

# IOWA RACING AND GAMING COMMISSION

## MINUTES

### OCTOBER 3, 2024

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, October 3, 2024 at Isle Casino Hotel Bettendorf in Bettendorf, Iowa. Commission members present were Daryl Olsen, Chair; Mark Campbell, Vice Chair, and members Julie Andres, Amy Burkhart and Alan Ostergren.

**APPROVE AGENDA:** Chair Olsen called the meeting to order at 8:30 AM and requested a motion to approve the agenda as presented. Commissioner Ostergren so moved. Commissioner Burkhart seconded the motion, which carried unanimously.

**APPROVE MINUTES:** Chair Olsen requested a motion to approve the minutes from the August 29, 2024 Commission meeting. Commissioner Burkhart moved to approve the minutes as submitted. Commissioner Campbell seconded the motion, which carried unanimously.

**WELCOME:** Nancy Ballenger, Senior Vice President and General Manager, welcomed everyone and thanked them for coming. She gave a little background of how riverboat gambling got started in the state of Iowa and how Bettendorf was honored to be the birthplace of riverboat gambling in the state. She said since that time the gaming industry has changed significantly. They have invested millions in their location and are thrilled to offer the largest hotel in the state attracting guests from all over. Bettendorf is getting ready to celebrate 30 years at their current property in 2025. Ms. Ballenger said they have 24 employees who have been with the property since 1995 and they are planning many ways to celebrate them. She then said how thankful she is for the partnership with their Qualified Sponsoring Organization (QSO), Scott County Regional Authority (SCRA), and she introduced Chad Manternach, Board President.

Mr. Manternach welcomed everyone to Bettendorf. He said SCRA funds grants twice a year, once in the spring and once in the fall. He said he is extremely excited because this year, with the fall grant cycle, they will surpass \$100 million in grants. They plan to throw a big celebration for this and invite past grant recipients and board members. He then thanked everyone for coming.

Scott Naumann, Mayor Pro Tem, also welcomed everyone to the City of Bettendorf. He said speaking at the Commission meeting was a great opportunity for him to personally thank everyone there for the incredible impact gaming has had on their region. He said it is a tourism magnet that has drawn people to the area and when you look around you see things that would not have been possible without the partnership of Isle Capri Bettendorf and SCRA. He said they are eternally grateful for those licenses and what they continue to do for the community today.

**ANNOUNCEMENTS:** Tina Eick, Administrator of IRGC, introduced Gaming Representatives Dan Martens, Rhythm City Casino and Stu Hoover, Isle of Capri Bettendorf, and expressed appreciation for their hard work and all they do.

Ms. Eick advised the next meeting on November 20th is for a site visit and public comments regarding the Linn County License Application and will be held at The Hotel at Kirkwood Center

in Cedar Rapids, IA. She advised anyone wishing to speak will be allowed three minutes and will need to sign up on site to do so. She said there will be further information regarding this on the IRGC website prior to that meeting.

Ms. Eick then said the next Commission meeting will be held on November 21<sup>st</sup> at Catfish Bend Casino II, LLC in Burlington, IA. The submission deadline for this meeting will be November 6<sup>th</sup>. There will be no meeting in December. The first meeting of 2025 will be held on January 23<sup>rd</sup> at Wild Rose Hotel & Casino in Jefferson, IA.

**SCE PARTNERS, LLC:** Doug Fisher, General Manager, presented their remodeling plans to turn the World Tour Buffet into an event center. He said the buffet has not reopened since Covid, but they have been using it for events. He said the new space will mirror the Hard Rock look and will hold weddings, business dinners, and more. He said they are excited to have this new amenity and respectfully ask for approval.

Chair Olsen said they never like to see the loss of restaurants and asked if there were plans to later bring back the buffet or if they think this is the best use of that space. Mr. Fisher, said they do think this is the best use of that space. Commissioner Burkhart asked him to please remind them of what other restaurants were at the property. Mr. Fisher said Main + Abbey and Fuel American Grill.

Hearing no further comments or questions, Chair Olsen requested a motion. Commissioner Burkhart moved to approve the remodel request as presented by SCE Partners, LLC. Commissioner Campbell seconded the motion, which carried unanimously.

**CATFISH BEND CASINOS II, LLC:** Gary Hoyer, CEO, presented phase two of their remodel plans. He said they approved phase one at the last meeting, which was just the initial phase. He said they plan to spend \$2.5 million plus on this refresh. They do not plan to move a lot of walls, but just dressing it up a bit and making it look new again.

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Ostergren moved to approve the remodel request as presented by Catfish Bend Casinos II, LLC. Commissioner Andres seconded the motion, which carried unanimously.

**IOWA WEST RACING ASSOCIATION (IWRA) D/B/A HORSESHOE CASINO COUNCIL BLUFFS:**

Application for a Pari-Mutuel License, Racetrack Enclosure Gambling License, and Sports Wagering License for January 1, 2025 through December 31, 2025: Thomas Roberts, Senior Vice President and General Manager, was present to address the agenda item. Brenda Mainwaring, President and CEO of the IWRA, was on Zoom as she was unable to make the meeting in person. Ms. Mainwaring expressed her sincere apologies for not being able to attend the meeting. She requested approval of the license renewal. She said Caesars continues to make very important investments to improve guest services and rehabilitate the structure for the long term. She said their investments make sure Horseshoe continues to be important to the city of Council Bluffs.

She said she and Thomas as well as the City have talked about how to make the best use of the dog track and grandstand, which she knows is very important to the Commission. She said the Mid America Center has become a regional attraction in terms of sports in particular, so they want to make sure that whatever happens at the grand stand not only serves Horseshoes interests but also amplifies what they are already doing from a recreation standpoint at the Mid America Center. Ms. Mainwaring respectfully requested renewal of their license.

Mr. Roberts started by saying 2024 was a year where they have continued battling competitive impact. He said by the end of 2023 they put themselves in a good position to compete with what was happening in Nebraska and this year they have continued to do so by reinvesting in their property. He said they have live entertainment every weekend and continue to try to improve their offerings. Mr. Roberts said they will also have the first Iowa table game area wide progressive which will connect four of their casinos and should go live by the end of the year. He said they will continue to invest in their property and make sure they have the best gaming offering in Council Bluffs.

Mr. Roberts addressed some questions that had come up about their race book. He said they are one of the few locations in the United States that offers a race book where year over year they are seeing an increase in handle, wagers and player engagement. He said the handle is up over 12% and the wagers are up over 6%. He said their handle for simulcast has grown from 5.5 million in 2022 to 6.5 million in 2024. Mr. Roberts said they remain committed to delivering the best gaming experience in Council Bluffs and on behalf of the 580 employees of Horseshoe he requested the renewal of their license.

Commissioner Campbell asked for an update on their remodel. Mr. Roberts said for Harrah's they have seen a delay on some shipping and they are about three weeks behind. He said they hope to be done by the end of November but there might still be five or six rooms waiting on a few things, but should be on track to be done by the end of the year.

Hearing no further comments or questions, Chair Olsen requested a motion. Commissioner Campbell moved to approve Iowa West Racing Association's Application for a Pari-Mutuel License, Racetrack Enclosure License and Sports Wagering License for January 1, 2025 through December 31, 2025 and approve the facility's revised security plan with the following conditions:

- Staff be provided with an accurate and updated list of all signals being taken by the simulcast venue on an ongoing basis.
- Import contracts continue to be available on demand to staff to ensure regulatory compliance.

Commissioner Ostergren seconded the motion, which carried unanimously.

Request for Approval of Remodeling Pursuant to 491 IAC 5.4(15): Mr. Roberts presented the remodel plans. He said that after Covid they saw a decline in dealers and they needed to cut down on table games to accommodate the number of dealer to supervisor ratio to protect the money and the integrity of the game. However, as times change, they are able to get more dealers to open up

more table games and open a private high limit room. He said some of the better players like to be in a private room and not surrounded by others. He said the area they are looking to remodel is the last space of the old buffet area. He said they are taking that area and opening a luxury high limit slot area.

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Andres moved to approve the remodeling as presented by Horseshoe Casino Council Bluffs. Commissioner Burkhart seconded the motion, which carried unanimously.

Contracts: Mr. Roberts presented the following contracts for Commission approval:

- HRB Realty Co., Inc./Harveys BR Management Co., Inc. – Management Agreement
- HRB Realty Company, Inc. – Lease Agreement

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Burkhart moved to approve the contracts as submitted by Horseshoe Casino Council Bluffs. Commissioner Andres seconded the motion, which carried unanimously.

**PRAIRIE MEADOWS RACETRACK AND CASINO, INC. D/B/A PRAIRIE MEADOWS RACETRACK AND CASINO:**

Application for Pari-Mutuel License and Granting of Race Dates; Racetrack Enclosure Gambling License, and Sports Wagering License for January 1, 2025 through December 31, 2025: Gary Palmer and Derron Heldt, General Manager and Vice President of Racing respectively, were present to address the agenda item. Mr. Palmer requested the renewal of their gaming, pari-mutuel and sports betting license. He said they are celebrating their 35<sup>th</sup> year in business and they are privileged to have their license. He said they continue to expand and remodel. Mr. Palmer said their numbers are very good this year, might not be the best year, but maybe the 2<sup>nd</sup> best. He said things are going very well and requested their license be renewed.

Chair Olsen asked if race dates had been set. Mr. Heldt said at this point no. He said since the last Commission meeting, they had a presentation by Doug Reed for all the stakeholders and the following day they got together to discuss the upcoming season. He said they had a good conversation, the Horsemen listened, but it was primarily Prairie Meadows providing them a calendar and going through some recommendations Mr. Reed had made. He said they revised the current calendar, reducing the number of race dates, and the Horsemen were supposed to take that back to the board to discuss. He said they have another meeting scheduled for Monday, October 14<sup>th</sup>, to discuss more. Mr. Heldt said they are continuing to talk and with the November Commission meeting deadline set for November 6<sup>th</sup>, they have about a month to get things figured out. He said they are possibly looking at a one-year plan to be able to better plan for some of Mr. Reed's recommendations.

Commissioner Burkhart asked if the stakeholders have a monthly meeting planned. Mr. Heldt said yes, they will continue to meet monthly until this is resolved. Commissioner Campbell said he appreciated the opportunity to meet with everyone, but was hoping to have some dates by now. He said he understands the time and commitment that has been put into the study and is

disappointed that they can't move forward on this. Mr. Palmer said there are going to have to be some changes made. He said their thought and suggestion is a stair step process. He said they can't just change overnight and they need a little time to make changes. He said they are looking to make changes this year that will help them come up with a long term plan on how racing will look in the future.

Commissioner Ostergren said that if no agreement is made, the Commission will decide the dates. He said what they come up with will not be as good as what the stakeholders could come up with. Chair Olsen said we will not stop you from operating, but we will establish dates if you don't. He said he believes they are all in agreement that that's not what they want to do, but they will if they have to. He said if they do, they will follow the guidelines of the study. Mr. Palmer said he felt confident that they would come to an agreement and confident that next year when they come for renewal, they will have a long term plan in place.

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Andres moved to table this agenda item for the renewal of Prairie Meadows license applications and approval of race dates until the November meeting. Commissioner Campbell seconded the motion, which carried unanimously.

Recap of Race Meet: Mr. Heldt gave a brief recap of their recently completed 80 day race meet. Actually 81 days as they had to have a makeup date for a weather related cancelation. He said their handle both for on track and off track thoroughbreds was up. For on track the handle was up about 8% and for off track the handle was up about 2.3%. For quarter horses, off track handle was up about 3.6% and on track was up about 1.4%. The combined handle for thoroughbreds and quarter horses was up about 2.9% over the prior year. He said some factors that contributed to this increase were they had 11 more races this year, they had great weather and TVG carried more of their races.

He said on field size, thoroughbreds were slightly down from the prior year. He said this year they averaged 6.28 horses per race versus 6.33 in 2023. On the quarter horse side, the numbers were up this year. They averaged 7.08 horses per race versus 7.01 from last year. He said they had great performances throughout the season. He said they had decent field size, handle was good, and participation was strong.

Mr. Heldt then spoke a little bit about the breeding on the thoroughbred side. He said they had their annual sale at the end August. The sales topper brought in \$55,000 this year which is pretty much in line with what has occurred in total years. However, he said the gross from the sale was \$941,000 which was a record year. He said this speaks to the quality. They saw some buyers from Minnesota and neighboring states.

Mr. Heldt then spoke on the catastrophic injuries. He said at Prairie Meadows they try to take care of their racing surfaces the best they can. He said the National average for catastrophic injuries in 2023 was 1.32 per 1,000 starters. He said this year they had five catastrophic injuries on thoroughbreds, which equated to 1.40 catastrophic injuries per 1,000 starters, which is right in line

with the National average. On the quarter horse side, they only had one injury and they had close to 1,500 starters.

Commissioner Ostergren asked if the track averages are on all different track surfaces across the country and Mr. Heldt said yes. He said the season recently ended and they are out getting soil samples from the track, working on drainage, and more to make sure they are ready for training in April. He said they are also working on numerous backside projects including, barn window replacement, black top overlay on roads, new shingles on barns, and new asphalt. They are also adding fans to each stall where the horses get saddled to help with air circulation on hot days. Bird netting will also be added to keep birds out.

Chair Olsen, said its great to see field size for quarter horses and are up slightly but noted thoroughbreds are still down and that's a continuous trend. Chair Olsen noted barns are full at the beginning of the year, but don't stay full and that's a trend that isn't reversing and that needs to change. Chair Olsen questioned barn space at the end of the year and how many thoroughbreds and quarter horses were on track. Mr. Heldt said they hit their peak around the end of June when they had close to 95% thoroughbreds and 90% quarter horse population. However, in the beginning of August they lost about 125 or so horses to other tracks and that some of the less competitive horses left. Commissioner Campbell asked Mr. Heldt to please let everyone know how many horses Prairie Meadows can house and what their average is as he said it is shocking. Mr. Heldt said they have stall space for 1,419 horses. They try to allocate 960 for thoroughbreds and 420 for quarter horses, with a few stalls left over for ponies. Commissioner Campbell said when you look at that and the staff that it takes to house that many, the economic impact on the state is enormous.

Contracts: Mr. Palmer presented the following contracts for Commission approval:

- Baker Group/Baker Mechanical – HVACR Upgrades and Repairs
- Control Installations of Iowa (Basepoint) – Building Automation Upgrades
- Des Moines Steel Fence – Fence Installation and Repair
- JF Ahern Company – Fire Sprinkler Servicing
- Karl Chevrolet – Vehicles
- Trane US (Des Moines Trane) – HVAC Equipment and Service

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Andres moved to approve the contracts as submitted by Prairie Meadows Racetrack and Casino, Inc. Commissioner Burkhart seconded the motion, which carried unanimously.

**CONTRACT APPROVALS (OSV – OUT OF STATE VENDOR; RP – RELATED PARTY):**

Wild Rose Emmetsburg, L.L.C.: Steve Cody, General Manager, presented a contract with Premier Mechanical Services, Inc. for a monthly maintenance fee and repairs to the HVAC system.

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Burkhart moved to approve the contract as submitted by Wild Rose Emmetsburg, L.L.C. Commissioner Ostergren seconded the motion, which carried unanimously.

Wild Rose Jefferson, L.L.C.: Mr. Cody presented the following contracts on behalf of Travis Dvorak, General Manager, for Commission approval:

- Home State Bank – Home State Bank Credit Card for Purchasing Various Items over the Internet by all Departments
- USA Security – Surveillance Equipment (Cameras, Video, Servers, Install Labor)

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Ostergren moved to approve the contracts as submitted by Wild Rose Jefferson, L.L.C. Commissioner Andres seconded the motion, which carried unanimously.

IOC Bettendorf, L.C.: Ms. Ballenger presented the following contracts for Commission approval:

- John Rohrer Contracting Company and Inc – Parking Garage and Façade Concrete Repairs and Waterproofing
- Johnson Controls – Five Year Maintenance Contract for Fire and Life Safety System

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Campbell moved to approve the contracts as submitted by IOC Bettendorf, L.C. Commissioner Burkhart seconded the motion, which carried unanimously.

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

- ANZ Solutions – Gift Program
- Kingland Construction Services – General Construction Services
- Lake Liquors Wine & Spirits – Purchase of Liquors for Bar

Commissioner Burkhart questioned if they had previously approved the construction contract. Mr. Smith said they had, and this was just an extension of that. He said they might go over so they just wanted to be sure.

Hearing no further comments or questions, Chair Olsen requested a motion. Commissioner Burkhart moved to approve the contracts as submitted by Diamond Jo Worth, LLC. Commissioner Andres seconded the motion, which carried unanimously.

Commissioner Campbell then asked for an update on the construction. Mr. Smith said the beginning of September they opened up the remodeled bar and it's been a huge hit. He said its part of the transformation of modernizing the property. He said the new carpet in the casino creates a vibrant look. He said FanDuel also did some updates with their space as well. He said they will continue to do some transformations and will probably have some more contracts to ask for approval on.

Grand Falls Casino Resort, LLC: Damon John, General Manager of Riverside Casino and Golf Resort, LLC, presented the following contracts on behalf of Sharon Haselhoff, General Manager, for Commission approval:

- Performance Food Service – Food & Beverage Purchases
- Sysco Food Service – Food & Beverage Purchases

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Andres moved to approve the contracts as submitted by Grand Falls Casino Resort, LLC. Commissioner Campbell seconded the motion, which carried unanimously.

Rhythm City Casino, LLC: Mo Hyder, General Manager, presented the following contracts for Commission approval:

- Blackhawk Network – BP Gas Gift Cards for Marketing Promotion
- Sysco Food Services of Iowa – Food Purchases

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Campbell moved to approve the contracts as submitted by Rhythm City Casino, LLC. Commissioner Burkhart seconded the motion, which carried unanimously.

Catfish Bend Casinos II, LLC: Rob Higgins, General Manager, presented the following contracts for Commission approval:

- Conceptual Designs – Design Work for the New Gift Shop and Fixtures and Design Work on the Casino Remodel
- Frank Millard and Company, Inc. – Demolition Work, Framing, and Drywall Installation, and Finishing in High Limit Room, Bar Lounge Restrooms, Primary Restrooms and Player Services
- GRE Burlington Holding Company, LLC – Amend Previous Business Lease Agreement dated November 18, 2022 to Align Beverage Services of the Casino within the Leased Premises (RP)
- Within by Conceptual Designs – Tile, Wallcoverings, Murals, Light Fixtures, Décor, Casework and Furniture for Casino Remodel Project

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Burkhart moved to approve the contracts as submitted by Catfish Bend Casinos II, LLC. Commissioner Andres seconded the motion, which carried unanimously.

Riverside Casino and Golf Resort, LLC: Mr. John, General Manager, presented the following contracts for Commission approval:

- Billion Automotive – Vehicle Purchases
- Mid-State Poker Tour, LLC – MSPT Events (OSV)
- Modern Companies, Inc. – Air and Exhaust System for Pool Area
- Washington County Hospital – Medical Expenses



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

HGI – Lakeside, LLC: David Monroe, General Manager, presented a contract with Indoff-Allied Appliance (OSV) to replace PTAC’s in the Hotel, for Commission approval.

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Campbell moved to approve the contract as presented by HGI – Lakeside, LLC. Commissioner Ostergren seconded the motion, which carried unanimously.

Ameristar Casino Council Bluffs, LLC: Paul Czak, General Manager, presented the following contacts for Commission approval:

- Core Mark Mid Continent Inc – Cigarettes/Groceries
- JCJ Architecture – Casino Design Services (OSV)
- Schindler Elevator Corporation – Vertical Transportation Service

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Burkhart moved to approve the contracts as presented by Ameristar Casino Council Bluffs, LLC. Commissioner Andres seconded the motion, which carried unanimously.

### **HEARINGS:**

BlueBet Iowa LLC: Ms. Eick advised BlueBet Iowa LLC, who operates ClutchBet, and Commission staff had entered into a Stipulated Agreement for a violation of Iowa Code § 99F.4(22) (Self-Exclusion). Pursuant to Iowa law licensees are required to upload and download information to and from the IRGC Commission’s self-exclusion system at least once every seven calendar days. On August 6, 2024 ClutchBet downloaded the updated information as required from the self-exclusion database. The next download should have been on or before August 13, 2024, however it was not completed until August 14, 2024.

Jeffrey Gilbert, Director, stated this was the first time he has ever appeared before a regulatory body for a violation of a code that has risen to an agenda item. He acknowledged that the company was late by one day. He said clearly the delay was unintentional and the result of human error. He said to his knowledge this is the first time a deficiency such as this has ever been brought against BlueBet. He said regrettably he could not provide a more adequate answer for the unintentional download delay. Mr. Gilbert said the download delay was caught by their compliance officer and as soon as they heard from IRGC audit, the compliance officer took immediate corrective action and downloaded the list the next morning, roughly 12 hours after it was due. He said the download delay did not have an adverse reaction on the state, the database clients or the company. He said no self-excluded person received any promotional offers and there were no transactions made by any persons on the list. BlueBet is in the process of winding down their business in Iowa. All refunds have been mailed out and all communications with clients have taken place. Mr. Gilbert said BlueBet has enjoyed working with IRGC and has appreciated their

input and guidance with operations in Iowa. He respectfully requested applying the lowest administrative penalty as possible.

Hearing no comments or questions, Chair Olsen requested a motion. Commissioner Ostergren moved to approve the Stipulated Agreement with an administrative penalty of \$5,000. He said he does not like issuing fines for this, but the self-exclusion process is important and therefore a fine is needed. Commissioner Andres seconded the motion, which carried unanimously.

Crown DFS Inc.: Ms. Eick stated Crown DFS Inc, who operates DraftKings, and Commission staff had entered into a Stipulated Agreement for a violation of Iowa Code § 99F.4(22) (Self-Exclusion). Pursuant to Iowa law licensees are required to review and deactivate the accounts of newly enrolled participants of the statewide self-exclusion program, remove an excluded person from electronic promotional contact lists to no longer receive promotional materials no more than 90 days after a person self-excludes, and to check the self-exclusion list prior to establishing an account. On November 11, 2022, DraftKings updated their system that compares self-excluded people to existing accounts and then restricts any matches. The update however did not search for social security numbers. The update operated for 83 days before the issue was discovered and fixed. During this time, one individual continued to have access and was sent promotional contacts.

Jacob List, Senior Director of Regulatory Operations, said he has enjoyed a positive and productive relationship with the IRGC staff and appreciates their expertise. Mr. List said this issue was self-reported by DraftKings and the issue was remediated promptly.

Commissioner Burkhart asked Ms. Eick if there were any more pending infractions for this licensee. Ms. Eick stated she was not aware of any. Commissioner Burkhart then asked if there had been any other infractions for them in the past 24 months. Ms. Eick said not as it relates to this specific issue.

Commissioner Burkhart said 83 days is a very long time for this to go on. She said we are very lucky we are talking about such small amounts, but would hope this would not go on for this long.

Hearing no further comments or questions, Chair Olsen requested a motion. Commissioner Burkhart moved to approve the Stipulated Agreement with an administrative penalty of \$10,000. Commissioner Andres seconded the motion, which carried unanimously.

Crown IA Gaming LLC: Ms. Eick advised Crown IA Gaming LLC, who operates DraftKings, and Commission staff had entered into a Stipulated Agreement for violations of Iowa Code § 99F.1(24) and Iowa Code § 99F.4(22) (Impermissible Wagers and Self-Exclusion). This is a two count stipulation. For Count 1, pursuant to Iowa law licensees are required to review and deactivate the accounts of newly enrolled participants of the statewide self-exclusion program. On November 11, 2022, DraftKings updated their system that compares self-excluded people to existing accounts and then restricts any matches. The update however did not search for Social Security numbers. The updated operated for 83 days before the issue was discovered and fixed. During this time, one

individual continued to have access however, during the seven days the person had access when they should have been restricted, no deposits were made and no wagers were placed.

For Count 2, Iowa law defines a professional sporting event as an event, excluding a minor league sporting event, at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in such event, unless the even includes professional athletes participating in a sports or athletic event without compensation in excess of actual expenses for a charitable purpose. On April 7, 2023, the Professional Fighters League (PFL) showcased a fight between two competitors as part of its overall schedule of events. That bout was classified as an amateur fight. On April 14, 2023, DraftKings reported to the Commission they had offered wagering markets on this impermissible fight. DraftKings accepted 28 mobile wagers involving the fight totaling \$468.71 in handle. DraftKings voided all accepted wagers and issued a cash credit to customers who had placed winning bets.

Mr. List acknowledged that this was the same issue that we discussed in the above case. He said it was a self-exclusion issue that was due to an error in the software deployment. He said although the software was not matching Social Security numbers, it was still matching first name, last name, and date of birth. He said this is why only two patrons were affected. He said since then, they have strengthened their controls in the self-exclusion matching process. The team responsible for matching has also increased in size, including more senior staff.

Commissioner Burkhart asked him to talk about the process they have in place so they do not have prohibited wagers in the future. Mr. List said prior to this they had a manual review process to check for amateur fighters and if there was one, it would not be allowed for wagers in Iowa. He said since then they have moved to a much more robust process. Now when there are new fighters, they are disabled from the system and someone has to go through and actively review them for professional status and mark them as professional. So rather than someone having to go in and prevent the fight from appearing, someone has to go in proactively and allow the fight to appear in the first place.

Hearing no further comments or discussion, Chair Olsen called for a motion. Commissioner Campbell moved to approve the Stipulated Agreement with an administrative penalty of \$5,000 for Count 1 and \$5,000 for Count 2. Commissioner Burkhart seconded the motion, which carried unanimously.

Chair Olsen announced there would be a 5 minute break.

**LINN COUNTY LICENSE APPLICATION PRESENTATION:** Chair Olsen announced that the deadline for Linn County license application had passed and only one application was received. He said at this time we were going to listen to a presentation from Cedar Rapids Development Group LLC (CRDG) and Lynn County Gaming Association (LCGA).

Brent Stevens, Chairman, Peninsula Pacific Entertainment (P2E), introduced himself and thanked the Commission and staff for the opportunity to present. He said 27 years ago they started their company in Dubuque, IA which started a two and half decade journey that they hope to continue

with Cedar Crossing. He said it was a pleasure to introduce his team who has delivered projects such as Diamond Jo, Diamond Jo Northwood and Hard Rock Hotel and Casino in Sioux City. He said these developments reflect our long standing commitment to Iowa and our proven ability to create destinations that resonate with the communities they serve. He introduced P2E's Iowa team and the others that would be presenting.

Mr. Stevens gave a quick summary of the Cedar Crossing project. It is a \$275 million investment, one of the largest in Iowa's history, that would have a casino with 700 slot machines and 22 table games. He said this is way more than just a casino. It would be a comprehensive entertainment destination. A vibrant mix of restaurants, a 1500 capacity entertainment venue, and poised to become the driving force of Cedar Rapids revitalizing downtown. He said the project also includes an arts and cultural center, a cutting edge STEM lab, and a shuttle service that would connect the property to local hotels and venues. He said what makes this project stick out the most is the overwhelming support they have from the community. He said Cedar Rapids is a city on the rise and is growing very rapidly.

Jonathan Swain, President, CRDG, said they have been committed to bringing Cedar Crossing to life for many years and he has personally been involved for the past 11 years. Today they are presenting a project that is stronger, more impactful and the best version of Cedar Crossing. He said an important question to think about is what has changed since 2017. First, the population growth in Linn and Johnson county is up 12% compared to the state average of 4.7%. Second the industry has grown. In 2017 the gaming industry was a \$1.5 billion industry and combined with sports wagering in 2024 we are just under \$2 billion. Third, Iowa is experiencing increased competition from neighboring states, Nebraska and Illinois. Fourth, they will offset that competition with \$80 million in new gaming revenue for the State of Iowa. Fifth, this project is \$100 million more than before on non-gaming amenities. Last, a larger contribution to non-profits, estimated at \$6.3 million annually, the highest contribution in the state's history. He said these changes represent their dedication not only to improving Cedar Crossing but to aligning their project with the evolving needs of Cedar Rapids, Linn County and the State of Iowa.

Mr. Swain then went over the criteria the Commission uses when considering and awarding a license. The guidelines included in their study were: Economic Impact; Community Support; State Gambling Industry Impact; Benefits to Iowa Tourism; Employment Opportunities; Development and Sale of Iowa Products; and Amenities. He said they believe their project not only meets but exceeds these standards. The team is now going to walk through each criteria to demonstrate how their project aligns with the benchmarks. He said their goal is to show how Cedar Crossing excels in each of the areas mentioned.

Suzanne Leckert, Managing Partner, Convergence Strategy Group (CSG), stated she was there to speak about the economic impact of the project. She said her group projects that the Cedar Crossing Casino will generate over \$108 million in gaming revenue annually, creating jobs and contributing significantly to state and local taxes. She explained that before now consultants such as herself used player databases to track their data, but that was only tracking about 50% of all players. Not all players are signing up for players cards and not all players are using their players card all the time. Technology has changed that. They now have visitation data that is over 97%

accurate. She said cell phones are the most sophisticated tracking devices in the world. CSG purchases anonymized mobile phone tracking data, showing how many people visit any square foot in the country, where they move from, their demographics, how long they stay, where they go before/after, where they work, where they shop. She said the data they get is privacy safe and they backcheck it and incorporate it into AI to account for the population that carry flip phones or no phone at all.

Ms. Leckert said the data they have obtained in this study shows that Cedar Rapids is underserved and underpenetrated. She said for the Cedar Rapids market they showed a gaming participation rate of 3.6% compared to 5.7% for the Quad Cities market, a similar rate for the Riverside market and over 7% for the Dubuque market. She said this shows there is significant room for growth and she is confident that the projections she is showing are the most accurate and reliable possible. Some of the other projections CSG has determined are: 1,100 construction jobs generated; \$300 million in construction related spending; \$6 million in additional sales tax; \$102 million in wage earnings; 524 full-time jobs generated; and \$66 million in spending annually. She said with the annual recurring payments to the City, County, State and QSO, they estimate \$33.5 million direct from Cedar Crossing to the community each year.

Ms. Leckert said that they looked very closely to the impact on existing competitors and they believe previous studies overestimated this. She cited previous studies that projected a loss on existing markets when a new facility came to the market. She mentioned that in these cases some showed a slight dip at first but then bounced back and within years were having revenues higher than they were before. She said they believe that much like other areas in Iowa, this region would be resilient and competitive and perhaps erase any losses in future years.

Tiffany O'Donnell, Mayor, City of Cedar Rapids, said Cedar Crossing represents a promise to voters who have said in two consecutive referendums that they want the same chance that others in our state have been granted, to bring a casino and entertainment center to Cedar Rapids, the 2<sup>nd</sup> largest city in the State. She said she is committed to the will of the people. This project is supported by local investors, business owners, elected officials, non-profit organizations and a host of other stakeholders. They believe deeply in the positive impact this will have on their community and realize this is not just about gaming but about growth opportunities and the revitalization of their community. Ms. O'Donnell said the CSG study showed that Cedar Crossing will attract one million new visitors to their region every year and provides a direct path for their future.

Anne Parmley, President, LCGA, said that Cedar Crossings annual contribution to LCGA as estimated by CSG is \$6.3 million. She said these funds would directly support local charities to enrich education, human services, art and culture and emergency services for the community. Eight percent net adjusted gaming revenue is the highest in the state and can positively impact homelessness, affordable housing, veterans' services and senior care. Ms. Parmley touched on three of the many non-profit organizations that would benefit from Cedar Crossing. The Boys and Girls Club would be able to expand their services to over 600 children. Four Oaks currently serves 27,000 families across the State of Iowa and it would allow them to expand services to more families and strengthen program offerings to provide lasting and stable success. Eastern Iowa Health Center serves 71,000 patients annually. They estimate 60,000 prescriptions annually and

see people regardless of their ability to pay. She said these are just three of hundreds of organizations that Cedar Crossing would be able to help. The \$6.3 million annually would create monumental change for their region.

Mr. Swain spoke again and said they have the support of over 60 local investors and along with P2E they will invest over \$110 million in equity into the project, representing 40% of the total project cost. He said this contribution, along with the \$165 million in financing from Banco Santander, will provide the capital needed to develop this project.

Mr. Swain said they are estimating that 74.3% of their AGR will come from underserved markets, representing new revenue for the state of Iowa. Another 25.7% is estimated to come from existing Iowa operators, but he compared this to previous expectations for new licensees. He said in 2011 it was estimated that Grand Falls would take 26.7% revenue from existing operators, and in 2015 Wild Rose Jefferson was expected to take 62.5% of revenue from existing operators. Both of these projects were approved.

Mr. Swain said Cedar Rapids attracts 2.5 million visitors annually. He said Cedar Crossing aims to be an integral part of this growing tourism. He said they will work with the State, County and tourism board to promote not only their amenities, but also the incredible attractions that Cedar Rapids has to offer. He said Cedar Crossing will be a 1500 capacity entertainment venue with three performance stages, hosting 125 shows annually.

Mr. Swain also touched on the employment opportunities the project would create. He said this project would employ over 1,000 workers during the construction phase, partnering with local unions for skilled labor and competitive wages. Once Cedar Crossing is operational, it will create 524 full-time jobs, including 300 direct roles at the property. He said this will be a great career with competitive pay, comprehensive benefits and opportunities for growth.

Aaron Gomes, President, P2E, touched on the development and sale of Iowa products. He said one of the foundations of the project is the commitment to the "Buy Iowa First" program. He said they are not just building a destination they're investing in Iowa itself. He said that means using Iowa-grown produce and sourcing local products and services whenever possible. He said they have done it before and at their Diamond Jo properties they had a 97% Iowa vendor sourcing success rate.

Mr. Gomes said another way they are supporting their local economy is by the Point Partner Program. The program allows guests to earn points at Cedar Crossing and redeem them with local businesses. He said it's a great way to ensure the entire community sees the benefits of the project, creating a ripple effect that strengthens local businesses and fosters community growth. He said this program costs absolutely nothing to the local businesses. Mr. Gomes showed a video of the Cedar Crossing project and some of the amenities it would include.

Mr. Swain wrapped it up by reviewing the key points in their presentation and why they believe now is the time for this casino. He said Cedar Rapids is growing and they have listened to what

Cedar Rapids needs. He said this is no longer about gaming, it's about the amenities and creating a community center. He said they have the right project and they believe 2024 is the right time.

Chair Olsen said he was opening it up to questions from the Commissioners but said to understand they have a lot to digest. He said they will do a site visit and a question and answer period, plus two more market studies, so they will have a lot more information to look at and time to ask more questions.

Commissioner Campbell said they have heard a lot about the support of Cedar Rapids, but he would like to know where the county stands with this. Ms. Parmley said they have the full support of the county. She said they have a letter in their packet with full support from the entire board of Linn County supervisors.

Commissioner Burkhart said they keyed in on some areas of focus selected such as homelessness and veterans' services and she was curious how the group came to those areas of focus, and asked if they have some numeric data that would show the size of the population of each of those areas of focus. Ms. Parmley said the list she shared was just a sampling of non-profits they plan to support. She said they have to be purposeful when thinking about their grant administration and make sure they are open to a wide-variety of needs in their community. She said they also need to be able to flex if/when catastrophic events occur. She said they are really examining the needs in the community and hope to reflect that in their grant administration.

Commissioner Andres said she was really intrigued with the STEM Lab aspect of the project. She asked if it had been done elsewhere and what they are trying to achieve with that. Mr. Swain said education is a passion of his and his family is very involved in this area in the schools. He said STEM is something that needs to be emphasized more than what it is and this is a way to help with that. He said preparing kids with these skills is a great add on to what they are already getting and this can help them.

Chair Olsen said that he has never seen this data on participation rate. He asked Ms. Leckert to walk through what would be expected and if that data is available for them to review more. Ms. Leckert explained that the participation rate is a mathematical calculation similar to the gravity models that other consultants have shared. She said they reference the propensity (the percentage of the population that participates in gaming) and frequency (how often they do it per year) and multiply those two numbers to get the rate. She said in this case what it showed was that the Cedar Rapids market didn't participate in gaming at near the rates that other markets do that have a facility. Chair Olsen asked what he could expect an average rate to be. Ms. Leckert said that in this particular case they saw 3.6% for Cedar Rapids compared to 5.75% for the Quad City market and 7% for the Dubuque market. Chair Olsen asked if they had any data for the Des Moines market. Ms. Leckert said she did not have that one with her but it was much higher than Cedar Rapids, she recalls it was 5-6%.

Commissioner Burkhart asked if there were graphs available to the Commission for the other potentially effected licensees besides the one they showed during their presentation for Prairie Meadows. Ms. Leckert said they did not provide those in their study but they would be happy to.

Commissioner Campbell asked if they were able to get a copy of all the maps that were created in preparation of the full study. Ms. Leckert said the maps were not included in the study but she would be happy to provide those to the Commission.

Commissioner Ostergren mentioned the property tax assessment agreement that was noted in their study. He wanted to know what the property taxes would be without that agreement and what the impact of that agreement would be on tax payers. Dustin Manternach, CFO, P2E, said for the property taxes themselves there is a \$50 million minimum assessment. He said they don't know exactly what it will be assessed at, could be a little bit higher. He said the property taxes would be split as they normally are between the county and the city. He said the additional payments to the city for the betterment fund would be in addition to the property taxes. Commissioner Ostergren asked if there was a cap. Mr. Manternach said no, there is no cap, if it's assessed higher they will pay that.

Commissioner Burkhart asked if the Point Partner Program had conversations with the local businesses and what their reaction was. Mr. Swain said the reaction has been positive. He said they first approached the City owned hotel as their project does not include a hotel so they plan to support the City owned hotel. He also referenced a couple of restaurants that are close to them. He said their goal over the next several months is to add several businesses to that and include the ma and pa shops. They want to make sure everyone has the opportunity to do this and so far, the reaction has been very good.

Chair Olsen thanked everyone for coming and thanked them for the presentation. He said they will see them again in November in Cedar Rapids. He said they will be accepting public comments and want comments. He promised the Commission would be extremely thorough and diligent as they work through this very long process to evaluate the information.

**PUBLIC COMMENT:** None

**ADMINISTRATIVE BUSINESS:** Ms. Eick advised this is the time of year when the reversion of license fees is announced. She stated the Commission will be reverting \$430,661.04 to the industry for FY 2024. Ms. Eick stated Prairie Meadows would be receiving a larger portion due to racing related costs.

**ADJOURN:** At 10:57 AM, hearing no further business to come before the Commission, Chair Olsen requested a motion to adjourn. Commissioner Ostergren so moved. Commissioner Campbell seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

  
CHANTELLE S. ARMINTROUT