

**IOWA RACING AND GAMING COMMISSION  
MINUTES  
SEPTEMBER 22, 2011**

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, September 22, 2011, at Grand Falls Casino Resort, Larchwood, Iowa. Commission members present were Toni Urban, Chair; Jeff Lamberti, Vice Chair; and members Carl Heinrich and Greg Seyfer. Commissioner Andrea Rivera was absent.

Chair Urban called the meeting to order at 8:30 AM, and called on Dan Kehl, Chief Executive Officer for Grand Falls and Riverside, for the welcome. He noted that 20 years ago his parents, Bob and Ruth Kehl, received the license for the Dubuque Casino Belle. Mr. Kehl stated that family was glad to have received this license. Mr. Kehl turned the floor over to Jeff Gallagher, President of Lyon County Riverboat Foundation (LCRF).

Mr. Gallagher pointed out that it had been three years since a busload of area residents traveled to Des Moines to attend a Commission meeting. He advised that two weeks ago during the half time of a local football game called the "Beef Bowl", LCRF distributed \$180,000 to the county school districts. Mr. Gallagher noted that the facility has only been open since June. He also stated that LCRF has just received their first round of grant applications; they received 50-60 applications for funding. Mr. Gallagher stated LCRF was happy to have the Commission at the facility, and that Kehl Management had made the facility one of the best in the state.

Chair Urban moved to the approval of the agenda. Jack Ketterer, Administrator of IRGC, stated that the Rules being submitted under Notice of Intended Action under Agenda Item 5 pertain to table games, gaming and Advanced Deposit Wagering. He noted that the proposed rules had been distributed to stakeholders and licensees, and that the Commission did receive some feedback, resulting in some non-substantive changes to the rules after the distribution of the agenda. Mr. Ketterer advised that there will be additional opportunities for public input on these rules prior to them being final adopted.

Hearing no further comments or questions concerning the agenda, Chair Urban requested a motion. Commissioner Lamberti moved to approve the agenda. Commissioner Seyfer seconded the motion, which carried unanimously.

Chair Urban moved to the approval of the minutes for August 25, 2011. As there were no comments or questions concerning the minutes, Chair Urban requested a motion. Commissioner Lamberti moved to approve the minutes for August 25, 2011 as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Urban moved to announcements and called on Mr. Ketterer, who introduced Wayne Palmer and Doug Heilman, the IRGC Gaming Representatives assigned to Grand Falls. He stated that the gaming representatives, DCI agents and staff at Grand Falls have forged a great working relationship which has helped with the acceptance of the facility within the community.

Mr. Ketterer provided the following information regarding future Commission meetings:

- November 10, 2011 – Stoney Creek Inn, Johnston, IA (Submissions due by October 27, 2011)
- December – No Meeting
- January 12, 2012 – Stoney Creek Inn, Johnston, IA (Submissions due by December 29, 2011)
- February 2012 – No Meeting
- March 8, 2012 – Stoney Creek Inn, Johnston, IA (Submissions due by February 23, 2012)

He advised that the renewal of the pari-mutuel/racetrack enclosure licenses would be addressed at the November 10<sup>th</sup> meeting; and riverboat renewals will be taken up at the March 8<sup>th</sup> meeting.

Chair Urban moved to the Rules submitted under Notice of Intended Action. Mr. Ketterer advised that he and Brian Ohorilko, Director of Gaming, had split the rules; he addressed items 1-7 which reinstated language that was inadvertently removed; established rules for advanced deposit wagering; removed outdated rules; changed the definition of a claiming race; changed the workout requirements for quarter horses; and established waived claiming rules. Mr. Ohorilko addressed items 8-16 which removed unnecessary language; modified outdated games; improved the integrity of tournaments for patrons by establishing controls for tournament chips; clarified what information needs to be posted and “renting” a seat when playing table games; clarified wagering and shooting procedures for craps; removed an outdated rule; clarified which poker games should have Rules of Game on hand and what constitutes a “Bad Beat” and how the fund can be seeded and prevents an administrative fee from being charged; improves the integrity of games for players and establishes fundamental wagering rules for baccarat.

Mr. Ketterer again stated that there would be a public hearing regarding the proposed rules in addition to them being published in the rules review bulletin, providing additional opportunities for the public’s input on the rules. He recommended that the Commission adopt the rules under Notice of Intended Action.

Hearing no further comments or questions, Chair Urban requested a motion. Commissioner Seyfer moved to adopt the proposed rules under Notice of Intended Action as submitted. Commissioner Heinrich seconded the motion, which carried unanimously. (See Order No. 11- 97)

Chair Urban called on Isle of Capri Casinos (IOC) for an update regarding the sale of the Rhythm City facility in Davenport. Michael Fries, Vice President of Legal Affairs, advised that IOC has continued to work with MSEG; the City of Davenport's chosen developer. He indicated that IOC has submitted a purchase agreement to MSEG, but has not yet received a response. Additionally, Mr. Fries advised that since the exclusivity period has expired, IOC is opening up the bidding process to other parties that have expressed an interest in the property. He stated that he would keep Mr. Ketterer informed and would continue to report to the Commission.

Commissioner Seyfer stated that the Commission would like to see a land-based facility. He advised Mr. Fries that the Commission appreciates IOC's efforts to keep the process moving forward.

Chair Urban called on Wild Rose Entertainment, Inc. regarding their request for debt refinancing for the Emmetsburg facility. Scott Ivers, Chief Financial Officer, noted that Wild Rose had previously submitted a Commitment Letter from West Bank, and received Commission approval. However, in moving forward with the loan documents, there were variances between the commitment letter and the loan documents and the parties were not able to come to an agreement; therefore, Wild Rose sought financing from Bankers Trust.

Mr. Ketterer stated that the refinancing with Bankers Trust appears to be a much better deal for Wild Rose.

Hearing no further comments or questions, Chair Urban requested a motion. Commissioner Seyfer moved to approve Wild Rose Entertainment's request for debt refinancing for the Emmetsburg facility with Bankers Trust as submitted. Commissioner Lamberti seconded the motion, which carried unanimously. (See Order No. 11-98)

Chair Urban moved to the contract approval portion of the agenda and called on Diamond Jo. Kim Pang, General Manager for Diamond Jo Worth (DJW) presented a contract with Seminole Energy Services for gas utility service.

Hearing no comments or questions regarding the contract, Chair Urban requested a motion. Commissioner Seyfer moved to approve the contract as submitted by Diamond Jo. Commissioner Heinrich seconded the motion, which carried unanimously. (See Order No. 11-99)

Chair Urban called on DJW. Mr. Pang submitted a contract with Young Plumbing & Heating for a maintenance agreement for building environment systems.

Hearing no comments or questions concerning the contract, Chair Urban requested a motion. Commissioner Lamberti moved to approve the contract as submitted by DJW. Commissioner Heinrich seconded the motion, which carried unanimously. (See Order No. 11-100)

Chair Urban called on Catfish Bend Casino (CBC). Jerry Baum, Chief Operating Officer, presented a contract with Fine Consulting, Inc. for marketing consulting services.

Chair Urban asked Mr. Baum if there was an Iowa company that could provide the services. Mr. Baum answered in the negative, indicating that the company utilized a highly prioritized system.

Commissioner Lamberti encouraged all of the licensees to provide more specific information regarding their out-of-state contracts prior to the meeting

Hearing no further comments or questions, Chair Urban requested a motion. Commissioner Lamberti moved to approve the contract as submitted by CBC. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 11-101)

Chair Urban called on Grand Falls Casino Resort (GFCR). Sharon Haselhoff, General Manager, presented a contract with SHI (Software Hardware Integration) for the purchase of computer hardware.

Hearing no comments or questions concerning the contract, Chair Urban requested a motion. Commissioner Seyfer moved to approve the contract as submitted by GFCR. Commissioner Lamberti seconded the motion, which carried unanimously. (See Order No. 11-102)

Chair Urban called on Riverside Casino & Golf Resort (RCGR). Dan Franz, General Manager, presented the following contracts for Commission approval:

- Culver's Lawn & Service – Snow Maintenance Contract
- Marsh USA, Inc. – Insurance
- Shuffle Master, Inc. – Table Games, Shuffler License and Lease Agreement
- Sound Concepts, Inc. – Stage and Lighting Contractor for Concerts
- Tech Art, Inc. – License Maintenance Agreement

Hearing no comments or questions concerning the contracts, Chair Urban requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by RCGR. Commissioner Lamberti seconded the motion, which carried unanimously. (See Order No. 11-103)

Chair Urban called on Argosy Casino Sioux City (Argosy). Lance George, General Manager, presented the following contracts for Commission approval:

- Trane – Request for HVAC Modification
- Bacon Creek Construction – Flood Response – Facility Modifications

Chair Urban called for any comments or questions. Commissioner Heinrich stated that Mr. George is new to the Sioux City property, and Iowa. Mr. George indicated that his previous position with Argosy was in Louisiana.

Hearing no further comments or questions, Chair Urban requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by Argosy. Commissioner Lamberti seconded the motion, which carried unanimously. (See Order No. 11-104)

Chair Urban called on Lakeside Casino. Bob Thursby, General Manager, presented the following contracts for Commission approval:

- Sign Productions, Inc. – Rebranding 4 Signs at Lakeside Casino
- Micro Gaming Technologies, Inc. – Players Club Kiosk Machines
- Pilot Travel Centers, LLC – Lease Agreement

Mr. Thursby advised the Commission that Sign Productions has been contracted to do signage at two other out-of-state properties in addition to the Iowa property.

Commissioner Seyfer asked Mr. Thursby to discuss the lease with Pilot Travel Centers. Mr. Thursby advised that Pilot will lease approximately 12 acres of land and take over operations at the current convenience store and add a truck stop. He stated that the project has received approval from the Osceola Planning & Zoning Commission and the City. Mr. Thursby stated that Pilot will invest approximately \$3.5 million and create 45 permanent jobs. There will be about 30 jobs during the construction phase.

Mr. Ketterer stated that it was great news that Affinity Gaming had elected to utilize an Iowa company to do signage projects corporate-wide.

Commissioner Heinrich asked about the hotel addition. Mr. Thursby stated that the project is back on track and is out of the ground. He indicated that it should be fully enclosed by December. Mr. Thursby stated they are looking forward to future development.

Hearing no further comments or questions, Chair Urban requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Lakeside. Commissioner Lamberti seconded the motion, which carried unanimously. (See Order No. 11-105)

Chair Urban called on Harrah's. Janae Sternberg, Director of Finance, presented the following contracts for Commission approval:

- G2 Graphic Services – Print for Marketing Campaigns
- Grainger – Maintenance and Slot Tech Supplies
- J & R Liquors – Liquor Purchases

- Northstar Recovery Services – Clean-up and Repair of Property due to Flooding (RP)

Commissioner Heinrich asked if the flood waters were receding. Ms. Sternberg answered in the affirmative, indicating that it should be gone by the end of September. Commissioner Heinrich asked if they were finding a lot of mold and other issues related to the flooding. Ms. Sternberg again answered in the affirmative; indicating that there would be a lot of repair work to be done.

Hearing no further comments or questions, Chair Urban requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by Harrah's. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 11-106)

Chair Urban called on Mystique Casino. Roger Hoeger, Assistant General Manager, presented a contract with Plaid Swan, a full service advertising agency.

Hearing no comments or questions concerning the contract, Chair Urban requested a motion. Commissioner Seyfer moved to approve the contract as submitted by Mystique. Commissioner Heinrich seconded the motion, which carried unanimously. (See Order No. 11-107)

Chair Urban called on Horseshoe Casino/Bluffs Run Greyhound Park. Ms. Sternberg presented the following contracts for Commission approval:

- CB Lodging d/b/a Spring Hill Suites – Lodging for Patrons
- Farner Bocken – Cigarette and Candy Supplier
- Grainger – Maintenance and Slot Tech Supplies
- H Olafsson Intl. Specialty Foods – Specialty Items for Bakery
- J & R Liquor – Liquor Purchases

Hearing no comments or questions concerning the contracts, Chair Urban requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Horseshoe Casino/Bluffs Run Greyhound Park. Commissioner Heinrich seconded the motion, which carried unanimously. (See Order No. 11-108)

Chair Urban called on Horseshoe Casino/Bluffs Run Greyhound Park and the Iowa Greyhound Association regarding their request for approval of the arbitration panel and establishing the arbitration timeline. Mr. Ketterer stated that he had spoken with representatives for both parties, and they have agreed to arbitrate the purse supplement issue. Additionally, the parties have reached agreement regarding the arbitration panel members: Dale Peddicord, Lou Lavarato and John Nahra. The arbitration is scheduled for Tuesday, October 25<sup>th</sup>, with the decision due by November 1, 2011. Mr. Ketterer recommended approval of the arbitration panel and timeline.

Hearing no discussion regarding the request from Horseshoe/Bluffs Run and the Iowa Greyhound Association, Chair Urban requested a motion. Commissioner Lamberti moved to approve the arbitration panel of Dale Peddicord, Lou Lavarato and John Nahra with the arbitration decision due in the Commission's office by November 1, 2011. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 11-109)

Mr. Ketterer expressed regrets on behalf of Commissioner Rivera, who was unable to attend the meeting due to a conflict with work obligations.

Chair Urban called on Prairie Meadows Racetrack and Casino (PMR&C). Gary Palmer, General Manager, advised that the hotel is still on schedule and is slightly under budget. He indicated it is slated to open by March 1, 2012, but no later than April 1, 2012.

Chair Urban moved to the discussion on capital improvements and the funding thereof. She noted that PMR&C had submitted revised information, but indicated that she still had some questions; specifically under which category the replacement of the HVAC and air conditioning fall. Mr. Palmer stated that he thought it might be in the "Facility" category. He noted that Shive Hattery completed the study for them; the only thing not in the five-year plan is the parking ramp and hotel. Chair Urban stated that she felt the replacement of the HVAC and air conditioning would take sufficient revenues that they should have their own line. Mr. Palmer advised that further information would be provided.

Chair Urban stated that she also did not see anything regarding replacement of the roof. Mr. Palmer advised that repairs have been made over the years, but will provide that information as well. Chair Urban encouraged all facilities to plan for these types of capital improvements. Mr. Ketterer noted that one of the contracts being submitted for approval is for roofing, but didn't know if it was for the barn area or the grandstand. Chair Urban requested a further breakdown regarding capital improvements.

Chair Urban moved to the contracts. Mr. Palmer presented the following contracts for Commission approval:

- Breiholz Construction – General Contracts for Various Projects
- Chrims, Inc. – Track Settlements for Pari-Mutuel Betting
- Delta Dental – Employee Dental Insurance
- Graham Construction – General Contractor for Various Projects
- Hansen Company, Inc. – General Contractor for Various Projects
- High Plains Technology – Computer Equipment
- Larson & Larson Construction, LLC – General Contractor for Various Projects
- Nalco Company – Water Treatment Chemicals and Equipment
- Neumann Brothers, Inc. – General Contractor for Various Projects
- Porter Hardware, Inc. – Maintenance Equipment and Supplies
- Sirius Computer Solutions – Computer Equipment

- Snap-On Tools – Tools and Equipment
- The Weitz Company – General Contractor for Various Projects
- Wellmark Blue Cross Blue Shield – Employee Medical Insurance
- Wolf Construction – Roofing Contractor

Chair Urban noted that the RTA Summary indicated that six contractors have been asked to submit quotes on various construction projects and that one contractor will be selected for each project. Mr. Palmer advised that PMR&C is constructing a new maintenance building as well as a new storage building. An RFP was sent out and the bids are due within the next week. PMR&C is hoping to begin construction immediately.

Hearing no further comments or questions regarding the contracts, Chair Urban requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by PMR&C. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 11-110)

Chair Urban moved to Public Comment. As no one had signed up, Chair Urban moved to Administrative Business. Mr. Ketterer advised that Mr. Ohorilko continues to coordinate the intrastate internet gambling study which the Commission was asked to complete by the Legislature. He noted that this is a fascinating and liquid topic; that are changes to the dynamics on a daily basis. Mr. Ketterer stated that the Department of Public Health is to submit information regarding the social impacts by October 1st. He stated that a rough draft of the Commission's study should be ready by the next Commission meeting.

Commissioner Seyfer asked about the golf course for Grand Falls. Mr. Kehl stated that construction was scheduled to start one year after the opening of the facility and that it would be paid for out of cash flow; however, they were able to cut a deal with the earth moving contractors. They are currently working on moving earth around so that construction can begin in earnest first thing in the spring. Mr. Kehl stated that the golf course may be able to open in late fall 2012, but more than likely it will be in the spring of 2013.

As there was no further business to come before the Commission, Chair Urban requested a motion to adjourn. Commissioner Heinrich so moved. Commissioner Seyfer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

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JULIE D. HERRICK