

**IOWA RACING AND GAMING COMMISSION
TELEPHONIC MEETING MINUTES
DECEMBER 11, 2007**

The Iowa Racing and Gaming Commission met via a telephone conference call on December 11, 2007. Commission members present were: Kate Cutler, Chair; Gerry Bair, Vice Chair, and members Diane Hamilton, Greg Seyfer and Toni Urban.

Other individuals also participating were: Frank Schreck, Regulatory Counsel for Apollo and TPG; Anthony Civale, representing Apollo; Michael Cohen, Associate General Counsel for Harrah's; Greg Kranias & Kelvin Davis, representing TPG; Curt Beason and Stacey Hall, local counsel for Apollo and TPG; Lorraine May, local counsel for Harrah's.

Chair Cutler called the meeting to order at 10:20 AM, and requested a motion to approve the agenda. Commissioner Bair moved to approve the agenda as submitted. Commissioner Urban seconded the motion, which carried unanimously.

Chair Cutler moved to the single item on the agenda, the Request for Approval of the Acquisition of Harrah's Entertainment, Inc. by Apollo Management and Texas Pacific Group (TPG).

Mr. Ketterer, for purposes of complying with Iowa Code Section 21.8, stated that for this meeting, having all members physically present was impractical due to the brevity of the agenda, and waiting until the next regularly scheduled Commission meeting on January 10, 2008, would have delayed financing and closing of this national acquisition unnecessarily, and would have added to the already crushing burden of fees accompanying this project. He advised that notice of the meeting had been posted on the Commission's website and in the Des Moines office; minutes are being taken, and everyone who sought to participate has been invited into the office.

Mr. Ketterer stated that he met with the members of the Division of Criminal Investigation (DCI) team that reviewed the background with the Commission at the October meeting in Waterloo for the purpose of receiving updated information. He recommended approval of the acquisition to the Commission based on certain conditions that the DCI and staff are comfortable with. Mr. Ketterer recommended the following motion, incorporating these conditions:

The Iowa Racing & Gaming Commission approves the acquisition of Harrah's Entertainment by TPG Capital and Apollo Management subject to the following conditions:

1. The Commission finds no concerns with the suitability of the principals of TPG and Apollo, however any material issue or event which a reasonable person would understand may affect this suitability finding shall be disclosed immediately by the licensee.
2. On a continuing basis the licensee shall provide information on the status of the financing of the acquisition as well as any changes in the debt or equity structure.
3. The Commission reaffirms its expectation of continued capital investment in the licensee's Iowa properties and preservation of the quality of the assets in Iowa as determined solely by the Commission.
4. Compliance with all applicable Iowa statutes and administrative rules.

Commissioner Bair moved to approve the acquisition of Harrah's Entertainment, Inc., with the stated conditions. Commissioner Hamilton seconded the motion.

Chair Cutler called for discussion. Commissioner Bair asked about the "a reasonable person would understand" clause in the first condition. He asked if the term was defined somewhere in Iowa Code. Mr. Ketterer stated that he could ask all of the lawyers participating in the conference call, and they would all provide a different definition. Chair Cutler stated that the term had been debated all through history.

Commissioner Bair asked if Iowa was one of the last jurisdictions to approve the acquisition. Mr. Schreck answered in the affirmative. He stated that as this call was taking place, Louisiana is approving the project, Pennsylvania held a public hearing on December 3rd and it is anticipated they will approve the project on December 18th; and the Nevada Gaming Control Board has recommend approval and final approval from the Gaming Commission is expected on December 20th. Commissioner Bair asked if those states had placed similar or other conditions on the approval. Mr. Schreck stated there are variations among the states – all want to see financing, some want notification of certain occurrences.

Commissioner Urban asked if there were concerns expressed by other jurisdictions that IRGC needed to be aware of. Mr. Schreck answered in the negative. He stated there have been no issues with respect to any of the individuals, the transaction or financing. Mr. Schreck stated that this is the first time in over 30 years that he has gone through a licensing hearing of this magnitude with the Nevada Gaming Control Board where there was not a single question asked of the individuals on their personal applications.

Chair Cutler noted there was a motion and a second on the table, and called for the vote. The motion carried unanimously. (See Order No. 07-121)

Chair Cutler asked Mr. Ketterer if he would be sending information to the Harrah's Entertainment people. Mr. Ketterer advised that he would work with local counsel and provide whatever information they needed.

Mr. Davis, speaking on behalf of Apollo and TPG, thanked the Commission and staff for the professionalism and diligence shown throughout the process and for evaluating the complex applications in a timely and efficient manner. Mr. Davis noted that he had previously been licensed by the Commission in connection with acquisition of Harvey's by Colony Capital in 1999. He expressed respect for gaming in Iowa, and stated that everyone is excited about being involved in gaming in Iowa, and look forward to a long and productive relationship with the Commission.

Chair Cutler thanked Mr. Davis for his kind words, and hearing no further comments, called for a motion to adjourn. Commissioner Urban so moved. Commissioner Seyfer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK