

**IOWA RACING AND GAMING COMMISSION
MINUTES
JANUARY 4, 2018**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, January 4, 2018, at Prairie Meadows Racetrack and Casino (PMR&C), Altoona, Iowa. Commission members present were Richard Arnold, Chair; and members Carl Heinrich, Jeff Lamberti and Dolores Mertz. Commissioner Kris Kramer was absent.

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

APPROVE MINUTES: Chair Arnold moved to the approval of the minutes from the November 16, 2017 meeting. Commissioner Lamberti moved to approve the minutes as submitted. Commissioner Heinrich 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 February; the next meeting will be held on Tuesday, March 6th at PMR&C. Submissions for that meeting are due in the Commission office by February 20, 2018. The Commission will meet at Ameristar Casino on April 12, 2018.

Mr. Ohorilko recognized State Steward Ralph D'Amico, who is assigned to PMR&C. Mr. D'Amico received the 2017 Pete Pedersen Award at the Annual Racing Symposium held in Tucson, AZ. The award is given annually to stewards who have demonstrated professional excellence, integrity, and benevolent consideration in the performance of their duties.

CAESARS ENTERTAINMENT OPERATING COMPANY: Anne Clark, legal counsel, requested the Commission's approval of the Master Lease on non-Caesars Palace Las Vegas as executed and amended, including the First Amendment before the Commission.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the Master Lease as executed and the amendment. Commissioner Mertz seconded the motion, which carried unanimously.

CONTRACT APPROVALS: Chair Arnold moved to the contract approvals and called on Wild Rose Clinton, LLC (WRC). Leah Garcia, Assistant General Manager, presented a contract with Pepsi Cola Bottling Co. of Davenport for beverages and beverage products.

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

Chair Arnold called on Wild Rose Emmetsburg, LLC (WRE). Steve Cody, General Manager, presented a contract with Ziegler Power Systems for a maintenance agreement for a back-up power generator.

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

Chair Arnold called on Wild Rose Jefferson, LLC (WRJ). Travis Dvorak, General Manager, presented the following contracts for Commission approval:

- Convey Sign Solutions – Digital Signage
- Bankers Trust – Credit Card Billing

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

Chair Arnold called on Catfish Bend Casinos II, LLC (CBC). Rob Higgins, General Manager, presented a contract with Huckleberry Holding, LLC regarding an amendment to the lease of the casino facility.

Commissioner Lamberti clarified the contract before the Commission was an amendment. Mr. Higgins explained the amendment is to have the dates in the refinancing and the terms of the loan match up.

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

Chair Arnold called on Diamond Jo Worth, LLC (DJW). Scott Smith, General Manager, presented a contract with Solutions II, Inc. for an I Series Server.

Commissioner Lamberti noted this contract is part of a larger transaction, and questioned whether an Iowa vendor was considered. Mr. Smith stated it should have been, but a step was missed with the multi-jurisdictional purchase. He advised the Commission it would not happen again.

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

Chair Arnold called on Dubuque Racing Association, Ltd (DRA). Brian Rakestraw, General Manager, presented a contract with Crescent Electric Company for electrical supplies.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the contract as submitted by DRA. 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:

- American Engineered Products, LLC – Resort Renovation Project – Slot Bases (OSV)
- Architectural Arts – Resort Renovation Project - Architectural Woodwork
- Brockway Mechanical & Roofing Co. – Resort Renovation Project – Mechanical and Roofing
- Builders Sales and Service Company – Resort Renovation Project – Interior Framing and Drywall (OSV)
- CR Glass Company – Resort Renovation Project – Storefronts and Glazing
- E-Gads!, LLC – Resort Renovation Project – Metal Fabrications (OSV)
- Garling Construction, Inc. – Resort Renovation Project – Finish Carpentry
- Iowa Demolition, Inc. – Resort Renovation Project – Selective Demolition
- Mixed Media Group, Inc. – Billboard Advertising (OSV)
- Mohrfeld Electric, Inc. – Resort Renovation Project – Electrical
- North American Home Centers, Inc. – Randy’s – Resort Renovation Project – Tile Work
- Rapids Wholesale Equipment – Resort Renovation Project – Food Service Equipment

Commissioner Lamberti asked Mr. Franz when the renovations would begin. Mr. Franz advised the renovations would begin on January 16th. Commissioner Lamberti asked how long it would take to complete the renovations. Mr. Franz stated they should be completed by the end of July if everything goes well.

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

Chair Arnold called on SCE Partners, LLC (SCE). Kevin Sweet, Interim General Manager, presented a contract with Brad Henry Friedmutter & Associated, Ltd. for architectural services.

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

Chair Arnold called on Grand Falls Casino Resort, LLC (GFCR). Sharon Haselhoff, General Manager, presented a contract with Toro NSN for an irrigation system service agreement and extended warranty. She advised the facility experienced some issues with their fire suppression system over the holiday weekend. The system has been repaired; however, the facility suffered damage to 18 hotel rooms, spa, a meeting room and some hallways. Repairs have started.

Chair Arnold asked if the damage estimate was between \$500,000 and \$1 million. Ms. Haselhoff indicated that was correct.

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

Chair Arnold called on IOC Black Hawk County, Inc. (IOCW). Todd Connelly, General Manager, presented a contract with Hockenbergs for the purchase of a combi oven and various other restaurant supplies.

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

PRAIRIE MEADOWS RACETRACK & CASINO, INC. D/BA PRAIRIE MEADOWS RACETRACK & CASINO: Gary Palmer and Derron Heldt, General Manager and Director of Racing respectively, were present to address the agenda items. Mr. Heldt presented the 2018 Iowa Thoroughbred Meet Supplement Program and the 2018 Iowa Quarter Horse Supplement Program for Commission approval. He advised they were not included in the November 45-day season approval submission due to a timing issue with the horsemen.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the 2018 Iowa Thoroughbred Meet Supplement Program. Commissioner Heinrich seconded the motion, which carried unanimously.

Commissioner Lamberti moved to approve the 2018 Iowa Quarter Horse Supplement Program. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to PMR&C's remodel request pursuant to Iowa Admin. Rule 491-5.4(15). Mr. Palmer advised they are in the process of doing two major remodeling projects. The first involves the event center, and will be completed in three phases and cost over \$6 million. The remodel will start with the Board room and breakout rooms. The second phase will commence in June and will be completed in the fall. The event center remodel will enhance 50,000 square feet with all new furnishings, and include two restroom sets. The first phase, which commenced after the Thanksgiving holiday, addresses the hallway between the buffet and event center, and breakout rooms. This phase is expected to be completed by January 21, 2018. The second phase will focus on the Skinner meeting rooms and is scheduled to commence June 17th and be completed by the end of June. The final phase is expected to start in July and finish on or around September 16th and will encompass Bishop Hall. Mr. Palmer stated there are no major structural changes, they are mostly cosmetic. He advised a new lighting system will be installed. He noted the last update occurred about ten years ago.

Mr. Palmer stated the second project will be a remodel of the Clubhouse area, which has not had a significant remodel since 1999. The project will start with the east side of the building, and is

to be completed before the 2018 racing season. Following the completion of the 2018 racing season, the remodel of the west side will commence, and will be completed prior to the start of the 2019 race season. This project is estimated at \$2.7 million. Mr. Palmer stated with these projects and the scheduled projects, total improvements to the facility will total about \$17 million.

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

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

- Audi Des Moines – Vehicles for Giveaway Promotions
- Ball Team Construction – General Contractor
- Baxter Construction – General Contractor
- Poindexter Flooring – Tile and Carpet Flooring
- Pro Commercial, LLC – General Contractor
- Sportech, Inc. – Pari-Mutuel Wagering Totalizator Services (OSV)
- United Tote Company – Pari-Mutuel Wagering Totalizator Services (OSV)

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

HEARINGS: Chair Arnold moved to the hearings and called on Mr. Ohorilko. Mr. Ohorilko advised Commission staff and Casino Queen Marquette have entered into a Stipulated Agreement for a violation of Iowa Code §99F.4(22) (Self-Exclusion). He provided the following synopsis of the incident: On April 18, 2017, an individual signed up to participate in the program. Casino Queen had identified the individual on their patron management system; however, during the course of the transition during the sale between Isle and Casino Queen, there was a mix-up. On or about September 27, 2017, the Commission received a written complaint from the patron's daughter that they had received some promotional mailings. Casino Queen investigated the matter with IRGC staff and determined there were six patrons on the list that had received promotional mailings, with one patron receiving the mailing after the 90-day window that is identified in the Commission's Resolution as a triggering violation. Since this incident, IRGC staff has worked with Casino Queen to implement new procedures. Mr. Ohorilko advised Casino Queen has agreed to pay an administrative penalty in an amount between \$5,000 and \$20,000. He noted this violation occurred after the July 2017 meeting when the Resolution and some of the fines were changed.

Don Ostert, General Manager, advised Casino Queen takes the Iowa program very seriously, and the Marquette property takes pride in their past compliance with IRGC rules. He advised Casino Queen immediately implemented procedures to hopefully prevent a similar incident from occurring in the future. The first part is insuring there is a second verification of the file on

property by the marketing department, and secondly, running the mailing list against the IGA list twice, once when the file is pulled and again prior to the printing. He feels the property has taken the necessary steps to prevent this situation from re-occurring.

Mr. Ohorilko advised this is Casino Queen's first offense within the last 365 days.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the Stipulated Agreement with an administrative penalty in the amount of \$5,000. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Arnold called on Mr. Ohorilko regarding the hearing for Rhythm City Casino (RC). Mr. Ohorilko advised Commission staff and RC have entered into a Stipulated Agreement for a violation of Iowa Code §99F.4(22) (Self-Exclusion). He provided the following synopsis of the incident: On February 19, 2017, the individual signed up to participate in the program at Wild Rose Clinton. On May 15, 2017, the individual entered RC and won a taxable slot jackpot in the amount of \$1,500. The individual informed RC employees she did not have her ID and left the facility. She returned a few hours later and presented a valid driver's license and social security card belonging to someone else and the jackpot was paid, which triggered the violation. A few hours later, a RC security officer recognized the individual and identified the individual as being self-excluded, but the individual had left the facility. Rhythm City self-reported the incident and has paid \$1,500 to the State offset program as required by Iowa law. Mr. Ohorilko advised RC has agreed to pay an administrative penalty in an amount between \$3,000 and \$20,000. He noted this violation occurred prior to the July 2017 meeting, and is the second offense within the last 365 days.

Mo Hyder, General Manager, advised RC takes compliance with the regulatory requirements very seriously. In this instance, the individual made a blatant and intentional attempt to defraud the facility and were somewhat successful to the extent that the security team was able to identify the individual and take proper action. Mr. Hyder stated team members have been asked to be extremely diligent in their observations.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti stated that while this incident would technically be a second offense, he wanted to treat this as a first offense given the facts in this matter. He moved to approve the Stipulated Agreement with an administrative penalty in the amount of \$3,000. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called on Mr. Ohorilko regarding the second hearing involving RC. Mr. Ohorilko advised Commission staff and RC had entered into a Stipulated Agreement for a violation of Iowa Code §99F.4(22) (Self-Exclusion). An individual signed up to participate in the program at PMR&C on January 14, 2006. That individual entered RC on July 10, 2017 and attempted to participate in a poker tournament. During that process, the individual registered for the Player's Club program, and did receive a card. The name, address, date of birth and other identifying factors did match. Mr. Ohorilko stated RC caught the error during their internal audit on August 5th and self-reported the incident to Commission staff. As a result of the violation, RC has

agreed to pay an administrative penalty in an amount between \$3,000 and \$20,000. He noted this violation occurred prior to the July 2017 meeting.

Mr. Hyder advised that in this instance there was a major breakdown as they do have all of the policies and procedures in place to address such issues; this incident occurred due to human error. Following this incident, Rhythm City retrained the entire team to ensure they understand the importance of following all policies and procedures as designed and being careful when setting up new accounts.

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

PUBLIC COMMENT: Chair Arnold called on Matthew Richard. Mr. Richard, representing a group of horse players, addressed the proposed rule change by PMR&C to lower the minimum payout. He requested the Commission deny PMR&C's request to lower the payout from \$2.20 to \$2.10. Mr. Richard stated he hoped the e-mails sent by the group were considered and the information analyzed by the Commission members in making their decision. While they are cognizant the horse racing industry has challenges, Mr. Richard stated reducing payouts and limiting pools is not the way to fix the problems. He stated increasing the social imprint through media such as Twitter, etc. and by attracting new owners and trainers, and changing field sizes will all help. Mr. Richard again requested that the Commission deny the rule change to lower the payout. He stated the group looks forward to working with the Commission and PMR&C to strengthen the horse racing industry in Iowa.

There was no additional Public Comment.

ADMINISTRATIVE BUSINESS: Chair Arnold moved to Administrative Business and called on Mr. Ohorilko. Mr. Ohorilko advised the rules before the Commission are the same package from the October meeting. Since that time, the Commission has held a public hearing, and presented in front the Administrative Rules Review Committee (ARRC). He advised no one attended the public hearing, but the Commission did receive some letters from the public with regard to Item 6, which is the wagering rule. Mr. Ohorilko stated all of the letters were included in their packets. Additionally, the Commission received a letter from PMR&C in support of the rule. Mr. Ohorilko noted the Commission also received some letters from the Iowa Gaming Association with questions regarding Item 3, which is the remodel rule. They also expressed some concerns with Item 22, the aggregate minimum payback rule related to table games. Mr. Ohorilko advised staff did field some questions at the ARRC meeting, but no concerns from any of the legislators.

Mr. Ohorilko stated that since October, changes have been made to the rule package as a result of the public comments. For Item 3, some wordsmithing has occurred with the remodel rule. For Item 22, Commission staff worked with the Iowa Gaming Association and there is a new payback based on a different type of formula; however, the general concept is the same.

Mr. Ohorilko asked if PMR&C wanted to comment on the wagering rule. Mr. Heldt introduced Eric Halstrom, Assistant Director of Racing. He advised Mr. Halstrom has worked at many different racetracks around the country, and brings his insight and knowledge from those tracks to help PMR&C with their racing program.

Mr. Heldt advised that with regard to the proposed change to the minimum payout from \$2.20 to \$2.10 there are approximately 44 racing jurisdictions in the United States; only Iowa and West Virginia have a minimum payout of \$2.20. Of the 44 jurisdictions, approximately 150 racetracks are represented in those jurisdictions, and only three – PMR&C and two in West Virginia do not have the current \$2.10 minimum payout. The difference in minimum payout has left PMR&C in a position that nearly all tracks in North America are not faced with. Additionally, the difference hurts PMR&C's raw off-track handle. Mr. Heldt stated the minimum \$2.20 payout does not conform to the rules in place in approximately 96% of the racing jurisdictions across North America, putting PMR&C at a disadvantage. He respectfully requested that the Commission put PMR&C on a level playing field with the vast majority of the racetracks in the country.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti stated he appreciated the comments as they provide additional insight into the matter. Commissioner Lamberti moved to approve the final adoption of the rules. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Arnold called for any other business to come before the Commission. Mr. Ohorilko advised Commission staff has started the process for the annual distributions pursuant to the greyhound cessation fund. He stated the payments are currently being calculated and should be forwarded to the Department of Revenue within the next two weeks for processing.

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
MARCH 6, 2018**

The Iowa Racing and Gaming Commission (IRGC) met on Tuesday, March 6, 2018, at Prairie Meadows Racetrack and Casino (PMR&C), Altoona, Iowa. 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 8:30 AM and requested a motion to approve the agenda. Commissioner Mertz moved to approve the agenda as presented. Commissioner Kramer seconded the motion, which carried unanimously.

APPROVE MINUTES: Chair Arnold moved to the approval of the minutes from the January 4, 2018 meeting. Commissioner Mertz moved to approve the minutes as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

ANNOUNCEMENTS: Chair Arnold called on Brian Ohorilko, Administrator of IRGC, for announcements. Mr. Ohorilko advised the next meeting would be held on April 12th at Ameristar; submissions for that meeting are due in the Commission office by March 29, 2018. There will be no meeting in May; and the Commission will meet at Hard Rock Hotel & Casino in Sioux City on June 14, 2018. Mr. Ohorilko stated the meeting dates for Fiscal Year 2019 would be announced at the April meeting.

NATIONAL PROBLEM GAMBLING AWARENESS MONTH: Chair Arnold called on Eric Preuss, Program Manager for the Iowa Gambling Treatment and Prevention Program (IGTP). Mr. Preuss noted 2018 marks the 14th annual Problem Gambling Awareness Month, and that calls to gambling helplines increase by an average of 30% in March proving the campaign has an impact not only in Iowa but nationwide. He advised gambling addiction is a serious public health issue demanding a comprehensive solution involving not only federal programs but also efforts on the part of states, counties, cities, communities, families, civic groups, the gambling industry, the nonprofit sector, and professions such as medicine, law, finance and other organizations. Problem gambling is a brain disease which modifies/affects how the brain works, similar to the effects of alcohol or other drugs on the brain. Sixty-five percent of those who seek help show a significant improvement; but less than 1 in 100 who could benefit from treatment actually seek and receive help. Signs of problem gambling include a preoccupation with gambling, unexplained absences for long periods of time, lying to loved ones about gambling behavior, going without basic needs in order to gamble and borrowing money to gamble. Individuals at a higher risk for developing a gambling problem include seniors, adolescents, college students, athletes, veterans, and those being treated for mental health and substance abuse disorders; however, anyone can develop a gambling problem. Mr. Preuss noted that approximately 13% of adult Iowans are classified as “at risk” for developing a gambling disorder, and 1.2% meet the full criteria for a gambling disorder. Referring to the Iowa Youth Survey 2016: Problem Gambling Report completed by the Iowa Consortium for Substance Abuse Research and Evaluation, he advised youth attitudes and behaviors related to gambling have remained

unchanged between 2012 and 2016 for the most part: 25% of all students reported gambling at least once in their lifetime; the percentage of students who won or lost over \$25 per day was about the same for counties with and without a casino, and youth who reported gambling reported a higher incidence of feelings of worthlessness, depression or thoughts of suicide.

Mr. Preuss noted the IGTP was established in 1986 to provide treatment for problem gamblers, concerned persons and family. The Iowa Department of Public Health (IDPH) contracts with 11 local agencies to provide problem gambling prevention, treatment and recovery support services in 11 service regions that encompass all 99 Iowa counties. Problem gambling treatment services include outpatient counseling, which includes access to Recovery Support Services and financial counseling for those experiencing problems related to their gambling, as well as for concerned persons or family members. Approximately 9,000 Iowans have been served by the IGTP over the last 10 years. The providers have seen an increase in sports betting, video and internet gambling over the last couple of years. Mr. Preuss stated that treatment is effective; 92% reported fewer signs and symptoms of problem gambling at discharge, and among those entering the program that had gambled in the past 30 days, the mean number of days gambled decreased from 8 at the time of admission to less than one day at discharge. Health promotion campaigns such as Problem Gambling Awareness Month and Responsible Gaming Education Week, held in March and August each year respectively, encourage Iowans to evaluate their gambling behavior and seek help if they have a problem.

Mr. Preuss advised that on October 23, 2017, the IDPH launched the new Your Life Iowa website, which is the new home for 1800BETSOFF.org and serves as the integrated information and resource hub not only for problem gambling, but also substance abuse, suicide prevention and information resources. This new system can be accessed via the website, online chat, the helpline or text. Individuals making contact can be transferred to a provider at the time of their call if they desire, thus increasing the likelihood the caller will take the next step to accessing help.

The IGTP is funded by a state allocation as part of the general fund each year to IDPH. In SFY 2016, Iowa ranked 4th in the US in per capita spending at just under 90 cents per Iowan; the national average is 23 cents. Of the 40 states that fund gambling treatment, the per capita average is 37 cents. Mr. Preuss noted that during these times of tight state and federal budgets, Iowa remains in the top 10 of per capita funded programs in the US. He noted problem gambling services are generally under-funded when compared to the funds available for substance use disorder prevention and treatment (\$73.0 million versus \$24.4 billion respectively).

Chair Arnold called for any questions for Mr. Preuss. Commissioner Mertz asked if the IGTP saw a big increase in the number of individuals enrolled in the program when the riverboats changed to land-based casinos. Mr. Preuss answered in the negative, stating that over the past 10 years there has been about a 50% decrease in the number of Iowans seeking services from the IGTP.

IOWA GAMING ASSOCIATION: Chair Arnold called on Wes Ehrecke, President of the Iowa Gaming Association (IGA). He stated he has a solid relationship with Mr. Preuss; and meet at least quarterly. The casinos collaborate with their respective treatment providers, and this week the providers will be setting up tables at the facilities to interact with patrons and provide staff training.

Mr. Ehrecke distributed copies of the 2016-2017 Building Iowa's Communities through Philanthropy annual report, a joint report between the Iowa Council on Foundations and the IGA. He advised approximately \$130,000 of gaming tax revenue is distributed to the community foundation in every non-casino county. Each foundation has their own board of directors to determine how the funds will be distributed; 25% is required to remain in a permanent endowment and the remainder has to be distributed in grants. Starting on page 52, the qualifying sponsoring organizations for the state-licensed facilities are shown with a breakdown of their grants. Mr. Ehrecke stated over the last year approximately \$9 million was distributed by the counties without casinos and another \$53 million was distributed by the qualified sponsoring organizations. He noted some of those funds make their way to organizations in neighboring counties.

CASINO QUEEN HOLDING COMPANY, INC. d/b/a CASINO QUEEN MARQUETTE: Jeff Watson, President of Casino Queen Holding Company, Inc., presented a request to refinance their current credit facility pursuant to IAC 491-5.4(8)4(2).

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the refinancing as submitted by Casino Queen Holding Company, Inc. d/b/a Casino Queen Marquette. Commissioner Heinrich seconded the motion, which carried unanimously.

ISLE CASINO HOTEL WATERLOO: Todd Connelly, General Manager, presented their request to remodel the non-gaming areas of the facility pursuant to IAC 491-5.4(15). He had a brief power point presentation showing the planned renovations. He stated the wall between the Lone Wolf Restaurant and the Simply Yummy Bakery/gift shop will be removed to expand the restaurant area, which will be re-branded to Brew Brothers. Mr. Connelly stated the Lone Wolf menu would be available at one of the other restaurants on property during the remodel. The bakery/gift shop will be moved to a different location. If approval is received, Mr. Connelly stated they would begin the process of obtaining bids and hopefully come before the Commission in April with those contracts. He stated the projected cost for the Brew Brothers portion is \$850,000, which does not include moving the bakery/gift shop. He estimated another \$50,000 to move the bakery/gift shop. It is estimated it will take 10-12 weeks to complete the Brew House remodel. If approval is received, the project will start when all of the contracts are approved. He estimated the relocation of the bakery/gift shop should cost less than \$100,000 and take approximately 6 weeks; however, no start date has been established at this time. Mr. Connelly stated they would continue to sell Iowa merchandise at the hotel front desk and sundry shop during the construction.

Chair Arnold stated he was glad to hear they would be selling Iowa merchandise during the construction as Commission members had heard concerns that they would not be doing so.

Hearing no further comments or questions, Chair Arnold requested a motion. Commissioner Heinrich moved to approve the remodel request as submitted by Isle Casino Hotel Waterloo. Commissioner Lamberti seconded the motion, which carried unanimously.

EXCURSION GAMBLING BOAT AND GAMBLING STRUCTURE LICENSE RENEWALS

IOWA WEST RACING ASSOCIATION/AMERISTAR CASINO COUNCIL BLUFFS, LLC (IWRA/Ameristar): Pete Tulipana, Executive Director of IWRA, noted the leadership transition at Ameristar has gone seamlessly. He indicated there had been no change in their relationship and feels it will continue in a positive manner. He advised the Iowa West Foundation (IWF) built a facility called Iowa West Fieldhouse, which houses either 10 volleyball courts or 8 basketball courts, and is available to the community so children in southwest Iowa would have access to court time. The fieldhouse was also built to foster economic development. During its first year, more than 250,000 people went through the doors of the facility between local teams, and state, regional and national competitions. More than 4,000 hours of free court time has been made available to local teams serving low-income children, and club teams receive a reduced rate. Tournaments have resulted in more than 1,500 hotel stays in the short time the facility has been open. They are trying to find a way to track restaurant spend. Mr. Tulipana advised they have partnered with the Work Force Development agency to reach out to young adults who have not thought about college or post-secondary education as an alternative. They have created a program called Pottawattamie Promise aimed at Pell-eligible students who are not high performers in high school. Those students have been targeted to help them get a certificate in some kind of trade or a two-year degree. He stated statistics show that future jobs are all about some type of post-secondary education. There are currently in excess of 200 young adults in the program, which provides a full ride to Iowa Western Community College. There are additional services available to the students starting with their sophomore year in high school that continue until they receive their two-year degree. IWF believes this program will have a significant impact on the work force in Council Bluffs and throughout southwest Iowa. They are currently working with five school districts and will be adding one more. Mr. Tulipana requested approval of Ameristar's license, and introduced Matt Block, Vice President of Government Relations for Ameristar.

Mr. Block advised Ameristar appreciates what IWRA does for southwest Iowa and Pottawattamie County. He concurred with Mr. Tulipana's statement regarding the relationship between the two organizations. He advised Ameristar renewed their agreement with IWRA last year ahead of this year's expiration date for three more years. Mr. Block stated 2017 was a good year: they completed an improvement project that added 80 games through expansion of the casino floor and had record market share for the third consecutive year. They are looking forward to 2018 and hosting the Commission meeting in April.

Hearing no comments or questions concerning the license renewal, Chair Arnold requested a motion. Commissioner Lamberti 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 application. Commissioner Kramer seconded the motion, which carried unanimously.

Mr. Block presented a contract with Jager Lawn Services LLC for a mowing agreement.

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

IOWA WEST RACING ASSOCIATION/HARVEYS IOWA MANAGEMENT COMPANY LLC (IWRA/Harrah's): Mr. Tulipana stated IWRA has an advisory committee that meets with the Harrah's management team on a regular basis to discuss gaming and IWRA's work, which provides a means of maintaining their strong working relationship. He stated Omaha and Council Bluffs have been looking at ways to improve the riverfront in both communities; IWF and the city of Council Bluffs are leading the discussions for the Iowa side. One of the things IWF has already done is invest in the Tom Hanafan River's Edge Park. Over the last year, they have been working on the dry-side development that sits behind the park. The land ties into Harrah's property when traveling south. The long-term vision for the riverfront is to create a place people want to come and have access to everything in the area. Currently, townhomes and apartments are being built by a local developer; and a new office building that will be the new home of IWF. There is space for two more office buildings and two more luxury condo towers. Mr. Tulipana believes the project is moving forward because IWF has partnered with the city to create a place that makes this kind of development attractive. He indicated it would be a tremendous place to live, work and play, and is a walkable distance to Harrah's. Mr. Tulipana requested approval of Harveys Iowa Management Company's license renewal.

Bo Guidry, General Manager, stated Harrah's has a great working relationship with IWRA/IWF, and are very excited about the future. He requested approval of their license renewal.

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

Mr. Guidry presented the following contracts for Commission approval:

- Richardson Sales and Service – Reupholstering Company
- Global Payment Gaming Services, Inc. – Financial Services Provider (OSV)

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

WASHINGTON COUNTY RIVERBOAT FOUNDATION, INC./RIVERSIDE CASINO & GOLF RESORT, LLC (WCRF/RCGR): Dan Franz, General Manager, thanked the Commission for entrusting them with the license to serve the patrons in the eastern Iowa corridor and across the state with a true destination casino resort. He advised representatives from WCRF attempted to make the meeting, but turned back due to road conditions. Mr. Franz stated the facility has a great relationship with WCRF, and value all they do throughout the counties of Washington, Johnson, Linn, Muscatine and other surrounding counties. The projects funded provide a great benefit to the region. With regard to the renovation project, Mr. Franz advised the casino ceilings have been completed; they are currently working on the buffet and show lounge and hope to have them completed by the end of March. They will then start on the feature bar, the Top Golf high limit poker elite area and the diner. When those projects are completed, they will start on the casino floor to update the carpet, slot stools, etc. and some of the non-gaming corridors. Mr. Franz stated they hope to have the renovations completed by the end of the third quarter. He requested approval of their license renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti 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:

- 7G Distributing Co. – Beverage Purchases
- Atmosphere Commercial Interiors – Resort Renovation Project – Stage 1 Buffet (OSV)
- Atmosphere Commercial Interiors – Resort Renovation Project – Stage 2 Other (OSV)
- Bakemark USA LLC – Bakery Supplies and Goods (OSV)
- Cambrian Granite & Stone – Resort Renovation Project – Quartz and Marble
- Cardmember Services through Peoples Bank – Credit Card Purchases
- Carousel Motors – Vehicle Purchases
- CDW – Microsoft Server and Client Access User Licenses (OSV)
- Corridor Paint & Drywall, Inc. – Resort Renovation Project – Painting & Wall Coverings
- Edward Don & Company – Disposables, Smallwares Purchases
- E-Gads!, LLC – Resort Renovation Project – Signage (OSV)
- Fleck Sales – Beverage Purchases
- Harger's Acoustics, Inc. – Resort Renovation Project – Acoustic Panels & Ceilings
- Iowa Alcoholic Beverages Division – Alcoholic Beverages Purchases
- J & A Printing – Mail Processing and Printing Services, including Postage
- King Food Service – Food Purchases
- Loffredo Fresh Produce Co., Inc. – Food and Produce Purchases

- MedOne Healthcare Systems – Prescription Drug Benefit Plan
- Myers-Cox Company – Purchase of Cigarettes, Sundries, Candy and Chips
- Neesvig’s Inc. – Specialty Food Purchases (OSV)
- Prairie Farms Dairy – Dairy and Food Purchases
- SupplyWorks – Environmental Services Supplies
- Sysco Food Services of Iowa – Food Purchases
- University of IA Hospitals and Clinics – Health Plan Costs Medical
- U.S. Foods – Food Purchases

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

BLACK HAWK COUNTY GAMING ASSOCIATION/IOC BLACK HAWK COUNTY, INC. D/B/A ISLE CASINO HOTEL WATERLOO (BHC GA/IOC WATERLOO): Mr. Connelly stated they have a great relationship with BHC GA; and the impact on the downtown Waterloo area is tremendous. He introduced Beth Knipp, Executive Director of BHC GA.

Ms. Knipp stated the two organizations have a great relationship; and advised IOC Waterloo is an asset to the community. In the last 12 months, in excess of \$5 million has been awarded to 52 projects located in 18 different municipalities in Black Hawk and the surrounding counties. Funding commitments range from supporting a new public safety building to a streetscape enhancement in a DOT project that runs through Waterloo and Cedar Falls. Ms. Knipp advised BHC GA has also made a \$475,000 commitment to the new Boys and Girls Club Teen Center. Additionally, they provided \$250,000 for the first all-inclusive playground for children with challenging difficult abilities. She stated BHC GA has invested in quality of life projects that benefit the entire Cedar Valley, whether it’s engaging in physical fitness activities, exploring the natural wonders of the outdoors, parks and trails; public places and spaces has been their strategic funding goal. Additionally, they provide funding for various public safety organizations, human services, and the arts. Over 10 ½ years, BHC GA has awarded \$42 million to 463 projects in the following counties: Black Hawk, Bremer, Buchanan, Butler, Tama, Chickasaw, and Grundy. Ms. Knipp advised their grants represent approximately one-third of any project; their \$42 million investment has leveraged another \$84 million in partnering investments. She noted their investment in downtown Waterloo has encouraged another \$150 million in investments, none of which involved BHC GA funding. Ms. Knipp stated the Sportsplex, which was funded by BHC GA, has been in operation for 4 years and has 5,000 members. The facility has hosted numerous tournaments for soccer. Ms. Knipp requested renewal of the licenses.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Black Hawk County Gaming Association and renew the license to operate IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo as a gambling structure. Commissioner Heinrich seconded the motion, which carried unanimously.

Mr. Connelly presented the following contracts for Commission approval:

- Sysco Foodservices of Iowa, Inc. – Food Vendor
- United Beverage – Beer Vendor
- Concept 3, LLC – Player Gifts Vendor (OSV)

Hearing no comments or questions, 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.

WORTH COUNTY DEVELOPMENT AUTHORITY/DIAMOND JO WORTH, LLC D/B/A DIAMOND JO WORTH (WCDA/DJW): Ken Abrams, President of WCDA, introduced Scott Smith, General Manager of DJW. Mr. Abrams advised WCDA uses their funds to support education along with their other grants. Last year, 100 Worth County seniors qualified for \$7,463 in scholarships. He requested renewal of their license.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti 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 Kramer seconded the motion, which carried unanimously.

MISSOURI RIVER HISTORICAL DEVELOPMENT, INC./SCE PARTNERS, LLC D/B/A HARD ROCK HOTEL & CASINO SIOUX CITY (MRHD/Hard Rock): Dakin Schultz, President, advised that since August 2014, MRHD has received over \$11,500,000 in funds to distribute as grants; they have distributed over \$1 million in scholarships with over half being given in the last two years. He stated they have a positive working relationship with Hard Rock staff. Mr. Schultz noted there was a 70% vacancy rate in the downtown area prior to the arrival of Hard Rock, but today store fronts are quickly filling. He requested renewal of their license application.

Mike Adams, Interim General Manager, concurred with Mr. Schultz's comments regarding the relationship between the two organizations. He stated they provide a monthly update to the MRHD Board during their meetings, and are included when grant distributions are made. Mr. Adams requested approval of their gaming license.

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

Mr. Adams submitted a contract with American Society of Composers, Authors and Publishers (ASCAP) for music licensing for Commission approval.

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

SCOTT COUNTY REGIONAL AUTHORITY/ISLE OF CAPRI BETTENDORF, L.C. (SCRA/IOC Bettendorf): John Nagle, President of SCRA, stated they have a good relationship with IOC Bettendorf. He advised the area is undergoing a significant transformation with a new \$1.5 billion bridge across the border to Illinois; and the downtown area will be changing dramatically over the next several years with IOC Bettendorf at the heart of the construction. Mr. Nagel stated SCRA has distributed over 120 grants totaling approximately \$3.2 million. Education grants have been given to the following school districts: North Scott, Bettendorf, Pleasant Valley, and Davenport. They also provided funding for an all-inclusive playground. Mr. Nagle advised there is a new organization, 180, which teaches life skills to individuals that have been incarcerated or dealt with other types of addictions to enable them to become contributing members to the community. He requested renewal of SCRA's license, and introduced Nancy Ballenger, General Manager of IOC Bettendorf.

Ms. Ballenger concurred with Mr. Nagle's comments regarding the relationship between the organizations. She advised 2017 was their first full year as a land-based facility and everything is continuing to go well. She requested renewal of their license.

Chair Arnold expressed concern about IOC Bettendorf's request to reduce the security force. He questioned if there would be sufficient security staff should two issues occur at the same time. Ms. Ballenger stated the previous plans were based on the riverboat model where they were required to be first responders; with the land-based facility, they have direct response to the fire department and no longer serve as first responders. She advised they also instituted a proxy card system at the facility. A majority of back-of-house areas are accessed via the proxy card; there is also a designated dispatch area that all employees go by. Ms. Ballenger stated they feel that adds another layer of security for the facility. She noted the law enforcement facility is just over 8 minutes from their facility, which should provide a quick response time. She stated she hears the Commission's concerns, but feels the changes to the facility make it a more convenient facility. She noted passenger counts appear to have increased significantly, but feels the number is somewhat inflated due to the proximity of the amenities to the casino floor.

Hearing no further comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Scott County Regional Authority, renew the license to operate Isle of Capri Bettendorf, L.C. as a gambling structure, and approve the facility's revised security plan included in the application. Commissioner Heinrich seconded the motion, which carried unanimously.

Ms. Ballenger presented a contract with Concept 3, LLC for marketing promotional prizes for Commission approval.

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

REGIONAL DEVELOPMENT AUTHORITY/RHYTHM CITY CASINO, LLC (RDA/RCC): Mo Hyder, General Manager, introduced Marie Ziegler and Matt Mendenhall, Vice Chair and President of RDA respectively. Mr. Hyder advised RCC has an excellent working relationship with RDA. He noted RCC celebrated their one year anniversary at the land-based facility, which has been well-received by the community. Mr. Hyder stated the new location provides convenience for locals and traveling guests to enjoy first class gaming and entertainment.

Mr. Mendenhall thanked RCC for their support which allows them to maximize their grant impact within the community. He noted RCC makes direct donations to the community outside of what they give to RDA; and that RDA is a great partner and corporate citizen to the Quad Cities. Mr. Mendenhall advised RDA created a new web site to better highlight the grant distributions; has transitioned to an online grant application system, and is working on a new grant program to focus on a long-term systems change in the community. During 2017, RDA granted \$2.5 million to 100 organizations; he noted they consistently receive about three times more requests than they can fund. They are continuing to distribute a \$500,000 grant to the community college for a downtown urban campus, which supports both education and economic development. Capital grants were given to the Figge Art Museum and Quad City Botanical Center as well as many smaller capital grants.

Mr. Hyder requested approval 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 Regional Development Authority, renew the license to operate Rhythm City Casino, LLC as a gambling structure and approve the facility's revised security plan included in the application. Commissioner Heinrich seconded the motion, which carried unanimously.

DUBUQUE RACING ASSOCIATION, LTD/DIAMOND JO, LLC D/B/A DIAMOND JO CASINO (DRA/DJ): Wendy Runde, General Manager of DJ, introduced Jesús Avilés, President and CEO of DRA and Q Casino. Ms. Runde advised the relationship between the organizations is unique and most likely the only one of its kind in the nation; they operate as friends, partners and primary competitors; and feels they do so very well.

Mr. Avilés concurred that the relationship between the organizations is unique; the parties work together to enhance the City of Dubuque. In the last 10 years, DJ has contributed close to \$30 million to DRA; DRA distributes approximately \$9 million annually in grants and sponsorships. Mr. Avilés noted Ms. Runde sits on the many boards of local institutions. Mr. Avilés requested approval of the license application.

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 Heinrich seconded the motion, which carried unanimously.

Chair Arnold moved to the request to approve the Amended and Restated Operating Agreement between DRA and Diamond Jo, LLC. Ms. Runde advised the current agreement will expire in December this year. The Amended and Restated Agreement extends the partnership through December 2030. She requested approval of the new agreement.

Commissioner Lamberti moved to approve the Amended and Restated Operating Agreement as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

DUBUQUE RACING ASSOCIATION, LTD.: Brian Rakestraw, General Manager of Q Casino, concurred with Mr. Avilés' comments regarding the relationship with the DJ. Mr. Rakestraw requested approval of DRA's 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 Dubuque Racing Association, Ltd., and renew the license to operate Dubuque Racing Association, Ltd. as a gambling structure. Commissioner Mertz seconded the motion, which carried unanimously.

Mr. Rakestraw presented a contract with Carver & Associates for FF&E for the Hilton Room Renovations for approval.

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

LYON COUNTY RIVERBOAT FOUNDATION, INC./GRAND FALLS CASINO, LLC (LCRF/GFC): Sharon Haselhoff, General Manager, introduced Jerry Kizer, President of LCRF. She requested approval of the license application. Ms. Haselhoff advised gaming revenue was up 1.9% over 2016. She stated 2018 would be an exciting year with the continued renovations of the hotel rooms, and additional renovations to areas of the facility due to a frozen pipe at the end of 2017 – meeting space and spa on the terrace level, and hotel hallway carpets. Ms. Haselhoff noted they have a great relationship with LCRF.

Mr. Kizer stated they have a great working relationship with GFC. In October 2017, LCRF distributed \$1,235,000 to fund projects in the surrounding communities; they awarded a \$1 million long-term grant to the Merrill Pioneer Hospital in Rock Rapids. They also awarded \$135,000 to the City of Alvord to purchase fire trucks and EMS vehicles. He stated 50% of the funds received are distributed through grants and scholarships; the remaining 50% is given to the Lyon County schools. Since 2011, each of the three school districts has received \$1,025,000. Lyon County and the eight communities have received anywhere from \$330,000 to \$465,000. Mr. Kizer stated LCRF has continued the mini-grant distributions of \$2,000 started in 2015. Since its inception in 2011, LCRF has distributed \$13.9 million. He requested renewal of their license.

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

Ms. Haselhoff presented the following contracts for Commission approval:

- Crew, Inc. – Water Damage Renovation Project – Project Manager (OSV)
- Sands Drywall Inc. – Water Damage Renovation Project – Subcontractor (OSV)

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

CLARKE COUNTY DEVELOPMENT CORPORATION/HGI-LAKESIDE, LLC (CCDC/LAKESIDE): Jim Kimball, President of CCDC, stated they are pleased to come before the Commission today with the new owner of the Lakeside property, and they feel they will be able to make things happen in the community. He introduced Bill Trickey, Executive Director of CCDC.

Mr. Trickey stated Lakeside's presence in the community has been a game changer. He noted when he moved to the community in 2006, starting wages were approximately \$8 per hour; today they are \$15 per hour. He noted CCDC has worked hard to develop working relationships with the City Council, Board of Supervisors, and school and hospital boards, which has enabled them to work on some quality of life issues due to the funds received from Lakeside. They made a \$500,000 commitment to renovations at the Clarke County Hospital; they have also provided funds for various public safety needs in Osceola and surrounding communities. Mr. Trickey stated they are working with Workforce Development to put together some advisory boards to help young residents better understand the career opportunities available in the community. They are also working with the schools to make technology available to all of the students. He noted the Commission requested they work on a rotation method for the grant approval team. A grant committee was established with staggered terms; and the first rollover occurred in February. Mr. Trickey stated CCDC enjoys working with the new ownership group; they are working hard to make improvements at the facility. He requested approval of their license; and introduced Dave Monroe, General Manager of Lakeside.

Mr. Monroe agreed with the comments made by Messrs. Kimball and Trickey regarding the relationship between the parties. He requested approval of the 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 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.

Mr. Monroe presented a contract with EcoLogix for the purchase and installation of LED lights throughout the facility for approval.

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

SOUTHEAST IOWA REGIONAL RIVERBOAT COMMISSION/CATFISH BEND CASINO II, LLC (SIRRC/CBC): Rob Higgins, General Manager of CBC, stated they have a great relationship with SIRRC, and requested approval of their license renewal application. He introduced Steve Staebell, President of SIRRC.

Ms. Staebell stated the relationship between the organizations continues to thrive to the benefit of communities in Lee and Des Moines Counties. Revenues received by SIRRC from CBC are equally divided to the Keokuk Convention and Tourism Bureau, Fort Madison's SIRRC and Grow Greater Burlington. This year the organizations received approximately \$1.3 million. Mr. Staebell advised the Keokuk Convention and Tourism Bureau uses their funds to enhance their tourism efforts for the area. They also used \$115,000 to replace the playground equipment and surface in Rand Park. SIRRC granted \$50,000 to the Port Trails project, which has the goal of enhancing the living experience in the area and keeping people active. Phases 1 and 2 have been completed; the final stage is in the planning stage. Grow Greater Burlington has targeted most of their revenue to the purchase and development of a 35-acre industrial parcel that has been shuttered for more than a decade. The re-development requires multiple environmental tests and thousands of dollars in clean-up so that it can be developed into a mini industrial park. When it is completed, the area will serve as an additional site for economic growth for the Burlington/West Burlington area. Mr. Staebell stated CBC is a first class, quality operation and community citizen. He stated CBC continually reaches out to local businesses to include them in many of their promotions. Mr. Staebell stated SIRRC heartily endorses the license renewal and requested the Commission's approval.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to renew the license to conduct gambling games to Southeast Iowa Regional Riverboat Commission, renew the license to operate Catfish Bend Casinos II, LLC as a gambling structure and approve the facility's revised security plan included in the application. Commissioner Heinrich seconded the motion, which carried unanimously.

CLINTON COUNTY DEVELOPMENT ASSOCIATION/WILD ROSE CLINTON, L.L.C. (CCDA/WRC): Steve Nauman, General Manager, stated CCDA is truly a community association. He advised 2017 was a tough year as they lost 3 members on the board, but now have 3 new members from all walks of life in the community. He introduced Les Shields, Vice President of CCDA.

Mr. Shields stated CCDA will begin 27 years of entertainment in Clinton County, and looks forward to new and exciting opportunities this year. Noting they are one of the smaller qualified sponsoring organizations, Mr. Shields advised they are proud to fund over \$1 million last year in

projects to non-profits and communities. Grants included the continuation of multi-year support for the development of new jobs and opportunities in the Rail and Air Park, over \$400,000 in improvements to recreational facilities, and \$400,000 to projects conducted by non-profit organizations in Clinton County. One of the most exciting grants has provided support for technology enhancements for all of the elementary schools and the reading programs; significant gains have been seen in test scores. Additionally, CCDA made a \$500,000 multi-year commitment for a new linear accelerator for Mercy Hospital in Clinton. The hospital has also conducted a public capital campaign seeking \$2 million in public and corporation donations. Mr. Shields stated CCDA is committed to continuing with these projects and more with the approval of the casino licenses for CCDA and WRC.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Mertz moved to renew the license to conduct gambling games to Clinton County Development Association, renew the license to operate Wild Rose Clinton, L.L.C. as a gambling structure, and approve the facility's revised security plan included in the application. Commissioner Heinrich seconded the motion, which carried unanimously.

PALO ALTO COUNTY GAMING DEVELOPMENT CORPORATION/WILD ROSE EMMETSBURG, L.L.C. (PACGDC/WRE): Steve Cody, General Manager, introduced Janice Helmke, Treasurer of PACGDC. Ms. Helmke advised PACGDC held their grant award ceremony the previous week at WRE and distributed 41 organizational grants, 9 city grants and 6 school grants totaling \$1,312,253. Grants will help with a splash pad and the Five Island Trail Project; several fire and police departments, libraries and many other organizations also received funds. PACGDC board members follow-up the grant distributions with a tour in the fall to see the results of the grants. Ms. Helmke requested the approval of the license renewal application.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Mertz 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.

GROW GREENE COUNTY GAMING CORPORATION/WILD ROSE JEFFERSON, L.L.C. (GGCGC/WRJ): Travis Dvorak, General Manager, stated that as part of the community, WRJ feels they are more than just someone that gives 5% to GGCGC; they have invested beyond the monetary part that GGCGC will talk about. During the less than 3 years of operation, WRJ has given or committed more than \$125,000 in additional funds to the local schools, hospital, law enforcement, and many other organizations. Management and staff members serve on numerous boards and committees. WRJ also partners with many local businesses. In 2017, WRJ added a new food venue, Jtown Café. In 2018, WRJ will be working to support the community as they prepare to host RAGBRAI as an overnight stop. Mr. Dvorak requested the approval of their license renewal. Mr. Dvorak introduced Rick Morain from GGCGC; and advised that the two organizations have an excellent working relationship.

Mr. Morain stated the agreement between GGCGC and WRJ has been a blessing for Greene County. He advised GGCGC will be distributing about \$1.4 million to area non-profits,

municipalities, school districts, and the Greene County Community Foundation when they have their spring award ceremony on April 3rd. Mr. Morain pointed out that the agreement calls for 20% to go to the Community Foundation, which is made up of the 6 counties contiguous to Greene County. Those funds boost the funding ability of the individual community foundations by approximately 50%. He noted April 3 is also the date of a special \$21.5 million bond election called by the Greene County Community School District. The funds would go toward a new high school, regional academy and remodeling of the current high school into a middle school – all of which would cost approximately \$35 million. The \$14 million gap between the bond issue and the project cost will be covered via partnerships with a number of different organizations. Mr. Morain stated the Greene County Board of Supervisors has agreed to provide \$5 million in TIF revenue from wind turbines in the county, the school district will use future special revenues totaling about \$4.5 million, and GGCGC is going to provide \$4.5 million over the next 20 years or sooner if possible. Mr. Morain stated that commitment fits the mission of GGCGC, which is to serve as a catalyst to leverage and coordinate resources while providing opportunities for leadership and vision. He stated GGCGC is delighted to be able to assist the school district ramp up the educational opportunities for the students. Mr. Morain requested approval of their license renewal.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Mertz moved to renew the license to conduct gambling games to Grow Greene County Gaming Corporation, renew the license to operate Wild Rose Jefferson, L.L.C. as a gambling structure, and approve the facility's revised security plan included in the application. Commissioner Kramer seconded the motion, which carried unanimously.

UPPER MISSISSIPPI GAMING CORPORATION/CASINO QUEEN MARQUETTE, INC. (UMGC/CQM): Don Ostert, General Manager, stated it was an exciting year with the transition to Casino Queen. He noted many of the employees have been there since Day 1 and celebrated their 23rd anniversary in December. Mr. Ostert stated the Marquette property has a great working relationship with UMG, and introduced Sindee Gohde, Executive Director.

Ms. Gohde stated change is a good thing, and UMG is patiently awaiting the arrival of a wager tax increase next year. They will no longer be bound by the 50 cents per passenger, but will begin receiving a 3.25% of the annual gross revenue. They are now able to envision the impact the new contract will have on Clayton County and the surrounding area. Ms. Gohde stated that while the Casino Queen sits in Marquette, it is essential to the growth of the county. Since 1995, UMG has contributed around \$5.5 million in grant money. The casino is the largest employer in the area; and provides fine dining and entertainment. She requested approval of the license renewal, and looks forward to experiencing first-hand what the additional funds will mean for the county and surrounding area as UMG is able to fund more projects.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to Upper Mississippi Gaming Corporation, renew the license to operate Casino Queen Marquette, Inc. as an excursion boat that will not cruise and approve the facility's revised security plan included in the application. Commissioner Heinrich seconded the motion, which carried unanimously.

Mr. Ostert presented a contract with USA Security, Inc. for the purchase of hardware, software and training on the digital recording system for surveillance and ongoing maintenance for Commission approval.

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

CONTRACT APPROVALS (OSV-OUT OF STATE VENDOR; RP-RELATED PARTY)

HORSESHOE CASINO: Janae Sternberg, Director of Finance, presented the following contracts for Commission approval:

- RL Craft – Roofing Contractor
- Premier Midwest Beverage (Bluffs Beverage) – Beverage Provider
- Omaha Steaks d/b/a OS Sales – Meat Supplier
- Richardson Sales and Service – Reupholstering Company
- Global Payments Gaming Services, Inc. – Financial Services Provider (OSV)
- Gitchi Gaming, Inc. – Chair Provider (OSV)

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

IOWA GREYHOUND ASSOCIATION: Brian Carpenter, General Manager/Director of Racing, presented the following contracts for Commission approval:

- Sportview Television Corp. – TV Control Center; Monitor System; Cameras and Technical Support for Live and Simulcast Racing (OSV)
- Equibase Company LLC – Horse Program Royalties (OSV)
- United Healthcare – Renewal of Health Insurance for Full-time Employees

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.

PRAIRIE MEADOWS RACETRACK & CASINO, INC. D/B/A PRAIRIE MEADOWS RACETRACK & CASINO: Ann Atkins, Senior Vice President, and Clint Pursley, Vice President of Security, were present to address the request for approval of the revised security plan.

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

Ms. Atkins presented the following contracts for Commission approval:

- Anderson Erickson Dairy – Dairy Products
- Atlantic Bottling Company – Soft Drink Supply Agreement
- Baker Group/Baker Mechanical – HVAC Contractor
- Bankers Trust Company – Line of Credit
- Bankers Trust Company – Banking Services and Credit Cards
- Consolidated Electrical Distributors, Inc. – Electrical Equipment, Parts, Supplies and Service
- Control Installation of Iowa – Surveillance Equipment
- Doctors Now – Company Doctor – Medical Review Officer
- Metro Waste Authority – Waste Disposal
- Moberg Gallery – Art and Art Consulting Services
- Networks, Inc. – Computer Equipment
- OMG Midwest – Dirt, Sand and Paving Materials for Maintenance
- Poindexter Flooring – Tile and Carpet Flooring
- Potthoff Foods – Food Products
- Rangemasters/Get Some Guns, LLC – Equipment
- Shye West (Imagine This) – Promotional Items (OSV)
- Sink Paper and Packaging – Food and Beverage Paper Supplies
- Standard Textile Company – Hotel Linen Supplies (OSV)
- Stroh Corporation – HVAC Contractor
- Waldinger Corporation – Mechanical and Electrical Contractor

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

PUBLIC COMMENT/ADMINISTRATIVE BUSINESS: As there was no Public Comment, Chair Arnold called on Mr. Ohorilko for Administrative Business. Mr. Ohorilko advised the year-end economic impact reports for calendar year 2017 had been received. These reports demonstrate the economic impact of the gaming industry in Iowa; he noted these numbers are not audited by Commission staff but feels they are representative of the payments made to the communities. Mr. Ohorilko stated the reports are broken down into payroll and related expenses; equipment, supplies and services; statutorily required payments; and charitable contributions. He advised the impact in 2017 was slightly over \$1.2 billion; funds spent with Iowa vendors made up 90.26%. He noted that if payments for items not available in Iowa, such as slot machines, were removed, Iowa spend would be 95.81%. Mr. Ohorilko stated every facility, when factoring out specialized and necessary sources, made 90% of their purchases with Iowa vendors. He acknowledged the following facilities for spending 90% or higher with Iowa vendors for all purchases : Diamond Jo, Diamond Jo Worth, Horseshoe Casino, IOC Bettendorf, IOC Waterloo, Prairie Meadows, Q Casino, Rhythm City, Riverside and Wild Rose Clinton.

Chair Arnold called on Mr. Ehrecke, who distributed a handout providing a visual of the economic impact of gaming in Iowa, and advised it was Gaming Day at the Capitol. This information will be distributed to the legislative leaders and key committee chairs. One page of the handout shows how the gaming revenue paid to the State is utilized to fund various projects.

Mr. Ohorilko provided an update on the task force pertaining to the best practices related to 99D.7(23) and 99F.4(22) relating to self-exclusion. He advised Commission staff sent out surveys to the industry and has reviewed the responses received; they have also reviewed the IGA's Best Practices and Responsible Gaming Checklist and compared that to some of the controls in place currently. Additionally, Commission staff has reviewed some of the history for past Commission Stipulations over the last few years involving self-excluded patrons, and have received feedback and observations from casino staff that are on the floor. He advised there was a meeting with Commission staff and industry representatives to determine what practices are and are not working. Mr. Ohorilko stated there are some best practices that many of the facilities are doing; however, there are some areas the Commission staff feels could be improved. They are starting to put together a summary of the findings and will be submitting a document with potential solutions or items to be shared with all of the licensees in an effort to make everyone better in this area. Mr. Ohorilko stated the goal is to have the document completed by the June Commission meeting.

Mr. Ohorilko announced the purse amounts for the upcoming live racing season at PMR&C. The amount is 11% of the adjusted gross receipts and is used to supplement the purses. The amounts for 2018 are as follows: thoroughbreds - \$2,968,089.57; quarter horses - \$595,570.60; and harness - \$348,694.73.

Mr. Ohorilko noted the April meeting is normally when the Commission announces they are accepting applications for the Horse Promotion Fund; which is established in 99D and is generated through dollars received from breakage at PMR&C. He advised PMR&C had a negative breakage this year due to negative show pools. Mr. Ohorilko stated due to the negative breakage, there is no Horse Promotion Fund for calendar year 2018.

HEARINGS:

WILD ROSE CLINTON, L.L.C.: Mr. Ohorilko advised Commission staff and Wild Rose Clinton (WRC) have entered into a Stipulated Agreement for a violation of Iowa Code §99F.4(22) (Self-Exclusion). On February 19, 2017 an individual completed the paperwork to participate in the program at WRC. On or about September 14th, WRC received a complaint from a patron who had declined to receive promotional mailings but had received one. Upon investigation, WRC determined the individual received the promotional mailing outside the 90-day grace period allowed. During the investigation, WRC discovered another patron had also received some promotional mailings outside of the allowed time frame. WRC has agreed to review their policies and procedures and update them so they regularly audit their guest account system with the state-wide self-exclusion list; and will provide that plan to Commission staff by April 2, 2018. Mr. Ohorilko stated WRC has agreed to pay an administrative penalty in an amount between \$5,000 and \$20,000. He noted this is the second offense within the last 365

days but the first offense occurred prior to the changes made to the resolution at the July meeting.

Mr. Nauman advised WRC takes this program very seriously, and have made some changes and instituted some safeguards. He stated the marketing coordinator failed to pull a new list, which allowed the promotional mailings to disqualified individuals. Now, the marketing coordinator cannot send out e-mails until it is proven that a new self-exclusion list has been pulled; and the marketing manager is required to sign off. The uploading of the new list is checked by two individuals weekly – one uploads the new list and the other verifies it. E-mail addresses for disqualified individuals are removed from the system; and the IT Department runs a program every week to verify there are no e-mail addresses in those accounts.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the Stipulated Agreement with an administrative penalty of \$5,000.00. Commissioner Heinrich seconded the motion, which carried unanimously.

WILD ROSE JEFFERSON, L.L.C.: Mr. Ohorilko advised Commission staff and Wild Rose Jefferson (WRJ) had entered into a Stipulated Agreement for a violation of Iowa Code §99F.4(22) (Self-Exclusion). Mr. Ohorilko stated on June 23, 2014, an individual completed the paperwork to participate in the program at Lakeside Casino. On October 6, 2016, the individual was issued a Player's Club Card at WRJ; the individual received promotional mailings from October 6, 2016 through November 6, 2017. He noted the facility did identify the individual as being on the list when they attempted to obtain a duplicate Player's Club Card and reported the issue to Commission staff at that time. Commission staff and WRJ performed additional audits and found other discrepancies between the player tracking system and the state-wide database, which have been resolved. Mr. Ohorilko stated WRJ has agreed to adopt new procedures to compare the player tracking system with the IGA database on a more routine basis; and present those new procedures to local staff. He stated WRJ acknowledges the facts constitute a violation of Iowa Code §99F.4(22) (Self-Exclusion) and have agreed to pay an administrative penalty in an amount between \$5,000 and \$20,000. This is the first offense for WRJ in the past 365 days.

Mr. Dvorak accepted responsibility and apologized for the violation, noting they take responsible gaming seriously. He advised they have completed an audit and reviewed their procedures. They have emphasized to all employees the importance of thoroughly reviewing IDs. All current and new employees are required to take the IPAC training, a state-sponsored program focusing on reading IDs. Mr. Dvorak stated new audit procedures have been implemented, and communicated to the local gaming representative. They will be conducting a monthly audit of the state-wide exclusion list to their internal control system; this will be done by a team manager and the marketing manager. Additionally, WRJ's security manager is a retired Greene County Sheriff; he has completed the necessary training to become an ID trainer. He will provide this training to current employees and all new hires. This will also be included in their annual re-training process. Mr. Dvorak stated WRJ is taking proactive action to prevent further violations.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the Stipulated Agreement with an administrative penalty of \$5,000.00. Commissioner Kramer seconded the motion, which carried unanimously.

ROBERT BENDA – APPEAL OF ADMINISTRATIVE LAW JUDGE DECISION: Mr. Ohorilko stated the appellant informed staff he did not wish to appear today in order to provide oral argument, but did want the appeal submitted for review based on the written documents made available for the record.

Commissioner Lamberti moved to go into Executive Session pursuant to Iowa Code Section 21.5(1)f for the purpose of discussing the decision to be rendered in a contested case conducted according to the provisions of Chapter 17A. Assistant Attorney General William Hill will be acting as conflict counsel and assist the Commission with questions during Executive Session and may assist the Commission in writing the decision. The motion carried unanimously on a roll call vote.

Upon returning to open session, Commissioner Lamberti moved to affirm the Decision of the Administrative Law Judge dated January 5, 2018 and directed staff to write the decision and notify the parties. Commissioner Heinrich seconded the motion, which carried unanimously.

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 & GAMING COMMISSION
MINUTES
APRIL 12, 2018**

The Iowa Racing and Gaming Commission (IRGC) met at Ameristar Casino Council Bluffs, LLC, Council Bluffs, Iowa, on April 12, 2018. 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 8:30 AM, and requested a motion to approve the agenda. Commissioner Mertz moved to approve the agenda as presented. Commissioner Heinrich seconded the motion, which carried unanimously.

WELCOME: Paul Czak, General Manager, welcomed the Commission to Council Bluffs and thanked them for the work they do. He advised they have a great relationship with the Iowa West Racing Association (IWRA). Mr. Czak introduced Mayor Matt Walsh.

Mayor Walsh stated he would normally comment about the contributions the employees of the casinos make to the community, but instead chose to address funding. He noted the agriculture economy is not as strong as it was 3-4 years ago. This has caused funding issues for the State, which is being passed down to local governments. Mayor Walsh said the good news is the casino industry. He advised 25% of the annual budget for Council Bluffs comes from property taxes and the rest comes from a variety of sources, including inter-governmental transfers. He stated 10-15% comes from the hotel/motel tax, sales tax and gaming tax. Mayor Walsh advised the casinos contribute significantly to those numbers, which helps the community. He also recognized IWRA for their significant annual contributions to quality of life projects within the community. Mayor Walsh concluded his remarks by thanking the IRGC, the casinos and IWRA; noting Council Bluffs is a changed community due to the work of these organizations.

APPROVE MINUTES: Chair Arnold moved to the approval of the minutes from the March 6, 2018 meeting. 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 stated the next meeting would be held at Hard Rock Hotel & Casino in Sioux City on June 14th; submissions for that meeting are due in the Commission office by May 31st. Mr. Ohorilko provided the following dates and locations for Commission meetings for Fiscal Year 2019:

July 12, 2018	Prairie Meadows Racetrack & Casino, Altoona
August 23, 2018	Riverside Casino & Golf Resort, Riverside
October 4, 2018	Catfish Bend Casino, Burlington

November 15, 2018	Rhythm City Casino, Davenport
January 8, 2019	Meskwaki Casino, Tama
March 5, 2019	Prairie Meadows Racetrack & Casino, Altoona
April 18, 2019	Horseshoe Casino, Council Bluffs
June 13, 2019	Diamond Jo Worth, Northwood

Mr. Ohorilko recognized the following Commission staff based at the Council Bluffs facilities: Horseshoe Casino: Gaming Representatives Carol Fajen and Cory Ostermeyer; Licensing Assistant for all properties, Linda Baxter; Harrah's: Gaming Representatives Jeff Rethmeier and Julie Petersen; and Ameristar: Gaming Representatives Lynette Masker and Bryan Crowdy.

PENN NATIONAL GAMING: Doug Gross, legal counsel, advised the legacy issue associated with Penn National's involvement in Sioux City relating to the 3% payment to the qualified sponsoring organization has been settled. A non-profit, Community Action Agency of Siouxland, Inc., filed a lawsuit, which has been settled. This agency is being used as a conduit to distribute \$1.5 million to 55 other non-profit agencies around the Siouxland area. Mr. Gross thanked the Commission and staff for providing the necessary information to both parties to facilitate the settlement.

Additionally, Mr. Gross stated Penn National's acquisition of Pinnacle Entertainment is moving forward; the shareholders of both entities have approved the transaction. Penn National has also received approvals from some other jurisdictions with regard to the acquisition. Mr. Gross stated Penn National representatives have met with IWRA and had a very productive conversation; they feel they will have a good relationship with them. He indicated the Division of Criminal Investigation is scheduled to conduct interviews with the key licensees in early May. The transaction is on schedule to close sometime in September. They hope to be come before the Commission at the August meeting.

Chair Arnold stated the Commission was happy the matter of the payment to the non-profit organizations had been resolved. Commissioner Kramer read the following statement with regard to the settlement of the lawsuit: The Commission is aware of the proposed settlement in a lawsuit brought by Community Action Agency of Siouxland against Penn National Gaming, Inc. and its subsidiaries (collectively, "Penn") regarding the charitable distribution of certain proceeds of the Argosy Casino. The Commission acknowledges the settlement of this matter and appreciates the parties' efforts to bring this to resolution.

REVIEW OF FACILITIES' FINANCIAL AUDITS

AMERISTAR CASINO COUNCIL BLUFFS, LLC: Mr. Czak and Jason Haas, Director of Finance, were present to address any questions regarding the financial audit; there were none.

CASINO QUEEN MARQUETTE, INC: Don Ostert and Laurie Fisher, General Manager and Director of Finance respectively, were present to address the audit. Ms. Fisher advised the audit before the Commission was from date of purchase by Casino Queen, March 13, 2017 through December 31, 2017. During this time, capital expenditures totaled over \$1 million and included the Casino Queen re-branding. The Iowa economic impact for calendar year 2017 was in excess of \$15 million, with the Iowa percentage being 95.6%.

CATFISH BEND CASINOS II, LLC: Rob Higgins and Donald Spears, General Manager and Controller respectively, were present to address any questions regarding the audit. Mr. Higgins stated they were excited to have the Commission coming in October as they anticipate completing a 69-room Hampton Inn & Suites in June. In October/November 2017, a Panera Bread and Coldstone Creamery were opened on the property. There were no questions concerning the audit.

DIAMOND JO WORTH, LLC D/B/A DIAMOND JO WORTH: Scott Smith, General Manager, was present to address any questions. Total economic impact was just over \$50 million with just over 97% being spent with Iowa vendors.

DIAMOND JO, LLC D/B/A DIAMOND JO CASINO: Mr. Smith advised total economic impact was just over \$48 million, with a 98% controllable spend in Iowa.

DUBUQUE RACING ASSOCIATION, LTD: Bill Eichhorn, Director of Finance, advised the property saw a 1% decline in revenue; their Buy Iowa First percentage was 91.6%. Capital projects included the complete renovation of the Hilton Garden Inn; the restaurant was also renovated and is now The Farmhouse Kitchen.

HARVEYS IOWA MANAGEMENT COMPANY, LLC AND HORSESHOE CASINO: Janae Sternberg, Director of Finance, stated 2017 was a positive year for the properties; Harrah's showed a 4.5% market growth while Horseshoe was relatively flat. Harrah's had an economic impact of \$59 million with 95% spent with Iowa vendors. Horseshoe had an economic impact of \$93 million with 95% spent with Iowa vendors.

IOWA WEST RACING ASSOCIATION: Pete Tulipana, Executive Director, advised IWRA showed a decrease in cash due to the timing of distributions to the Iowa West Foundation and the receipt of casino revenues. He stated revenues remained flat in 2017, and appear to be on the same trend in 2018. He noted the Commission had a letter from the auditing firm stating there were no material weaknesses.

IOC BLACK HAWK COUNTY, INC D/B/A ISLE CASINO HOTEL WATERLOO AND ISLE OF CAPRI BETTENDORF, L.C.: Grant Gubbrud, Director of Finance at Isle Waterloo, and Sally Rogers, Director of Finance at IOC Bettendorf, were present to address any questions concerning the combined audit for the partial year due to the sale of Isle of Capri, Inc. to Eldorado Resorts. The audit covers the period of May 1, 2017 through December 31, 2017. Mr. Gubbrud advised Isle Waterloo celebrated their 10-year anniversary in June.

HGI-LAKESIDE, LLC: Lisa Ryan, Controller, was present to address any questions concerning the audit; there were none.

SCE PARTNERS, LLC D/B/A HARD ROCK HOTEL & CASINO SIOUX CITY: Mike Adams, Director of Marketing & Hotel Operations, introduced Jim Franke, the new General Manager, and Earl Smith, Director of Finance. He advised the facility opened a \$6.5 million expansion in June 2017 that included a wine bar, which is doing very well. He stated the facility was nominated by USA Today as one of the Top 10 Casinos in the United States, and placed 9th.

WILD ROSE CLINTON, L.L.C.; WILD ROSE EMMETSBURG, L.L.C; AND WILD ROSE JEFFERSON, L.L.C.: Tom Timmons and Scott Ivers, President and Chief Financial Officer respectively, were present to address any questions. Mr. Timmons stated all three properties were close but revenues at all three properties were behind 2016 revenues; Clinton was down about 3.5% and Emmetsburg and Jefferson were down about 2.5 -3%.

RIVERSIDE CASINO & GOLF RESORT, LLC; GRAND FALLS CASINO, LLC; AND RHYTHM CITY CASINO, LLC: Dan White, Chief Financial Officer for Elite Casino Resorts, presented the consolidated report. He noted it was a clean audit with no internal control issues; they have comparable year-over-year data again. Mr. White noted gross revenue was up slightly in 2017; payroll expenses were up slightly, and all variances were due to Rhythm City being in its new resort facility for a full year in 2017 compared to a partial year in 2016. Non-profit revenues for 2017 were up 10%; and capital expenditures were just under \$5 million for 2017 at the three properties. Mr. White stated Riverside is being refreshed and they hope to have it completed by August; Grand Falls refreshed its hotel rooms in 2017, and will continue into 2018. He stated Elite will continue to invest in the properties to keep them fresh.

IOWA GREYHOUND ASSOCIATION: Brian Carpenter and Vince Wilson, General Manager and Accountant respectively, were present to address any questions. Mr. Carpenter stated handle was up. They paid off all of the credit debt, and have \$600,000 in reserve for next year. Mr. Carpenter stated the auditors are happy with the new accountant, as is he.

PRAIRIE MEADOWS RACETRACK & CASINO, INC (PMR&C): Gary Palmer and Brad Rhines, General Manager and Senior Vice President/Chief Strategic Officer, were present to address the audit. Mr. Rhines stated it was a clean audit with no material weaknesses. He noted adjusted gross revenues were in excess of \$194 million; they have had 7 consecutive quarters of revenue growth. Capital expenditures for 2017 were \$8.3 million, with approximately \$16 million planned for 2018. Prairie Meadows had an economic impact of approximately \$175 million, with 98% spent with Iowa vendors.

Chair Arnold noted there were minor issues in some of the audits, but had been advised all are being addressed. He congratulated the properties on a job well done.

Commissioner Lamberti noted the market has been relatively flat the last few years, but the Commission was pleased with the level of capital expenditures throughout the properties as it can be challenging when dealing with a tight market.

CONTRACT APPROVALS:

Diamond Jo Worth, LLC: Scott Smith, General Manager, presented the following contracts for Commission approval:

- PepsiCo – Soft Drink Vendor
- Sysco Iowa, Inc. – Primary Food Vendor

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

Diamond Jo Casino, LLC: Mr. Smith presented the following contracts for Commission approval:

- Conlon Construction – Restaurant Face Lift
- Lime Rock Springs Co. – Beverage Purveyor
- Sysco Foods – Foodservice Distributor

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.

Wild Rose Clinton, L.L.C.: Steve Cody, General Manager at Wild Rose Emmetsburg, presented the following contracts for Commission approval:

- Myers-Cox – Purchase Cigarette & Tobacco Products
- Clinton National Bank – Bank Services & Credit Card
- Performance Foodservice- TPC – Food Products
- CenturyLink Business – Provide Internet Services & Phone 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.

Wild Rose Emmetsburg, L.L.C.: Mr. Cody presented a contract with CenturyLink Business for a Phone and Internet Service System.

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.

Harvey's Iowa Management Co, LLC: Ms. Sternberg presented the following contracts for Commission approval:

- Ragan Mechanical – Mechanical Contractor & Supplier
- Tri City Electric Co. – Electrical Contractor & Supplier

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

Casino Queen Marquette, Inc.: Mr. Ostert presented the following contracts for Commission approval:

- ADP (Automatic Data Processing) – Human Resource & Payroll; Processing Service
- Atlantic Coca Cola Bottling Company – Coca Cola Beverages & Product
- Canadian Pacific Railroad – Land Rental Fee
- Central State Bank – Bank Service Charges
- Fairway Outdoor Funding, LLC – Billboard Advertising to Wisconsin Market (OSV)
- Marquette Hotel Group, LLC d/b/a Cobblestone Inn & Suites – Hotel Room Bookings & Rentals

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.

Dubuque Racing Association, Ltd.: Mr. Eichhorn presented the following contracts for Commission approval:

- 7G Distributing – Beer Purchases
- Commercial Flooring Dubuque – Flooring Purchases & Installation
- Donovan Construction & Remodeling, LLC – Hilton & Q Remodel
- Iowa Street Market – Liquor Purchases
- Lime Rock Springs Co./Pepsi-Cola of Dubuque – Non-Alcoholic Beverages
- RDG Planning & Design – Design on Schmitt Island Master Plan
- Wired Production Group – Entertainment Production Company

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.

IOC Black Hawk County, Inc.: Thomas Roberts, Director of Hospitality, presented a contract with Failor Hurley, the Contractor for Brew House Brothers Construction Project.

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

Riverside Casino & Golf Resort, LLC: Dan Franz, General Manager, presented the following contracts for Commission approval:

- Altofer Power Systems, Inc. – Electric Power Extended Service Coverage; Generator Maintenance
- American Express – Credit Card Purchases
- OneNeck IT Solutions, LLC – Network Support
- Wells Fargo Merchant Services – Credit Card Processing

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.

SCE Partners, LLC: Mr. Adams presented the following contracts for Commission approval:

- ADTR Band, LLC – Entertainment Act (OSV)
- Bring the Awesome, Inc. – Entertainment Act (OSV)
- Brown Note Productions, Inc. – Provide Audio, Lighting & Video (OSV)
- K Dollar Sign Touring LTD – Entertainment Act (OSV)
- Lady Killer Touring, LLC – Entertainment Act (OSV)
- Makeyourself Tour, Inc. – Entertainment Act (OSV)
- Mobile Stage Rentals, Inc. – Mobile Stage Rental (OSV)
- Nickelback Touring 2, LLC – Entertainment Act (OSV)
- Offspring, Inc. – Entertainment Act (OSV)
- Posty Touring, Inc. – Entertainment Act (OSV)
- Riverstone Capital, LLC – Group Health Care Insurance (OSV)
- Shroud of Tours, Inc. – Entertainment Act (OSV)
- Two Up Two Down, LLC – Entertainment Act (OSV)
- United Talent Agency – Talent Agent & Deposits (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.

Prairie Meadows Racetrack & Casino, Inc. d/b/a Prairie Meadows Racetrack & Casino: Mr. Palmer and Derron Heldt, Director of Racing, were present to address the agenda items. Mr. Heldt provided an update on the upcoming thoroughbred meet. He advised stall applications were due on March 21st; they received over 1,700 applications for the 1,350 stalls available. They have had to reduce some of the stall allocations; staff has been talking with the trainers to determine how many stalls they actually need and how many horses they plan to bring to get the number down. He hopes they will be at capacity for the thoroughbred meet. Mr. Heldt stated horses started moving in on March 30th; the main track opened on March 2nd. While the track opened on time, there have been 3 days where the track was not open for training due to the weather. There are currently 227 horses on the back side representing about 25 trainers. A

couple of the main tracks that feed PMR&C's racing program will be ending their seasons within the next week or so; hopefully those horses will arrive prior to the start of the meet. Mr. Heldt advised live racing would start 2 weeks from today and they are looking forward to a great meet. PMR&C has made some changes to entice people to come out to the races: During the first 12 days, they are offering a purse increase – if any horse leaves the paddock and steps onto the racetrack and participates in a race, the purse will be increased by \$3,500 from the base purse. For the Iowa-bred program, previously they have offered two races per day for the first four days; this year there will be 4 races. Mr. Heldt stated they are hoping to have a great field size, which will increase the handle. PMR&C is also going to have the Prairie Meadows Racing Club again; the program had great success last year. The Club was able to claim a horse and win a couple of races for the group. They hope to claim a horse at Oaklawn Park; if they aren't able to do so, they will claim one at PMR&C during the first 2-3 weeks of the upcoming meet. There are currently 95 members. Mr. Heldt advised they have remodeled the east side of the grandstand and feel it will create a great vibe for the patrons.

Mr. Palmer presented a contract with Moberg Gallery for Art & Art Consulting Services.

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.

IOWA GREYHOUND ASSOCIATION D/B/A IOWA GREYHOUND PARK: Mr. Carpenter requested approval of the revised race dates for January 1, 2018 through December 31, 2018, advising some of the kennels from Florida would not be able to arrive in time for the original dates. Racing will be held May 19, 2018 through November 4, 2018. Evening performances (15) and post times requested are Wednesday, Thursday and Saturday at 5:30 PM. Matinee performances (15) and post times requested are Sunday at 1:00 PM. Additional requested matinee performances (15) and post times are Monday, May 28; Wednesday, July 4; and Monday, September 3, at 1:00 PM. There will be no evening performance on Wednesday, July 4th. IGA has requested the following simulcasting schedule:

- January 1 – May 20, 2018 - Friday, Saturday and Sunday;
- May 23 – November 4, 2018 - Wednesday, Thursday, Friday, Saturday and Sunday;
- November 9 – December 30, 2018 – Friday, Saturday and Sunday
- December 31 – Monday

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

Mr. Carpenter requested approval of the season approvals for the upcoming live race meet.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the 2018 Season Approvals 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 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 Mertz seconded the motion, which carried unanimously.

HEARING: Mr. Ohorilko advised Commission staff and SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City (Hard Rock) have entered into a Stipulated Agreement for a violation of Iowa Code §99F.9(4) related to underage gambling. An underage female patron entered the casino floor on November 21st unchallenged, was on the floor for 56 minutes and gambled; therefore, meeting all the criteria for a Commission referral. He stated that when a security officer approached the underage individual she immediately exited the floor. Mr. Ohorilko stated Hard Rock acknowledges the facts in the Stipulated Agreement constitute a violation of Iowa Code §99F.9(4) and has agreed to an administrative penalty in the amount of \$20,000.

Mr. Adams stated the facility takes the situation very seriously and regrets the incident. He advised the security team is well trained and all new security team members undergo a rigorous 3-week training program before being allowed on the gaming floor alone. In 2017, Hard Rock had approximately 1.8 million admissions; almost 5,400 individuals were turned away with 561 being underage. The team member in question has retaken the 3-week program. They have also instituted a minor prevention training program throughout the property to insure this situation does not reoccur in the future.

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 Mertz 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.

Mr. Ohorilko stated he wanted to take this time to honor someone very special to the Commission, staff and himself. He advised this was Commissioner Dolores Mertz's last Iowa Racing & Gaming Commission meeting. He stated Dolores is a true public servant having served on the Commission for 6 years, and serving on other state boards prior to joining the

Commission; and serving in the Legislature from 1989 through 2011. It is truly amazing the amount of time Dolores has dedicated herself to serving the interests of Iowans.

Mr. Ohorilko noted that while serving on the Commission, Dolores has worked through many difficult issues, including, but not limited to:

- Gaming applications in Sioux City, Jefferson and Cedar Rapids;
- Implementing Greyhound Cessation legislation;
- Various stock purchases and bankruptcies involving Iowa facilities; and
- The opening of pari-mutuel simulcast operations at facilities without live racing.

Mr. Ohorilko stated Dolores makes herself available to listen to any person that wants to share their views on issues. She is a straight shooter, making her position extremely clear on whatever item she is working through. Dolores has the courage to stand-up for what she believes in and will take the other side of an issue if she feels it is in the best interests of the State of Iowa. She truly loves all parts of the industry no matter if it is the people and horses in the racing industry or reminiscing about her favorite slot machines – pre-Commission, of course.

Mr. Ohorilko stated he feels very blessed to have gotten to know this special woman, saying he has never met anyone like her. She lights up the room with her witty and charismatic personality and can tell a story better than any person he knows.

Mr. Ohorilko presented a plaque to Commissioner Mertz which read: Dolores Mertz – In Appreciation for your Service to the Iowa Racing & Gaming Commission – May 1, 2012 through April 30, 2018.

Chair Arnold stated he and Commissioner Lamberti had the pleasure of serving with Dolores for 12 years in the Legislature; and concurred that she is a straight shooter. They called her their favorite Democrat. He noted that he didn't always vote with the rest of the Republicans, and got called back to office to explain his vote; he was sure that happened to Dolores as well. Chair Arnold concluded his remarks by stating "It has been one heck of a ride," and that she will be missed.

Commissioner Heinrich noted that when Dolores came on the Commission he said "I want you to meet the oldest person on the Commission" to which she replied "Do you want to bet?" Commissioner Heinrich stated he ended up losing the bet. He called her a true friend and stated it has been a pleasure and honor to serve with her.

Commissioner Mertz stated she will miss the Commission. Prior to joining IRGC, she served on the Environmental Protection Commission, and was a pain in their side as she had been on their budget committee for 22 years.

She thanked everyone for their attendance at the meetings; the CEO's and managers of the different facilities. She stated it is good there is a good working relationship between the Commission and the facilities. She noted it was her suggestion that the meetings be moved around the state, and hopes the practice continues for the foreseeable future. She feels it is good

for people to be able to put a face to a name; they work better if they know who is regulating them and telling them what they should and shouldn't do. Commissioner Mertz thanked Wes Ehrecke and the Iowa Gaming Association for what they do and sharing information with the Commission; it provides a better picture of what the industry is supposed to be doing and is doing. She also thanked the press for their fair reporting. She thanked her fellow Commissioners, noting they have been a great bunch to work with. She feels this Commission has shown other Commissions that when you work together, you can accomplish something, whether it is right or wrong.

Commissioner Mertz thanked Mr. Ohorilko and Commission staff, and also recognized Karyl Jones for all her help prior to her retirement from the Commission. She told Mr. Ohorilko he is an excellent director and thanked him for his guidance and leadership over the years. She stated that when she leaves the Commission she will have 35 years of public service; 5 years as a county supervisor, 22 years in the Legislature, and 8 years on two different Commissions. She stated she will turn 90 in May, and feels it is time to retire. Commissioner Mertz stated she is an optimist and has great hopes for the racing and gaming industry in Iowa.

ADJOURN: As there was 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 & GAMING COMMISSISON
MINUTES
JUNE 15, 2018

The Iowa Racing and Gaming Commission (IRGC) met at Hard Rock Hotel & Casino Sioux City (HRHC), Sioux City, Iowa, on June 14, 2018. Commission members present were: Richard Arnold, Chair; Kris Kramer, Vice Chair; and members Pennie Gonseth Cheers, Carl Heinrich and Jeff Lamberti.

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

Chair Arnold introduced the newest member of the Commission, Pennie Gonseth Cheers.

WELCOME: Jim Franke, General Manager of HRHC, stated it was a pleasure to host the June Commission meeting. He noted that Hard Rock was founded on June 14, 1971 in London. He introduced Dakin Schultz, President of the Missouri River Historical Development (MRHD).

Mr. Schultz welcomed the Commission to Sioux City on behalf of MRHD, and asked the board members and Executive Director Mark Monson to stand. He noted that in January 2019 all of the MRHD board will have been changed. Mr. Dakin stated that since partnering with HRHC, MRHD has been able to increase their grant distributions and scholarships to educational institutions. They distributed in excess of \$400,000 during the spring awards program. Mr. Schultz advised MRHD is going to hold a grant application workshop to help other non-profits learn the process of applying for funds from them. He noted HRHC is a true regional destination.

Mr. Franke introduced Mayor Pro Tem Dan Moore. Mr. Moore welcomed the Commission to Sioux City, and advised the City and HRHC have a great partnership. He stated HRHC has had a significant impact on the downtown area; and have ignited the downtown business façade program. For every dollar the City spends on the façade program, the building owners are spending five dollars. Mr. Moore stated the city's partnership with HRHC is one of the best they have had, and believes HRHC will continue to do its part.

APPROVE MINUTES: Chair Arnold moved to the approval of the minutes from the April 12, 2018 meeting. Commissioner Heinrich 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 the next meeting would be held at Prairie Meadows Racetrack & Casino in Altoona on July 12th; submissions for that meeting are due in the Commission office by June 27th. He stated the August meeting would be held at Riverside Casino & Golf Resort on August 23rd; and the October 4th meeting would be at Catfish Bend.

Mr. Ohorilko introduced Steven Vang and Kirk Nielsen, the Commission's Gaming Representatives assigned to HRHC.

ELDORADO RESORTS, INC.: Doug Gross, legal counsel, requested approval of Eldorado's modified shelf application for debt financing. He stated they received the original approval in November; however, as Eldorado is in the process of acquiring the Tropicana and Grand Victoria, it is necessary to take on additional debt. The total additional debt will be in an amount up to \$805 million; the revolving credit facility may increase in an amount up to \$205 million and a bridge loan of up to \$600 million lead by JP Morgan Chase or up to \$600 million in new senior unsecured notes. Mr. Gross advised if the Commission approved this application, the total of all Eldorado debt financing approved by the Commission will be \$3.4 billion.

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

SCE PARTNERS, LLC: Jim Franke, General Manager, and Bob Bruce, Vice President of Legal Services, were present to address the agenda items. Mr. Franke described the Letter of Understanding regarding the Downtown Retail and Entertainment Complex between the City of Sioux City (City) and SCE Partners, Inc. (SCE) as a win-win for the City and HRHC. The total development costs are not to exceed \$11 million with each entity paying 50%. The complex will consist of approximately 15,000 square feet of retail and entertainment space and 420 parking spaces. The upper floor would extend north of the complex across Third Street and connect to HRHC. The City will own the complex and enter into a lease with SCE as the prime tenant. SCE would be responsible for subletting the tenant space with an emphasis on dining and entertainment tenants; however, the subtenants and terms of the subleases would be subject to City approval. The parking spaces would be available to customers and employees of the retail subleases, patrons of the Tyson Event Center and HRHC on a first-come-first served basis. Mr. Franke stated the parties anticipate completion of the complex in the summer of 2019. He indicated the parties are excited about the project, and anticipate the parking ramp will be completed by the time the I-29 construction is finished.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the development agreement between the City and SCE. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Arnold called for a motion regarding SCE's request for approval of remodeling pursuant to IAC 491-5.4(15). Commissioner Lamberti moved to approve the remodeling request. Commissioner Heinrich seconded the motion, which carried unanimously.

CONTRACT APPROVALS:

SCE Partners, Inc.: Mr. Franke presented the following contracts for Commission approval:

- Siouxland ATM, LLC – ATM Service
- Brad Henry Friedmutter & Associates, Ltd. – Architectural Services (OSV)

- United Talent Agency – Talent Agent and Deposits (OSV)

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to approve the contracts as presented by SCE Partners, Inc. Commissioner Gonseth Cheers seconded the motion, which carried unanimously.

IOC Black Hawk County, Inc.: Todd Connelly, General Manager, presented a contract with Altofer for the renewal of service warranty coverage for the power generation system.

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

Ameristar Casino Council Bluffs, LLC (ACCB): Misty Wilburn, Corporate Director of Operational Compliance, presented a contract with Reedabus for promotional items (OSV).

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

Wild Rose Clinton, L.L.C. (WRC): Rick Gilson, Director of Regulatory Compliance for Wild Rose Entertainment, presented the following contracts for Commission approval:

- Ecolab – Lease of Dish Machine & Purchase of Chemicals
- Holmes Murphy – Insurance Provider
- US Postal Service – Postage for Mailers from The Printer, Inc.
- The Printer, Inc. – Printing Company for Mailers

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

Grand Falls Casino Resort (GFCR): Sharon Haselhoff, General Manager, presented the following contracts for Commission approval:

- Brockway Mechanical & Roofing – Mechanical Maintenance (RP)
- Nexstar Broadcasting, Inc. d/b/a KELO-TV – Television Advertising (OSV)
- Sysco Food Service – Food Purchases

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

Riverside Casino & Golf Resort, LLC (RCGR): Ms. Haselhoff presented the following contracts for RCGR for Commission approval:

- Builders Sales & Service Company – Renovation Project – Interior Framing & Drywall (OSV)
- Fluffy Tour, Inc. – Gabriel Iglesias Show Outside Venue (OSV)
- Hawkeye Sports Properties, LLC – Marketing and Sponsorship Agreement
- Kluesner Construction, Inc. – Asphalt Repair and Overlay Driveways and Parking Areas

Ms. Haselhoff advised the renovation project is proceeding as planned with the goal of being completed by the time they host the August Commission meeting.

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

Harveys Iowa Management Company, LLC (Harveys): Janae Sternberg, Vice President of Finance, presented the following contracts for Commission approval:

- Sure Sound and Lighting – Lighting and Sound for Concerts (OSV)
- Insight Direct USA – Networking Equipment Vendor (OSV)

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

Iowa West Racing Association d/b/a Horseshoe Casino (IWRA/HC): Ms. Sternberg presented the following contracts for Commission approval:

- Absolutely Fresh Seafood – Fresh Seafood Vendor (OSV)
- Holiday Inn Express & Suites – Hotel Room Provider

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

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

- Cintas Corporation – Employee Uniforms, Linens and Related Services
- City Supply – Plumbing Supplies
- Conference Technologies – Audio/Visual Equipment and Service
- Liberty Fruit Company – Fruits, Vegetables and Other Produce (OSV)
- Perficut Lawn and Landscape – Lawn Care Services

- Weitz Company – General Contractor

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

HEARING: Mr. Ohorilko advised Commission staff and Harveys Iowa Management Company LLC have entered into a Stipulated Agreement for a violation of Iowa Code 99F.9(4). On October 20, 2017, an underage individual entered the gaming floor unchallenged, was on the gaming floor in excess of 30 minutes, gambled and consumed alcohol. The underage person was identified by an employee of Harrah's who had denied service to her earlier at another restaurant on property. Mr. Ohorilko stated Harveys Iowa Management Company LLC acknowledges the above facts constitute a violation of Iowa Code 99F.9(4) and have agreed to an administrative penalty of \$20,000.

JC Rieger, Assistant General Manager, advised the security officer was removed from his position and not allowed back at a turnstile until he had been retrained. He indicated it was disappointing to learn family members assisted in getting the underage individual on the gaming floor. Mr. Rieger stated the minor received a citation, and all family members received a company-wide ban.

Hearing no further comments or questions, Chair Arnold requested a motion. Commissioner Lamberti moved to approve the Stipulated Agreement as submitted. 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.

Approval of Regulatory Fees for Fiscal Year 2019: Mr. Ohorilko advised IRGC's fees had been distributed to the industry 2-3 weeks ago and DCI's were distributed on Tuesday of this week. He stated staff has not been made aware of any concerns by the industry.

Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer moved to approve the IRGC and DCI regulatory fees for Fiscal Year 2019 as presented. Commissioner Lamberti seconded the motion, which carried unanimously.

Update: Task Force – Best Practices Related to 99D.7(23) and 99F.4(22) (Self-Exclusion): Mr. Ohorilko stated following an evaluation of the programs, practices, and capabilities of the facilities toward compliance with the Commission's *Resolution for Iowa Statewide and Lifetime Self-Excluded Persons*, Commission staff developed recommendations that are included in the Commissioner's meeting packets and have been distributed to the industry. Commission staff found a number of things that could be improved. He stated it was important to go through the process as the environment allowed for significant conversations. Mr. Ohorilko stated it is not the Commission's role to operate the facilities, but hopes the facilities are willing to take the recommendations under advisement.

Wes Ehrecke, President & CEO of the Iowa Gaming Association, thanked the Commission for the recommendations, and the opportunity to be a part of the IRGC task force process. He noted it was good to review the Code of Conduct and processes as they are approximately 10 years old.

Commissioner Lamberti stated he thought the process to reach the recommendations was good, and he encouraged the facilities to work with the Commission staff.

Mr. Ohorilko thanked everyone for being open to the suggestions, and hopes the industry will look at the recommendations and determine which ones would fit in each facility.

Update on Racing and Gaming Legislation: Mr. Ohorilko provided an update on legislation pertaining to racing and gaming that passed during the 2018 Legislative session.

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

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING & GAMING COMMISSION
MINUTES
JULY 12, 2018**

The Iowa Racing and Gaming Commission (IRGC) met at Prairie Meadows Racetrack & Casino, Inc. (PMR&C), Altoona, Iowa, on July 12, 2018. Commission members present were: Richard Arnold, Chair; Kris Kramer, Vice Chair; and members Pennie Gonseth Cheers, Carl Heinrich and Jeff Lamberti.

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

APPROVE MINUTES: Chair Arnold requested a motion to approve the minutes from the June 14, 2018 meeting. Commissioner Gonseth Cheers moved to approve the minutes as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

ANNOUNCEMENTS: Chair Arnold called on Brian Ohorilko, Administrator, for announcements. Mr. Ohorilko advised the next meeting would be held at Riverside Casino & Golf Resort in Riverside on August 23rd; submissions for that meeting are due in the Commission office by August 9th. The October meeting will be held at Catfish Bend Casino in Burlington; and the November meeting will be at Rhythm City Casino in Davenport.

ADMINISTRATIVE RULES: Chair Arnold called on Mr. Ohorilko for an explanation of the rules before the Commission. Mr. Ohorilko stated the rules were being presented under a Notice of Intended Action, and are needed to implement legislation passed during the 2018 legislative session. He provided the following description: Item 1 implements House File 2349, the Act related to persons voluntarily excluded from gambling facilities; Items 2, 3, 5, 6 and 7 implement House File 2439 related to horse racing regulated by IRGC; the rule changes deal with the ability to use hair as a form of testing; Item 4 also deals with House File 2439 but with the section pertaining to Iowa foaled horses and providing them with a weight allowance when running against open company. Mr. Ohorilko advised the proposed rule changes have been forwarded to the industry, and the Commission has received some questions regarding Item 1. He stated it was his understanding the Commission may be receiving a letter commenting on that item, which will be provided to the Commissioners if and when it is received. Mr. Ohorilko requested approval of the proposed rules.

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

REVIEW OF HORSEMEN'S ORGANIZATIONS FINANCIAL AUDITS: Chair Arnold called on The Iowa HBPA, Inc. and The Iowa HBPA Benevolent Trust. Jon Moss, Executive Director, stated the consolidated financial statement had been submitted. He noted last year was a good year in terms of being able to grow the association and put some money aside; there were a few years when they were short on their finances. Mr. Moss stated they are continuing their

mission, which is to help promote the horsemen throughout the state. They are doing so in conjunction with the ITBOA, with whom they have a contract to help promote the state-bred horses that run within the state. The financials show money going toward that goal and they continue their administrative work.

Chair Arnold called for any comments or questions. Mr. Ohorilko asked for a brief explanation of their simulcasting agreements and how they have impacted the overall revenue of the HBPA. Mr. Moss stated the simulcast agreement with the Iowa Greyhound Association (IGA) has helped solidify their association. He stated the simulcasting agreement allows the HBPA to provide additional funds for administrative costs and put some money back in the purse agreements. Mr. Moss stated it has been a good agreement and expressed his hope the IGA can grow its simulcast outlets. He noted the simulcast outlet in Council Bluffs is through a different entity, but they have agreement with them as well. Mr. Moss stated it will be interesting to see how things pan out with sports wagering. He stated the horsemen are not afraid of sports wagering and see it as potential growth for them and the IGA.

Chair Arnold called on the Iowa Quarter Horse Racing Enterprises, Inc. d/b/a Iowa Quarter Horse Racing Association (IQHRA). Troy Mulford, Treasurer, stated they had a fairly good year last year as they hosted the Bank of America Challenge Races at PMR&C, which have been beneficial to their organization. This is the third year they have hosted the races, which provide an opportunity to bring in a number of outside trainers that have never been to PMR&C. Ms. Mulford noted the American Quarter Horse Racing Association likes having their meeting at PMR&C as it is a complete facility – hotel, meeting space and racing all in one location. She noted the IQHRA is noted for their Youth Days, and along with PMR&C, they hosted a three-day event during which the individuals learn about horse racing, the facilities, and the backside. They also spend time with the trainers learning what they do. At the end, the trainers grade the individuals; they are eligible for a \$5,000 scholarship divided among six youth. Ms. Mulford noted the stakes races were held prior to the Bank of America races and were very successful.

Chair Arnold stated he has heard good reports on the Youth Days and appreciates the effort in putting that program on.

Chair Arnold called on the Iowa Harness Racing Association. Royal Roland, President, stated 2017 was a successful year; there were 34 days of racing at 12 different fair locations around the state. He noted racing was held at Donnellson the previous evening, and racing will occur in What Cheer this coming weekend. Mr. Roland advised that in 2017 approximately 95% of the purse money paid out went to Iowa registered horses; he is proud they are using Iowa gaming revenues to support Iowa racing and the harness industry. He noted the number of horses in harness racing is continuing to increase as there are a number of individuals in surrounding states interested in racing in Iowa and buying Iowa horses. Mr. Roland stated Iowa horses are racing in other jurisdictions and doing very well. He stated the organization is appreciative of the continuing support from the Commission and PMR&C.

CONTRACT APPROVALS:

Dubuque Racing Association d/b/a Q Casino: Brian Rakestraw, General Manager, presented a contract with Comp Trading for promotional items.

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

Wild Rose Emmetsburg, L.L.C.: Steve Cody, General Manager, presented a contract with Waldinger Corporation for repairs and maintenance of the HVAC and other general repairs.

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

IOC Bettendorf, L.C.: Nancy Ballenger, General Manager, presented a contract with Cintas for the rental and cleaning of floor mats, hotel sheets, towels and table linens.

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

Riverside Casino & Golf Resort: Dan Franz, General Manager, presented the following contracts for Commission approval:

- Button Masher Amusement, LLC – Pinball Machines Service Agreement (RP)
- PaulMolly Advertising – Digital, TV & Radio Advertising
- William Morris Endeavor Entertainment, LLC – Entertainment Booking Agent Expense (OSV)

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

Mr. Franz provided a brief update on the renovations occurring at the facility, noting he had distributed a handout prior to the meeting. He said RCGR is excited to host the meeting next month; the facility will look quite different than in past years. Mr. Franz advised the renovations have been completed in the show lounge, buffet, high end slots area, the new Top Swing Golf Suites area, poker room and hotel hallways. The following areas are currently in process: the center bar, the rest of the gaming floor, and changing the Ripple Express into a restaurant. Mr. Franz indicated they are hopeful these areas will be completed by the time the Commission visits in August. They hope to complete the balance of the renovations in September or October – non-gaming corridors, the front entrance by the Resort Club and hotel, the hotel and spa. Mr. Franz stated he would be happy to give a tour to anyone who is interested.

Commissioner Heinrich asked for additional information on the Top Swing Suites. Mr. Franz advised the suites provide a simulated golfing experience, and feels it is a realistic experience. He indicated there are three games; the player tries to hit a target and the screen gives the player their point total for that particular target. The area is air conditioned and non-smoking.

SCE Partners, LLC: Jim Franke, General Manager, presented the following contracts for Commission approval:

- Core-Mark Midcontinent d/b/a Farner Brocken –Purchase of Cigarettes and Sundries
- Couristan, Inc. – Designer Carpet (OSV)
- Mariel’s Tours, Inc. – Entertainment Act (OSV)
- Saturday in the Park – Concerts in the Park/Annual Festival (RP)
- W.A. Klinger, LLC – General Contractor for Miscellaneous Repairs/Maintenance/Upgrades
- William Morris Endeavor Entertainment, LLC – Talent Agency (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.

HEARING: Mr. Ohorilko advised Commission staff and Catfish Bend Casinos II, LLC have entered into a Stipulated Agreement for a violation of Iowa Code §99F.11(1) and (2) and Iowa Code §99F.1(1). Those statutes are related to the reporting of gaming revenue and promotional play. The Stipulated Agreement also includes a citation for a violation of Iowa Code §99F.9(6), relating to the acceptance of credit cards as a form of payment for other forms of credit for wagering on gambling games. Mr. Ohorilko stated Catfish Bend conducted promotional offers in which patrons would exchange cash for free play. On July 1, 2016, Iowa law was amended so that promotional play would be exempt from state taxes under certain circumstances. Under the law, the definition of promotional play was modified to be a form of credit that was not exchanged for cash. From July 1, 2016 through March 23, 2018, Catfish Bend exchanged \$839,690 in cash and issued \$1,679,480 of free play. This resulted in the threshold for promotional play to be exceeded sooner than it would have otherwise, resulting in an underpayment of gaming taxes by all casinos for two fiscal years. In May 2018, Commission staff contacted the licensees and established a plan to rectify the underpayment of taxes. During the inquiry into the calculation of promotional play for tax purposes, it was determined there were three instances where a credit card was used to purchase free play. Mr. Ohorilko advised all three instances were part of group packages, so were somewhat isolated. As a result of the above violations, Catfish Bend has agreed to pay an administrative penalty up to \$20,000.

Rob Higgins, General Manager, stated the violation was not done intentionally; the promotional play was offered in an attempt to create revenue and create an opportunity for customers to visit the facility. He stated the credit card issue concerned him; he wanted to make sure the Commissioners understood the incidents occurred as part of a group package, which includes hotel, casino play, food and beverage. When it is time to check out, the guest pays with cash, check or credit card. The credit card transactions were part of the free play within the package.

He was concerned the Commission would think the patron presented a credit card at the cashier cage.

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 Heinrich seconded the motion, which carried unanimously.

PUBLIC COMMENT/ADMINISTRATIVE BUSINESS: None

ELECTION OF CHAIR AND VICE CHAIR: Commissioner Lamberti moved to nominate Kris Kramer as Chair and Carl Heinrich as Vice Chair. Commissioner Gonseth Cheers 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 Lamberti so moved. Commissioner Heinrich seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING AND GAMING COMMISSION
MINUTES
AUGUST 22-23, 2018**

The Iowa Racing and Gaming Commission (IRGC) met on Wednesday and Thursday, August 22-23, 2018 at Riverside Casino and Golf Resort (RCGR) in Riverside, Iowa. Commission members present were Kris Kramer, Chair; Carl Heinrich, Vice Chair; Rich Arnold, Pennie Gonseth Cheers, and Jeff Lamberti.

APPROVE AGENDA: Chair Kramer called the meeting to order at 5:30 PM, and requested a motion to approve the agenda. Commissioner Gonseth Cheers moved to approve the agenda as presented. Commissioner Lamberti seconded the motion, which carried unanimously.

EXECUTIVE SESSION: Chair Kramer requested a motion to go into 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 Penn National Gaming, Inc. Commissioner Heinrich seconded the motion, which carried unanimously on a roll call vote.

Following the conclusion of Executive Session, Commissioner Lamberti moved to leave Executive Session. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Kramer recessed the meeting until 8:30 AM on Thursday, August 23, 2018.

WELCOME: Dan Kehl, Chief Executive Officer of Elite Casino Resorts, welcomed the Commission to Riverside Casino and Golf Resort. He indicated the facility was built in 13 months after being granted a license and that it could possibly take them that long to complete the extensive renovation project, which is well underway. Mr. Kehl stated the facility was happy to host the Commission and thanked them for their support.

APPROVE MINUTES: Chair Kramer requested a motion to approve the minutes from the July 12, 2018 Commission meeting. Commissioner Heinrich moved to approve the minutes as submitted. Commissioner Lamberti seconded the motion, which carried unanimously.

ANNOUNCEMENTS: Brian Ohorilko, Administrator of IRGC, stated the next Commission meeting would be held at Catfish Bend Casino in Burlington on October 4th; submissions for that meeting are due in the Commission office by September 20th. The November meeting will be held at Rhythm City Casino in Davenport on November 15th. Mr. Ohorilko advised there is a possibility the date for the January 2019 meeting could change.

Mr. Ohorilko recognized IRGC Gaming Representatives Scott Ditch and Sue Hansen, who are on site at RCGR.

PENN NATIONAL GAMING, INC.: Doug Gross, legal counsel, stated Penn National Gaming, Inc. (Penn) was before the Commission to seek approval of the transaction to acquire

Pinnacle Entertainment, Inc., the parent company of Ameristar Casino Council Bluffs, LLC; and their shelf application for approval of debt financing. He introduced Tim Wilmott, Chief Executive Officer.

Mr. Wilmott stated Penn is headquartered in Wyomissing, PA; and currently has 27 facilities in 15 jurisdictions. He noted the company has previously been licensed in Iowa, and thanked the Commission for allowing them to be reconsidered for a license. Mr. Wilmott stated they understand it is a privilege to have a license in Iowa.

Mr. Wilmott provided a brief overview of the Penn - Pinnacle transaction. The companies entered into a merger agreement dated December 17, 2017. The transaction was valued at approximately \$2.8 billion before divestitures and \$1.9 billion net divestitures and real estate sales. Penn will sell four Pinnacle operating entities to Boyd Gaming - Ameristar Kansas City (MO); Ameristar St. Charles (MO); Belterra Resort (IN); and Belterra Park (OH). They will also sell the real estate of Plainridge Park (MA) and Belterra Park (OH). Mr. Wilmott stated Penn and Gaming and Leisure Properties, Inc. (GLPI) will amend the Pinnacle Master Lease to remove the divested properties, add Plainridge Park and adjust the rent accordingly. He stated the transaction is expected to close early in the fourth quarter of this year, subject to regulatory approvals. Following the conclusion of the acquisition, Penn will have 40 properties in 18 jurisdictions.

Mr. Wilmott stated Penn intends to finance the transaction, including the repayment of Pinnacle's existing indebtedness and the payment of related fees and expenses through a combination of debt financing; newly issued shares of Penn; proceeds from divested operations; proceeds from the sale of real estate; and cash on the balance sheets of Penn and Pinnacle as of the closing date. He indicated Penn has received an amendment to its credit facility prior to the closing to increase its capacity for secured debt.

Mr. Wilmott advised the Iowa licensee would remain Ameristar Casino Council Bluffs, LLC, with Penn becoming the ultimate parent company; Penn will continue to lease the real estate associated with Ameristar from GLPI pursuant to the amended master lease; and indicated no significant personnel changes are expected at the property level. Ameristar Casino will receive the benefit of a combined database of over 5 million customers and have access to Penn's destination properties in Las Vegas and interactive offerings.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Lamberti moved to approve Penn National Gaming, Inc.'s acquisition of all of the stock of Pinnacle Entertainment, Inc., the ultimate parent company of Ameristar Casino Council Bluffs, LLC. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Kramer moved to Penn's Shelf Application for Approval of Debt Financing. Hearing no comments or questions, she requested a motion. Commissioner Gonseth Cheers moved to approve the shelf application for debt financing submitted by Penn National Gaming, Inc. Commissioner Lamberti seconded the motion, which carried unanimously.

CONTRACT APPROVALS:

Riverside Casino & Golf Resort: Dan Franz, General Manager, presented the following contracts for Commission approval:

- Brockway Mechanical & Roofing Co. – Resort Renovation Project: Mechanical and Roofing
- Mohrfield Electric, Inc. – Resort Renovation Project: Electrical
- Rapids Wholesale Equipment – Resort Renovation Project: Food Service Equipment
- VisuaLimits, LLC – Offercraft Monthly Service Fee (OSV)

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

Grand Falls Casino Resort: Sharon Haselhoff, General Manager, presented the following contracts for Commission approval:

- American Express – Credit Card Purchases
- Hound Dog Promotions – Promotional Items
- New Century Press – Printing Services
- SupplyWorks – Environmental Services Supplies

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

Dubuque Racing Association, LTD: Brian Rakestraw, General Manager, presented a contract with Imagine This, Inc. for promotional gifts.

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

Wild Rose Clinton, L.L.C.: Rick Gilson, Director of Regulatory Compliance for Wild Rose Entertainment, L.L.C., presented the following contracts for Commission approval:

- Comp Trading – Purchase Promotional Gifts & Giveaways for Patrons (OSV)
- Clinton Auto Group – Purchase Promotional Vehicles for Giveaways
- Wild Rose Jefferson, L.L.C. – Short-term Loan (RP)

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

Wild Rose Emmetsburg, L.L.C.: Mr. Gilson presented a contract with Wild Rose Jefferson for a short-term loan.

Commissioner Lamberti asked for additional information regarding the loans between the Wild Rose properties. Mr. Gilson explained that the final license payment for Wild Rose Jefferson was due around June 12th. He stated they could have made the payment with funds on hand at Wild Rose Jefferson, but that would have left the property cash-strapped. The decision was made to have the properties in Emmetsburg and Clinton send \$300,000 each to the Jefferson property to help cover the cost of the final \$1 million license payment. Mr. Gilson advised the Jefferson property will be able to repay the loans by the end of the year.

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

Wild Rose Jefferson, LLC: Mr. Gilson presented the following contracts for Commission approval:

- Wild Rose Clinton, LLC – Short-term Loan Repayment (RP)
- Wild Rose Emmetsburg, L.L.C. – Short-term Loan Repayment (RP)

Mr. Gilson advised these reflect the repayment of the loans to the other two properties.

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

SCE Partners, LLC: Jim Franke, General Manager, presented the following contracts for Commission approval:

- Buzz Creative Group, LLC – Marketing Agency (RP)
- Cottingham & Butler Insurance Services, Inc. – Insurance Services

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

IOC Black Hawk County, Inc.: Todd Connelly, General Manager, presented a contract with Custom Painting and Decorating, Inc. to re-coat the building exterior and renovate the exterior insulation finishing system.

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

Ameristar: Paul Czak, General Manager, presented the following contracts for Commission approval:

- M & L Housing Services – Housing for J-1 International Exchange Students Working in F&B and Hotel
- Metropolitan Entertainment & Convention Authority (MECA) – 5-Year Century Link Center Arena Suite Agreement (OSV)
-

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

PRAIRIE MEADOWS RACETRACK & CASINO, INC.: Gary Palmer and Derron Heldt, General Manager and Vice President of Racing respectively, were present to address the agenda items. Mr. Heldt provided a recap of the recently completed thoroughbred meet and an update on the quarter horse meet. He advised the on-track handle was down \$789,000 or 19%; and the overall show pool was down \$849,000 mostly due to less negative show betting. The off-track handle was up approximately \$400,000, which Mr. Heldt called impressive since the off-track show pool was down \$2.2 million. The win and exacta pools were up \$1.09 million year-over-year. Mr. Heldt noted PMR&C came before the Commission in January to request a rule change that reduced the minimum show pool payout from \$2.20 to \$2.10; he advised the change has had a significant positive impact on revenues. Another highlight of 2018 was the jackpot pick five; on-track was up 24% year-over year and off-track handle was up 62%, or \$326,000. PMR&C had the largest jackpot payout ever - \$335,000. Mr. Heldt stated the field size fell to 6.9 horses per race this year versus 7.1 horses last year. The Racing Festival was a two day event this year instead of three days like 2017. This year's Festival handled \$3.4 million from all sources compared to \$2.8 million in 2017. Mr. Heldt noted the Prairie Meadows Cornhusker Handicap was won by a locally trained horse; the trainer has been racing at PMR&C for 20+ years. The winner of the Iowa Oaks race recently ran 2nd in a Grade 1 \$600,000 Alabama stakes race at Saratoga. Both winners show the quality of horses stabled on the backside; and the quality of horses that come to Iowa to race and the ability of local horses to compete in stakes races. The Iowa Classic was held on August 11th and carded 13 races of all Iowa bred horses. There were seven stakes races to showcase the different categories of Iowa bred horses.

Mr. Heldt noted the quarter horse meet commenced on August 18th. In the first two days of racing, the handle is trending down slightly as they are carding two less races than in previous years. There are currently 440 horses on the backside, and they are expecting another 50-60 in the next week.

Hearing no comments or questions for Mr. Heldt, Chair Kramer moved to the contracts.

Mr. Palmer presented the following contracts for Commission approval:

- Principal Financial Group – 401K Plans for Employees
- Salto Systems – Specialized Locking System for Hotels (OSV)

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

PUBLIC COMMENT/ADMINISTRATIVE BUSINESS: As there was no Public Comment, Chair Kramer called on Mr. Ohorilko for administrative business. Mr. Ohorilko recognized Commissioner Arnold for his service to the Commission as Chair from July 14, 2016 through July 12, 2018; and highlighted some of the events that occurred during that time frame. Mr. Ohorilko presented Commissioner Arnold with a plaque that read “Richard Arnold - In appreciation of your service to the Iowa Racing and Gaming Commission as Chair – July 14, 2016 – July 12, 2018.

ADJOURN: As there was no further business to come before the Commission, Chair Kramer 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
OCTOBER 4, 2018**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, October 4, 2018 at Catfish Bend Casinos II, LLC (CBC) in Burlington, Iowa. Commission members present were Kris Kramer, Chair; Carl Heinrich, Vice Chair; Rich Arnold and Jeff Lamberti. Commissioner Gonseth Cheers was absent.

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

WELCOME: Chair Kramer called on Rob Higgins, General Manager of CBC. Mr. Higgins thanked the Commission for traveling to Burlington. He advised some members the non-profit board, Southeast Iowa Regional Riverboat Commission, were in attendance; and noted CBC has an excellent relationship with the board. Mr. Higgins noted they would begin renovations in the event center on Sunday.

APPROVE MINUTES: Chair Kramer moved to the approval of the minutes from the August 22-23, 2018 meeting. Commissioner Lamberti moved to approve the minutes as presented. Commissioner Arnold seconded the motion, which carried unanimously.

ANNOUNCEMENTS: Brian Ohorilko, Administrator, advised the next Commission meeting would be held at Rhythm City Casino in Davenport on November 14th; submissions are due in the Commission office by October 31st. There is no meeting in December; the January meeting will be held at the Meskwaki Casino in Tama on Friday, January 4, 2019, which is a change from the original date.

Mr. Ohorilko introduced Gaming Representative Erica Worrall, and thanked her for her work on behalf of IRGC at CBC.

ADMINISTRATIVE RULES: Mr. Ohorilko advised there are two separate rule packages before the Commission. The first is for Notice of Intended Action; this is the annual package compiled by staff and includes racing rules from the Racing Task Force meetings, rules cleaning up outdated language, and rules that relate to other gaming items that come up during the year. Mr. Ohorilko provided the following summary: Items 1-3 update language; Item 4 updates audit requirements for licensees, particularly those submitting consolidated audits; Item 5 clarifies that contracts with licensed manufacturers and distributors for non-gaming items are not exempt from Commission approval; Items 6-9 are licensing rules as a result of Racing Task Force meetings; Item 10 clarifies a rule due to changes made by ARCI; Items 11-19 are racing rules as a result of the Racing Task Force meetings; Item 20 updates language to be consistent with a previous rule change; Item 21 allows coin pusher mechanical devices; Item 22 updates requirements for linked progressive slot machines; and Item 23 clarifies the retention for boxes and receipts of player cards.

Mr. Ohorilko stated the proposed rules have been sent to the stakeholders; the Commission is in receipt of a few comments. They still need to go through the official public hearing. Mr. Ohorilko stated he anticipates some changes to the rules before they come back before the Commission. He requested approval of the rules submitted under Notice of Intended Action.

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

Mr. Ohorilko advised the second rule package is the Final Adopt of a previous rule package. These rules were needed to implement legislation from the 2018 session. A public hearing was held and staff appeared before the Administrative Rules Review Committee (ARRC). He stated the Commission did receive a formal comment from the Iowa Gaming Association regarding the forfeiture portion of Item 1, which was discussed with the ARRC. They did not ask for any changes to the proposed rule. Mr. Ohorilko requested approval of the rules as presented.

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

WILD ROSE ENTERTAINMENT, LLLP: Tom Timmons and Scott Ivers, President and Chief Financial Officer respectively, were present to address the agenda item. Mr. Timmons stated Wild Rose has three facilities; Clinton and Emmetsburg are owned by Wild Rose Entertainment and the Jefferson facility is owned by Goldfinch Entertainment. They are seeking approval to merge the two parent companies under Wild Rose Entertainment, LLLP, and the assignment of the Wild Rose Jefferson, LLC management agreement to Wild Rose.

Mr. Timmons noted the second item before the Commission is for financing. The current Wild Rose and Goldfinch loans with Dubuque Bank and Trust and Bankers Trust will be merged into one loan on November 1st.

Hearing no comments or questions, Chair Kramer requested a motion. Chair Lamberti moved to approve the merger of Wild Rose Entertainment, LLLP and Goldfinch Entertainment, LLLP. The motion shall include the approval of the assignment and assumption of the management agreement with Wild Rose Jefferson, LLC. Commissioner Arnold seconded the motion, which carried unanimously.

Commissioner Lamberti then made a motion to approve the financing as submitted. Commissioner Arnold seconded the motion, which carried unanimously.

ELDORADO RESORTS, INC.: Doug Gross, legal counsel, advised the company closed on their acquisition of the Tropicana Casino on October 1st, and had to take on more real estate debt than anticipated. Eldorado had previously received Commission approval of shelf debt financing in the amount of \$3.4 billion. Due to the additional debt, they are seeking approval to increase

the shelf debt financing to \$3.6 billion. Mr. Gross stated the company would not be able to fully utilize their revolver loans if the Commission does not approve the requested increase.

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

CONTRACT APPROVALS:

Rhythm City Casino: Dan Franz, General Manager at Riverside Casino & Golf Resort, LLC, presented a contract with Altofer, Inc. for an extended warranty on their emergency generator.

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

Wild Rose Clinton, LLC: Steve Nauman, General Manager, presented a contract with Altofer, Inc. for a maintenance plan for the power generation system.

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

Wild Rose Jefferson, LLC: Travis Dvorak, General Manager, presented a contract with Willis Cadillac, Inc. for the purchase of vehicles for promotional activities.

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

Catfish Bend Casinos II, LLC: Mr. Higgins presented the following contracts for Commission approval:

- Deery Brothers, Inc. – Purchase Two Automobiles for Promotions (RP)
- GRE Funding Co., LLC – Payment of Letter of Credit Fees (RP)

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

Riverside Casino & Golf Resort, LLC: Mr. Franz presented the following contracts for Commission approval:

- Cintas Corporation – Resort Uniform Update & Replacement
- Zurich North America – Insurance: Workers' Compensation & General Liability (OSV)

Diamond Jo, LLC: Scott Smith, General Manager at Diamond Jo Worth, LLC, presented the following contracts for Commission approval:

- Gray TV WDNV TV (d/b/a KCRG) – TV Advertising
- 7G Distributing – Beer Distributor
- King Food Service, Inc. – Seafood Purchase
- Blue Moon, Inc. (d/b/a Holiday Inn) - Hotel Rooms for Casino Guests
- Weber Paper Co. – Paper Supplies
- Central Illinois Produce – Produce Purchases (OSV)
- Mulgrew Oil (d/b/a Kwik Stop C-Store) – Gas Gift Cards
- Nu Concepts, Inc. (d/b/a Penguin’s Entertainment) – Entertainment Booking

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

Diamond Jo Worth, LLC: Mr. Smith presented the following contracts for Commission approval:

- Kabrick Distributing – Beer Products
- Lake Liquor Wine & Spirits – Primary Provider for Beer/Wine/Liquor
- Mulgrew Oil Co. – Propane Provider
- Nu Concepts – Casino Entertainment Booking Agency, including Bands & Specialty Entertainment
- Farner Bocken – Convenience Store and Food Service Distributor

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

SCE Partners, LLC: Jim Franke, General Manager, presented the following contracts for Commission approval:

- 311 Touring, Inc. – Entertainment Act (OSV)
- Mr. Davids Flooring International Ltd – Carpet Installation (OSV)
- PCM Technologies, LLC – Background Music Service for Video, including Music Copyright Licensing (OSV)
- RP Constructors, LLC – Construction Services to Remake East Parking Lot
- Sinclair Broadcasting Group – TV Advertising (OSV)

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

Harveys Iowa Management Company, LLC: Janae Sternberg, Director of Finance, presented the following contracts for Commission approval:

- Delta Airlines – Air Travel for Business and Customers
- Sonifi Solutions – Pay-Per-View Movies in Hotel Rooms
- The Aaron Group – Promotional Items
- Transact Technologies, Inc. – Slot Machine Parts Supplier (OSV)
- Your Way Construction – Construction Company

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

IOWA WEST RACING ASSOCIATION d/b/a HORSESHOE CASINO-BLUFFS RUN GREYHOUND PARK: Pete Tulipana, President and Chief Executive Officer for Iowa West Racing Association (IWRA), stated he was representing IWRA as the license holder for Horseshoe Casino. He noted the facility had a change in management; Samir Mowad is now the general manager; but the two entities still have a strong relationship. They have regular meetings throughout the year to discuss casino operations and the casino industry in general. Mr. Tulipana pointed out the economic importance of the gaming industry to the community. Horseshoe provides thousands of jobs in the community. He noted IWRA and the City of Council Bluffs have continued their efforts to develop the area around the Mid America Center, and have invested over \$30 million. Mr. Tulipana stated gaming is good for Council Bluffs and southwest Iowa. He requested approval of the license renewal application.

Mr. Mowad echoed Mr. Tulipana's comments, and noted it was easy to return to Iowa. He stated the area around Horseshoe and the Mid America Center is becoming more desirable to visit. Horseshoe is continuing to invest in the property. He requested approval of the license renewal application.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Heinrich moved to approve the Iowa West Racing Association's Application for Pari-Mutuel License and Granting Race Dates and Racetrack Enclosure License for January 1, 2019 through December 31, 2019 with the following conditions:

- Staff be provided with an updated list of all signals being taken by simulcast venue on an ongoing basis.
- Import contracts continue to be available on demand to staff to insure regulatory compliance.
- Approval of revised security plan be adopted.

Commissioner Lamberti seconded the motion, which carried unanimously.

Chair Kramer moved to the contracts. Mr. Mowad presented the following contracts for Commission approval:

- The Aaron Group – Promotional Items
- Trane Co. – HVAC Equipment
- Transact Technologies, Inc. – Slot Machine Parts Supplier (OSV)
- Your Way Construction – Construction Company

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

IOWA GREYHOUND ASSOCIATION (IGA) d/b/a THE IOWA GREYHOUND PARK:

Brian Carpenter, General Manager/Director of Racing, requested approval of their 2019 racing license. He noted there are five weeks of racing left in the current season. The live on-track handle is up \$1.3 million from last year. Mr. Carpenter submitted a contract with the City of Dubuque for a 5-year Amendment to the Lease Agreement between the City of Dubuque and IGA.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Lamberti moved to approve the Application for Pari-Mutuel License and Granting of Race Dates for January 1, 2019 through December 31, 2019 contingent upon the following conditions:

- Export contracts should continue to have the review and approval by staff to insure regulatory compliance.
- Approval of revised security plan be adopted.

Commissioner Arnold seconded the motion, which carried unanimously.

Chair Kramer requested a motion regarding the contract. Commissioner Lamberti moved to approve the contract as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

PRAIRIE MEADOWS RACETRACK AND CASINO, INC. d/b/a PRAIRIE MEADOWS RACETRACK AND CASINO (PMR&C):

Derron Heldt, Director of Racing, presented PMR&C's request for the pari-mutuel license, race dates and gambling enclosure license for January 1, 2019 through December 31, 2019.

Commissioner Lamberti noted the race dates for the thoroughbred and quarter horse meets overlap, and requested an explanation. Mr. Heldt advised PMR&C is in the 5th year of their 5-year agreement with the Iowa Thoroughbred Breeders & Owners Association and the Iowa Quarter Horse Association. He stated Oaklawn Park had moved their last day of racing to coincide with the Kentucky Derby, which is causing PMR&C to start racing later as a significant number of the horses that race at PMR&C come from Oaklawn. Mr. Heldt stated PMR&C would lose five racing days in April and three in May, which will be made up at the end of the racing season. The thoroughbreds will race 67 days, with eight of them occurring during the quarter horse meet. The quarter horses will race on Friday, Saturday and Sunday; thoroughbreds

will race on Monday and Tuesday. Mr. Heldt advised PMR&C would be racing five days per week for about a month in order to satisfy both groups.

Commissioner Kramer expressed concern about PMR&C having a sufficient number of stalls during the time frame when both thoroughbreds and quarter horses would be on the backside. Mr. Heldt advised they would have sufficient stalls, noting that some horses start moving to Remington Park in August. He indicated they have approximately 450 stalls, and feels around 200 would be open during that time frame.

Hearing no further comments or questions, Chair Kramer requested a motion. Commissioner Arnold moved to approve the application for pari-mutuel license and granting of race dates and the racetrack gambling enclosure license for January 1, 2019 through December 31, 2019 subject to the following conditions:

- Export contracts should continue to have the review and approval by staff to insure regulatory compliance.
- All marketing promotions that may affect live racing, particularly the racing schedule and post times, shall have **prior approval** from the IRGC.

Commissioner Lamberti seconded the motion.

Mr. Ohorilko stated he had received a statement from Jon Moss, Director of the Iowa Horsemen's Benevolent and Protective Association, which he read into the record: "The Iowa HBPA is in support of the live Thoroughbred race dates as proposed by Prairie Meadows for 2019. While not the ideal scenario we believe for either Prairie Meadows or for us horsemen, this is ultimately the best solution possible for this year given the various contracts. Next year the HBPA plans to work hard with both Prairie Meadows and the IQHRA in creating a calendar that positions horse racing in the state of Iowa the best way possible."

The motion carried unanimously.

Chair Kramer moved to the contracts. Gary Palmer, General Manager, presented the following contracts for Commission approval:

- C & T Design – Food Service Equipment and Design Services
- Shye West (Imagine This) – Promotional Items (OSV)

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

HEARING: Mr. Ohorilko stated IRGC staff and PMR&C had entered into a Stipulated Agreement for a violation of Iowa Code §99F.9(4), the statute related to minors in the wagering area. On April 29, 2018, a minor entered the facility unchallenged and proceeded to a table in the wagering area, and was in the area over thirty minutes. Mr. Ohorilko stated the minor did not

gamble or consume alcohol but there were some aggravating circumstances due to the age of the minor and the way the violation was detected. As a result of the violation, PMR&C has agreed to pay an administrative penalty in the amount of \$20,000.

Mr. Palmer had Mr. Heldt address this matter. Mr. Heldt advised PMR&C takes this violation very seriously. He stated PMR&C has added signage, worked with staff to identify minors, and changed the designated wagering area.

Commissioner Lamberti moved to approve the Stipulated Agreement with an administrative penalty of \$20,000.00. Commissioner Heinrich seconded the motion, which carried unanimously.

PUBLIC COMMENT/ADMINISTRATIVE BUSINESS: As there was no Public Comment, Chair Kramer called on Mr. Ohorilko for administrative business. Mr. Ohorilko stated the Commission would be reverting \$214,344.44 to the licensees, which will be in the form of a credit to their regulatory fees in FY19. Each facility will receive approximately \$9,628 with the exception of PMR&C, which will receive an extra amount due to unspent drug testing costs originally allocated to them.

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

MINUTES TAKEN BY:

JULIE D. HERRICK

**IOWA RACING & GAMING COMMISSION
MINUTES
NOVEMBER 15, 2018**

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, November 15, 2018 at Rhythm City Casino, LLC in Davenport, Iowa. Commission members present were Kris Kramer, Chair; Carl Heinrich, Vice Chair; and Rich Arnold, Pennie Gonseth Cheers, and Jeff Lamberti.

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

WELCOME: Mo Hyder, General Manager, welcomed everyone to Rhythm City and Davenport. He noted that it has been 29 months since the casino moved to the land-based facility. He stated his belief that they have been good stewards of the privilege granted to them; noting the facility has an incredible relationship with the city of Davenport, the Regional Development Authority (RDA) and the community as a whole. Mr. Hyder introduced Mayor Frank Klipsch, and Matt Mendenhall, CEO of the RDA.

Mayor Klipsch welcomed everyone to Davenport. He stated the facility has been a tremendous asset to the community. He stated the facility and management are great corporate citizens and represent the industry very well. Mayor Klipsch noted the impact the facility is having on the community is amazing - the work that is being done, the amenities and programs offered; and programs and services provided to the employees. He thanked the Commission for its support of the facility.

Mr. Mendenhall welcomed everyone to Davenport and Rhythm City Casino on behalf of the RDA Board of Directors. He echoed Mr. Hyder's comments regarding the relationship between the two entities, noting Rhythm City helps RDA keep operational costs down so there are more funds to distribute to the non-profits. Mr. Mendenhall noted the facility provides separate funding for hunger relief, and participates in the local food recovery program. He noted RDA holds as many meetings as possible at the facility to provide individuals an opportunity to experience the facility. He advised RDA would be meeting the next day to approve the fall grants. Mr. Mendenhall stated RDA is proud of the difference they can make in the community due to the funds received from Rhythm City. Currently the Quad Cities is building a unified regional vision called the Q3030 to become a better place for businesses to operate and people to live. Mr. Mendenhall stated RDA regularly funds capital projects to help build infrastructure; and they are a major funder for the Eastern Iowa Community College and its urban campus project, which supports 500 traditional students on a daily basis, and many more through its continuing education program each year. He stated RDA is excited to provide funding for the new YMCA building downtown, which will serve an additional 4,000 members and help to revitalize a low-income neighborhood at the edge of downtown. This project will transform 15 acres of an industrial site and is expected to draw \$75 million in future development. Mr. Mendenhall stated Rhythm City also made a significant contribution to the YMCA project. He stated RDA also supports many grassroots efforts. For the current grant cycle, RDA will be

voting on providing funding for job mentoring, teenage film making, emergency relief funds, youth music, professional chefs at the Farmers' Market and veteran support. He noted smaller social grants have the ability to capitalize on the passion of people who want to improve the community, but may not need a significant amount of money. Mr. Mendenhall noted the RDA Board is well-respected, and when they decide to fund a project, others within the community take notice.

APPROVE MINUTES: Chair Kramer moved to the approval of the minutes from the October 4, 2018 meeting. Commissioner Heinrich moved to approve the minutes as submitted. Commissioner Arnold seconded the motion, which carried unanimously.

ANNOUNCEMENTS: Chair Kramer called on Brian Ohorilko, Administrator of IRGC, for announcements. Mr. Ohorilko reminded everyone there would not be a meeting in December. He noted the next meeting would be held on Friday, January 4, 2019 at the Meskwaki Casino in Tama, Iowa. Submissions for that meeting are due in the Commission office by December 19, 2018. The Commission will meet on March 5, 2019 at Prairie Meadows Racetrack & Casino in Altoona, Iowa.

Mr. Ohorilko recognized the following staff members who are located at Rhythm City and Isle of Capri Bettendorf: Licensing Assistant: Deb Douglas; Gaming Representatives at Rhythm City, Dan Martens and Stan McClellan; and Gaming Representative Stu Hoover at Isle of Capri Bettendorf. He expressed appreciation for their work on behalf of the Commission.

ELDORADO RESORTS, INC.: Doug Gross, legal counsel, noted Eldorado owns the Isle of Capri properties in Bettendorf and Waterloo. He stated Eldorado was founded by the Carano family; the family owns an interest in Eldorado through Recreational Enterprises, Inc. (REI). Mr. Gross noted Doug Carano, the founding member of the family that started the casino operations, passed away approximately 1½ years ago; and there are significant estate taxes to be paid. Due to the estate taxes and additional needs, REI is seeking a \$40 million loan from JP Morgan. In order to secure the note, REI is going to pledge its ownership interest in Eldorado Resorts, Inc. Since Eldorado is a licensed entity and REI owns approximately 15% and are pledging the stock for security; they are requesting approval to pledge approximately 5% of the stock. The loan has been structured in a manner that should JP Morgan have to liquidate the stock, it would never own more than 5% at any one time. Mr. Gross stated Eldorado is pledging stock in a licensed entity for a loan to pay estate taxes.

Chair Kramer stated the Commission would consider the three agreements in one motion as they all pertain to the transaction.

Commissioner Lamberti moved to approve the Margin Loan Agreement between Recreational Enterprises, Inc. and JP Morgan Chase Bank, N.A., London Branch; the Pledge and Security Agreement between JP Morgan Chase Bank, N.A., and Recreational Enterprises, Inc., and the Issuer Agreement executed between JP Morgan Chase Bank, N.A., London Branch, and Eldorado Resorts, Inc. Commissioner Heinrich seconded the motion, which carried unanimously.

CONTRACT APPROVALS:

Rhythm City Casino, LLC: Mr. Hyder presented the following contracts for Commission approval:

- ADP West Des Moines – Payroll Services
- NRT Technologies – ATM Revenue Agreement (OSV)

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

Riverside Casino & Golf Resort, LLC: Dan Franz, General Manager, presented the following contracts for Commission approval:

- ADP, LLC – Payroll Services
- Architectural Arts – Resort Renovation Project: Architectural Woodwork
- Baxter Construction Company, LLC – Resort Renovation Project: Construction Manager
- Builders Sales & Service Company – Resort Renovation Project: Interior Framing & Drywall (OSV)
- Capital Sanitary Supply – Chemicals for Laundry
- Corridor Paint & Drywall, Inc. – Resort Renovation Project: Painting & Wall Coverings
- CR Glass Company – Resort Renovation Project: Storefronts & Glazing
- Culver's Lawn & Landscape – Snow Removal and Ice Control
- D & K Products – Turf Management Supplies
- Garling Construction, Inc. – Resort Renovation Project: Finish Carpentry
- JDMX, LLC – Web Application Development and Support
- North American Home Centers, Inc./Randy's – Resort Renovation Project: Tile Work
- NRT Technologies Corp. – ATM Revenue Agreement (OSV)
- Paragon Commercial Interiors, Inc. – Furniture and Fixtures
- Performance Food Service – Specialty Food Purchases
- UMR, a United Healthcare Company – Medical & Flexible Spending Plan

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

Commissioner Heinrich asked if the renovation project was completed. Mr. Franz advised it was substantially complete; there are a few punch list items to go through and finish up the family restroom outside the 22 & Vine Café. He noted they will be having a Renovation Celebration on November 29th to show the facility to the investors, patrons and public.

Grand Falls Casino Resort, LLC: Sharon Haselhoff, General Manager, presented the following contracts for Commission approval:

- ADP West Des Moines – Payroll Services
- Core-Mark – Retail & Tobacco Purchases
- Delta Dental of Iowa – Employee Dental Insurance
- NRT Technologies Corp. – ATM Revenue Agreement (OSV)
- Sitler Electric Supply, Inc. – Lighting & Electrical Supplies
- US Foods – Food & Beverage Purchases
- Wellmark Blue Cross & Blue Shield – Benefit Plan: Administrator and Claim Costs

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

Diamond Jo Worth, LLC: Wendy Runde, General Manager at Diamond Jo, LLC, presented a contract with AJB Enterprises for snow removal and construction.

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

Casino Queen Marquette, Inc.: Don Ostert, General Manager, presented a contract with Everi Payments, Inc. for Check Warranty/Cash Access/ATM Service Schedule (OSV).

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

IOC Bettendorf, L.C.: Sally Rogers, Director of Finance, presented the following contracts for Commission approval:

- Jim Giese Commercial Roofing – Capital Project to Replace South Tower Hotel Roof over 4th Floor, Pool, and Skywalks
- 7G Distributing, LLC – Alcoholic Beverage Vendor

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

Dubuque Racing Association, Ltd (DRA): Brian Rakestraw, General Manager, presented the following contracts for Commission approval:

- 7G Distributing – Beer Purchases
- American Trust & Savings Bank – Loan for Financing Chaplain Schmitt Island Project
- Blue Cross Blue Shield – Employee Health Insurance for Management Group
- City of Dubuque – Chaplain Schmitt Island Project

- Cottingham & Butler Insurance – Umbrella and Liquor Liability Insurance
- EMC Insurance – General Liability, Auto and Worker’s Compensation Insurance
- Global Payments Gaming Services, Inc. – Cash Advance Processing Agreement (OSV)
- Iowa Street Market – Liquor Purchases
- King Food Service – Food Purchases
- Matthews Distributing – Beer Purchases
- Medical Associates – Employee Health Insurance
- Myers-Cox – Food Purchases
- Sysco Foods – Food Purchases

Mr. Rakestraw introduced Jesús Avilés, CEO and President of DRA, who addressed the Commission regarding the contracts with American Trust & Savings Bank and the City of Dubuque. Mr. Avilés advised DRA is seeking approval for a special project to be constructed on Chaplain Schmitt Island, where the casino is located. The island houses a number of entities besides the casino: a hotel, several restaurants, baseball fields, Mystique Ice Arena, and a Veteran’s Memorial. The Veteran’s Memorial was established many years ago by veterans who collected the necessary funds to construct the memorial. Mr. Avilés provided some history regarding Chaplain Schmitt, a Catholic priest who served as a Chaplain in the United States Navy stationed at Pearl Harbor at the time of the attack. He stated DRA does not feel the current Veteran’s Memorial does justice to Chaplain Schmitt; he saved many lives, volunteered to serve in the military and gave his life. Mr. Avilés stated DRA will spend \$2.2 million to redo the Veteran’s Memorial. Mr. Avilés played a short video highlighting the features of the new Veteran’s Memorial. There will be walks and trails, a waterfall, and a structure entitled “Skyward” representing Chaplain Schmitt’s efforts to save lives on the USS Oklahoma at Pearl Harbor. The memorial will represent “Honor”, “Respect”, “Reverence”, and “Peace”. Mr. Avilés noted DRA is the non-profit license holder for the Diamond Jo, who has supported the DRA since its inception. Boyd Gaming, the current owner of Diamond Jo, has contributed to DRA, enabling them to create these projects.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Lamberti moved to approve the contracts as submitted. Commissioner Gonseth Cheers seconded the motion, which carried unanimously. Chair Kramer expressed appreciation for the high number of Iowa vendors utilized, which can be difficult for facilities located on the border.

Wild Rose Clinton, LLC: Rick Gilson, Director of Regulatory Compliance, presented a contract with Agilysys, Inc. to replace all point of sale equipment and software (OSV).

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

Wild Rose Emmetsburg, LLC: Mr. Gilson presented a contract with Agilysys, Inc. to replace all point of sale equipment and software for the hotel (OSV).

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

Wild Rose Jefferson, LLC: Mr. Gilson presented a contract with Agilysys, Inc. to replace point of sale equipment and software for the gift shop and food & beverage (OSV).

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

PRAIRIE MEADOWS RACETRACK & CASINO, INC.: Gary Palmer and Derron Heldt, General Manager and Vice President of Racing respectively, were present to address the agenda items.

Mr. Heldt provided a review of the recently completed quarter horse meet. He noted the on-track handle was down from the prior year, but off-track handle was up. He indicated the handle ended up being down about 2%, or \$7,000. Mr. Heldt advised there were three factors that contributed to the handle being down: field size was down over the prior year; the wet weather in late September/early October; and the minimum show wager was reduced from 10 cents on the dollar to a nickel in January. He noted most bettors like to see races run on a fast track, and most of the races in September and October were run on a muddy and/or sloppy surface.

Mr. Heldt stated an Iowa-bred horse, Irish Royal Jess, started four times, had four wins, and won a major stakes race on the last day. There were eleven trainers; the top four leading trainers were all from Iowa. The Challenge Races are being held at Los Alamitos Racetrack in California; there are four regional horses that qualified to run in the races.

Mr. Heldt noted the Iowa Quarter Horse Racing Association holds a 3-day event called Youth Days –Racing for the Future. Youth from the State of Iowa apply to participate in this program. If selected, the individual is matched with a trainer and learns how to train a quarter horse, how to groom and take care of it, and get it ready to race. They also have an opportunity to work with race management and racing officials to learn their various duties. On the third day, the participants are able to qualify for a college scholarship. The individual who won the scholarship this year was a vet student at Ames; and she enjoyed the program so much she returned every weekend during the meet.

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

- American Express – Corporate Credit Cards and Payment Service (OSV)
- Martin Brothers Distributing – Food, Equipment and Supplies

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

Mr. Palmer noted Prairie Meadows will be celebrating 30 years in January.

HEARING: Mr. Ohorilko advised that Commission staff and Wild Rose Jefferson, LLC have entered into a Stipulated Agreement for a violation of Iowa Code §99F.1(1) for the inaccurate reporting of promotional play receipts. Mr. Ohorilko stated that on or about June 29th, 2018, Commission staff was conducting an audit of the weekly adjusted gross revenue and discovered a slight variance of \$210 of promotional play receipts that were reported as a promotion that would not qualify for deduction. Further review revealed there were other times when Jefferson had reported promotional play that would not qualify; the total dollar amount reported was \$33,282, which caused the threshold for the promotional play tax credit to be prematurely reached in FY 2018. All of the licensees were contacted in July and a plan was established to rectify the situation by all of the licensees. Mr. Ohorilko stated Wild Rose Jefferson has agreed to an administrative penalty up to \$10,000.

Tom Timmons, President of Wild Rose Entertainment, concurred that a mistake was made; it was not intentional. He stated he used the situation as a teaching moment for staff. He indicated he met with Mr. Ohorilko and suggested some changes to the reporting form and suggested Commission staff provide some backup and double-check the facility. Mr. Timmons indicated Mr. Ohorilko agreed to the suggestions.

Chair Kramer moved to approve the Stipulated Agreement as submitted with an administrative penalty of \$10,000. Commissioner Lamberti seconded the motion, which carried unanimously.

PUBLIC COMMENT: Jon Moss, Executive Director of the Iowa Horsemen's Benevolent and Protective Association, and President of Hope After Racing Thoroughbreds (H.A.R.T.). He advised H.A.R.T. was formed in 2010, and received its 501(c)3 status in 2011. H.A.R.T. is an aftercare program associated with Prairie Meadows, IHBPA, ITBOA and other representatives in the horseracing industry. This group of individuals works with horses coming off the racetrack, whether retiring, too slow to race, etc., to find homes for the horses. In 2018, H.A.R.T. brought 18 horses into the program; they have brought in 50 horses over eight years. There are currently 11 horses in the program, all of them new to the program this year. Mr. Moss stated the program also saw a 65% increase in revenue due to the horsemen at Prairie Meadows making larger donations above and beyond the \$5.00 per start contribution they make in order to help sustain operations. He noted the program has also experienced increased costs. They held an open house in September attended by 50-60 people, and had 2-3 horses adopted during the event. Mr. Moss stated their funding is depleted; they have 2-3 months of operational revenue on hand at this time. He indicated the program will be working with the HBPA and ITBOA to see if they can provide some additional funding as horses are expensive to take care of. They are also looking at applying for some additional grants; they have already received three this year. They are hoping to receive their Thoroughbred Aftercare Alliance (TAA) accreditation in 2019. TAA has approximately 60-70 organizations across the United States, which would give them a

broader base to seek homes for the horses. Mr. Moss stated they couldn't apply previously because the organization was too small.

ADMINISTRATIVE BUSINESS/ADJOURN: As there was no Administrative Business, Chair Kramer requested a motion to adjourn. Commissioner Lamberti moved to adjourn. Commissioner Gonseth Cheers seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK