

**IOWA RACING AND GAMING COMMISSION  
MINUTES  
AUGUST 24-25, 2022**

The Iowa Racing and Gaming Commission (IRGC) met on August 24-25, 2022 at Riverside Casino and Golf Resort in Riverside Iowa. Commission members present were Julie Andres, Chair; Daryl Olsen, Vice Chair; and members Amy Burkhart, Mark Campbell and Lance Horbach.

**APPROVE AGENDA:** Chair Andres called the meeting to order at 8:00 PM on August 24th, and requested a motion to approve the agenda. Commissioner Horbach moved to approve the agenda as submitted. Commissioner Olsen seconded the motion, which carried unanimously.

**EXECUTIVE SESSION:** Chair Andres requested a motion to go into Executive Session. Commissioner Campbell moved to go into Executive Session pursuant to Iowa Code Sections 21.5(1)a, d, and g for the purpose of receiving Division of Criminal Investigation background reports on entities related to the transaction by Churchill Downs, Inc. The motion carried unanimously on a roll call vote. In addition to Commission members and staff, the following individuals were in the meeting: Attorney General Jeff Peterzalek; Dave Jobes, Division of Criminal Investigation (DCI) Assistant Director, and DCI agents Steve Van Otterloo, Troy Nelson, Jason Halvorsen, Dave Dales, Wayne McLaughlin, Greg Cunningham, Wade Motsinger.

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

Chair Andres recessed the Commission meeting until 8:30 AM on Thursday, August 25<sup>th</sup>.

**WELCOME:** Damon John, General Manager, noted the property opened on August 31, 2006, and has had the privilege of being a licensed operator in the State of Iowa for 16 years, along with the non-profit licensed operator, Washington County Riverboat Foundation (WCRF). He stated it has been the company's mission since opening to provide the best in guest service, food and entertainment, and to have the cleanest and most well-maintained property. Mr. John noted none of the success over the years would be possible without the dedication of the 650 employees, who care about the mission, one another, and want to give back to the community. The Riverside staff recently won the Give Back to Iowa volunteer challenge for the large business category for the sixth time in the last eight years. During April and May, the Riverside employees logged over 2,300 volunteer hours across various activities. In September, Riverside employees will help with the National Disabled Veteran's Golf Day as veterans from across the country will be onsite for the event put on by the US Department of Veteran's Affairs and Disabled American Veterans.

Mr. John noted the Event Center remodel had recently been completed. Next year, discussions will commence regarding a full interior remodel of the 201 hotel rooms. The hallways were completed during the 2019 remodel project.

Mr. John thanked everyone for coming, and invited those who might be around for the weekend to attend the 16<sup>th</sup> Anniversary party being held. He introduced Shawn Ellingson, President of WCRF.

Mr. Ellingson thanked the Commission for giving them the ability to do things for southeast Iowa that would not be possible otherwise. He stated WCRF has been able to provide equipment to various first responder units throughout the county. Mr. Ellingson advised they recently donated \$100,000 to the Disaster First Response Unit for the American Red Cross located in Cedar Rapids. WCRF has also funded an Iowa State Research Farm located in Washington County. This farm trains current and future farmers.

**APPROVE MINUTES:** Chair Andres requested a motion regarding the minutes from the July 8, 2022 Commission meeting. Commissioner Burkhart moved to approve the minutes as submitted. Commissioner Horbach seconded the motion, which carried unanimously.

**ANNOUNCEMENTS:** Brian Ohorilko, Administrator of IRGC, stated the next Commission meeting will be held on September 29, 2022 at The Rewind Hotel located in West Des Moines. Submissions for that meeting are due in the Commission's Des Moines office by September 15<sup>th</sup>. There will be no Commission meeting in October. The last Commission meeting for the year will be on November 17<sup>th</sup> at Rhythm City Casino in Davenport.

Mr. Ohorilko introduced Gaming Representatives Scott Ditch and Victoria Aplara, who are assigned to Riverside and thanked them for their hard work on behalf of the Commission.

**RULES:** Chair Andres moved to the rules before the Commission under Notice of Intended Action.

Commissioner Horbach asked Mr. Ohorilko if there were any comments from stakeholders or any conflicts. Mr. Ohorilko advised the rule packet before the Commission were the result of recent Code changes from the Legislative session. He advised they have been shared with the industry and no comments were received. Mr. Ohorilko stated the rules regarding cashless wagering are not included in this packet, but will be brought forward in September. There are some existing rules the industry had proposed some changes to, and staff had initial concerns that they may be in conflict with statute.

Commissioner Horbach moved to approve the rule package as presented under Notice of Intended Action. Commissioner Campbell seconded the motion, which carried unanimously.

**IOWA HARNESS RACING ASSOCIATION:** Royal Roland, President, inquired if there were any questions regarding the financial statement. Commissioner Campbell asked for an update on the season. Mr. Roland stated 2021 was a challenge for the organization as their funding is based on revenue from the previous year's revenue at Prairie Meadows. As the facility was closed due to Covid, the group received approximately 35% less in funding than the previous year. In 2021, they reduced the number of racing days, reduced purse amounts, and used some of their reserve funds to have a successful 2021. In 2021, there were 36 racing days at 10 different locations for

approximately 350 races. Mr. Roland expressed appreciation for the support received from the Commission and Prairie Meadows. He advised harness racing is a multi-generational activity.

Mr. Roland stated they are looking forward to 2022 and having funding restored to previous levels, which will allow them to invest in infrastructure with their county fair partners. He noted Iowa horses are doing well nationally, and talked about an Iowa-bred horse, Jimmy Freight, which is ranked as a top horse in North America. He has won 11 races out of 18 starts in 2022, earned \$283,000 in purse money, and has lifetime earnings of \$1,568,000. The horse was born in Iowa and raised in Sigourney, and was sold in 2007.

**CHURCHILL DOWNS, INC.:** Lorraine May, legal counsel, requested the Commission's approval of the purchase by Churchill Downs, Inc. of the parent company of SCE Partners, LLC, the operator of Hard Rock Hotel and Casino. She introduced Doug Fisher, General Manager at Hard Rock Hotel and Casino Sioux City; Lou Frascogna, formerly with the Mississippi Attorney General Office, and is currently Senior Counsel and Corporate Compliance Officer for Churchill Downs; and Tim Bryant, Vice President of Gaming Operations for Churchill Downs.

Mr. Bryant stated Churchill Downs is excited about the opportunity to own and operate Hard Rock Sioux City. He advised Churchill Downs is committed to the team members, and plan on keeping the 350+ team members. They have been impressed during their visits to the property and look forward to working with them. He stated Churchill Downs is committed to developing careers and promoting from within. Mr. Bryant advised they are also committed to maintaining the property and the Hard Rock brand. In conversations with the Hard Rock Sioux City team and Missouri River Historical Development (MRHD), Mr. Bryant stated it is very evident there is a lot of pride that Hard Rock Sioux City exists in the community. He advised Churchill Downs is committed to working with MRHD, and MRHD has provided a letter to the Commission in support of the application.

Mr. Bryant advised his first job in the gaming industry was with Argosy Gaming and he was at the Sioux City facility on a regular basis. He stated the difference between the facility from the mid-1980s to today is quite impressive.

Mr. Fisher stated MRHD is excited to work with Churchill Downs, and continuing to work with Hard Rock Sioux City.

In closing, Mr. Bryant stated they would be happy to answer any questions, and are cognizant of that fact that it is a privilege to have a license to operate a casino in Iowa, and take that privilege very seriously.

Hearing no questions or comments, Chair Andres requested a motion. Commissioner Campbell moved to approve Churchill Downs, Inc.'s acquisition of a parent company involving and Iowa licensee. Commissioner Burkhart seconded the motion, which carried unanimously.

**ELITE CASINO RESORTS, LLC:** Dan Kehl, CEO, requested approval of the Second Amended and Restated Credit Agreement for Elite Casino Resorts and its subsidiaries which include

Riverside Casino and Golf Resort, Grand Falls Casino Resort, and Rhythm City Casino with Wells Fargo Bank. He stated the agreement has the same terms as the original agreement from 2015 and the 2019 Amended and Restated Credit Agreement previously approved by the Commission. Mr. Kehl stated the credit agreement is tentatively scheduled to close on or around September 1st. The funds will be used to refinance the existing indebtedness, finance development and property refresh projects and general company purposes. Mr. Kehl stated that in working with Wells Fargo, an effort was made to ensure that Iowa related banks were included in the bank group for this financing. As a result of that, approximately 19% is held by Iowa-headquartered banks and 52% by banks with branches in Iowa.

Commissioner Olsen stated the financing packages shows the strength of the company and the ability to utilize Iowa banks. He noted there was some restrictive language contained in the credit agreement. Commissioner Olsen asked Mr. Kehl if he was comfortable with the Commission moving forward with the approval contingent upon the restrictive language being removed from the document. Mr. Kehl answered in the affirmative.

Hearing no further comments or questions, Chair Andres requested a motion. Commissioner Olsen moved to approve the financing conditioned upon the restrictive language being removed from the final documents and the final documents being reviewed and approved by the Commission Administrator. Commissioner Burkhardt seconded the motion, which carried unanimously.

**RIVERSIDE CASINO AND GOLF RESORT, LLC:** Mr. John requested approval of a Payment Agreement in Lieu of Admission Fees with the City of Riverside. He advised the terms in the agreement before the Commission are the same as in the 2014 agreement, which expires at the end of the month.

Hearing no comments or questions, Chair Andres requested a motion. Commissioner Burkhardt moved to approve the Payment Agreement in Lieu of Admission Fees between Riverside Casino and Golf Resort, LLC and the City of Riverside as presented. Commissioner Campbell seconded the motion, which carried unanimously.

**REQUEST FOR APPROVAL OF FINANCING PURSUANT TO 491-5.4(8):** Kieron Frazier, from GreenbergTraurig and representing CQ Holding Company, Inc. requested the withdrawal of the financing at this time.

**WILD ROSE CLINTON, L.L.C./WILD ROSE JEFFERSON, L.L.C.:** Rick Gilson, Director of Operations, stated the Wild Rose facilities have partnered with Rush Street Interactive for quite some time, and the partnership is working very well. He stated the Wild Rose Clinton contract has been amended to include iGaming should it become legal in Iowa. Rush Street Interactive would have the first skin at Clinton. Rush Street will not have any skin related to iGaming at Wild Rose Jefferson. The only other change in the contracts was the company type – Rush Street Interactive changed from an LLC to an LP, and both entities had a change in attorneys. Mr. Gilson advised that while verbiage is different from the previous contacts, there are only minor changes.

Hearing no comments or questions, Chair Andres requested a motion to approve the agreement for Wild Rose Clinton, L.L.C. Commissioner Olsen moved to approve the Amended and Restated Sports Wagering Agreement and Interactive Gaming Agreement and Novation with Rush Street Interactive LP as presented. Commissioner Horbach seconded the motion, which carried unanimously.

Chair Andres requested a motion regarding the Wild Rose Jefferson, L.L.C. agenda item. Commissioner Burkhart moved to approve the Amended and Restated Sports Wagering Agreement and Interactive Gaming Agreement and Novation with Rush Street Interactive, LP as presented. Commissioner Campbell seconded the motion, which carried unanimously.

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

Dubuque Racing Association, Ltd.: Alex Dixon, President, presented a contract with OneNeck IT Solutions for Microsoft licensing for Windows Server, Microsoft QSL and Microsoft Visio.

Hearing no comments or questions, Chair Andres requested a motion. Commissioner Campbell moved to approve the contract as submitted by Dubuque Racing Association, Ltd. Commissioner Burkhart seconded the motion, which carried unanimously.

Catfish Bend Casinos II, LLC: Rob Higgins, General Manager, presented a contract with Video Security Specialists for the additional installation of surveillance cameras/system upgrade (OSV).

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

Diamond Jo Worth, LLC: Jennifer Cox, Director of Finance, presented the following contracts for Commission approval:

- Henkel Construction – General Contracting
- Larson Contracting – General Contracting

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

IOC Bettendorf, L.C.: Nancy Ballenger, General Manager, presented the following contracts for Commission approval:

- Tri-City Electric – Upgrade Hotel Lobby and Skywalk Lighting to LED
- Dormakaba USA Inc. – Replace Hotel Key System (OSV)
- Premier Amusements – Revenue Share Agreement for Arcade (OSV)

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

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

- Data Business Equipment, Inc. – Purchase Currency Counter
- Mr. David's Flooring International Ltd. – Hotel Carpet Replacement (OSV)
- Quality Telecommunications (TriView) – Support for New Phone System
- Veterans Procurement Group – Hotel Room Furniture Replacement (OSV)

Commissioner Burkhardt asked about the contract for the hotel carpet replacement as it was with an out-of-state vendor. She asked Mr. Fisher to explain the bidding process and how Iowa vendors were included.

Mr. Fisher advised they reached out to Knovas Carpets and Creative Carpets located in Sioux City; both declined to bid the project. Mr. David's Flooring did the casino floor, and did a great job. They were the low bid.

Hearing no further comments or questions, Chair Andres requested a motion. Commissioner Campbell moved to approve the contracts as submitted by SCE Partners, LLC. Commissioner Horbach seconded the motion, which carried unanimously.

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

- Coralville Hy-Vee – Gift Card Purchases for Marketing Promotion
- Cummins Allison – Count Room Equipment
- Farner-Bocken Core-Mark – Purchase of Cigarettes, Sundries, Candy and Chips
- Skywalk Group – Recruiting Expense

Commissioner Burkhardt asked Mr. John what Riverside is recruiting for. Mr. John stated Riverside has been utilizing Skywalk Group out of Cedar Rapids to recruit for various managerial positions.

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

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

- Comp Trading (MTM Sales) – Promotional Items
- Heartland Finishes – Exterior Painting
- Hoglund Bus – Passenger Buses

- Kone Inc. – Elevator and Escalator Maintenance
- Laser Tech (Office Express) – Office and Housekeeping Supplies

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

**HEARING:** Mr. Ohorilko advised Commission staff has entered into a Stipulated Agreement with American Wagering, Inc. d/b/a Caesars Sportsbook/William Hill for a violation of Iowa Code 99F.9(7) relating to credit card transactions. In July 2021 two different Iowa sports wagering operators reported one of their payment providers, Sightline, had allowed some deposits into their system via a credit card. During discussions with Worldpay, Sightline's acquirer who controls the credit restrictions, it was determined there were some transactions that were conducted just by credit card. Following an extensive review on or after October 9<sup>th</sup> by Caesar's Sportsbook, it was determined there were at least 485 credit card transactions totaling approximately \$212,000. Mr. Ohorilko stated American Wagering, Inc. acknowledges the facts constitute a violation of Iowa Code Section 99F.9(7) and have agreed to an administrative penalty up to \$60,000.

Ken Fuchs and Trent Striplin, Sr. Vice President of Sports and Vice President of Payments and Fraud respectively, were present to address the Stipulated Agreement. Mr. Striplin advised there are several controls that have been put in place via technology and operating procedures. The system has also been set to automatically reject any card payments that are not a debit card. Additionally, Sightline has changed their audit controls to check for credit card payments, and American Wagering will be doing their own random sampling on a regular basis to make sure there are no further issues of this nature.

Hearing no comments or questions, Chair Andres requested a motion. Commissioner Campbell moved to approve the Stipulated Agreement with an administrative penalty of \$60,000. Commissioner Burkhart seconded the motion, which carried unanimously.

Commissioner Burkhart asked if Commission members and staff could review the tiers used in these types of penalties as these situations are becoming more common. Mr. Ohorilko answered in the affirmative.

**PUBLIC COMMENT:** Wes Ehrecke, President of the Iowa Gaming Association, advised the Iowa casinos are collaborating with several organizations to close the loop on human trafficking. He noted earlier in the year all of the employees of the casinos and hotels had to complete training to get certified in order to be able to host meetings for State agencies or state employees to stay at the hotels. On September 22<sup>nd</sup>, they are hosting a virtual webinar to get more individuals involved in the effort.

Jon Moss, Executive Director of the Iowa Horsemen's Benevolent & Protective Association, stated the rules approved earlier this morning allow for an alternative simulcast license. He announced a start-up organization, Horsemen of Iowa Simulcast Organization. Mr. Moss introduced Matt Kingdon as the Director of Pari-Mutuel Operations. The organization will begin working on the

license application process, which will allow them to conduct simulcast operations in 99F facilities.

Mr. Moss noted the Travers Stakes, a Grade 1 thoroughbred race, would be run this coming Saturday at the Saratoga Race Course. An Iowa-bred, Ain't Life Grand, born and raised near Johnston, is entered in the race. The owners are Ray and Peggy Shattuck, and is trained by Kelly Von Hemel. The purse for the Travers Stakes is \$1,250,000. The race will be run at 4:45 PM and will air on Fox television.

**ADMINISTRATIVE BUSINESS:** Mr. Ohorilko stated the item before the Commission for consideration is a horseracing study as a result of discussions and stakeholder meetings held earlier this year. The study would provide an opportunity for the Commission to take a deeper look at some of the questions that have been raised. He advised there is room in the budget to have a study done if this is something the Commission would like to move forward on. Mr. Ohorilko stated it would require the Department of Administrative Services to initiate the Request for Proposal process.

Hearing no comments or questions, Chair Andres requested a motion. Commissioner Burkhart moved to direct staff to initiate a Request for Proposal, as required by the Department of Administrative Services, to select a vendor to conduct a study to provide information regarding a long-term strategic plan for racing in the State of Iowa. Commissioner Campbell seconded the motion, which carried unanimously.

**ADJOURN:** As there was no further business to come before the Commission, Chair Andres requested a motion to adjourn. Commissioner Horbach so moved. Commissioner Olsen seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

  
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JULIE D. HERRICK