

**IOWA RACING AND GAMING COMMISSION
MINUTES
SEPTEMBER 24, 2015**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, September 24, 2015 at Mystique Casino, Dubuque, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and Richard Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti called the meeting to order at 8:30 AM and moved to the approval of the agenda. He advised that Item 8, the license renewal for Iowa West Racing Association d/b/a Horseshoe Casino-Bluffs Run Greyhound Park, was being deferred until the November Commission meeting. Commissioner Mertz moved to approve the agenda as amended. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the Welcome. Wendy Runde, General Manager of the Diamond Jo, welcomed everyone to Dubuque, and introduced Rusty Knight, Chair of the Dubuque Racing Association (DRA). Mr. Knight also welcomed the Commission to Mystique and Dubuque. He noted that during his time in Dubuque he has come to realize how valuable the gaming industry and the two casinos are to the community, not only to provide entertainment, but as an important economic engine for the community and region. Mr. Knight stated millions of dollars have been returned to the City of Dubuque and a large number of charitable organizations in Dubuque County, surrounding counties and extending into Illinois and Wisconsin.

Mr. Knight introduced Kevin Lynch, a City Council member and DRA member, who welcomed the Commission to Dubuque on behalf of the city. Mr. Lynch stated it is good to look back and see all the positive effects of the work that you do, and noted it is easy to see all of the positive effects of gaming in Dubuque. He stated gaming revenue has had a quiet but significant impact on the City of Dubuque.

Chair Lamberti thanked Dubuque for the hospitality, noting the Commission likes to get out to see the facilities and the impact they have on the communities.

Chair Lamberti moved to the approval of the minutes from the August 20, 2015 Commission meeting. Hearing no comments or changes, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the minutes as submitted. Commissioner Mertz seconded the motion, which carried unanimously.

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

- October 2015 – No Meeting
- November 19, 2015 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by November 4, 2015)
- December 2015 – No Meeting

- January 14, 2016 – Prairie Meadows Racetrack & Casino, Altoona, IA (Submissions due by December 30, 2015)
- February 2016 – No Meeting

Mr. Ohorilko introduced the following IRGC staff assigned to the Dubuque facilities: Licensing Assistant Cathy Dillon; and Gaming Representatives Joe Gau and Tracy Potter – Mystique Casino. He thanked them for their work on behalf of the Commission.

Chair Lamberti moved to the Greyhound Cessation Fund rules, which are before the Commission for final adopt. He noted this has been a unique situation for the Commission to deal with following the passage of legislation last year to cease greyhound racing. Chair Lamberti noted the Commission hired a consultant to assist with the process, and held public hearings. They feel they have tried to do the best job they can. The rules before the Commission are the proposed final rules related to the greyhound cessation fund. He requested a motion to approve the final adoption of the rules.

Commissioner Mertz moved to approve the rules before the Commission for final adoption. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the next agenda item, Game Play Network, Inc. and their application for an Advanced Deposit Wagering (ADW) License. He called on Mr. Ohorilko for an update on the process. Mr. Ohorilko stated Game Play offers ADW and applied for a license in April of this year. There is only one other ADW company licensed in Iowa. He advised that Game Play has entered into an agreement with the Iowa Horsemen's Benevolent and Protective Association (IHBPA), and Prairie Meadows that establishes the profit-sharing for the product. He stated that a background has been completed and did not find any issues. Mr. Ohorilko advised the company gave a presentation at the July meeting. There are two components to the product: the traditional ADW platform and a game platform where outcomes are determined by pari-mutuel horse races. Mr. Ohorilko stated he ran the technology past legal counsel, who has provided an informal opinion.

Hearing no comments or questions for Mr. Ohorilko, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the application for an advanced deposit wagering license submitted by Game Play Network, Inc. for the term of September 25, 2015 through December 31, 2016 conditioned upon any games offered by Game Play Network on the ADW platform be approved by Commission staff prior to implementing the game; and to approve the related ADW Operator Agreement between Game Play Network, Inc., Prairie Meadows Racetrack & Casino and the IHBPA. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the contract approval portion of the agenda and called on Isle of Capri Bettendorf, L.C. d/b/a Isle of Capri Bettendorf (IOCB). Nancy Ballenger, General Manager, presented a contract with Build to Suit as the building contractor for the administrative office remodel.

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

Chair Lamberti asked what the anticipated completion date is for the construction project. Ms. Ballenger stated they indicated 12-14 months when they made their presentation to the Commission. She advised everything is going well and is on track. She stated that as soon as she has a better idea, she would advise.

Chair Lamberti called on SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City (Hard Rock). Dan Welch, Table Games Supervisor, presented a contract with Creative Artists Agency as a talent agent.

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

Chair Lamberti called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, presented a contract with King Food Service for seafood and other grocery items for the casino restaurants.

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

Chair Lamberti called on Wild Rose Clinton, L.L.C. d/b/a Wild Rose Clinton (WRC). Tom Timmons, Vice President of Operations for Wild Rose Entertainment, presented a contract with Empower Retirement for record keeping and website coordinator for Northwest, the 401K Plan administrator. He noted they approached their local bank, Norwest Bank, and advised they wanted to change the 401K provider. The bank is the one that chose Empower to be the administrator.

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

Chair Lamberti called on Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg (WRE). Mr. Timmons presented the following contracts for Commission approval:

- Agilysys – Facility Point of Sale System
- Mail Services, LLC – Mail Service
- Roger Cox – Chairs for Casino Floor
- Empower Retirement – Record Keeping & Website Coordinator for Northwest, 401K Plan Administrator

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

Chair Lamberti called on Wild Rose Jefferson, L.L.C. d/b/a Wild Rose Jefferson (WRJ). Mr. Timmons presented the following contracts for Commission approval:

- SteriSafe – Regulated Medical Waste Services
- Empower Retirement – Record Keeping & Website Coordinator for Northwest, 401K Plan Administrator

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

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

- Baker Electric – Run Wiring for New Aristocrat Upgrade
- DYNTEK – Servers and Hardware for Aristocrat Gaming System Upgrade

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

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

- Evergreen Landscaping Associates – Construction – Landscaping
- Prime Construction Services – Construction – Framing, Drywall, Insulation – Casino/BOH

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

Mr. Hyder advised the construction project is going well; they have poured the sixth level of the hotel and the steel structure and some of the other paving is nearing completion. He stated they plan to hold the topping of the hotel ceremony on October 6. If the weather holds, they anticipate opening around Memorial Day 2016.

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

- Casper Plumbing & Heating – Boiler Replacement

- Search Optics – Marketing and Advertising Agency

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

Chair Lamberti called on the Iowa Greyhound Association regarding their renewal application for the pari-mutuel license. Brian Carpenter, General Manager and Director of Racing for the Iowa Greyhound Park, and Nick Mauro, legal counsel, were present to address any questions. For the 2016 race season, racing will commence on May 14th and conclude on October 22nd. Matinee performances will be on Saturday and Sunday at 1:00 PM; evening performances will be on Wednesday and Friday at 6:30 PM. Additional performances will be held on May 30, July 4 and September 5 with a 1:00 PM post time. The Iowa Greyhound Association requested the following simulcast schedule:

- January 1 – May 15, 2016 - Friday, Saturday and Sunday;
- May 18 – October 23, 2016 - Wednesday, Thursday, Friday, Saturday and Sunday;
- October 28 – December 31, 2016 – Friday, Saturday and Sunday
- Additional Simulcast Dates: May 30th; July 4th; and September 5th.
- No simulcasting will occur on March 26th; December 24th; and December 25th.

Chair Lamberti thanked Mr. Carpenter for the tour of the Iowa Greyhound Park facility on Wednesday afternoon, noting it was very helpful to the Commissioners.

Hearing no comments or questions concerning the license renewal application, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the renewal of the pari-mutuel racing license, including dates, for the Iowa Greyhound Association contingent upon the following conditions:

- The import and export contracts should continue to have the review and approval by staff to insure regulatory compliance.
- Continuous review of racetrack maintenance issues and monitoring of injuries in cooperation with IRGC representatives.

Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Prairie Meadows Racetrack & Casino, Inc. d/b/a Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer and Derron Heldt, General Manager and Director of Racing respectively, were present to address any questions with regard to the license renewal application. PMR&C requested the following:

- Thoroughbred Meet – April 28 – August 13, 2016; Evening performances on Wednesday, Thursday and Friday at 5:30 PM; Matinee performances on Saturday and Sunday at 1:00 PM; Holiday performances were requested for May 30 and July 4 with 1:00 PM post times. They requested year-round simulcasting.

- Quarter Horse Meet – August 20 – October 15, 2016; Evening performances on Thursday and Friday at 5:30 PM; Matinee performances on Saturday and Sunday at 1:00 PM; No additional performances were requested. Year-round simulcasting was requested.

Mr. Palmer presented the following contracts for Commission approval:

- Adventureland – Ticket Sales and Lodging Expenses
- American Teletimer Corp. – Conversion of Television Department to High Definition Capability
- Competitive Edge – Promotional and Advertising Items
- Perficut Lawn and Landscape, Inc. – Lawn Care Services
- Summit Fire Protection Company – Fire Protection System Contractor

Chair Lamberti called on Jon Moss, Executive Director of the IHBPA, who advised the Commission the horsemen's groups had reached an agreement with PMR&C. He stated that moving up the license renewal to this meeting forced the groups to realize they could complete the process while everyone was present for the live race meet. The individuals were able to talk more frequently and work through issues. Mr. Moss indicated working on the agreement during the meet was more work for them, but the agreement provides more stability for the racing industry going forward. It will allow them to start planning further out.

Chair Lamberti expressed the Commission's appreciation for everyone's hard work in reaching an agreement. Hearing no further comments or questions, Chair Lamberti requested a motion regarding the license renewal application. Commissioner Kramer moved to approve the renewal of the pari-mutuel racing license with 67 race days scheduled for thoroughbreds and 26 race days scheduled for quarter horses, the racetrack enclosure license to conduct gambling games for PMR&C, and the additional contracts contingent upon the following conditions:

- The import and export contracts should continue to have the review and approval by staff to insure regulatory compliance;
- All marketing promotions that may affect live racing, particularly the racing schedule and post times, shall have prior approval from IRGC; and
- Ongoing updates to staff on track surface safety measures and improvements.

Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to the hearing for Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort (RCGR) for a violation of Iowa Code §99F.9(5), relating to underage gambling. He called on Mr. Ohorilko, who advised Commission staff and RCGR had entered into a Stipulated Agreement. Mr. Ohorilko stated an 18-year old female approached the turnstile with her parents on July 26, 2015, and was allowed to enter the gaming floor unchallenged. The minor was on the floor for 35 minutes and gambled at eight different machines. Mr. Ohorilko noted two Riverside employees suspected the individual was underage and did remove her from the floor. He stated RCGR self-reported the incident; however, the three criteria which trigger a

Commission referral were met. Mr. Ohorilko stated RCGR acknowledges the facts as set forth in the Stipulation and agreed to a \$20,000 administrative penalty.

Dan Franz, General Manager of RCGR, expressed regret that the situation occurred, stating the facility takes underage gambling very seriously. He advised there were discussions with the security department about the importance of being aware and following policies. Mr. Franz stated the facility has taken a couple of steps to insure this particular instance will not occur in the future: 1) The security officer has been transferred to the EVS Department, and 2) the parents involved in this situation have been permanently banned from the facility.

Chair Lamberti noted the parent's involvement does present a unique set of circumstances, and stated he was happy to hear the facility has banned them. As there were no comments or questions concerning the stipulated agreement, Chair Lamberti moved to approve the proposed Stipulated Agreement with an administrative penalty of \$20,000. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to Public Comment and called on Mr. Moss. Mr. Moss stated he wanted to discuss H.R. 3084, "The Thoroughbred Horseracing Integrity Act of 2015", that is currently before the U.S. House of Representatives. He provided some background information regarding the IHBPA and the National HBPA. Mr. Moss stated the National HBPA is focused on a two-fold common goal: 1) safe and fair horse racing at all levels; and 2) an unwavering commitment to the health and well-being of race horses.

Mr. Moss stated the IHBPA and National HBPA believe the use of performance enhancing drugs has no place in horse racing; and those who have been found to have cheated, following a fair hearing, by administering drugs that have no therapeutic use in horse racing should be expelled from horse racing. He advised the National HBPA draws a clear distinction between illegal doping and lawful therapeutic medication that has long been used in horse racing by licensed veterinarians to maintain the health of race horses and to treat injuries when they occur. Furosemide, or Lasix, is a therapeutic medication used to prevent and mitigate pulmonary hemorrhaging during racing, and is necessary to keep a horse healthy and reduce the risk of injury to the horse and jockey. Mr. Moss stated the use of Lasix is not doping; has been used by veterinarians for the past 40 years; and is fully transparent to the public.

Mr. Moss advised the Commission the IHBPA and National HBPA strongly oppose H.R. 3084 for the following reasons:

- Seeks to address a problem in U.S. horseracing that does not exist. In 2013, out of 340,932 post race drug tests taken in thoroughbred races across the U.S., 99.65% were negative of illegal drug use, or less than one-half of one percent. The number of "clean tests" does not provide convincing evidence of a problem of unregulated drug use in U.S. horse racing.
- Employs a new non-governmental organization, the Thoroughbred Horseracing Anti-Doping Authority (Authority), which would be managed by a Board and CEO of the U.S.

Anti-Doping Agency (USADA), none of whom have any knowledge, experience or expertise in thoroughbred horse racing.

- Gives the Authority, which is set up and managed by the USADA, the exclusive right to promulgate and enforce medication regulations in the U.S. thoroughbred racing industry.
- Section 2 of the bill states the legislation does not eliminate simulcasting consents currently required from state racing commissions, race tracks, and horsemen's groups under the Interstate Horseracing Act of 1978 (IHA); however, Section 4 indicates the Authority has ultimate control of simulcasting because without its consent, the consent of others under the IHA is insufficient to permit interstate wagering.
- Effective January 1, 2017, Section 4 indicates the Authority would have exclusive jurisdiction for all anti-doping matters in thoroughbred racing. Acceptance of the Authority's jurisdiction is imposed as a condition for accepting, receiving or transmitting wagers under the IHA, without regard to consents required of other organizations and groups. Section 8 of H.R. 3084 states the "Act shall not be construed to modify, impair, or restrict the operation or effectiveness of State or Federal statutes and regulations," including under the IHA, criminal conduct, or thoroughbred horseracing matters unrelated to anti-doping. Mr. Moss stated Section 4 of the bill would trump current IHA consents because interstate simulcasting is conditioned on acceptance of the Authority's jurisdiction, rulemaking, and enforcement authority.
- All new costs associated with this bill would be borne by horsemen and, given the razor thin profit margin in the U.S. thoroughbred racing industry today; the added costs could easily lead to the demise of the industry. The 2013 tax return for USADA showed over \$14 million in expenses, 40% of which was allocated to compensation; and they only conducted about 10,000 drug tests. As previously noted, the U.S. thoroughbred horse racing industry conducted 340,922 drug tests in 2013. Based on the USADA's extraordinary costs incurred in conducting approximately 10,000 drug tests in 2013, if the current cost structure remains similar for the U.S. thoroughbred racing, it would add a significant expense to horsemen and could lead to the end of the industry.

Mr. Moss stated the IHBPA would continue to monitor the bill and keep the Commission current on the proposed legislation as it affects PMR&C, the Commission and IHBPA members.

Commissioner Heinrich asked if the bill had been introduced. Mr. Moss advised that it has been introduced in the House, and is sitting in a subcommittee, Energy and Commerce Committee. He indicated there are approximately 20 members on the subcommittee, one of which is David Loeb sack from Iowa.

Commissioner Heinrich asked who introduced the bill and where it was coming from. Mr. Moss advised it was introduced by an individual by the name of Tonko out of New York. He stated that while his intentions were for the good, there are always individuals in the background trying

to push their own agenda. Mr. Moss stated the bill is trying to take away states' rights, which is a major issue.

Chair Lamberti moved to Administrative Business and called on Mr. Ohorilko. Mr. Ohorilko announced the following revisions from Fiscal Year 2015. The racetrack facilities will have an overall reversion of \$48,952.78. The riverboat and gambling structures have a total reversion of \$106,971.34. He advised the reversions will be recognized at the end of Fiscal Year 2016.

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

MINUTES TAKEN BY:

JULIE D. HERRICK