

**IOWA RACING AND GAMING COMMISSION
MINUTES
JUNE 13, 2019**

The Iowa Racing and Gaming Commission (IRGC) met at Diamond Jo Worth (DJW) in Northwood, Iowa. Commission members present were Kris Kramer, Chair; Carl Heinrich, Vice Chair; and members Julie Andres, Pennie Gonseth Cheers and Jeff Lamberti.

APPROVE AGENDA: Chair Kramer called the meeting to order at 8:30 AM. She advised that Iowa West Racing Association d/b/a Horseshoe Casino had requested to withdraw Agenda Item 6(I)4 – the William Hill US contract. Chair Kramer requested a motion to approve the agenda as amended. Commissioner Gonseth Cheers moved to approve the agenda as amended. Commissioner Lamberti seconded the motion, which carried unanimously.

WELCOME: Scott Smith, General Manager at Diamond Jo Worth, welcomed the Commission and staff to the coldest and snowiest property they regulate in Iowa. He noted the licenses were awarded just over 13 years ago, and that DJW and Worth County Development Authority (WCDA) have a great working relationship. They have a common goal of growing north Iowa and the communities in the area. Mr. Smith advised the DJW team accomplishes this by virtue of the Boyd Gaming core values of valuing relationships, maintaining integrity in everything they do, exceeding expectations, and working smart.

Shanan Redinger, President of WCDA, introduced the Board members and Chief Financial Officer, Deb Hanson. She advised the WCDA awards general and special grants in multiple categories: culture, arts and recreation; community development; emergency services; health and human services; and tourism. They also provide multiple educational opportunities. She noted the WCDA takes the safety and protection of community members seriously. WCDA has granted each fire department in all seven towns in the county new fire trucks, protective gear and equipment. They have also provided funds for police cars, generators, drug dogs, city sirens, EMT vehicles and upgraded the county emergency communication network. Ms. Redinger stated 46.5% of their distributions is spent on education. They provide funding for pre-school and a yearly gift card to every student in kindergarten through twelfth grade to pay for school supplies. Since the inception of the program, WCDA has distributed over \$2.1 million for these expenses. Since 2007, WCDA has provided each qualifying high school senior a scholarship to help support their education. In 2019, the Board awarded over \$773,000 to graduating seniors from Worth County; each graduate received \$9,315.75 as a one-time scholarship paid directly to the college, trade school or institution of higher learning of their choice. Over the last 12 years, WCDA has awarded nearly \$7.5 million in scholarships. WCDA has also distributed approximately \$17 million to the five school districts that serve the majority of the Worth County students, which have allowed the school districts to enhance student safety, science and technology offerings, fine art programs, and other educational opportunities.

Chair Kramer introduced Julie Andres, the new commissioner.

MINUTES: Chair Kramer requested a motion to approve the minutes from the April Commission meeting. Commissioner Lamberti moved to approve the minutes as presented. Commissioner Heinrich seconded the motion, which carried unanimously.

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

- July 11, 2019 – Prairie Meadows Racetrack & Casino, Altoona. Submissions are due in the Commission office by June 26, 2019;
- August 22, 2019 – Riverside Casino & Golf Resort, Riverside.

He advised the Commission would be holding a special meeting on Tuesday, July 30th related to sports wagering. He stated additional details would be forthcoming.

Mr. Ohorilko recognized former Commissioner Dolores Mertz, who was in attendance. He also recognized Commission gaming representatives Kathy DeBower and Jessica Schipper, who are located on property at DJW.

REQUEST FOR APPROVAL OF REMODELING PURSUANT TO IAC 491-5.4(15):

SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City: Jim Franke, General Manager, stated the remodel request is to convert approximately 400 square feet of the Wine Bar/High Limit area to provide space for the sports wagering area. The balance of the space will be converted to office space. He advised the project budget is \$895,000, with the remodel budget accounting for approximately \$150,000. Mr. Franke advised they have contracted with a local contractor to perform the work, which should take about eight weeks to complete. Mr. Franke stated the sportsbook would consist of four betting windows and kiosks.

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

Grand Falls Casino Resort, LLC: Sharon Haselhoff, General Manager, requested approval to remodel public space on the casino floor, and submitted plans for a new hotel addition. She noted the Commission had approved a refinance package for Elite Casinos earlier this year, which allows the company to reinvest in its properties. With the approval of sports betting, Grand Falls is planning to renovate the Show Lounge into the new Sportsbook. Currently, this space is used two nights per week, and will now will be utilized seven days a week. They will also serve food and spirits in this location, allowing them to create a menu that will cater to the sports enthusiast. Grand Falls will remove the stage in the Show Lounge and install new televisions, as well as other necessary equipment.

Ms. Haselhoff stated they will continue to cater to the music scene they have created since opening by expanding the center bar to create a new entertainment destination for their music followers to continue to enhance the casino floor. The only change they will make is they will no longer have the heavy sound of drums coming from the band, but hope to have more acoustical and dueling

piano-type bands. The acts previously hosted in the Show Lounge will be moved to the Event Center. She stated the Sportsbook and Show Lounge projects will cost approximately \$1.5 million and be completed in August.

Additionally, Grand Falls plans to add 63 hotel rooms with an elevated corridor overlooking the outdoor pool and pool deck to accommodate the increased demand for rooms on the weekends, and help increase group sales business on weekdays. The plan also includes a 25-space RV park. The anticipated cost for these projects is approximately \$8.5 million; they hope to have it completed by next summer. This will bring the number of hotel rooms to 160.

Ms. Haselhoff advised the total investment would be approximately \$10 million. She advised the projects are consistent with Elite properties' long-term commitment to the State of Iowa and business philosophy of reinvesting their properties to provide world-class facilities. Ms. Haselhoff requested approval of the projects.

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

HGI-Lakeside, LLC: David Monroe, General Manager, requested permission to remodel approximately 1,100 square feet of casino space located on the lower level into a sports book. The project would include the installation of a sports betting counter that would hold three betting terminals along the south wall. He indicated there would be approximately 15 large televisions and monitors displaying the odds for the bettors. Seating and tables will be added to provide a comfort lounge environment. The estimated cost is \$150,000.

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

IOC Black Hawk County, Inc.: Thomas Roberts, General Manager, requested permission to turn the former fitness center area into an arcade, which requires the purchase of arcade games, an intercard system to load the arcade cards, an electronic ticket redemption system and the installation of a new pool swing gate system. He indicated the facility has been looking for ways to make the property more than just a gambling stop, and turn it into a multiple night stay and make it more of a family environment. He noted staff sees a number of children in the lobby area waiting for stuff to happen. They are trying to create a safe environment for them to enjoy. The project will cost approximately \$160,000.

Mr. Roberts stated the area was not public space previously, so they will be installing a gate to separate the arcade and pool. This will also require the installation of additional surveillance cameras to ensure the safety of the guests and to ensure children are not gaining access to the arcade or pool without supervision.

Mr. Roberts advised vendors for the arcade games and other equipment have not yet been identified, but hopes to submit those requests in July.

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

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

Wild Rose Clinton, L.L.C.: Rick Gilson, Wild Rose Entertainment, presented a contract with Midwest Business Products for the lease of two Sharp printers with Maintenance Agreement for Commission approval.

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.

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

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

HGI-Lakeside, LLC: Mr. Monroe presented a contract with Des Moines Asphalt and Paving for paving/overlay/repair and marking of the parking lot for Commission approval.

Chair Kramer commended Mr. Monroe for upgrading the property. Hearing no further comments or questions, Chair Kramer requested a motion. Commissioner Andres moved to approve the contract as submitted. Commissioner Gonseth Cheers seconded the motion, which carried unanimously.

Dubuque Racing Association, LTD: Brian Rakestraw, General Manager, presented the following contracts for Commission approval:

- American Trust & Savings/Midwest One – Refinance Loan for Hotel and Restaurant
- Cummins-Allison – Currency Counting Equipment and Maintenance Agreement
- Data Business Equipment, Inc. – Kiosk Ticket Redemption Machines
- Lot A Spirit Distribution – Alcoholic Beverages

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

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

- Sysco Lincoln – Food Supplier
- Siemens Industry, Inc. – Fire Alarm System Replacement
- Otis Elevator Company – Elevator Maintenance

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.

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

- Keokuk Spirits – Purchase of Liquor/Wine/Beer
- Glazer Distributing – Purchase of Liquor/Wine/Beer
- KCMS – Monthly Charge for Casino Management System/Purchase of Equipment/ Slot Machines
- American Teletimer Corp. – Purchase of Audio Visual Equipment for Sports Book (OSV)
- Huckleberry Entertainment, LLC – Purchase of Complimentaries at Restaurants, Arcades, and Hotels (RP)

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

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

- Advance Weapon Technologies, Inc. – Entertainment Act (OSV)
- CDW – Hypervisor, database and Backup Servers; Networking and Firewalls; and OS/SQL Licensing (OSV)
- Cintas Corporation – Uniform Supplier and Floor Mat Supplier
- Electronic Communications, Inc. – Surveillance Cameras and Digital Recording Systems
- Everybody Eats, Inc. – Entertainment Act (OSV)
- Gill Hauling, Inc. – Waste Management
- MRS Mobile Stage Rentals, LLC – Mobile Stage Rentals (OSV)
- State of Iowa – Alcohol Beverage Division – Alcoholic Beverages
- Zamination.com, LLC – Online Training (OSV) (RP)

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

Harveys Iowa Management Company, LLC: Samir Mowad, General Manager, presented the following contracts for Commission approval:

- Scientific Games/Bally Gaming, Inc. – Sports Betting Infrastructure and Ongoing Revenue Share Agreement
- Insight – Hardware Equipment needed for Sports Betting (OSV)

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

Iowa West Racing Association d/b/a Horseshoe Casino: Mr. Mowad presented the following contracts for Commission approval:

- Scientific Games/Bally Gaming, Inc. – Sports Betting Infrastructure and Ongoing Revenue Share Agreement
- Insight – Hardware Equipment needed for Sports Betting (OSV)
- Cozen O'Connor – Legal Firm Assisting with Hilton Garden Inn Purchase (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 and Golf Resort, LLC: Dan Franz, General Manager, requested that Karlyn Ollendick, Chief Operating Officer of Elite Casino Resorts LLC, address the contract with BetWorks (US) LLC for the Advanced Deposit Sports Wagering Operator Agreement, which will also be in place at Rhythm City Casino, LLC and Grand Falls Casino Resort, LLC.

Chair Kramer advised the Commission will act on them separately.

Ms. Ollendick stated BetWorks would provide the properties with both a retail and global advanced deposit wagering sportsbook at all three properties. BetWorks will provide an exciting opportunity for guests and customers to bet both on premise and mobile. The agreement will provide the three properties with the ability to conduct and operate the sports book within their facility. BetWorks will provide an interesting technology piece for the customers, as well as a true US sports book.

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

Mr. Franz presented a contract with Kluesner Construction, Inc. for asphalt repair and overlay on the driveway and parking area for Commission approval.

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.

Rhythm City Casino, LLC: Mr. Franz presented the Advanced Deposit Sports Wagering Operator Agreement with BetWorks (US) LLC for Commission approval.

Chair Kramer requested a motion. Commissioner Lamberti moved to approve the agreement as presented. Commissioner Andres seconded the motion, which carried unanimously.

Mr. Franz presented the following contracts for Commission approval:

- SVM, Inc. – BP Gas Station Gift Cards
- TPI (The Printer, Inc.) – Marketing Mailers
- Wells Fargo Business Elite Card – Credit Card Purchases

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

Grand Falls Casino Resort, LLC: Ms. Haselhoff presented the Advanced Deposit Sports Wagering Operator Agreement with BetWorks (US) LLC for Commission approval.

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

Ms. Haselhoff presented the following contracts for Commission approval:

- Barkley Asphalt, Inc. – Parking Lot Renovations
- DLR Group – Architectural Design Services – Hotel Addition and Sports Book

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

HEARINGS:

Grand Falls Casino Resort, LLC: Mr. Ohorilko advised Commission staff and Grand Falls Casino Resort have entered into a Stipulated Agreement for a violation of Iowa Code §99F.9(4) related to underage gambling. Mr. Ohorilko advised that on February 26th at approximately 9:51AM an underage male attempted to enter Grand Falls. The security officer posted at the entrance requested identification and determined the individual was underage. The individual indicated he was previously on the gaming floor. A review of surveillance coverage by Grand Falls revealed the individual had entered the gaming floor very early in the morning; was on the floor for 70 minutes;

had gambled, and entered the floor unchallenged. Mr. Ohorilko advised that Grand Falls has agreed to an administrative penalty in the amount of \$20,000.

Ms. Haselhoff apologized for the incident, stating posted staff did not follow required procedures. She advised staff members have been re-trained on proper procedures.

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

HGI-Lakeside, LLC: Mr. Ohorilko advised Commission staff and Lakeside have entered into a Stipulated Agreement for a violation of Iowa Code §99F.4(22) relating to the Iowa Statewide Self-Exclusion program. He advised that on or about January 25th, an individual left a voice mail message with the Lakeside Marketing Department indicating she was continuing to receive promotional mailings even though she had signed up to participate in the self-exclusion program. An investigation by Lakeside revealed that over 1,000 promotional mailings were sent to 36 separate individuals after the 90-day grace period pursuant to the Commission Resolution. The violation was self-reported by Lakeside. Mr. Ohorilko stated the individuals' e-mail addresses were immediately removed from the marketing database. Consistent with the Resolution, Lakeside has agreed to an administrative penalty in an amount between \$5,000 and \$20,000. He stated this is the first offense for Lakeside in the past 365 days.

Mr. Monroe stated they are disappointed and embarrassed by the violation. He advised they had two independent methods to insure this didn't happen. E-mail addresses for those in the program were deleted at the property level; however, a vendor maintained a list of the people they were prohibited from sending promotional mailings. Processes have been reviewed to insure this situation does not happen again.

Hearing no comments or questions, Chair Kramer 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/ADMINISTRATIVE BUSINESS: There was no public comment.

Approval of Regulatory Fees for Fiscal Year 2020: Mr. Ohorilko advised the Commission's budget is set by the Legislature with the fees paid by the licensees. He noted the budget did increase by \$275,000 for the purpose of regulating sports wagering. The anticipated costs for regulating gaming, racing and sports betting, including fantasy sports, have been included in the meeting packets and sent to the current licensees. Mr. Ohorilko advised Commission staff has not received any comments concerning the proposed Commission regulatory fees; and requested approval of the fees as submitted.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Lamberti moved to approve the regulatory fees as proposed for Fiscal Year 2020. Commissioner Andres seconded the motion, which carried unanimously.

Update on Racing and Gaming Legislation: Mr. Ohorilko noted that Senate File 617 passed and was signed by the Governor, and authorizes sports wagering and fantasy sports. He stated Commission staff is working on implementation of Senate File 617. He advised rules have been developed; and license applications have been published. At the July 11th Commission meeting, a public hearing will be held on the proposed rules. On July 30th, the Commission will hold a special meeting to deal with other sports related business. He stated the industry is requesting an aggressive timeline to try to have things implemented by August. He stated the Commission is doing everything possible to do that, but making sure everything is being done the right way.

Mr. Ohorilko noted that House File 289 pertaining to distributions by qualified sponsoring organizations was also enacted. He stated that Wes Ehrecke, President of the Iowa Gaming Association, is working with those organizations to ensure they are aware of the new law.

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