

**IOWA RACING AND GAMING COMMISSION  
MINUTES  
JULY 11, 2019**

The Iowa Racing and Gaming Commission (IRGC) met at Prairie Meadows Racetrack & Casino (PMR&C) in Altoona, 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 and requested a motion to approve the agenda. Commissioner Heinrich moved to approve the agenda as submitted. Commissioner Gonseth Cheers seconded the motion, which carried unanimously.

**MINUTES:** Chair Kramer requested a motion regarding the minutes from the June 13 Commission meeting. Commissioner Andres moved to approve the minutes as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

**ANNOUNCEMENTS:** Chair Kramer called on Brian Ohorilko, Administrator of IRGC, for announcements. Mr. Ohorilko advised the Commission will be having a special meeting on July 30<sup>th</sup> for all business related to sports wagering. The meeting will be held at the Drury Inn in West Des Moines. Submissions are due in the Commission office by July 16<sup>th</sup>. Additional upcoming meetings are as follows:

- August 22, 2019 – Riverside Casino & Golf Resort, Riverside (Submissions are due by August 8, 2019)
- September – No Meeting
- October 3, 2019 – Isle Casino Hotel Waterloo, Waterloo

Mr. Ohorilko reminded those entities working on sports applications and internal controls that July 30<sup>th</sup> could potentially be the last Commission meeting before facilities begin taking wagers. If a facility still needs to submit their sports wagering application and pay the licensing fee, submit a remodel, an Advanced Deposit Sports Wagering Operator Agreement or a Service Provider Agreement; those documents are due in the Commission office by July 16<sup>th</sup>.

For those individuals responsible for submitting internal controls, Mr. Ohorilko noted Commission staff had sent out a list of controls that staff is starting to review. To date, the Commission has received internal controls from four companies. The Commission will start scheduling meetings on or about July 30<sup>th</sup> with all folks wanting to do business. Those meetings will be directed at reviewing the internal controls. The entities that have submitted their controls will go first. Mr. Ohorilko stated it is in everyone's best interest to be closer to July 30<sup>th</sup> than mid-August in the event modifications are needed.

**BOYD GAMING CORPORATION:** Ross Curnow, legal counsel for Diamond Jo, LLC and Diamond Jo Worth, LLC in conjunction with their parent company, requested approval of the shelf application for debt financing. He advised this is an additional application for \$8 billion in financing. The proceeds will be used for capital expenditures, general corporate purposes, working capital, and repayment of outstanding debt.

Hearing no further comments or questions, Chair Kramer advised the requests would be handled as one item. Commissioner Heinrich moved to approve the Shelf Application for Approval of Debt Financing as submitted by Boyd Gaming Corporation. Commissioner Gonseth Cheers seconded the motion, which carried unanimously.

**CASINO QUEEN HOLDING COMPANY, INC. d/b/a CASINO QUEEN MARQUETTE:** Don Ostert, General Manager, introduced Ed Winkofsky, General Counsel for Standard General. Mr. Winkofsky requested approval of the change in the administrative agent of the current credit facility from Citizens Bank to Cantor Fitzgerald Securities.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Andres moved to approve the requested change in the administrative agent. Commissioner Gonseth Cheers seconded the motion, which carried unanimously.

**GEOCOMPLY:** John Pappas appeared via teleconference and thanked the Commission for inviting them to explain geolocation technology and how it works to support the mobile sports betting industry that is emerging in Iowa. He advised they have long-standing relationships with many of the companies who will be operating in Iowa. Mr. Pappas advised Geocomply supports regulated online casinos, sports betting, lottery, advanced deposit wagering, and fantasy sports in 43 states. He advised the company is actively working to prevent illegal wagers from being placed in Iowa. The company is licensed as a geolocation provider in New Jersey, Nevada, Delaware, Mississippi, and West Virginia. Their software is validated by the government and independent testing laboratories. They process approximately 10 million geolocations daily. Mr. Pappas stated the company was founded for this exact purpose - to support the geolocation system that could enable intrastate internet gaming and internet sports betting in the United States. They are able to meet all of the regulatory demands set forth by the states, as well as federal laws, the Wire Act, and the sovereignty of neighboring states who opt out or that don't have sports wagering.

Mr. Pappas noted the location of a smart phone, i-Pad or other devices are easy to manipulate; they do not just rely on the IP address of the device. Geocomply utilizes a combination of data sources to verify the location of the individual, and employs a full-time team that keeps up-to-date with all the latest technology available. Their system is regularly adjusted to prevent anyone from playing who should not be. He stated by the time someone is approved or denied a transaction via a geolocation check; they will have gone through over 350 analytical checks. He showed a map of New Jersey with real-time wagers taking place. He noted there was a considerable amount of activity even though it was one of the lightest betting days of the year with only one baseball game, no NBA, football, etc. The various colored "pins" represented different types of devices; the red pins represented someone who was being denied. If someone within the border is being denied, it could be due to a process running on their device. Geocomply would provide that information to the operator, who could notify the player of the issue. He stated Geocomply's role is not only to keep people from not being able to play outside of the state, but to make sure individuals located within the state up to the borders can play in New Jersey. They want their technology so pinpointed they can identify the lawful players to maximize the revenue for the state and the operators. He noted Iowa has a number of cities that are located closed to Nebraska or Illinois. Mr. Pappas stated the company is also checking periodically throughout someone's session to insure they are

still within the state's borders; geolocation does not just happen once. Depending on the device being utilized to place a wager and original location, the location of the device could be rechecked within 30 seconds or 5 minutes. He stated all of the information collected is anonymous; they share reports regularly with the operators and regulators, particularly suspicious reports so operators or regulators can determine if they want to ban or block players seeking to place wagers not in accordance with the rules and regulations of the state. Mr. Pappas stated they are looking forward to working with everyone in the community here and insuring the residents of Iowa can enjoy sports betting in a responsible way.

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

Dubuque Racing Association, LTD: Jesús Avilés, President, presented the remodeling plans for the sportsbook at Q Casino. He advised they will be taking approximately 1,150 square feet from the Q Sports Bar in order to segregate an area for the retail sports betting location. There will be a customer counter with four transaction windows with eight larger display TVs behind the counter to display the betting lines, and additional TVs for viewing purposes.

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

Diamond Jo Casino, LLC: Wendy Runde, General Manager, advised the remodel is a transformation of space. It will be approximately 2,100 square feet on the existing casino floor, which will require the removal of 77 slot machines. Many of the slot machines will be relocated to other areas of the casino floor. The sports book area will be a traditional sports book lounge with TVs, stat boards, tellers, kiosks and lounge seating.

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

Harveys Iowa Management Company, LLC and Iowa West Racing Association d/b/a Horseshoe Casino: Samir Mowad, General Manager for Harrah's and Horseshoe, presented the plans for the sportsbook remodel at both properties. He advised there would be no changes to the shell of either facility, but they would be remodeling and enhancing some of the current amenities.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Lamberti moved to approve the remodeling requests as presented by Harveys Iowa Management Company, LLC and Iowa West Racing Association d/b/a Horseshoe Casino. Commissioner Andres seconded the motion, which carried unanimously.

IOC Black Hawk County, Inc.: Thomas Roberts, General Manager, advised the sports book remodel entails converting approximately 1,800 square feet of the current casino floor by relocating some slot machines and table games, and a self-serve beverage station. The sports book will have a back counter/desk area, kiosks, seating area and televisions with an odds monitor wall. Construction is slated to commence on July 15<sup>th</sup> and be completed by August 7<sup>nd</sup>.

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.

IOC Bettendorf, L.C.: Nancy Ballenger, General Manager, advised the sports book would be integrated into the existing casino floor. They are partnering with William Hill, and believe the space will function well for the market size.

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

Ameristar Casino Council Bluffs, LLC: Paul Czak, General Manager, advised the budget for the sports book remodel is approximately \$750,000; one-half for FFE and the other half for construction. He noted all of the Amerisports Bar area will become the designated sports wagering area and will be restricted to individuals 21 and over. He stated the area is mostly utilized on the weekends, and they are excited to enhance this area of the facility.

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

Diamond Jo Worth, LLC: Scott Smith, General Manager, requested approval of the transformation of the casino floor in order to add the sports book area. This will require the removal of 35 slot machines, some of which will be moved to other locations on the casino floor. The area between the Big Wheel Bar and the Cashiers Cage will be transformed into a sports book lounge with teller windows, TVs, kiosks, stat boards and lounge seating. The Big Wheel TV options will also be upgraded to create a synergy between The Big Wheel bar and the sports book.

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

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

Diamond Jo, LLC: Ms. Runde presented a contract with Conlon Construction to transform casino space into the sports book lounge.

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

Dubuque Racing Association, LTD: Mr. Avilés presented the following contracts for Commission approval:

- Great Sounds Audio – TVs for Sports Bar Renovation/Repair & Replacements in Casino
- Iowa Greyhound Association, LLC – Sublease Agreement

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.

SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City: Jim Franke, General Manager, presented the following contracts for Commission approval:

- Siouxland ATM, LLC – ATM Services
- Cody Jinks, LLC – Entertainment Act (OSV)

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

IOC Black Hawk County, Inc.: Mr. Roberts presented an Advanced Deposit Sports Wagering Operator Agreement with American Wagering, Inc. d/b/a William Hill Sports Book (William Hill). He advised Eldorado Resorts, Inc. has a corporate agreement with William Hill to operate the sports books at all Eldorado properties.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Lamberti moved to approve the Advanced Deposit Sports Wagering Operator Agreement as presented. Commissioner Heinrich seconded the motion, which carried unanimously.

Mr. Roberts presented a contract with Betson to purchase games for the arcade.

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.

IOC Bettendorf, L.C.: Ms. Ballenger presented an Advanced Deposit Sports Wagering Operator Agreement with William Hill.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Andres moved to approve the Advanced Deposit Sports Wagering Operator Agreement as presented. Commissioner Gonseth Cheers seconded the motion, which carried unanimously.

Grand Falls Casino Resort, LLC: Sharon Haselhoff, General Manager, presented an Advanced Deposit Sports Wagering Operator Agreement with Betfred Sports (Iowa) LLC (Betfred). She advised Betfred would be applying for an Advanced Deposit Sports Wagering Operator license. The company will provide the mobile betting and turnkey retail technology to operate the retail sports wagering at the facility. Upon licensure, Betfred will also provide the technology, as well as the training and risk related to sports wagering, including the operation services. Ms. Haselhoff

advised the company was selected based on their sports wagering technology; the services they provide; capabilities and terms. She noted Betfred has received their GLI certification. She stated Betfred would be taking the bets and operating the sports wagering; Grand Falls will provide and manage the on-site staff for the sports wagering for the sportsbook. Betfred will hire the sports book manager to manage their advanced deposit wagering and retail operations.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Lamberti moved to approve the Advanced Deposit Sports Wagering Operator Agreement as presented. Commissioner Andres seconded the motion, which carried unanimously.

Ms. Haselhoff presented a contract with Baxter Construction Company, LLC to serve as the construction manager for the construction of the sports book and hotel addition.

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

Catfish Bend Casinos II, LLC: Rob Higgins, General Manager, presented a First Amendment to the Advanced Deposit Sports Wagering Operator Agreement with PointsBet Iowa LLC. He indicated the amendment reflects language changes to insure the agreement is in line with the legislation as enacted.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Gonseth Cheers moved to approve the First Amendment to the Advanced Deposit Sports Wagering Operator Agreement as submitted. Commissioner Andres seconded the motion, which carried unanimously.

Mr. Higgins presented a contract with Huckleberry Holdings, LLC for an amendment to the facility lease.

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.

Ameristar Casino Council Bluffs, LLC: Mr. Czak presented a contract with Marketing Performance Group for digital media services.

Hearing no 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.

HGI-Lakeside, LLC: David Monroe, General Manager, presented an Advanced Deposit Sports Wagering Operator Agreement with William Hill. He advised the agreement is for 10 years with a five year renewal to operate/lease space for the project previously approved. William Hill will handle both the on-site and mobile wagering.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Lamberti moved to approve the Advanced Deposit Sports Wagering Operator Agreement as submitted. Commissioner Andres seconded the motion, which carried unanimously.

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

- Henkel Construction – Transformation of Casino Space to Sports Book; Subway Refresh
- Doctor's Associates LLC – 20-Year Lease Agreement to Operate a Subway Store (OSV)

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

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

- Waldinger Corporation – Mechanical, Electrical and Service Contractor
- William Hill US – Amendment of Simulcast Agreement/Monthly Payments for Contract Services

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

Prairie Meadows Racetrack & Casino, Inc.: Gary Palmer, General Manager, presented the following contracts for Commission approval:

- Canteen (Compass Group USA) – Unattended Vending Services (Revenue Sharing)
- NRT Technology – Purchase of Visual Limits Signs and Support (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 an amendment to the 2019 License Renewal Application, which reflects a change in the casino/simulcast operations. With the commencement of sports betting, Harveys BR Management Company, Inc. will replace William Hill as the on-site manager/operator of the simulcast facility. William Hill will continue to provide the tote system, signal and bookkeeping arrangements.

Hearing no comments or questions, Chair Kramer requested a motion. Commissioner Heinrich moved to approve Iowa West Racing Association's Amended Application for Pari-Mutuel License and Racetrack Enclosure License for January 1, 2019 through December 31, 2019 effective on the date of the Amendment to the Service Agreement with American Wagering, Inc. d/b/a William

Hill Race & Sports Book. Commissioner Gonseth Cheers seconded the motion, which carried unanimously.

**ECONOMIC IMPACT OF THE IOWA HORSE RACING INDUSTRY:** Jon Moss, Executive Director of the Iowa Horsemen's Benevolent & Protective Association, introduced Dr. Alison Davis, Professor of Agricultural Economics at the University of Kentucky and the Executive Director of the Community and Economic Development Initiative of Kentucky (CEDIK). CEDIK is an integrated engagement/research center within the College of Agriculture, Food and Environment at the University of Kentucky. Dr. Davis and her research team at CEDIK prepared the economic impact for the various horsemen's associations and Prairie Meadows Racetrack & Casino, and presented her findings to the Commission.

Dr. Davis stated the economic impact of the race horse industry in Iowa can be measured in direct, indirect, and induced effects. Direct effects are expenses by the industry itself, such as horse operations, including horse owners, trainers, and breeders and Iowa's racetrack operation. The indirect and induced effects were determined using the input-output modelling through IMPLAN. The results illustrate that the total economic impact is \$197 million in output and 2,961 FTE jobs.

**REVIEW OF HORSEMEN'S ORGANIZATIONS FINANCIAL AUDITS:**

The Iowa HBPA, Inc. and The Iowa HBPA Benevolent Trust: Mr. Moss advised the Iowa HPBA is a 501c trade organization representing approximately 1,100 individuals, while the national organization represents over 30,000 individuals. In 2018, the Iowa HBPA worked with the Iowa Thoroughbred Breeders and Owners Association (ITBOA) to market the industry via industry-wide trade publications, and conducted an educational program for grooms to help them learn as much as possible about the horses they will be working with. They are now contributing \$10 per start to the HART Direct Donation; this is in addition to what the horsemen are contributing. Mr. Moss stated the HBPA Benevolent Trust helps individuals on the backside with medical, dental, vision, funeral and hardship costs. In 2018, the Trust assisted 126 individuals. They instituted a 25% increase across the board to the funds available to help with these expenses in 2019.

Iowa Quarter Horse Racing Enterprises, Inc. d/b/a Iowa Quarter Horse Racing Association: Tom Lepic and Troy Mulford, President and Treasurer respectively, were present to address the audit. Mr. Lepic noted the organization has a tremendous youth program at Prairie Meadows. The last two years the Iowa representative went to Los Alamitos and was named the national winner of the youth program. They received a \$10,000 scholarship for college. The Iowa program has 6-8 youths; each leaves with a college scholarship between \$500 and \$3,000. They have received 18 applications for the program for this year.

Mr. Lepic noted Prairie Meadows will be the first racetrack in the history of quarter horse racing to conduct hair testing after a race is over. He stated it is a bold step on the part of the Commission and Iowa's racing industry. Mr. Lepic stated he has been visiting various racetracks to meet with individuals to ensure they understand the changes to Iowa's testing procedures. He stated Iowa is setting an example in the horse racing industry that we will not tolerate illegal drugs. Hair testing will be conducted in about one-third of the races after the horses have done the trials. The top ten horses that make the finals will undergo hair testing prior to being allowed to participate in the



finals. If the results reflect any illegal drugs, the horse will not be allowed to run in the finals, will lose all purse money from the trials, and be placed on the vet's list. The horse will not be able to run another race until it tests clean via a hair test. Mr. Lepic stated Iowa is being applauded by the entire horse racing industry across the country.

Mr. Lepic stated they are excited for quarter horse racing at Prairie Meadows, and already have over 300 horses entered for the stakes races. The meet will commence on August 17<sup>th</sup>. He noted their contract with Prairie Meadows is up this year, but the parties have been meeting monthly to work on a new contract.

Iowa Harness Racing Association: Royal Roland, President, advised harness racing occurs at county fairs. In 2018, ten county fairs conducted 34 days of racing from May through September. Approximately \$1.4 million was paid in purses, with around 98% going to horses that were foaled in Iowa. He expressed appreciation for the financial support received from Prairie Meadows.

**PUBLIC COMMENT/ADMINISTRATIVE BUSINESS**: None

**ELECTION OF CHAIR AND VICE CHAIR**: Commissioner Lamberti moved to re-appoint Kris Kramer as Chair and Carl Heinrich as Vice Chair. Commissioner Gonseth Cheers seconded the motion, which carried unanimously. Chair Kramer and Commissioner Heinrich abstained from voting.

**ADJOURN**: Commissioner Lamberti moved to adjourn the meeting. Commissioner Andres seconded the motion, which carried unanimously.

**MINUTES TAKEN BY:**

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**JULIE D. HERRICK**