaled down proposals. He pointed out the cannibalization rate was lower for the smaller proposals than it was for the larger proposal, which seemed counter-intuitive.

Mr. Frillman stated it is actually the reverse. Mr. Wittenberg stated that on a dollar-basis, the cannibalization is greater with respect to the larger facility, but not on a percentage basis.

Commissioner Lamberti asked if that was due to the fact that it was a larger market and attracted more new revenue. Mr. Wittenberg answered in the affirmative; there is a little bit larger impact on local participation.

Mr. Ohorilko asked them to talk about participation rates. He wondered how a variance of one point up or down would correlate to the revenue for Linn County and the market impact at the other properties.

Mr. Wittenberg stated they anticipate there would be some increase in the local participation rate since they are not talking about a facility with a hotel or comprehensive resort amenities that would draw from a more distant market. Any increase would be primarily local and result in somewhat increased revenues locally.

Hearing no further questions for Messrs. Frillman or Wittenberg, Chair Arnold called on WhiteSand Gaming. James Nickerson, Vice President, stated his report might sound like a broken record as they agree with Marquette Advisers as to the current status of gaming in Iowa. Adjusted gross revenue has not returned to its peak level of 2012. Total admissions will continue to grow at approximately 1% going forward. He advised there is no part of Iowa that is not being served; Iowa has a mature and stable gaming market. Mr. Nickerson stated they also feel Iowa's market is local, and well distributed across the state. He concurred with Marquette that the market would continue to grow with growth in income and population. He indicated they found the properties to be well-maintained, and provide a Las Vegas-style experience. The challenge is to continue to reinvest capital to maintain the attractiveness of the facilities and their amenities. Mr. Nickerson stated the trend in markets across the country is for more money to be spent on non-gaming amenities. The other challenge is building and maintaining their base; the traditional casino patron is getting older. The challenge is figuring out how to draw millennials to the facilities to experience the gaming environment. Mr. Nickerson stated they believe admissions will be flat or decrease approximately 1% per year, but do see a slight increase in revenue, about 1.1%.

Mr. Nickerson stated they project revenue of \$50 million for a license in Cedar Rapids versus \$80 million. He stated they did account for visitors to the Cedar Rapids area. He noted any revenue coming from the Meskwaki Casino to a Cedar Rapids facility would be taxed. They

estimate cannibalization of the following facilities: Riverside would lose approximately 20%; Waterloo between 5-8%; Dubuque between 3-5% and Meskwaki between 4-8%.

Mr. Nickerson stated they looked at a forecast of 10%, 25% and 50% increase in gaming positions from the applications that were submitted, and did see some increased revenue as a result of that; but also feel the additional costs of staff, facility, security, and technology will take up the difference. WhiteSand does not feel any of the proposals will be more profitable than presented. They also forecast the increased cannibalization should a Cedar Rapids facility expand if a license were granted.

Mr. Nickerson noted the properties located closer to the population base have a higher revenue, but they also see a higher participation rate or propensity to game at some of the more rural areas. Individuals in Des Moines or Cedar Rapids have more opportunities to spend their discretionary income; in the rural areas, the local casino may be the main destination for entertainment. Some of the facilities in a lower population area actually have a higher win per unit.

Mr. Nickerson stated they looked at the most recent statewide projects. He noted Marquette did a very good job with their projections for Greene County; they are close to the \$28 million in forecasted revenue. He feels the most recent projections were off overall where the two studies had between 8-11% growth overall whereas state revenue increased approximately 1% per year over the 5-year period. That has affected their projections regarding the possibility of gaming in Cedar Rapids; they just don't see where the money is coming from. While they feel a facility in Cedar Rapids would be successful, it would not reach the revenues projected by Marquette. He showed a slide summarizing the growth in each of the properties; there was an overall negative growth for the most part. He noted their projected revenues are approximately \$50 million for a Cedar Rapids facility, which is a bit lower than the proposals. He noted many recently opened casinos have failed to meet their projected revenues; one example was Kansas Crossing had forecast \$3 million per month, and is generating about \$2 million. Mr. Nickerson stated markets are hitting the saturation mark; and Iowa is at market penetration. He stated the revenues are not going to grow as some have predicted.

Mr. Nickerson advised they had looked at discretionary income across the state; Cedar Rapids would be in the middle range with about \$25,000. Markets with a lower population and more rural areas tend to have less discretionary income but also have fewer options of where to spend that money. He stated discretionary income was not a factor in Cedar Rapids or other areas of the state.

Mr. Nickerson stated WhiteSand did not have any issues with the employment predictions. He indicated the applicants are currently involved in the industry so are aware of what it would take to operate these facilities; they just disagreed on the amount of projected revenue.

Commissioner Lamberti asked if WhiteSand received good cooperation from the facilities in gathering data for their study. Mr. Nickerson answered in the affirmative.

Commissioner Lamberti noted Mr. Nickerson had discussed the obvious differences in revenue between their study, Marquette's and the applicants. In their analysis of the Iowa market and where it has been the past few years, everyone agrees on the market saturation, but WhiteSand arrived at significantly different results for the size of the Cedar Rapids market with regard to how much new revenue could be generated, which also drives the cannibalization rate. He asked what two or three primary factors drove their pessimistic view compared to the others about where the revenue would be which then drives the new revenue and the cannibalization rate.

Mr. Nickerson advised the markets are becoming saturated; when he started in the gaming industry, a casino just had to open their doors to be successful. As more states added gaming, the operators had to be creative, compete and market their property. He noted that individuals living in Cedar Rapids would go to the casino more often if there was one in their community; however, there is no hotel involved to draw overnight visitors. People have a fixed budget, and there is a certain amount of money people will spend on entertainment. They don't foresee that expanding. Revenue will increase, just not that much; the novelty factor is gone.

Commissioner Mertz asked if WhiteSand took the agricultural economy into consideration in their analysis. Mr. Nickerson answered in the affirmative. He noted one of the largest corn fructose plants and Quaker Oats are located in Cedar Rapids, drawing in a lot of business travel. He stated they did visit the local tourism office to look at the numbers relating to tourism and business travel.

Mr. Ohorilko noted their cannibalization rate is significantly higher than some of the other studies previously commissioned. He asked if that was primarily a result of the belief that it is more of a local market and not necessarily a destination market. Mr. Nickerson answered in the affirmative; they looked at population, age, income, propensity to gamble and distance. He indicated the properties that are affected have a loyal base, but convenience is a factor. A Cedar Rapids licensee would be a benefactor of the fact that it is closer than some of the other facilities in the state.

ADMINISTRATIVE RULES – NOTICE OF INTENDED ACTION: Chair Arnold moved to Administrative Rules and called on Mr. Ohorilko. Mr. Ohorilko noted there are two sets of rules before the Commission. The first set is a Notice of Intended Action, and is a collection of rules from the staff's annual review and the Racing Task Force meetings. Mr. Ohorilko provided a brief synopsis of the proposed changes to the various rules. He noted there would be a public hearing regarding these proposed changes on November 28th. The proposed changes have been submitted to the industry; staff has received some questions and will be working through those with the industry. He requested approval of the rules submitted under Notice of Intended Action.

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

ADMINISTRATIVE RULES – FINAL ADOPTION: Mr. Ohorilko proceeded to the rules submitted for Final Adoption, noting they were before the Commission at the August meeting.

There are two items necessary to implement legislation passed in the most recent legislative session. The rules have been discussed during a public hearing and in front of the Administrative Rules Review Committee; no comments were received at either hearing. He requested approval of the rules.

Commissioner Mertz moved to approve the rules as submitted for Final Adoption. Commissioner Heinrich seconded the motion, which carried unanimously.

REQUEST FOR FINANCING: Chair Arnold moved to the request for approval of financing pursuant to Iowa Administrative Code 491-5.4(8)(a)(2) submitted by Affinity Gaming. Lorraine May, legal counsel, was present to address any questions.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the request for financing. Commissioner Kramer seconded the motion, which carried unanimously.

CONTRACT APPROVALS: Chair Arnold moved to contract approvals, and called on Casino Queen Marquette, Inc. Don Ostert, General Manager, presented a contract with VGM Group, Inc. d/b/a Strategic Imaging for direct mail and marketing.

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

Chair Arnold called on IOC Bettendorf, L.C. Nancy Ballenger, General Manager, presented the following contracts for approval:

- Bertch Cabinet Mfg., Inc. – Capital Purchase for Hotel Room Appliance Center Cabinets
- Treiber Construction – Capital Project to Build Public Park at Site of the former Riverboat Mooring

Ms. Ballenger stated the contract with Treiber is to remove the skywalk structure at the old mooring. A park will be created in that space, which the city will take over.

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

Chair Arnold called on IOC Black Hawk County, Inc. Todd Connelly, General Manager, presented the following contracts for approval:

- Foundry, LLC – Advertising Production Company (OSV)
- WPP Group, USA, Inc. – Maxus Communications – Advertising Production Company (OSV)

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

Chair Arnold called on Dubuque Racing Association, Ltd. Brian Rakestraw, General Manager, presented the following contracts for Commission approval:

- Commercial Flooring – New Flooring Purchase and Installation
- Donovan Construction & Remodeling, LLC – New Wall Construction
- Dubuque Painting & Decorating Service – New Wallcoverings
- The Buzz Creative Group – Marketing Agency Professional Services
- The Printer, Inc. – Direct Mail and Printing Services

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

Chair Arnold called on Wild Rose Emmetsburg, LLC. Steve Cody, General Manager, presented a contract with Buhrow Construction, Inc. for a facility upgrade and renovation of the shipping/receiving area for approval.

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

Chair Arnold called on Wild Rose Clinton, LLC. Steve Nauman, General Manager, presented a contract with Aramark for the rental of linens for approval.

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

Chair Arnold called on Grand Falls Casino & Golf Resort, LLC. Sharon Haselhoff, General Manager, presented a related party contract with Riverside Casino & Golf Resort, LLC for Shared Services: Internal Audit, Regulatory Compliance, and Information Technology Services for approval.

Chair Lamberti inquired if this contract included anything different than in previous years. Ms. Haselhoff advised it did not, they just added more staff.

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

Chair Arnold called on SCE Partners, LLC. Kevin Sweet, Interim General Manager, presented a contract with American Trust Retirement for employee benefits for approval.

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

Chair Arnold called on Harvey's Iowa Management Co., Inc. Janae Sternberg, Director of Finance, presented the following contracts for approval:

- Johnson Controls – HVAC Vendor
- Heeter Printing Company – Printing Company (OSV)
- Power Promotions – Promotional Products Supplier (OSV)

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

Chair Arnold called on Iowa West Racing Association (IWRA). Ms. Sternberg presented the following contracts for approval:

- Arrow Stage Lines d/b/a Busco – Charter Service
- J & R Liquors – Liquor Supplier
- Wojo Tours & Travel – Tour Operator (OSV)
- Power Promotions – Promotional Products Supplier (OSV)

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

Chair Arnold called on Prairie Meadows Racetrack & Casino, Inc. Gary Palmer, General Manager, presented the following contracts for approval:

- Horsemen's Track and Equipment, Inc. – Horse Track Outside Rail Repairs (OSV)
- Shye West d/b/a Imagine This – Promotional Items (OSV)
- Swanson Gentleman Hart – Replace Skylight in Porte Cochere
- Waste Management – Waste Removal Services

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

RACETRACK RENEWALS: Chair Arnold called on IWRA d/b/a Horseshoe Casino-Bluffs Run Greyhound Park regarding their application for a Pari-Mutuel License and Racetrack

Enclosure Gambling License for January 1, 2018 through December 31, 2018, and to offer simulcasting.

Pete Tulipana, Executive Director of IWRA, advised they continue to have an excellent relationship with Horseshoe leadership. The Bluffs Run Advisory Committee has quarterly meetings with the leadership regarding gaming trends, future capital development, financial results and policies that could affect the casino industry at the state and local level. He stated the gaming industry brings thousands of people to the community, but IWRA has the ability to draw even more with some of the projects they are supporting. One of these is the MidAmerican Center, which includes the Iowa West Field House. The field house was developed as an economic development draw; for 2018, 44 weekends have been booked for basketball and volleyball tournaments. IWRA is also partnering with Marriott for a hotel to be adjacent to the Field House, which will enhance the arena and convention center. Another area of support from the casino industry is LINK, a free public Wi-Fi service that IWRA is working on with the school district and the city. It is accessible in the MidAmerican Center area. When it is fully implemented, LINK will reach more than 20 square miles, providing free Wi-Fi to more than 40,000 individuals. IWRA is marking 20 years as a foundation; they have distributed \$400 million in grants and initiatives to Council Bluffs, Pottawattamie County and other southwest Iowa counties. Mr. Tulipana stated most grants are matched 1-1 meaning that approximately \$1 billion has been invested in the community as a result of gaming. Mr. Tulipana requested approval of the license renewal.

Bo Guidry, General Manager, stated it is a treat to work with the IWRA; they are doing an amazing job in the Council Bluffs area. He requested approval of the license renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the application for a Pari-Mutuel License and Racetrack Enclosure Gambling License for January 1, 2018 through December 31, 2018; simulcast dates and a revised security plan conditioned upon having the import contracts available for IRGC staff upon request to insure regulatory compliance. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on the Iowa Greyhound Association. Brian Carpenter, Director of Racing/General Manager for Iowa Greyhound Park (IGP), requested approval of the 2018 racing license. He indicated IGP will have the same simulcast and live racing schedule for 2018. This will be the fourth year of racing under the Iowa Greyhound Association.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Mertz moved to approve the application for Pari-Mutuel License for January 1, 2018 through December 31, 2018, the live race and simulcast dates, and the revised security plan conditioned upon having the export contracts approved and import contracts available for review by staff to insure regulatory compliance. Commissioner Lamberti seconded the motion, which carried unanimously.

Chair Arnold called on PMR&C. Derron Heldt, Director of Racing, requested approval of the renewal application for the Pari-Mutuel License and Racetrack Enclosure License for 2018. He stated the calendars submitted mirror the 2017 race calendar.

Jon Moss, President of the Iowa Horseman's Benevolent and Protective Association, stated there is some work to do with regard to post times; they greatly appreciated the original calendar submitted and wished the parties could have worked with that.

Hearing no further comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to approve the application for Pari-Mutuel License and Racetrack Enclosure Gambling License for January 1, 2018 through December 31, 2018, the live race dates of April 26, 2018 through August 11, 2018 for the thoroughbred meet and live race dates of August 18, 2018 through October 13, 2018 for the quarter horse meet, and the simulcast dates contained within the application subject to the following conditions:

- Having the export contracts reviewed and approved and having the import contracts available for IRGC staff upon request to insure regulatory compliance; and
- Having all marketing promotions that may affect live racing, particularly the racing schedule and post times, to receive **prior approval** from the IRGC.

Commissioner Mertz seconded the motion, which carried unanimously.

HEARINGS: Chair Arnold moved to the hearings before the Commission, and called on Mr. Ohorilko. Mr. Ohorilko advised Commission staff and PMR&C have entered into a Stipulated Agreement for a violation of Iowa Code 99F.4(22). On or about March 28, 2017, PMR&C conducted a promotional e-mail campaign inviting patrons to visit the casino. That same day a patron that received the e-mail contacted IRGC staff indicating he had signed up to participate in the state-wide self-exclusion program. PMR&C's marketing staff researched the matter and discovered 15 self-excluded patrons had received the e-mail as a result of an error in the filters to remove those individuals from the list. Mr. Ohorilko stated PMR&C acknowledges the facts constitute a violation of Iowa Code Section 99F.4(22) and have agreed to a fine in an amount between \$3,000 and \$20,000. PMR&C has also agreed to come up with additional policies and procedures to perform regular audits of all facility guest account systems to check for self-excluded patrons, which is to be submitted to the Commission gaming representatives at PMR&C by November 1, 2017. This is the first offense of this type for PMR&C within the past 365 days.

Mr. Palmer stated they will try to prevent this situation from occurring in the future. This situation occurred due to a mistake by a new employee. There was a one-step process on the filter; it is now a 3-step process. He indicated they will have their updated policies and procedures to IRGC staff by November 1.

Commissioner Lamberti noted the Stipulated Agreement indicated the mailing was for discounted hotel stays and a credit toward food and beverage. He asked if the mailing was limited to those items. Mr. Ohorilko indicated that was correct for this particular mailing.

PMR&C used the players' club system that is generated from gaming data, but the offer was not for gaming.

Commissioner Lamberti moved to approve the Stipulated Agreement with an administrative penalty of \$3,000.00. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to the hearing for HGI-Lakeside. Mr. Ohorilko advised that Commission staff and Lakeside have entered into a Stipulated Agreement for a violation of Iowa Code Section 99F.4(22). On or about June 2017, a mailing was conducted to reward patrons for gambling at Affinity's casinos in Missouri. The mailing, which offered three complimentary nights at Lakeside's hotel, up to \$150 in food comps at Lakeside's buffet, and two concert tickets for one of two events at the Lakeside property, was sent to individuals on Iowa's self-exclusion list. The return address on the mailing was Lakeside Casino. On June 20th, a Lakeside marketing employee took calls from patrons who had received the mailing, and in accordance with policy, checked the callers' names against the self-exclusion list and found at least one name was marked as a self-exclusion. Further investigation revealed there were 17 individuals that received this mailing. Lakeside did self-report the violation. None of the patrons were allowed to redeem the offers. Lakeside has agreed to pay an administrative penalty in an amount between \$3,000 and \$20,000. Mr. Ohorilko advised Lakeside has agreed to implement new policies and procedures and will work with staff to get them in place. This is the first offense of this nature in the past 365 days.

David Monroe, General Manager, accepted responsibility for the errors made, and assured the Commission Lakeside will continue to strengthen their controls.

Hearing no further comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve Stipulated Agreement with an administrative penalty of \$3,000.00. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold moved to the hearing for Riverside Casino & Golf Resort (RCGR). Mr. Ohorilko advised Commission staff and RCGR have entered into a Stipulated Agreement for a violation of Iowa Code Section 99F.4(22). An individual had signed up to participate in the statewide self-exclusion program at IOC Bettendorf in 2005. That individual entered RCGR in February 2016 and was issued a players' club account, which would trigger the violation per the Commission's resolution. A typo was made when the individual's name was entered into the system, which created the situation allowing the individual to receive the players' club card and promotional mailings. The individual received 17 promotional mailings. Mr. Ohorilko stated the individual was caught by RCGR staff in an attempt to receive a new players' club card; RCGR self-reported the violation. As a result of the violation, RCGR has agreed to pay an administrative penalty in an amount between \$3,000 and \$20,000. He advised this is a pre-resolution violation; it occurred prior to the Resolution being amended in July. This is the third offense of this nature for RCGR in the past 365 days.

Dan Franz, General Manager, noted he has been before the Commission a couple of times recently and talked about training and catching this type of situation. In 2016, the Players Club

representative made a mistake when they keyed in the name which allowed the players' club account to be generated. Had the representative gone through the preferred procedures, a box would have come up indicating a potential match to a self-excluded individual. Mr. Franz stated all personnel in the resort club and cage area have received additional training. He feels their process is working since they caught the error when the individual sought a duplicate card.

Commissioner Lamberti noted that all of the facilities do additional training in these types of situations, but questioned if there is something missing in the procedures, or a failure as the database is being created. He noted the recent situations coming before the Commission are for very small errors - a single typo in this particular situation. He stated it would be difficult to eliminate human error. He wondered if there is something else that can be added to the process to help eliminate the human error aspect. He asked everyone to give it some thought; the Commission is open to suggestions. Hopefully it would prevent violations and save the facilities some money.

Hearing no further comments, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the Stipulated Agreement with an administrative penalty of \$10,000. Commissioner Mertz seconded the motion, which carried unanimously.

PUBLIC COMMENT/ADMINISTRATIVE BUSINESS: As there was no Public Comment, Chair Arnold moved to Administrative Business. Mr. Ohorilko provided a summary of the reversion for regulatory fees for the previous year. In accordance with Commission rules and Iowa statute, the reversion will occur at the end of the current fiscal year in the form of a credit toward fees owed. He advised staff would be providing the information to the operators so they could plan accordingly.

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

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
NOVEMBER 16, 2017**

The Iowa Racing and Gaming Commission (IRGC) met at the Diamond Jo, LLC (DJ) in Dubuque on Thursday, November 16, 2017. Commission members present were Rich Arnold, Chair; Kris Kramer, Vice Chair; and members Carl Heinrich, Jeff Lamberti and Dolores Mertz.

APPROVE AGENDA: Chair Arnold called the meeting to order at 8:30 AM. He requested a motion to approve the agenda, noting that Agenda Item 6G(1) had been withdrawn. Commissioner Lamberti moved to approve the agenda as amended. Commissioner Kramer seconded the motion, which carried unanimously.

WELCOME: Wendy Runde, General Manager at DJ, welcomed the Commission back to Dubuque. She introduced members of the Dubuque Racing Association, Ltd. (DRA) who were in attendance. Ms. Runde noted the Commission had approved a \$2 million investment for the property; the renovated area has been open for two months. She stated DRA, management and staff are proud of the property. Ms. Runde introduced Mayor Roy Boul.

Mayor Boul welcomed everyone to Dubuque. He stated gaming has been good to Dubuque and helped transform the city from a blue-collar community to a white-collar community and increase tourism; the casinos draw approximately 1.8 million visitors per year. Gaming has had an economic impact of over \$97 million. Mayor Boul addressed some of the challenges facing the gaming industry in the state.

APPROVE MINUTES: Chair Arnold moved to the approval of the minutes from September 26 and October 11-12, 2017. Commissioner Mertz moved to approve the minutes as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

ANNOUNCEMENTS: Chair Arnold called on Brian Ohorilko, Administrator of IRGC, for announcements. Mr. Ohorilko advised there would be no meeting in December; and the first two meetings of 2018 will be on January 4th and March 6th. Both meetings will be held at Prairie Meadows Racetrack and Casino (PMR&C) in Altoona. Submissions for the January meeting are due in the Commission office by December 19, 2017.

Mr. Ohorilko recognized the following IRGC staff members assigned to the Dubuque facilities: Gaming Representatives at Q Casino: Joe Gau and Tracy Potter; Licensing Assistants at Q Casino: Cathy Dillon and Cheryl Vetsch; and Gaming Representative at DJ: Scott Franke.

REQUEST FOR FINANCING: Chair Arnold called on Eldorado Resorts, Inc. regarding their request for approval of shelf financing pursuant to Iowa Admin. Code 491-5.4(20). Doug Gross, legal counsel, noted the Commission previously approved a \$2.3 billion shelf application for approval of debt financing in connection with the merger of Eldorado and Isle of Capri Casinos, Inc. He stated Eldorado is requesting Commission approval to incur additional debt from time to time under their existing previously approved undrawn revolving line of credit in the principal

amount of up to \$300 million. Mr. Gross stated that if this application is approved, the total of all Eldorado debt financing approved by the Commission would be \$2.6 billion. He advised Eldorado would notify Mr. Ohorilko of the above-described debt transactions within ten days of consummation.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to approve Eldorado's request for approval of shelf financing pursuant to Iowa Admin. Code 491-5.4(20) as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

CONTRACT APPROVALS: Chair Arnold moved to the contract approvals and called on DRA. Bill Eichhorn, Chief Financial Officer, presented a contract with William Morris Endeavor Entertainment, LLC (OSV) as an entertainment-artist booking agency.

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

Chair Arnold called on DJ, LLC. Ms. Runde presented the following contracts for Commission approval:

- Aramark Uniform & Career Apparel – Dry cleaning, Rental of Linens, and BOH Uniforms
- Giese Sheet Metal Co., Inc. – HVAC

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

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

- Kramer's Technical Services, Inc. – Porte Cochere Destruction
- Lane & Waterman LLP – Legal Services
- TPI (The Printer, Inc.) – Direct Mail Advertising
- US Postmaster – Postage for Mailers
- Wells Fargo Business Elite Card – Credit Card Purchases

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

Chair Arnold called on Grand Falls Casino Resort, LLC (GFCR). Sharon Haselhoff, General Manager, presented the following contracts for Commission approval:

- Core-Mark – Retail and Tobacco Purchases
- Doll Distributing – Beverage Purchases
- Johnson Brothers – Beverage Purchases
- King Food Service – Food Purchases
- MedOne Healthcare Systems – Health Plan Costs
- The Printer, Inc. – Direct Mail Marketing – Printing and Postage
- Turfwerks – Golf Equipment Purchase
- Wells Fargo Business Elite Card – Credit Card Purchases
- Zurich Insurance – Workman’s Compensation and Property Liability Insurance

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

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

- Hawkeye Sports Properties, LLC – Marketing and Sponsorship Agreement
- Honkamp Krueger & Co., P.C. – CPA Professional Services
- Mercy Iowa City – Medical Health Plan Costs
- UMR (A United Healthcare Company) – Medical & Flexible Spending Plan
- Top Golf USA, Inc. – Letter of Intent to Execute Concession Agreement (OSV)
- Gitchi Gaming, Inc. – Gaming Chair Purchase (OSV)
- Iowa Audio Video – New Sound System

Mr. Franz addressed the contract with Top Golf USA, noting they are in the middle of an extensive remodel of the property. This piece of the remodel will change the landscape of the gaming floor. He advised there are only three Top Golf Swing Suites in the country at this time: Houston, Atlanta and Detroit. Mr. Franz stated these suites will bring a new, innovative piece to the casino property.

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

Chair Arnold called on SCE Partners, LLC (SCE). Kevin Sweet, Interim General Manager, presented the following contracts for Commission approval:

- AJR Equities, Inc. – Promotional Items
- Concept 3, LLC – Promotional Items (OSV)
- Coffee King, Inc. d/b/a Caturra Coffee Roasting – Beverages & Supplies
- Johnson Brothers of Iowa, Inc. – Wine/Beverages
- KTIV Television, Inc. – Advertising
- William Morris Endeavor Entertainment, LLC (WME) – Talent Agent (OSV)

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

Chair Arnold called on Catfish Bend Casinos II, LLC (CBC). Rob Higgins, General Manager, presented a contract with Arthur J. Gallagher & Co. for various lines of insurance, including workers comp, property and cyber, etc. for Commission approval.

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

Chair Arnold called on Ameristar Casino Council Bluffs, LLC (Ameristar). Paul Czak, General Manager, presented a contract with Direct TV to provide direct broadcast satellite television for Commission approval.

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

PRAIRIE MEADOWS RACETRACK & CASINO, INC. D/B/A PRAIRIE MEADOWS RACETRACK & CASINO

Chair Arnold called on PMR&C. Gary Palmer and Derron Heldt, General Manager and Director of Racing respectively, were present to address the agenda items.

Mr. Heldt advised the recently completed quarter horse meet was a solid race meet. He indicated handle for both on and off-track was up by double digits due to TVG carrying more of their races on TV and a new bet, the Jackpot Pick 5, which also increased handle on and off-track. Mr. Heldt stated field size was down slightly; in 2016 field size averaged 7.7 per race, this year it was 7.4. He noted there were three factors that attributed to the decline: 11 more scratches in races, two trainers were suspended and couldn't race their horses during the latter half of the racing season, and they ran a couple of 870 yard races, which is the longest distance a quarter horse can run. Only 8 horses are allowed to run in those races.

With regard to the racing surface, Mr. Heldt advised there were 2 catastrophic injuries during the racing season; the industry standard is usually 1 per 1,000 starts. PMRC's rate was 1.2, well within the industry standards. They continue to send the track superintendent to an annual conference to stay on the cutting edge of advances to provide the best racing surface for the horses and jockeys.

Mr. Heldt stated PMR&C hosted the Bank of America Challenge Races on the last day of racing, October 14th. There were five championship races; two were won by local Iowa horses. Mr. Heldt advised the biggest race of the night, a 440-yard Grade 1 race with a \$330,000 purse, was won by Fiscal Cliff owned by Tom Lepic, the President of the Iowa Quarter Horse Racing

Association. He noted Fiscal Cliff was running against some of the best horses in the country. The win speaks to the quality of horses the quarter horse industry is raising in the state of Iowa. Fiscal Cliff will run on December 16th at Los Alamitos in the Champion of Champions race with a \$750,000 purse.

Commissioner Mertz asked how Mr. Heldt would rate their overall season. Mr. Heldt stated that hosting the Challenge Championship helped the quality of horses that were on track.

Chair Arnold moved to the approval of the 45-day plan. Mr. Heldt advised the submission did not include the agreements with the thoroughbreds and quarter horses. He indicated they would be available at the January meeting.

Hearing no comments or questions, Commissioner Lamberti moved to approve PMR&C's 45-day plan for the 2018 Thoroughbred and Quarter Horse seasons with the following stipulations:

- The immediate written notification of any changes in racing official positions,
- The completion of any necessary IRGC licensing and DCI background checks of officials, and
- Purse supplements for Iowa bred will be submitted for approval at the January 2018 Commission meeting.

Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to the contracts. Mr. Palmer submitted the following contracts for Commission approval:

- American Teletimer – LED Sports/News Ticker & Possible Video Board for Casino (OSV)
- Associated Computer Services (ACS) – Cisco Wireless Equipment
- Blackbaud Inc. – Grants Software Subscription and Training (OSV)
- Conference Technologies, Inc. – Possible Supplier for Video Board in Casino
- Shive-Hattery, Inc. – Engineering Services
- Super Color Digital – Slot Machine Signage (OSV)

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

PUBLIC COMMENT/ADMINISTRATIVE BUSINESS

As there was no public comment, Chair Arnold moved to Administrative Business and called on Mr. Ohorilko. He advised the Commission is creating a task force to look at best practices related to self-exclusion regulations in an effort to reduce the number of incidents involving patrons on the state-wide self-exclusion list from receiving marketing materials, players club cards or otherwise participating in gambling activities. He stated Commission staff would be

reaching out to the industry in the coming weeks. Mr. Ohorilko stated the plan is to review the current industry controls, review some of the prior violations, and review current auditing practices with the ultimate goal of coming up with a document of best practices or recommendations that could be disseminated to all of the facilities.

Commissioner Mertz indicated she felt this was a good idea for the industry and encouraged them to work with Mr. Ohorilko and Commission staff.

Chair Arnold moved to the appointment of the IRGC administrator, and requested a motion to reappoint Mr. Ohorilko as the administrator to another four-year term. Commissioner Lamberti moved to reappoint Mr. Ohorilko as the administrator. Commissioner Heinrich seconded the motion, which carried unanimously.

LINN COUNTY LICENSE DECISION

Chair Arnold stated each Commissioner would comment on their position and how they arrived at that position. He called on Commissioner Mertz.

Commissioner Mertz thanked everyone who wrote or called, indicating she appreciated all of the input. She stated she supported all three applications, noting that each one has its own merit. She stated she had not had any correspondence or communication with the Governor's Office, nor has she had any undue pressure from either of the applicants. Commissioner Mertz noted she was the only one to vote in favor of a license when Cedar Crossing had an application before the Commission in 2014 as she felt the second largest city in the state deserves something and still feels that way. She stated she believes the Commission is charged with looking out for the benefit and welfare of the state. After reviewing the market studies, she feels Cedar Crossing on the River would benefit the state more than the smaller casinos and cause less damage to the existing casinos. She stated the Commission needs to look long and hard at the industry and do what is best for the state.

Commissioner Lamberti commented on the process, and thanked the applicants and everyone working with them; noting the Commission is cognizant of all the hard work, time and money that go into the application process. He stated he found everyone to be very respectful of the Commissioners' time and the application process. Commissioner Lamberti stated whether it's this decision or previous decisions, there is no political process behind the scenes; he has not had any contact from the Governor or the Governor's staff. He stated the Commissioners make their decisions on their own; there are numerous factors on both sides to be considered. He noted the Commissioners have an open door policy; anyone can write to them or see them up until the last minute, and feels it is a healthy process that allows the Commissioners to receive as much information as they can during the process in order to arrive at what each of them believes is the right decision. Commissioner Lamberti noted that lots of people would like to believe "the fix is in" or think they know how the Commission is going to vote. He stated he only made his decision a couple of days ago so finds those comments interesting. He stated the Commissioners take their job seriously and do agonize over these decisions.

Commissioner Lamberti stated the decision today is more difficult than three years ago; some things have changed. He stated all three proposals were great, and tried to take into account the criteria set forth in the rules. He stated there are great arguments on both sides of the process. Commissioner Lamberti stated one of the major factors he considered is the impact on existing facilities and not just the impact on the operator, but the people that will be impacted as well. On the other hand, these proposals would have a significant impact on the Cedar Rapids community. Commissioner Lamberti stated the overriding factor in his decision is that he does not see much of a change; there is no growth in the market, it has been relatively stagnant, nor does he see anything that leads him to believe there will be a period of significant growth in the industry. Having said that, he believes there is potential to move in the opposite direction where the industry will see additional stagnation if they don't take advantage of new opportunities that may be available for the market, but doesn't believe those things are before the Commission at this time. Commissioner Lamberti stated he believes consistency in the decision making of the Commission is important; it is difficult because Iowa law allows them to arrive at their own conclusions. They are allowed to interpret the criteria individually. After taking the criteria into consideration, as well as consistency, Commissioner Lamberti stated he is unable to support any of the applications at this time.

Chair Arnold thanked all of the applicants and stakeholders associated with the process. He stated the meetings he has had and the letters received regarding the applications were appreciated, but did not make his decision any easier. He noted he did not make his decision until Tuesday morning. Chair Arnold stated he had not been contacted by the Governor or anyone on her staff. He stated he spent considerable time going over the materials sent by the applicants and reviewed the market studies. The Commission visited the sites, and received public comment. He met with various individuals, both in support and against, the proposals. Chair Arnold noted the two operators for the three proposals have a great track record in Iowa and he has no concerns over their integrity or ability to safely and efficiently operate a facility and provide opportunities for Iowa vendors to partner in their operations. He stated all of the proposals seem to have community support, although different facets may support one proposal over another. The economic impact of the three proposals as reported by the studies continues to cause him some pause. The WhiteSand study seemed to be an outlier to him as the results were not consistent with anything seen in previous studies or any studies from the opponents of the applications. Therefore, he looked closely at the results of the Marquette study as they have produced accurate results for the Commission in the past. Chair Arnold noted all three proposals show revenue between 45% - 56% attributed to customers at existing Iowa properties, with one facility being impacted more, between 20-25%, while the other existing facilities would experience a smaller impact. Keeping this in mind, Chair Arnold stated he tried to keep an open mind and determine if anything was different in his view from the last time he went through the process. The larger proposal is similar to the proposal before the Commission previously; it generates the most revenue for the state but also takes the most money from the existing operators. Additionally, after visiting the sites, he is concerned it may have a negative impact on some of the local businesses in the area, and at a minimum, that it won't compliment the downtown corridor in a way the other proposals will. If this was a different time, specifically prior to some of the other properties being built, it might make the most sense. Chair Arnold noted the two smaller properties create some challenges in how best to evaluate if the proposal

would have merit. The Wild Rose proposal, albeit with a quality operator and good people associated with the project, does not seem to add much to the community other than the gambling games. It still has the challenges of market impact and generates less revenue to the state than the larger property. He stated he does not believe the pros of this proposal outweigh the concerns he has with the economic impact. Chair Arnold stated the smaller Cedar Rapids Development project, Cedar Crossing 2.0, presents some unique factors, but faces some of the same challenges as the others in terms of impact on existing operators. He stated this proposal brings something extra that appears to be unmatched by any of the other proposals. When figuring in the amount of investment, \$106 million, to the per game gambling device, that would be more than any other project in Iowa and almost twice that of many facilities. The project seems to be the perfect fit to compliment downtown Cedar Rapids and adds tremendous value to the community by replacing the parking garage; guaranteeing shows for an under-utilized event center; assisting with filling rooms in the community-owned hotel, and compliments the businesses and restaurants in the downtown area. Chair Arnold stated he is cognizant of the fact the facility would have an economic impact on existing operators; however, he feels the level of financial and other support the facility would provide to the community and the state outweigh the concerns he has with the overall market impact. Chair Arnold stated he would support Cedar Crossing 2.0, and emphasized his support is not an invitation for smaller sized casinos or more casinos. He stated the facility is unique in his mind because it will bring in over \$100 million in investment into the community and the state without increasing the overall number of gambling devices by a material amount.

Commissioner Heinrich commenced his comments by noting all of them have had access to the same studies, those contained in the proposals and commissioned by the Commission. All are aware of the criteria established for granting a license, and look at them differently. He noted that he has received many letters over the course of his career, stating that most were not significant as they were written because someone told the individual to write the letter; that many were boiler plate letters; however, the letters he received during this process were unique and sincere and very important to him during this process. Commissioner Heinrich stated the industry has plateaued; there has been a small decline over the past few years. The existing operators have made an effort to continue reinvesting in the facilities to keep them attractive in order to draw people in, which has prevented a significant drop in revenues. He stated it is important that he make decisions that would allow that process to continue and would not want to make any decision that would destroy them. He indicated it is important for the Commission to look at what their decision will do in terms of affecting the state, but also need to be responsible to the current operators and help them be successful. Commissioner Heinrich stated he is not sure adding a new license will help the state, that it would only shift resources from a rural area. He feels a new license would have a significant impact on the rural area and just shifts revenues; now is not the time to change the dynamics of what is working well at this time. Commissioner Heinrich stated he is not in favor of a new license.

Commissioner Kramer stated this has been one of the most difficult decisions she has had to make, and wants to make the best decision for the gaming industry and Iowa. She noted she had received many letters and e-mails, both for and against; and spent many hours reading them, reviewing the proposals and the market studies. She stated she can see voting either way.

Commissioner Kramer stated the proposals were put together with a high degree of excellence and she can see the positive things that could happen for Linn County. She stated she is definitely not against growth, but questioned what has changed since 2014; where is the growth in gaming across the state of Iowa. She wondered if she is to disregard the market studies completely even though they weren't perfect. She noted the fact remains that the gaming industry in Iowa has seen little or no growth. Commissioner Kramer stated competition is the American way of life – in business, sports, schools and casinos; but in Iowa, gaming is a regulated industry. When a license is granted, the licensee is encouraged to build a destination location with many amenities besides gaming, thus spending millions of dollars on one facility. She questioned whether it was right for the Commission to turn their back after demanding the facilities spend millions of dollars to keep their properties fresh and operate as first class resorts. Commissioner Kramer agreed that Cedar Rapids has been through a lot, and sees the energy of its citizens to rebuild after the devastating flood and the community growing in many ways. She noted that while Cedar Rapids is the state's second largest city; they were also the second largest city when they defeated a gambling referendum. While she is cognizant of what any one of the casinos could do for Cedar Rapids, she wondered at what cost outside of Cedar Rapids. She has heard the comment that while the neighboring casinos would feel the effect if Cedar Rapids is granted a license, they would bounce back. She stated she disagrees with that statement. The economic effect would hurt the casinos and trickle down to the people of rural Iowa; she does not feel the jobs lost would be replaced. The income for the non-profits would be substantially decreased, which in turn would devastate some rural communities that rely on it. She stated rural Iowa does not have all the advantages that the larger cities have. Commissioner Kramer stated that she could not approve a license at this time.

Hearing no further comments, Chair Arnold called for a motion. Commissioner Lamberti moved to deny the two license applications from Linn County Gaming Association, Inc./Cedar Rapids Development Group, LLC and the license application from Cedar River Alliance for Gaming/Wild Rose Cedar Rapids, LLC before the Commission for consideration without prejudice. Commissioner Heinrich seconded the motion.

Chair Arnold requested a roll call vote. The motion carried on a 3-2 vote, with Chair Arnold and Commissioner Mertz voting no.

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

MINUTES TAKEN BY:

JULIE D. HERRICK