IOWA RACING AND GAMING COMMISSION
MINUTES
JANUARY 16, 1992

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, January 16, 1992, at 9:00 AM in the Wallace building auditorium. Present were Chair, Bud Pike, Vice-Chair, Leo Monaghan; and Commissioners Lorraine May; Rita Sealock and Richard Canella.

The Chair entertained a motion to approve the minutes of the December 12, 1991, Commission meeting. Commissioner May so moved with Commissioner Monaghan seconding the motion. All in favor.

Lorenzo Creighton, Deputy Administrator, was recognized for the purpose of discussing contracts. Mr. Creighton discussed the contract from Bluffs Run Greyhound Park which deals with interstate simulcasting arrangements between Bluffs Run and SODRAC in South Dakota. At Bluffs Run request the contract was withdrawn. Walt Pyper, General Manager of Bluffs Run, explained that they have been working with staff trying to develop a contract that will cover their out-of-state simulcasting and they will have a contract for approval by the next Commission meeting.

Mr. Creighton discussed a contract for Waterloo Greyhound Park and recommended approval. He explained that Waterloo has had a contract with Prairie Construction Co., Inc. for snow removal for the past five seasons. Augie Masciotra, General Manager for Waterloo Greyhound Park, stated that they have budgeted approximately $18,000 for snow removal. He brought to the Commission's attention that Mr. Miller, Vice-President at Prairie Construction Co., was recently elected to serve on the Advisory Board at the racetrack. Commissioner Canella moved that the contract between Prairie Construction Co. and Waterloo Greyhound Park, for snow removal, be approved and Commissioner Sealock seconded the motion. The contract was approved 5-0. See Order # 91.75

The Chair recognized Mick Lura, Administrator, for the purposes of discussing Prairie Meadows simulcast termination/date reduction. Mr. Lura made the following recommendation. The "window" of dates for Prairie Meadows be modified to a period of May 1, 1992, through September 30, 1992. These dates would allow Prairie Meadows to run a 105 day live meet. Prairie Meadows will be put on notice that a license renewal application shall be received by April 1, 1992, in compliance with Racing and Gaming Commission rules, and that the renewal application shall contain all the requirements mandated by Chapter 99D and Iowa Racing and Gaming Commission rules. If the renewal application does not meet the requirements of 99D or IRGC rules, then the license at Prairie Meadows will lapse as of May 1, 1992. He explained that adoption of this recommendation will result in Prairie Meadows being allowed to simulcast until May 1, 1992. He stated, as of May 1, 1992, one of three things must occur. A change in Chapter 99D to permit them to legally continue operations with simulcasting. Prairie Meadows could opt to conduct live racing and if they scheduled 105 days they would be allowed to simulcast as well. Mr. Lura stated that by not meeting the first two options Prairie Meadows' license to race in Iowa would lapse. This would also change their license renewal month from February until April.

Rick Olson, an Attorney representing the HBPA, stated that as he interprets the rules, Prairie Meadows has to make application annually for a license to conduct a pari-mutuel meet. Mr. Olson pointed out that last years meet was mid March, which means they were issued a license prior to mid March, therefore, the annual license would expire in March. Also, the window of racing is from February 15 until September. He stated that Prairie Meadows, to renew their license, would have to make an application within 30 days of the window, therefore, they need to have a license renewal application to the Commission today or simulcasting ends today.

Walt Pyper, Bluffs Run, spoke in favor of the recommendation and stated it would be in Bluffs Runs best interest. He feels that it is in the best interest for Prairie Meadows and the bond holders to approve the proposal.

Connie Newlin, Legal Counsel for Prairie Meadows, stated that live racing has not been cancelled, it has just been suspended. She stated that there is a benefit to continued simulcasting.

Jerry Crawford, Attorney for the Iowa Greyhound Association, discussed the various benefits in Mr. Lura's proposal such as it would be in the best interest of the greyhound industry; tracks; owners; breeders; trainers; kennels; it benefits the horseman and their owners and their various associations as well as the citizens of Polk County; and particularity because it allows time for legislative reaction.

Dick Shannahan, independent horseman, disagreed with the recommendation.

Keith Hopkins, President of Prairie Meadows racetrack and interim CEO, gave an overview and update on proposals for Prairie Meadows. He stated that it is in the best interest of everyone in both industries and in the state of Iowa for the Commission to accept Mr. Lura's proposal. He said that they were running a $107,000 a day handle; averaging $150 per person handle.

Perry Peterson, Thoroughbred Owner/Trainer, disagreed with Mr. Lura's proposal. He expressed great concern with the growing increase of simulcasting at Prairie Meadows.

Larry Bolten, President of Iowa Quarterhorse Association, was very concerned with the continued simulcasting.

Chris O'Dell, Legal Counsel to the Racing and Gaming Commission; Assistant Attorney General for the State of Iowa, discussed a memo released by her office regarding the legalities of Prairie Meadows racing dates. Her interpretation was unless the Commission changes the racing date for Prairie Meadows, they cannot legally continue to simulcast beyond February 15th. The Commission has the authority to change the racing dates. If the window for racing dates is moved back to May 1 and their is no feasible plan by April 1, Prairie Meadows may have to stop simulcasting on April 1. Ms. O'Dell stated that there is a collateral problem that the Commission will have to determine and that is "when does Prairie Meadows license lapse and what does "annual" mean?

Commissioner May asked Tom Flynn, Bankruptcy Attorney, to respond to the issue of the Commission changing the window on Prairie Meadows racing dates.

Tom Flynn, Bankruptcy Attorney for Racing, addressed Commissioner May's question and stated that they do not have a problem with the Commission changing the window on Prairie Meadows racing dates. He explained an automatic stay, which means, all actions against a company that is in bankruptcy are frozen in place and no one can continue collection actions or take any remedies against the company that is in bankruptcy without getting the approval of the bankruptcy court. He stated that a regulatory Commission can not issue any kind of a ruling that would be adverse to the Racing Association. The exception to an automatic stay is the Commission could exercise their statutory police powers. He stated that the Commission was in a grey area as to whether the they could take action that could be adverse to racing as it relates to police powers without asking the bankruptcy court to lift the automatic stay. He feels the additional time, by changing the window on the dates, will be plenty of time for things to develop for Prairie Meadows. The management at Prairie Meadows has made their first requirement, in their negotiations for the purchase of the facility, that live horse racing be maintained.

Commission Canella asked Mr. Flynn to explain the difference between Chapter 7 and Chapter 11.

At the request of Commissioner Canella, Mr. Flynn explained the differences between Chapter 7 and 11 filing. Chapter 7 is when you are out of business; there is an independent trustee appointed that liquidates assets and distributes them out to creditors; the company is defunct on the day you file. Chapter 11 is meant to be an ongoing concern, all it conveys to the world is that the business is unable to pay its bills as they come due. The Racing Association from Prairie Meadows, by filing Chapter 11, is getting breathing room from it's old debt and is getting a chance to look at its bond debt. It has a commitment from Polk County to help meet its cash needs so that it can pay its bills. He stated that in some ways this company is better off financially than before it filed.

Commissioner Sealock asked Mr. Flynn what would happen if during Chapter 11 organizational period a regulatory body were to do something that was declared harmful to that entities health, could they be criticized for taking that particular stance?

Mr. Flynn responded that the law states everything is frozen but there is the exception for a state's exercise of police powers. The issue would be, does the Commissions action constitute police powers that would fall within the exception to the automatic stay. If the bankruptcy court felt that an action that the Commission took was adverse to Prairie Meadows it would have the chance to overrule an adverse decision. He made it clear that he did not know whether what the Commission may or may not do would violate the stay.

Mr. Flynn felt that it would be in the best interest of the horse racing industry; the greyhound industry; Polk County; and the populace in general, to take advantage of the window of opportunity that Mr. Lura has suggested.

The Chair entertained a motion to bring Mr. Lura's proposal to the table.

Commissioner Monaghan expressed his concern regarding annual date setting. He was not comfortable with the February 15th cut off as requested by the horsemen or the May 1 proposal because of the annual license. He feels that this issue needs legislative action. He wants to help the horsemen and Prairie Meadows and the dog people as much as possible but within the law and feels that is in question.

Commissioner Canella shared Commissioner Monaghans thoughts, also pointing out that if the Commission goes to March 1 Prairie Meadows still has to commit, with an application, thirty days prior.

Commissioner May stated that by April 1 Prairie Meadows must have a feasible application before the Commission or the will license expire.

Chris O'dell responded that her memo did not state April 1 it states 30 days prior to the first racing day because she was not talking, in the memorandum, about May 1.

Commissioner May stated that based on the information from the Attorney General's opinion, the Commission can move the racing dates to May 1. She favors the window of opportunity for Prairie Meadows to remain in operation and hopes it creates a viable operation for the horse industry in Iowa.

Commissioner Canella expressed his concern regarding Prairie Meadows realistically putting a plan together by April 1. He felt the Commission was creating a "sham" by moving the date back and also pointed out that background investigations done by the DCI will also take a considerable amount of time. He again stated that he does not see the window of opportunity for Prairie Meadows as being feasible.

Commissioner May moved that the window for the race dates for Prairie Meadows be moved to a time period beginning May 1 and ending September 30, and that in accordance with our rules Prairie Meadows have by April 1 a legal application of operation to begin racing on or before May 1. Commissioner Sealock seconded the motion.

Mick Lura, Administrator, responded to Commissioner Monaghan's inquiry as to what would happen April 1. April 1 we would expect a license for renewal from Prairie Meadows, assuming legislative action occurred. If legislative action does not occur an application would be pointless and their license would lapse May 1.

Commissioner May stated that the Commission needs a legal opinion from Chris O'Dell regarding the exact lapse date.

Commissioner Sealock explained her support for seconding the motion. It was based on suggestions that blood-letting would be the hammer to use on the legislature and she did not believe that would be in anyone's interest.
The Chair called for the question and a roll call vote. The motion carried 3-2. Commissioner Pike and Commissioner Canella voting "nay".

The Chair recognized Lorenzo Creighton, Deputy Administrator, for purposes of discussing funds available for purses for 1992. Mr. Creighton explained that at the last Commission meeting Dick Shannahan addressed the Commission on several issues. He addressed six points, in writing to the Commission. (letters attached)

Mr. Lura explained the agreement that the Commission approved regarding purse monies earned from greyhound simulcasting. All greyhound simulcasting that has occurred since September 2 of 1991 and the purse monies earned from the greyhound simulcasting goes to the 1992 purses. The track cannot use it for any prior years overpayment. The money is currently accumulating and the Commission staff is attempting, with the bankruptcy situation, to get it escrowed. There is approximately $60,000 on hand in the Prairie Meadows account for purses. The horsemen do not have a legal right to withdraw the money. The money is there for Prairie Meadows to expend for purses. The same holds for the Iowa bred money, the money is Prairie Meadows money to expend upon a mutually agreed plan of disbursement. The money has to be spent on behalf of the horsemen.

Commissioner May suggested that an Attorney General's opinion be requested on the issue of whether 99D.12 and 99D.22 would prohibit the use of breed monies to use on races of Iowa Bred horses in other states.

Mr. Bolten requested of the Commission and Counsel that they deal with the different breed groups and their money separately.

Both the horse people and the Commission share the same concern regarding the possibility of Prairie Meadows going from a Chapter 11 to a Chapter 7. The Commission assured the horse people that they wanted to protect their interest regarding their money and requested that they be available to work and communicate with staff to get the money isolated.

The Chair recognized Augie Masciotra, General Manager for Waterloo Greyhound Park, to take up his request for one day, the Monday after Easter because Easter Sunday falls on their closing day. They have lost three racing days so far this season. Bruce Wentworth, General Manager of Dubuque Greyhound Park, stated that they did not have a problem with the additional date.

Chair Pike entertained a motion to adopt Waterloo's request for an additional day, the Monday after Easter. Commissioner Canella so moved. Commissioner Sealock seconded. Motion carried 5-0. See Order # 91.76

Bruce Wentworth, General Manager Dubuque Greyhound Park, gave an overview of the financial statements from Dubuque Park. He stated that the 1991 racing season generated an operating cash flow of $964,000, based on $28 million dollars handle The 1991 handle fell 31%. The net operating income of $250,000 compares to $881,000 last year. The Dubuque Racing Association is the only non-profit involved in two ventures that is completely debt free.

Chuck Patton, Riverboat Director, discussed 1991 and 1992 riverboat contract approvals. Mr. Patton recommended approval of the contracts.

There was a discussion regarding contracts over $50,000. Mr. Patton stated that he would draft a letter for Commission approval that exempts common kinds of costs that we know have to be incurred that may or may not exceed $50,000 such as electricity/public utilities.

The Chair entertained a motion to approve the riverboat 1991/92 contracts. Commissioner Monaghan so moved, Commissioner Canella seconded. Motion approved 5-0. See Order # 91.77

Chair Pike stated that Darwin E. Chapman, Director DCI, called the Commissions attention to the fact that there is a concern about Chapter 99F regarding dual or cross licensing.

The Chair recognized Mr. Chapman reference distributors licensing letter. He stated that Chapter 99F.17(3) has to do with licensing and the relationship between a licensee or operator and a separate entity called a manufacturer and a separate entity called a distributor. In reviewing that section of the code and the current business structure of the boats they feel that there might be a violation in that section of the code. They discussed this with Commission staff the beginning of fall and arrived at the position that they felt that the Commissioners be aware of their concerns.

Chair Pike appointed Commissioner Canella and himself to a committee to study the issue of operator/manufacturer, distributor licensing concerns.

The Chair recognized Chuck Patton reference final adoption of amendments to Chapter 4, 22, 25. Chuck Patton moved the amendments for final adoption.

Commissioner Canella moved the adoption of the amendments to Chapter 4, 22, 25. Commissioner Sealock seconded the motion. Motion carried 5-0. See Order # 91.78

The Chair recognized Bob Ellis, General Council for Steamboat, for a Sioux City update. Mr. Ellis stated that the Compact between the state of Iowa and the Omaha indian tribe has been released and executed. As soon as Steamboat gets the market plans and analysis back they plan to meet with the non-profit group to figure out what their options are.

The Chair recognized Commissioner Sealock for the sub-committee report on the legislative committee recommendations. (amended report attached)

Commissioner Monaghan raised objection to item 5 of the recommendation, reference increasing the gaming area. He stated that the legislative intent was to make sure that these would be more than just gambling boats.

Commissioner Canella stated that he did not feel that it is the Commissions responsibility to advocate the expansion of gambling.

Commissioner Sealock recommended that item 5 of the legislative recommendation be deleted. No objection.

Commissioner Monaghan moved the adoption of the legislative recommendations as presented with the exception of item 5. Commissioner Canella seconded the motion. Motion adopted 5-0. See Order # 91.79

Sidney Blum, Executive Director of the Dubuque Racing Association, addressed the committee's recommendation in regards to changing the admission policy. He explained that there is an element in that recommendation that may have been overlooked and that is the question of the contracts that exist between the non-profits and the operators and ordinances for payments to the cities. The contracts follow the original law. The law recognizes admissions as being anyone embarking on the boat not just the casino. He explained, based upon the original law, negotiations were entered into and contracts were prepared and administer accordingly. Further, the intent of the law is to make these boat a full experience, which includes entertainment; food; and gambling. He urged the Commission to reconsider this proposal and strike the recommendation regarding admissions.

Commissioner May moved to reconsider the legislative recommendations. Commissioner Sealock seconded the motion. Motion carried 5-0. See Order # 91.80

Commissioner May moved to strike section 7 from the legislative recommendations. Commissioner Sealock seconded the motion. Motion carried 5-0. See Order # 91.81

Commissioner May moved to adopt the legislative recommendations with the exception of items 5 & 7. Commissioner Canella seconded the motion. Motion carried 5-0. See Order # 91.82

Mick Lura suggested that the meeting in February be cancelled and rescheduled for March in Waterloo. The Commission meetings were rescheduled for March 26, 1992, and April 23, 1992.

Commissioner Canella; Commissioner Pike; Sally Prickett; and Linda Vanderloo will submit out-of-state travel for the ARCI meeting in Coeur D' Alene, April 11-16, 1992.

Commissioner Sealock moved that we go into Executive Session for personnel purposes. Commissioner Canella seconded the motion. Motion carried 5-0. See Order # 91.83

Commissioner May moved we adjourn. Commissioner Sealock seconded. Motion carried 5-0.

Minutes taken by Connie Eichhorn

IOWA RACING AND GAMING COMMISSION
MINUTES
MARCH 26, 1992

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, March 26, 1992, at 9:30 AM at Waterloo Greyhound Park in Waterloo, Iowa. Present were Chair, Bud Pike, Vice-Chair, Leo Monaghan; and Commissioners Lorraine May; Rita Sealock and Richard Canella.

On behalf of Augie Masciotra, General Manager of the Waterloo Greyhound Park, Mike Schreurs in charge of Marketing, Advertising and Communications for Waterloo Greyhound Park, welcomed the Iowa Racing and Gaming Commission.

The Chair entertained a motion to approve the minutes of the January 16, 1992, Commission meeting. Commissioner Monaghan so moved with Commissioner Sealock seconding the motion. All in favor.

The Chair recognized Chuck Patton, Director of Riverboat Gambling, for the purpose of discussing the five riverboats requests for 1992 summer schedule approvals. Staff recommended that the schedules be approved. The Chair entertained a motion to approve the summer schedules. Commissioner Canella so moved with Commissioner May seconding. Motion carried 5-0. See Order # 92.84

Mr. Patton discussed the 39 riverboat requests for contract approvals. He recommended that contract #28, between the President Riverboat Casino (PRC) and Riverboat Casino Tours (RCT) not be approved without a termination clause. Also, contracts #30 and #38 between Green Bridge Supply & Equipment with Steamboat Development and Par 4, Inc., be deferred because there is a question regarding the end destination of the slot machines.

Chris O'Dell, Assistant Attorney General, raised an ongoing concern regarding the number of contracts that are dealing with out-of-state companies. Representatives from the riverboats assured the Commission that they are contracting with Iowa companies whenever possible.

Mick Lura stated that staff will review the contracts from the five riverboats over the past year, and will determine if there is a substantial amount of business contracts, in dollars, being done with Iowa companies.

The Chair entertained a motion to approve the riverboat contracts with the exception of numbers 28, 30 and 38. Commissioner Sealock so moved, with Commissioner Canella seconding. Motion carried 5-0. See Order #92.85

Chuck Patton discussed an amendment to the Southeast Iowa River Development (SIRRC) licenses and operations agreement. Steamboat will agree to provide SIRRC with a six-month notice or fee payment, in lieu of notice, should the boat be sold. In exchange, SIRRC has agreed to revise the fee schedule so that periods of high-per-customer fees will coincide with the summer period when a greater cash flow is generated. This agreement will not result in the total annual monies generated by the agreement being affected in any way. Staff recommends approval of the amendment. Commissioner Canella so moved with Commissioners May seconding. Motion carried 5-0. See Order #92.86

Mick Lura stated that the Commission was notified on March 20, 1992 by Steamboat Sioux City Inc., that they are turning in their license. Mr. Lura said we would accept the license back from Steamboat Sioux City, Inc. After review with both legal counsel and the non-profit group in Sioux City he will make a recommendation at the April Commission meeting regarding what course of action the Commission needs to take as far as the non-profit group license.

Commissioner Canella moved that the Commission accept the voluntary submission of the license by Steamboat Sioux City, Inc. Commissioner Sealock seconded the motion. Motion carried 5-0. See Order #92.87

Mr. Patton explained that the State of Iowa has completed negations with the three indian tribes. They have a signed compact that would allow them to establish Indian Gaming on each of their reservations. The Racing and Gaming Commission has been asked to administer those compacts.

Mr. Patton discussed the Multiple Action Blackjack proposal. Multiple Action Blackjack is a variation of blackjack whereby each player is allowed to make three separate wagers on one hand. The dealer, after each player has "made" their hand, then fashions three hands in turn, utilizing his up card in each of the three hands. Chris O'Dell was asked to review the legality of the proposal and found there was no conflict with the statute. Staff recommended approval. The Chair entertained a motion to approve the Multiple Action Blackjack proposal. Commissioner Monaghan so moved with Commissioner Canella seconding. Motion carried 5-0. See Order #92.88

The Manufacturers and Distributors Committee made up of Commissioner Pike and Commissioner Canella reported on licensing manufacturers/distributors. Commissioner Canella reported that there have been four meetings to discuss the Commission policy on licensing manufacturers/distributors as relates to the code. The code states that operators may not hold a manufacturers/distributors licenses. The first action the Commission took regarding manufacturers/distributors was legal and posed no difficulty in regulating the industry since licenses for manufacturers/distributors were issued as separate corporate entities, they qualify under section 99F.17 of the code. Further review of the regulations of these entities has determined that the Iowa Racing and Gaming Commission staff has appropriately monitored all transactions conducted by these entities so the integrity of the regulations has been met. The second recommendation deals with appearance and substance. The Commission actions are legal and appropriate. There is an appearance question since the separate corporations are not at arms length with the operators. The committee recommends that the staff continue to pursue a more distinct delineation between the organizations license as manufactures/distributors and organizations that are licensed as operators. The committee will have a finalized report with a written recommendation ready to present to the full commission at the April meeting. He said that there is no need for any further action.

Ed Ernst speaking for Riverboat Services Inc., spoke on the restructuring agreement for Steamboat. He said that restructuring would have no impact on the licensee. Steamboat Southeast and Steamboat Development are still the holders of the Emerald Lady and the Diamond Lady licenses respectfully with the non-profits. The merger would be with the existing public company which was put together as an investment pool to allow the management company, that they have in place, to go into other jurisdictions and continue operating riverboat gambling. This new entity will be able to provide consulting to indian gaming operations and will also allow them to take an Iowa based company and expand riverboat gambling throughout the United States.

Chuck Patton/Lorenzo Creighton discussed the proposed rule filing - Chapter 7/Greyhound Mutuel Department; Chapter 8/Pick (n); Chapter 12/Simulcasting; Chapter 22/Manufacturer's Distributor's Vendor's and Occupational Licenses; Chapter 25/Uniform Requirements for Passenger Vessels.

Mr. Creighton explained Chapter 7; Chapter 8 and Chapter 12. Staff recommended approval of the proposed racing rules.

Mr. Patton explained Chapter 22 and Chapter 25. He explained the Uniform Requirements for Passenger Vessels. He stated that 25.12 should read " A boat utilized for gaming purposes must meet or exceed uniform requirements for passenger vessels as specified in Title 46, Code of Federal Regulations. All such boats shall conduct and log all crills and actions required to be logged under subchapter "h" as of April 1, 1992.

Lt. Commander Mike Schaferman, Coast Guard Supervisor in Davenport, addressed the Commission regarding "H"/ "T" boats. Mr. Schaferman is in charge of inspecting seven gaming vessels, three in Illinois and five in Iowa. He explained that a "T-Boat" is a small passenger vessel regulation and "H-Boat" is a large passenger regulation. Three T-Boats are operating in Illinois and one H-boat is operating in Iowa the remaining are inspected as T-Boats. He assured the Commission that any vessel that is operating in Iowa, whether it has gaming machines or just carrying people on the river, is safe. Certificate of inspection is done annually on all vessels. Large passenger vessels are inspected quarterly.

Chris O'Dell inquired as to the intent of the word "actions" in the last line of section 25.12. Mr. Lura explained that the generic term "actions" was used because of the long list of actions that are required to be logged. There are specific requirements as to what is logged as far as all the safety functions that are associated with a larger boat.

Mike Schaferman stated that the Mississippi Belle II would not have a certificate of inspection if it was unsafe.

Mr. Patton recommended that these rules be noticed. Commissioner Monaghan so moved with Commissioner Canella seconding. Motion carried 5-0. See Order #92.89

Lorenzo Creighton, Deputy Administrator, was recognized for the purposes of staff recommendations for Dubuque Greyhound Park's 1992 season. In accordance with Iowa Racing and Gaming Commission Rules the following were submitted for approval: Purse Distribution; Purse Supplements of Iowa-Breds; Approval of Steward; Operating and Racing Officials; Grading System; Schedule and Wagering Format; Equipment; Security; and Certificate. Mr. Creighton noted that Dubuque has added $40,000 to it's stakes race program. He also noted that this will be Dubuque's first season with United Tote equipment. Staff recommended approval of Dubuque Greyhound Park's 1992 season.

Bruce Wentworth, General Manager of Dubuque Greyhound Park, gave a brief overview on the upcoming plans for the 1992 racing season. He stated that there are ten Iowa kennels. Dubuque Greyhound Park and the Dubuque Casino Belle are still cross marketing their entertainment.

The Chair entertained a motion to approve the Dubuque Greyhound Park's 1992 season. Commissioner Sealock so moved with Commissioner Monaghan seconding. Motion carried 5-0. See Order #92.90

Mr. Creighton presented a contract from Dubuque Racing Association, LTD with Per Mar Security and Research Crop. The contract is consistent with the contract that they have had with Per Mar in the past. Staff recommended approval of the contract.

The Chair entertained a motion to approve DRA/Per Mar Security contract. Commissioner Sealock so moved with Commissioner May seconding. Motion carried 5-0. See Order #92.91

The contract between Bluffs Run and SODRAC was deferred at the request of Bluffs Run.

Jerry Crawford, Counsel for the Iowa Greyhound Association (IGA), said they have been in communication with Walt Pyper of Bluffs Run and Mr. Pyper explained that the modifications for the simulcasting contract with SODRAC and its related South Dakota facilities would have reduced purses that the greyhounds would have been running for at Bluffs Run. The IGA is currently trying to work out a proposal with SODRAC that will both serve Bluffs Run and their simulcasting enterprize and protect the purse structure for the IGA. There will be a joint proposal for consideration at the April Commission meeting.

Mr. Lura explained that the emergency adopt & implement of the Pic (n) will allow this rule to go into effect immediately. This rule was filed earlier under normal requirements but by emergency adopting this it will allow the track to go into a pick 7 immediately. The Chair entertained a motion to emergency adopt & implement the Pic (n) rule. Commissioner Monaghan so moved with Commissioner Sealock seconding. Motion carried 5-0. See Order #92.92

Keith Hopkins, President and CEO of Prairie Meadows Race Track/Racing Board, gave a brief update on Prairie Meadows race track. The Racing Board has submitted their resignation and seven of them are without conditions and 29 are with conditions. The condition is that Prairie Meadows is able to procure a Directors and Officers Errors and Admissions Insurance (DNO). On March 27, 1992 there will be a meeting in Bankruptcy Court. At that meeting they will ask that Mr. Hopkins be appointed as operations trustee of racing.

Commissioner Pike asked that Mr. Hopkins bring an operating plan for the simulcasting to the April Commission meeting. The concern is that staff at Prairie Meadows does not get cut so short that the it will not be able to run in a proper manner regarding security etc. He requested that Mr. Hopkins continue to work closely with the Commission staff.

Commissioner Monaghan asked Chris O'Dell to make sure that the Commission is within the legal requirements in the absence of the Board of Directors and changes that may take place at Prairie Meadows.

Mr. Creighton explained the 1992 Iowa-Bred Program. The thoroughbred plan has six stakes races to be run at either Aksarben or Canterbury at $5000 worth of added money which will come from the purse money. The quarterhorse plan is more complicated than the thoroughbred plan and will have to be re-drafted to a more simplistic plan. The purse money is isolated into a separate account with the administrators signature as one of the signatures on the account. Mr. Creighton yielded to Chris O'Dell to answer the question of whether this is legal.

Chris O'Dell addressed Commissioner May's request from the January meeting of whether 99D.12; 99D.22 would allow supplemental purses in races held out of state.

Mr. Lura explained that the proposals by both horsemen groups are not to distribute the money accrued from 99D.12. This is general purse money that is not prescribed in the code in any respect other than the fact that there is a power of the Commission to provide for purses. The restricted money is not being proposed to be used in these programs. There is general purse money that comes as a percentage of the handle and there is breakage purse money. We are not proposing to use the breakage money. That money will be retained to be used as prescribed in the code. He explained that 99D.7 (4) say's that the Commission has the power to regulate the purse structure for racing meetings including establishing minimum purse.

Commissioner Monaghan complimented Mr. Creighton and the horsemen and Prairie Meadows for getting the monies segregated.

Commissioner Monaghan moved that the Administrator be authorized to approve contracts for racing programs for Iowa-Bred Thoroughbred and Quarterhorses at tracks outside of Iowa and a reasonable amount of operating expenses. These programs and expenses shall not exceed $35,000 for each bred for this current calendar year. Commissioner May seconded the motion.

Dick Shannahan, President of Iowa Thoroughbred Breeders Owners Association, and Larry Bolten, President of Iowa Quarterhorse Racing, thanked the Commission, and Prairie Meadows for their support.

Chair Pike stated "all in favor of the motion signify by the usual sign, opposed same". Motion carried 5-0. See Order #92.93

Mr. Patton stated that a supplemental appropriation of $50,000 for the remainder of Fiscal Year 1992 has been granted for gaming. He explained that in order to recover that appropriation, as required by the code, it is necessary to increase admission fees by $769 for the final 13 weeks. He recommended that the Commission approve an admission fee of $5,556 per boat for the weeks April 5, 1992, through June 28, 1992.

The Chair entertained a motion for the boats to pay an additional admission fee, required by code, of $769 for 13 weeks. Commissioner Monaghan so moved with Commissioner Sealock seconding. Motion carried 5-0. See Order #92.94

The next Commission meeting will be held at Prairie Meadows on April 23, 1992.

The Admissions Fees Committee consisting of Commissioner May and Commissioner Canella reported that there would be a committee recommendation at the April Commission meeting.

The Chair entertained a motion to go into Executive Session for the purposes of confidential trade information as it relates to IGT public offering and the Commissions drug testing policies which are confidential. Commissioner Monaghan so moved with Commissioner May seconding. Motion carried 5-0. See Order #92.95

The Chair reconvened and entertained a motion to adjourn. Commissioner Sealock so moved with Commissioner May seconding. Motion carried 5-0.

The meeting was adjourned.

Minutes take by Connie Eichhorn, Secretary

IOWA RACING AND GAMING COMMISSION
MINUTES
APRIL 23, 1992

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, April 23, 1992, 9:00 AM at Prairie Meadows in Altoona, Iowa. Present were Chair, Bud Pike, Vice-Chair, Leo Monaghan; and Commissioners Lorraine May; Rita Sealock and Richard Canella.

The Chair entertained a motion to approve the minutes of the March 26, 1992, Commission meeting. Commissioner Canella so moved with Commissioner Sealock seconding the motion. All in favor.

The Chair recognized Chub Beno, Iowa West Racing Association, the owner and licensee of Bluffs Run in Council Bluffs. He explained that the IRS is taking a different look at non-profits throughout United States and non-profits in the pari-mutuel industry have not, in the past, paid federal income tax on racing activities. They have been advised that they should change the basic scope of their organization. He said they were not making any changes in the bylaws and articles of incorporation that would affect the license. He said that the business organization, the licensee, the holder of the contracts and the one that operates the track would be exactly the same as it is now. The only change would be is that their 13 member board would, under Iowa West Corporation Association, name a smaller board for Iowa West Racing.

Mick Lura, Administrator, explained that from the Commissions stand point is not any substantive changes. The only change in activity with Iowa West is a smaller board which will make them similar to the Cattle Congress Board at Waterloo Greyhound Park, which has a smaller board that actually heads the corporation. There is no transfer of license. Staff recommended approval of the amendments to the by-laws.

Commissioner Monaghan asked Chris O'Dell, Legal Counsel, if she saw any problem with the Council Bluffs proposal. Ms. O'Dell advised the Commission that she was not a tax expert, but from a regulatory stand point she saw no problem with the proposal.

Commissioner Canella moved to adopt the Iowa West Association reorganization plan as submitted by Mr. Beno. Commissioner Sealock seconded the motion. Motion carried 5-0. See Order # 92.96

Commissioner Canella asked Mr. Beno if he had the joint proposal for the SODRAC/Council Bluffs contract that was deferred at the March Commission meeting.

Mr. Creighton, Deputy Administrator, responded that the joint proposal would be deferred another month. They will function under the old contract with SODRAC Park until next Commission meeting.

Chair Pike stated that during the past year Bluffs Run has been an Associate Member of the Association of Racing Commissioner International (ARCI) and they were recognized at the annual meeting in Coeur d'Alene. Chair Pike presented Mr. Beno, on behalf of the ARCI, with a gift for being an Associate Member of ARCI.

Keith Hopkins, General Manager of Prairie Meadows, discussed the application for the 1992 operating license for Prairie Meadows. He also introduced Larry Eide, the new operating Trustee of Prairie Meadows.

Mr. Lura recommended that the letter requesting an extension for Prairie Meadows be discussed before approving the 1992 operating license.

Mr. Hopkins stated that on April 15, 1992 it was apparent that the legislature would not have the final draft of the racing bill done by the May 1, 1992, deadline which was approved by the Commission on January 16, 1992. Prairie Meadows is requesting approval of the extension of the window beginning May 1, 1992 and extend the language to say "until the end of the legislative session."

The Chair opened the floor for discussion on the extension of the window for Prairie Meadows.

Perry Peterson, licensed owner and trainer of thoroughbreds, cited several sections of the code regarding the rules for racing dates at Prairie Meadows. He felt that whether he wanted Prairie Meadows shut down or not was not the issue the issue is that the State code and rules should be followed.

Beth Schaben, Secretary/Treasurer of the Iowa Thoroughbred Breeders and Owners Association. As a representative of the ITBOA, she stated that there should be no simulcasting without live racing.

Chub Beno, Iowa West Racing Association, expressed that simulcasting has been good for everyone. The Greyhound Industry in Council Bluffs, from Prairie Meadows simulcasting, has added $106,000 to the Council Bluffs greyhound purses. He explained if that was projected into 1992, under the same conditions that they have now, it will add $440-475,000 in added purses to the greyhound industry in Council Bluffs. The Dubuque and Waterloo tracks have shared $87,000 from Prairie Meadows simulcasting as passive income.

Larry Bolten, President of the Iowa Quarterhorse Racing, stated the horse industry also gets a percentage of the handle at Prairie Meadows for simulcasting. He wanted to be on record as saying that he is in favor of the moratorium to extend simulcasting this year without live racing provided there is live racing in 1993.

Ed Skinner, resident of Altoona, told the Commission that the Altoona City Council has a unanimous vote to approve casino gambling for Prairie Meadows through zoning, should that proposal become a reality. He said that the primary objective for Prairie Meadows is to create a horse racing industry.

Dick Shanahan, President of the Iowa Thoroughbred Breeders and Owners Association, stated that they will work with Prairie Meadows any way they can. They do not support Prairie Meadows becoming a betting parlor and feel the extension is a violation of the statute.

Mr. Lura addressed the legalities of extending the window of opportunity based on a memo received in December from legal counsel. He stated that the decision legally rests with the Commission because it is a policy issue. The memorandum said that the Commission would be in violation of the law if they extended the 91-92 year to such a point that they would be unable to run a live meet in 1992-93. As far as termination, if the Commission extended further into the year than what Prairie Meadows could run a live meet of 105 days, then the Commission would be in violation of the intent of the law.

Mr. Lura recommended considering an extension to May 10 or May 17 to allow the legislature to complete its work.

Commissioner Canella reiterated his position and vote in the January Commission meeting. He said that the law states that there has to be 108 live racing days and their is no live racing scheduled for Prairie Meadows in 1992 therefore, he feels that the Commission is in violation of the law extending the window and will continue to oppose it.

Commissioner Sealock explained the Commission does not make the laws and she feels their job is to interpret and apply it to the best of their ability. She is relying on the legal advice of the attorney generals office which states that the Commission has the legal right to extend the racing date.

The Chair entertained a motion.

Commissioner Canella asked Chris O'Dell if her opinion was the same as it was in December.

Ms. O'Dell responded that the Commission sets the racing dates and in the racing rules it states that there are a number of factors that have to be considered when setting the dates, one is the financial viability of the track. Another consideration is whether the track has demonstrated financial responsibility sufficient to meet adequately the requirements of the enterprize proposed. She said that those were considerations for the Commission to consider in arriving at their decision.

Commissioner Canella inquired that assuming Prairie Meadows simulcast until May 17 and the legislature did not grant them the moratorium would they have to have a plan for live racing given to the Commission 30 days prior to May 17.

Ms. O'Dell responded that Commissioner Canella was correct but further explained that she agreed with Mr. Lura, in that when it would become illegal is when it is no longer possible to hold the required number of live race days.

Mr. Lura explained that this request is an extension of the 91/92 season. During the 91/92 season Prairie Meadows has already raced 108 live days of racing. They have met the requirements of the law for their 91/92 seasons. What the Commission is actually doing is extending the 91/92 season so that 105 days validates them for simulcasting through May 10 or May 17. The question of what they are going to do next year has to do with their renewal.

Commissioner Sealock moved to extend the dates that the Commission has previously set for the license to lapse until May 17, 1992. Commissioner Monaghan seconded the motion. Roll call vote: Four Commissioners voted "aye" with Commissioner Canella voting "no". Motion carried 4-1. See Order # 92.97

Mr. Lura recommended the next appropriate action would be to renew Prairie Meadows license from a period of May 17, 1992 /May 16, 1993. He said this renewal should be contingent upon the passage of the legislation that eliminates the 105 day live racing requirement. If that legislation does not pass the license is not renewed.

The Chair entertained a motion to approve the renewal of the license commencing May 17, 1992 through May 16, 1993 subject to the legislative authorization to proceed with simulcasting without live racing requirement. Commissioner Canella so moved with Commissioner May seconding the motion. Motion carried 5-0. See Order 92.98

Mr. Eide, Trustee for Prairie Meadows, is an attorney practicing law in Mason City. Ten of the fourteen years he has practice law has dealt with bankruptcy. He was asked to serve as Trustee by the U.S. Trustee's office. Keith Hopkins will continue as General Manager and Tom Timmon will continue as, Finance and Operation Manager. The attendance and handle were both high in March and seems to be continuing into April. He said that they have been successful in negotiating simulcasting agreements with Aksarben and Arlington Heights. They are tentatively working on a contract with Canterbury Downs. Greyhound racing will continue to be simulcast from Bluffs Run. They have an agreement with Churchill Downs to simulcast the Kentucky Derby. He said that the goal is to make Prairie Meadows a first class Iowa entertainment facility and successfully emerge from the bankruptcy reorganization.

Commissioner Monaghan inquired as to whether the purse money had been paid to the horsemen.

Mr. Lura said the contracts and the checks have been signed but the checks have not been issued. The check for the $5,000 has been signed and once the races have been set the $30,000 will be paid.

Commissioner Monaghan stated that he would like to see all the money distributed as soon as possible. Chair Pike agreed.

Mr. Lura said that the money was in escrow in an isolated account.

Mr. Eide's said that he and Mr. Creighton discussed the issue and decided that since the races were going to be run at Canterbury it would be best, for tax purposes, to pay Canterbury directly and let them distribute the money rather than the organizations themselves distributing it.

The stakes races will be run at Canterbury on 6/20/92; 6/27/92; 7/17/92; 7/25/92; 8/16/92; 8/23/92. There is a commitment from Canterbury that they will run the 92 season but have made no commitment for 93.

Chair Pike asked if the money should be sent to Canterbury and put in an account there or would it be better that the money be left here.

Dick Shanahan, suggested that the money stay at Prairie Meadows until ten days prior to the race then they will get the check from Tom Timmons and we get it to Canterbury.

Chair Pike told the horse people that if they were comfortable leaving the money at Prairie Meadows that was not a problem for Commission.

Dick Shanahan stressed that it would be fine with them as long as they did not have a problem getting the money ten days prior to the stakes races.

Chair Pike assured them that if they had a problem getting the money to contact the Commissioners immediately.

The Commission has received a requested approval from the Iowa Greyhound Association regarding the 2% Greyhound Promotion fund. Chair Pike referred the information to the Greyhound subcommittee, which is Commissioner Monaghan and Commissioner Sealock. He asked that they have a report for the Commission at the May 21 meeting.

Chuck Patton, Riverboat Director, asked Betty Strong, Sioux City Non-Profit, to give an update on the riverboat situation in Sioux City. She told the Commission that there are two companies that are strong prospects for a riverboat in Sioux City.

Mr. Patton discussed rule 24.14(7) and recommended that it be noticed for intended action. In the first paragraph delete "contracts and/ contract or". In the last paragraph delete the words "the contract" and insert "the business arrangement". (attached)

Commissioner Sealock moved that rule 24.14(7) be noticed for intended action with Commissioner May seconding. Motion carried 5-0. See order # 92.99

Mr. Patton explained that Clinton had a schedule change and the Clinton County Gaming Association supports the change. The change adjusts the boarding period and Mr. Patton recommended it's approval. Commissioner Canella moved that the Clinton schedule change be approved, Commissioner Sealock seconded. Motion carried 5-0. See Order # 92.100

Commissioner Canella inquired about the status of two contracts for Steamboat that were deferred at the last Commission meeting that dealt with slot machines moving out of the state. Mr. Patton reported that the DCI investigation that involved the contracts had not been completed and requested that the contracts continue to be deferred until the results of the investigation are known.

Chair Pike gave a report on the ARCI meeting held in Coeur d' Alene from April 11-15. Linda Vanderloo, Director of Licensing and Administration and Dr. Sally Prickett also attended.

Commissioner Monaghan acknowledged, on behalf of the Commission their appreciation for Bud Pike's efforts and achievements on the National level.

Chair Pike recognized the committee studying State Admission fees consisting of Commissioner Canella and Commissioner May for an update on their study.

Commissioner Canella provided the Commissioners with some information on his views of setting the state admission fees. (Attached)

Commissioner May explained she has two objections in changing the state admission fees, one is procedural and the other substantive. She will have a written report for the Commissioners to review prior to the May Commission meeting.

Mr. Lura reminded the Commissioners they would have to adopt any admission fee changes at the May 21 Commission meeting by emergency adoption. The June Commission meeting is where the admission fees must be assessed.

The Manufacturer/Distributors committee report was given at the March Commission meeting verbally.

Commissioner Canella advised the Commissioners that he felt there needed to be more uniformity in the audit reports done by the boats and commended the riverboat staff for a job well done on their audit reports.

Mr. Patton advised that Commissioner Canella's remarks were well taken and he would look into the concerns and prepare a report to the Commissioners.

Commissioner May moved that the Commission adjourn into Executive Session for the purpose of Personnel issue.

Minutes taken by Connie Eichhorn

IOWA RACING AND GAMING COMMISSION
MINUTES
MAY 21, 1992

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, May 21, 1992, 9:30 AM at Adventureland Inn in Altoona, Iowa. Vice-Chair, Leo Monaghan chaired the Commission meeting. Other Commissioners present were: Lorraine May; Rita Sealock; Richard Canella and newly-appointed David Blair of Sioux City.

Chair Monaghan introduced the recently-appointed Racing and Gaming Commissioner David Blair of Sioux City. Mr. Blair is a graduate of the University of Iowa Law School. He is a former Iowa District Court Judge who returned to private practice in 1981.

The Chair welcomed the Commission's past Chair Bud Pike. On behalf of the Commission, Mr. Monaghan expressed their thanks to Bud Pike for the dedication and leadership he has shown. He explained that during Mr. Pike's tenure the State had seen the birth of pari-mutuel and casino gaming and that the State and the Commission were proud of the leadership that Mr. Pike exhibited and the integrity that exists in this industry today.

L.C. "Bud" Pike gave a farewell statement to the Commission. (Attached)

The Chair entertained a motion to approve the proposed Commission agenda. Commissioner May so moved with Commissioner Canella seconding the motion. All in favor.

The Chair entertained a motion to approve the minutes of the April 23, 1992, Commission meeting. Commissioner Sealock so moved with Commissioner May seconding the motion. All in favor.

The Chair recognized Sidney Blum, Executive Director of the Dubuque Racing Association, to explain the amendments to the Bylaws and Articles. The proposed changes in the Bylaws and Articles of Incorporation are clean-up changes to conform to the addition of riverboat gambling to the functions of the Dubuque Racing Association.

Lorenzo Creighton, Deputy Administrator, stated that the changes were normal bylaw changes and recommended approval as presented.

The Chair entertained a motion for approval of the amendments to the Bylaws for the Dubuque Racing Association. Commissioner Canella so moved with Commissioner Sealock seconding. Motion carried 5-0. See Order 92-101

The Chair recognized Mr. Creighton to explain a contract submitted for approval from Waterloo Greyhound Park for $300,000 regarding media and advertising buys and productions from Schreurs & Associates. Mr. Creighton explained that Waterloo Greyhound Park had done business with Schreurs and Associates in the past and recommended its approval.

The Chair entertained a motion to approve the Waterloo Greyhound Park contract with Schreurs & Associates. Commissioner Blair so moved with Commissioner May seconding. Motion carried 5-0. See Order 92-102

The Chair introduced Bill Brosnahan with the Department of Public Safety. Mr. Brosnahan is the agent in charge of the DCI agents on the river.

Jerry Crawford, Attorney for the Iowa Greyhound Association, requested that the matter regarding the greyhound promotion fund be tabled until the next meeting in order for them to have a chance to meet with the assistant attorney general or someone from the attorney general's office to discuss issues presented by the request for approval for the promotion fund. The matter was tabled until the next meeting.

The Chair recognized Mick Lura, Administrator, for an explanation on the final adoption of Chapter 7, "Greyhound Racing"; Chapter 8, "Mutuel Department"; Chapter 12, "Simulcasting"; Chapter 22, "Manufacturer's, Distributor's Vendor's and Occupational Licenses"; Chapter 25, "Riverboat Operations", and Chapter 26, "Rules of the Games". There was one amendment that was offered that would increase fingerprint fees $6 to cover the Commissions cost to the DCI for processing.

The Chair entertained a motion to final adopt Chapter 7; Chapter 8; Chapter 12; Chapter 22; Chapter 25; and Chapter 26 as amended. Commissioner Canella so moved with Commissioner Blair seconding. Motion carried 5-0. See Order 92-103

The Chair recognized Commissioner Canella for his report on Chapter 25 dealing with admission taxes. (Canella's proposal attached). Lorraine May then presented her report in opposition to the proposed changes. (May's report attached.)

Mary Ellen Chamberlin, President Riverboat Development Authority, the non-profit corporation affiliated with the President of Riverboat Casino, spoke on behalf of the Riverboat Development Authority in opposition to the Canella report.

Ed Ellers, President of the President of Riverboat Casino, spoke in opposition to the Canella report.

Bob Kehl, Dubuque Casino Belle & Mississippi Belle II, stated that he has a large boat and a small boat and either proposal the Commission adopted would be fine.

Mr. Lura's staff recommendation was to reject the Canella rule change for economical reasons. He explained that riverboat legislation was passed to foster economic development along the river, create job opportunities and to create tax revenues for the State of Iowa. The proposal by Commissioner Canella creates an incentive for small boats, now and in the future, and a dis-incentive for the large boats. The large boats accomplish the goals of the legislation much better and create the larger economic benefits than were envisioned when riverboat gambling was passed. Mr. Lura feels that the system which is currently being used for admission taxes is very workable. Furthermore, as it currently exists,

the admission tax structure works so that every boat is paying very close to its actual cost of regulation; the proposed change would require that larger boats subsidize the cost of regulation for smaller boats.

The Chair entertained a motion for approval of the Notice for Intended Action; Emergency Adoption of Chapter 25, "Admission Tax". Commissioner Canella so moved with Commissioner May seconding. Roll call vote: Canella "Yes"; Sealock "No"; Blair "No"; May "No" and Monaghan "No". Motion failed 1-4. See Order # 92-104

Dave O'Brien, Sioux City non-profit, explained that a group of local businessmen from Sioux City are prepared to undertake the riverboat project. The City and the non-profit have gotten together and talked to different developers. The local group has come with a realistic project, on a smaller scale, than was previously envisioned. The non-profit has negotiated a contract with the new developer. It has not been signed yet but all of the provisions are in place.

Chuck Patton recommended approval of riverboat contracts:

1. Dubuque Casino Belle - Green Duck Corporation - Casino Tokens
2. President - ARC Form Design Associates - Designer
3. President - Custom Fuel Services
4. President - Deloitte & Touche - Estimated Cost of Contract is approximately $75,000.
5. President - Molyneaux Insurance, Inc.
6. President - Per Associates - Contractor Selected by Project's Designers

The Chair entertained a motion to approve the contracts as presented by the licensees. Commissioner Sealock so moved, with Commissioner Canella seconding. Motion carried 5-0. See Order 92-105

Mr. Patton requested that two Steamboat contracts, dealing with the sale of slot machines, remain deferred pending the results of the DCI investigation.

Mr. Patton explained the amendment to Dubuque Racing Association (DRA) and the Dubuque Casino Belle (DCB) agreement. The original agreement between the DRA and the DCB covered the period from April 1, 1991 through March 31, 1994. This amendment covers the period from April 1, 1992 through March 31, 1993. There appear to be two major changes effected by the amendment:

1. DCB will no longer pay DRA a $5 admission fee per adult passenger but will pay all admission fees occurring under code section 99F.10.
2. DCB will assume sole responsibility for the cost of advertising and marketing, as opposed to this being agreed to by both parties.

The marketing efforts of DCB have, in the past, been delayed or affected by both the need to agree with DRA and a marketing strategy and it's impact on admission fees. Given the fact that this boat will face increasingly stiff competition during the period covered by this agreement, the need for an immediately reactive pricing and marketing strategy will be essential. These changes will contribute to that end, and will enhance the boat's ability to maintain gaming revenues, in which DRA will continue to share. Staff recommended approval.

The Chair entertained a motion to approve the amendment to DRA/DCB operating agreement. Commissioner Canella so moved with Commissioner Sealock seconding. Motion carried 5-0. See Order 92-106

Mr. Patton, at the April meeting, presented a revised Mississippi Belle II (MBII) schedule. The record will show that the revised schedule for the MBII was approved by staff, not the full Commission.

Mr. Creighton stated that the Ken Arthur hearing is before the Commission pursuant to Iowa code 17A. Ken Arthur, Casino Manager, had been fined $50 by the Gaming Board when found in violation of the excursion boat gambling rules 24.22(1) and 24.23(1). Additionally, it was a violation of the MBII Internal Controls B4 and B6. 24.22 outlines the procedure for distributing gaming chips to gaming tables. 24.23 outlines procedures for removing gaming chips from gaming tables.

Ken Arthur did not challenge the violations of the rules and Internal Controls but requested that consideration be given in view of the mitigating circumstances. He stated that it was human error and it was unfair to have a violation on his personal record, especially when the violation did not involve him directly.

Mr. Creighton explained that the Appellant was notified on at least two occasions, September 16, 1991 and October 7, 1991, that requests for credit and fill slips had been left unsecured by casino staff. On December 11, 1991, DCI Agent Terry Klooster checked the podium where the requests for credit and fill slips had been maintained and again found it unsecured. The final violation resulted in the $50 fine.

Commissioner Blair pointed out that the $50 fine was not like a reckless driving situation to ordinary citizen but has potentially dire employment consequences. He feels that one approach to this matter would be, with Mr. Arthur's full concurrence, the Commission table this issue for six months. The hearing would be deferred until the November meeting. If, at that time, there are no further difficulties, the situation would be dismissed. If there were further difficulties, the fine would be more than $50.

Mr. Arthur specifically consented to deferring the case for review in six months.

The Chair entertained a motion to defer action on this order for a period of six months. Commissioner Blair so moved with Commissioner Canella seconding. Motion to defer carried 5-0. See Order 92-107

Mr. Patton explained a waiver request dealing with pari-mutuel wagers for the Omaha Tribe. This waiver request is premised on Mr. Evans' interpretation of the Compact language that would prohibit bets on dogs or horse other than "win" bets. The Compact also provides for "other wagers on horses or dogs" that the tribal commission may authorize. This provision in staff's opinion, eliminates the need for the State of Iowa to modify the Compact. Staff recommended that this request be rejected.

Commissioner May moved that the waiver request with regard to pari-mutuel wagers be denied. Commissioner Blair seconded. Motion carried 5-0. See Order 92-108

Mr. Patton explained a waiver request dealing with the security plan for the Omaha Tribe. This request was submitted on February 11, 1992, when the security plan was not yet developed and the projected start date for the casino was April 1, 1992. As of this date, the security plan is completed and the opening date of the casino will be no sooner than July 1, 1992. Because this waiver may not be needed, staff recommended that this request be tabled.

Commissioner Sealock moved the request by the Omaha Tribe for a waiver for their security plan. Commissioner Canella seconded.

Commissioner May moved that the request by the Omaha Tribe for a waiver for their security plan be tabled. Commissioner Sealock seconded. Motion carried 5-0. Motion tabled. See Order #92-109

Mr. Patton explained a waiver request to deal face up blackjack for the Omaha Tribe. This waiver request was submitted by the attorney for the Omaha Tribe who is not familiar with "face-up" dealing of blackjack. Staff has contacted the casino contractor for the Omaha Tribe who has indicated that in all his operation, only the "face-up" system of dealing is used. Because of security concerns involved with players handling cards and the fact that a waiver is not necessary because the operator intends to play only "no-touch" blackjack, staff recommended that the waiver be rejected.

Commissioner Sealock moved that the waiver to deal face up blackjack for the Omaha Tribe not be granted at this time. Commissioner Canella seconded. Motion carried 5-0. See Order 92-110

The Commission meetings have been rescheduled as follows:

June 26, 1992 Des Moines
July 16, 1992 Quad Cities
August 20, 1992 Sioux City

The Chair recognized Commissioner Sealock for a motion to elect a new Chairperson.

Commissioner Sealock asked unanimous consent to proceed with the election of a Chairperson. Commissioner Canella seconded the motion.

Commissioner Canella moved that Commissioner Lorraine May be elected Chairperson of the Iowa Racing and Gaming Commission to fill the unexpired term of the past Chair, Mr. Pike. Commissioner Sealock seconded the motion. Motion carried 4-0 with Commissioner May abstaining. See Order 92-111

Chair May assumed the chair for the duration of the Commission meeting.

Chair May entertained a motion to move into Executive Session for the purpose of reviewing background investigations. Commissioner Monaghan so moved with Commissioner Blair seconding. Motion carried 5-0. See Order 92-112

Chair May entertained a motion to adjourn. Commissioner Canella so moved with Commissioner Monaghan seconding. Motion carried 5-0. 92-113

Minutes taken by Connie Eichhorn

IOWA RACING AND GAMING COMMISSION
MINUTES
JUNE 26, 1992

The Iowa Racing and Gaming Commission (IRGC) met on Friday, June 26, 1992, 10:00 AM at Iowa Public Television in Johnston, Iowa. Commissioners present were: Chair, Lorraine May, Vice-Chair, Leo Monaghan, Rita Sealock; Richard Canella and David Blair.

A motion to approve the Commission agenda for the Friday, June 26, 1992, meeting for the Iowa Racing and Gaming Commission (IRGC) was made by Commissioner Canella; seconded by Commissioner Sealock. All in favor. A motion to approve the minutes of the May 21, 1992, Commission meeting as amended was made by Commissioner Blair; seconded by Commissioner Canella. All in favor.

The Chair recognized Lorenzo Creighton, Deputy Administrator of the Iowa Racing and Gaming Commission, to discuss a Notice of Intended Action which deals with Chapter 7, Greyhound Racing, and Chapter 10, Thoroughbred Racing.

Lorenzo Creighton explained the amendments to Chapter 7 and Chapter 10 were to pay the $6.00 fee that the Department of Public Safety charges the Iowa Racing and Gaming Commission to do background investigations on occupational licensees that have criminal histories run. Commissioner Canella made a motion to approve the Notice of Intended Action; Commissioner Monaghan seconded. All in favor. (See Order #92-116.)

The chair recognized Rita Sealock, Commissioner, who discussed the Greyhound Promotion Fund. Commissioner Sealock stated that at the Commission meeting of May 21, 1992, the Iowa Greyhound Association presented its annual request for the Dog Racing Promotion Fund. The approval to release these funds was tabled until today. Concerns were raised in reference to the language in 99D. Chair Pike, at that time, appointed Leo Monaghan and Rita Sealock as the Greyhound subcommittee. This subcommittee sought review by their legal counsel, Assistant Attorney General, Chris O'Dell. The Subcommittee recommended approval of funds to IGA with the condition that accurate records of the use of these monies be kept, their records reflect the intent of the use of the funds. Commissioner Sealock made the recommendation in the form of a motion. Commissioner Canella seconded the motion. Commissioner Blair abstained from the vote due to a legal representation of a member of Mr. Jerry Crawford's law firm. Mr. Crawford is the legal counsel for IGA. All in favor. (See Order #92-118.)

Mick Lura, Racing and Gaming Commission Administrator, presented the racing date requests from the racetracks. Staff's recommendation was that Dubuque Racing Greyhound Park, Prairie Meadows, and Bluffs Run dates, with simulcast authority where appropriate, be granted as requested. The request from Waterloo Greyhound Park asks for year-round racing. Staff's recommendation was Waterloo Greyhound Park's request be denied, and the Park be given a six-month season. The Chair recognized Augie Masciotra, Waterloo Greyhound Park, who stated their request was based on a financial need. He asked that their requested racing dates be reconsidered and suggested a study be conducted by a independent agency be made on market areas.

Mr. Frank Seng, CPA and partner with the firm of McGladery and Pullen, presented graphs illustrating Waterloo Greyhound Parks' history from its beginning to the present, as well as projections should the Commission grant the 12 month racing period. The first graph showed the handle from 1987 through 1992, and also projected 1993 and 1994. Commissioner Canella asked if projections were done on 6 months of simulcasting and six months of live racing. Mr. Seng's reply was negative. Mr. Seng's reason was Waterloo feels the simulcasting is going to have a very minimal affect on the operation of the track. Commissioner Sealock asked why the four-track simulcast agreement had not been explored. Mr. Masciotra stated the track had gone with "plan A," simulcasting between Dubuque and Waterloo tracks only, which was outlined at the December 1991 Commission meeting. "Plan B," bringing in a signal from Bluffs Run, had not been explored.

The second set of graphs Mr. Seng handed out illustrated net income covering the period 1987 through 1992. Preliminary figures indicate a net loss for 1992 of $460,000, of which $285,000 is depreciation. The 1993-1994 projections included the additional 2% take-out monies which was authorized by the legislature.

Commissioner Sealock stated during the last greyhound study, the Iowa breeders who were contacted voiced concern regarding overlapping dates creating a hardship for them. If something wasn't done regarding the overlap, it would affect the quality of greyhounds. Commissioner Blair asked what other factors besides the market area produced the steady decline in the handle and income over the past several years. Mr. Seng indicated increased competition from Wisconsin and riverboats.

Mr. Jerry Crawford, attorney for the Iowa Greyhound Association, indicated the Association has taken the position that if both Waterloo and Dubuque could operate profitably year around, that would be in everyone's best interest. However, there has been no showing made to this point that it would be economically viable. The IGA's primary concern is that there be no overlap. Overlap causes an economic hardship to all the people involved in greyhound industry, especially the greyhounds themselves. IGA believes the continued expansion of Indian Gaming within the State is the primary terminal threat to racing and gaming and the economic development.

Bruce Wentworth, General Manager of Dubuque Racing Association, opposed Waterloo's year-round racing dates request. Dubuque Greyhound Park (DGP) is not a winter race track and is against year-round racing. DGP is down 25% from last year at this point.

Roger Hoeger, controller for DGP, presented the financial sheet for June 1, 1992, through November 30, 1992, financial statement, which indicated a loss of $750,000, with a negative cash flow of $450,000.

Commissioner Dick Canella made a motion to approve the racing dates as requested of Prairie Meadows (May 7, 1993, through and including September 6, 1993) and Bluffs Run Greyhound Park (January 2, 1993, through January 2, 1994, with holiday closing from December 13, 1993, through December 25, 1993) including the simulcasting authority for both tracks; motion was seconded by

Commissioner Sealock. Commissioner Canella reiterated that Prairie Meadows must submit their racing plan by January 1, 1993, or simulcasting will not be allowed for the remainder of the year. Roll call vote was taken with all Commissioners voting yes. (See Order # 92-117D.)

Commissioner Sealock made a motion that Dubuque Greyhound Park's racing dates (April 27, 1993, through October 24, 1993) with simulcast authority for the remaining six months be approved as requested; seconded by Commissioner Canella. There was no discussion. Roll call vote was taken with all Commissioners voting yes. (See Order #92-117B.)

Commissioner Sealock made a motion that the Waterloo Greyhound Park (WGP) racing dates as requested be denied. The direction of the Commission was laid out very clearly and a great deal of thought put into that direction. Commissioner Sealock's motion also included approval of staff's recommendation of October 26, 1993, through April 24, 1994, with simulcasting authority for the remaining six months; seconded by Commissioner Blair. Commissioner Monaghan stated the Commission's greatest concern was pari-mutuel and gaming industry in the State of Iowa and asked for a study of the racing and gaming industry. He stated the 6-month live racing/6-month simulcast seasons for Dubuque and Waterloo race tracks should be given a chance. Commissioner Blair supported Mr. Crawford's statement regarding Indian Gaming Industry and expressed his concern for the racing and gaming industry. Roll call vote was taken with all Commissioners voting yes. (See Order #92-117C.)

Commissioner May expressed her support for a state-wide study of the industry and asked that it be placed on the agenda for the July 1992 meeting.

Lorenzo Creighton, Deputy Administrator of IRGC, explained the request for review of an Administrative Law Judge's decision regarding Christopher Crain, which was adverse to the Commission's position. The request for review was served on the appellant and he was given an opportunity to respond to the request for review and subsequent motion. Mr. Crain's response was included in the Commissioners' packets. Prior to the next Commission meeting, the staff will present the Commissioners with the full administrative file for review so a decision may be made. The request for de novo review was approved. A motion addressing the appeal to the Commission was made by Commissioner Blair; seconded by Commissioner Monaghan. (See Order #92-121.) All in favor.

Chuck Patton addressed the Commission regarding proposed FY93 riverboat admission fees. The amount appropriated by the Legislature was presented along with the Department of Public Safety's budget. The amount totaled $7,940 per boat per week for regulation. This amount included the cost of additional DCI staff and the change in pro-ration of cost caused costs not to go down as expected.

Mr. Lura explained that under the Code of Iowa, it was the Commission's obligation to approve the amount presented. The DCI was not present at this time to explain the reason of the increase. Mr. Robert Kehl, Dubuque Casino Belle, expressed his concern over the percentage of the increase. Chairman May suggested deferment of this matter until DCI was present.

Mr. Patton presented four contracts for approval by the Commission -- two from the President regarding renovation of the guest service facilities; two from Steamboat Southeast regarding the return of slot machines by Greenbridge Equipment & Supply Company. DCI had completed an investigation of the return of slot machines, but were unavailable for comment. Commissioner May suggested the contracts for the President be considered separately.

Commissioner Blair made a motion to approve the contracts submitted by the President for approval, and Commissioner Canella seconded the motion. Motion carried unanimously. (See Order #92-115.)

Mr. Patton introduced Dave O'Brien, of Missouri River Historical Development Corporation along with Arlene Curry, Attorney with Crary Law Firm, attorney of the Sioux City Riverboat Corporation. Mr. O'Brien and Ms. Curry gave a presentation regarding their recent application.

Ms. Curry introduced Mr. Ted Carlson, and Mr. D.A. Davis of Sioux City Riverboat Corporation. Ms. Curry stated that development project had been approved by the City Council (four in favor and one abstention). Ms. Curry indicated that as soon as there is approval on the gaming license, financing through private investors could proceed. Ms. Curry explained Mr. Carlson had been in contact with a New York company that could fulfill specifications for this project. If the gaming license is secured, then serious negotiations regarding the boat will follow.

Ms. Curry stated there is a bank in Sioux City, that has agreed to provide operating capital to the extent of $500,000 for the boat. The account has been established and can be activated when needed. Two banks, one in Sioux City and one in Lincoln, have expressed interest in financing the capital for the boat. Ms. Curry stated that this project is scaled down substantially from previous projects to make it practical. It also involves local residents and business owners who are committed to this project.

Assistant Attorney General Chris O'Dell gave the Commissioners and Lorenzo Creighton an opinion regarding the joint license issue. She also stated that the IRGC rule was very clear in that each applicant must pay the $25,000 license fee.

Because questions and concerns that the Commissioners have must be resolved, Commissioner May requested a telephonic Commission Meeting for Thursday, July 2, 1992, at 10:00 a.m. to finalize the Sioux City Riverboat Corporation license application.

Chuck Patton presented the Notice of Intended Action on Rules of the Game, Chapter 26, which allows conducting of poker on riverboat casinos. The rules presented are the minimum standards of poker. Each operator is required to file with the Commission a complete set of rules to be reviewed and approved prior to operation. Poker would be considered a table game. Commissioner May stated there was concern expressed as to whether the rules as proposed were in compliance with Iowa's betting limits. Commissioner Monaghan moved to adopt the emergency rules of poker as presented; seconded by Commissioner Blair.

Ed Ellers, President Riverboat Casino, expressed concern over the amount of time the poker rules had been pending before the staff and Commission. Commissioner May advised Mr. Ellers there was a legal question on which the Commission had asked for legal advice from Assistant Attorney General O'Dell, due to the fact the terms "hand" or "play" are not defined anywhere.

Commissioner Blair suggested that this issue be set for resolution during the telephonic Commission meeting on July 2, 1992. Commissioner May ask to defer the motion until July 2, 1992. Commissioner Canella so moved; seconded by Commissioner Sealock.

Commissioner Sealock made a motion to accept the FY93 calendar submitted, with an amendment of August's Commission Meeting date being changed to the 20th, rather than the 27th. Chairperson May advised the Commission members that the July 15th meeting would include election of the Chair and Vice-Chair and she appointed Commissioners Sealock and Canella as the Nomination Committee.

Commissioner May asked Mr. Ed Ellers to address the Commission regarding his concerns on the FY93 admission fees being charged to the boat operators. Darwin Chapman, Director of the Division of Criminal Investigation, addressed the Commission regarding the regulation amount. He stated DCI will expend $694,915.00 during FY93 for salaries and support relating to riverboat gambling. This figure is based on full funding of gaming enforcement officers and agent activity of 54%. This figure reflects the loss of two riverboats, but does not include the Sioux City riverboat. An additional $156,188.00 would be necessary to cover the boat in Sioux City. DCI will be adding three gaming enforcement officers per vessel. The officers are 100% funded; the remaining two agents are funded at 54%. Mr. Ellers requested a detailed breakdown of the cost of regulation for enforcement from DCI.

Commissioner May entertained a motion to address the admission fee proposal. Commissioner Monaghan made a motion to approve the admission fee proposal as presented by staff; Commissioner Blair seconded the motion. Roll call vote was taken with all Commissioners voting yes. (See Order #92-114.)

Chair May requested Darwin Chapman to confirm that the DCI investigation regarding the slot machine sales by Greenbridge to Par-4, Inc. and Universal Distributing of Nevada did not reveal any conduct that should not allow approval by the Commission of the sales agreement. Mr. Chapman stated that was correct. Commissioner Canella made a motion to approve the contracts; Commissioner Sealock seconded the motion. All in favor. (See Order #92-115.)

Commissioner May also asked Mr. Chapman whether the DCI has determined that insofar as they are concerned at this time, the investigation into the Kehl/ Mississippi Belle II matter is closed and nothing was found which warranted referral to the Commission or criminal authorities for further action. Mr. Chapman confirmed that this was the case.

Commissioner Monaghan reported that Steamboat Development and Steamboat Southeast have submitted a further detail of their financial audits. More explanation of salaries and inter-company transfers will be requested by staff by July 15, 1992. Commissioner Canella recommended auditing procedures be made more specific for the next fiscal year.

Commissioner May entertained a motion to adjourn. Commissioner Sealock so moved; Commissioner Canella seconded. All in favor.

Minutes Taken by Jeannie Ramirez

IOWA RACING AND GAMING COMMISSION
MINUTES
JULY 2, 1992

The Iowa Racing and Gaming Commission (IRGC) met by telephonic conference call on Tuesday, July 2, 1992, 10:00 AM. Commissioners present were: Chair, Lorraine May, Vice-Chair, Leo Monaghan, Rita Sealock; Richard Canella and David Blair. Also present were Mick Lura (Administrator), Lorenzo Creighton (Deputy Administrator), Chuck Patton (Director of Riverboat Gambling), Linda Vanderloo (Director of Administration/Licensing), Jeannie Ramirez (Commission Secretary), Ed Ellers (President Riverboat Casino), Gary Armentrout (President Riverboat Casino), Chris O'Dell (Assistant Attorney General), Arlene Currey (Attorney for the Sioux City Riverboat Corporation), Ted Carlson (principal of Sioux City Riverboat Corporation), D. A. Davis (principal of Sioux City Riverboat Corporation), and Betty Strong (Missouri Historical Development Corporation).

A motion to approve the Commission agenda for the Tuesday, July 2, 1992, meeting as amended for the Iowa Racing and Gaming Commission (IRGC) was made by Commissioner Rita Sealock with the addition of Emergency Adoption and Filing on rules of poker; seconded by Commissioner Canella. All in favor.

The Chair recognized Chuck Patton, Director of Riverboat Gambling, to discuss a Notice of Intended Action which deals with Chapter 26, Rules of the Game, poker rules. Mr. Patton explained that the Commission had requested an informal Attorney General's opinion regarding the legality of the betting limit included in the poker rules prior to the Commission approving the rules for promulgation. Mr. Patton referred to Assistant Attorney General Chris O'Dell. Ms. O'Dell advised the Commission in reviewing the rules she had to determine if the proposed rule is what a rational agency would promulgate as an interpretation of the statute. The terms "hand" and "play" are not defined in the Iowa of Code or Administrative Rules. Ms. O'Dell reviewed other documents to determine if there was a precedent set for the Commission's interpretation. She looked at the Colorado statute and the three Iowa Indian Gaming Compacts, specifically the Sac and Fox Compact (see page 47). The $5.00 limit in the Compacts is seen as a precedent, that the State has interpreted the limit as each raise is a separate play for the purpose of the betting limit. Ms. O'Dell found the Commission within their authority to promulgate the rule as being consistent with the statute. She will be forwarding a written version of her informal opinion to the Commission. She also recommended the statute be amended to included poker.

The Chair entertained a motion to filing a Emergency Adoption and implement the poker rules as presented. Commissioner Blair so moved; Commissioner Canella seconded the motion. A roll call was taken with all Commissioners voting yes. The Chair entertained a motion to file the Notice of Intended Action as presented. Commissioner Blair so moved; Commissioner Monaghan seconded. A roll call was taken with all Commissioners voting yes. (See Order #92-121.)

Gary Armentrout, President Riverboat Casino, advised the Commission that both the DCI and IRGC staff would be inspecting the poker room and they planned to implement the rules immediately.

Chuck Patton, Director of Riverboat Gambling, presented the Sioux City application for riverboat licensure. On June 30, 1992, information was received from the applicants which modified the application along with a performa. Two letters of amendment, dated June 25, 1992, and June 30, 1992, were received by the Commission. Chair May stated the two amendment letters along with their attachments and the corporate information with regard to Missouri River Historical Development Corporation needed to be incorporated into the application. The Chair entertained a motion to incorporate the above three items into the application. Commissioner Sealock moved; Commissioner Canella seconded. The motion passed unanimously. (See Order #92-120.)

Mr. Patton stated it was staff's recommendation that the license be approved, subject to 9 conditions. Mr. Patton summarized the conditions (see attachment "A"). Commissioner Canella requested that the Commissioners be advised of any exceptions or alternate arrangements granted by the staff to the licensee.

The Chair entertained a motion to approve the granting of the Sioux City license pursuant to the application as amended for a three-year period, subject to the 9 amended conditions. The exclusivity portion of the application is not a part of the initial motion. Arlene Curry, the attorney for the Sioux City applicants, asked for clarification regarding three of the conditions (#2, #4, #7). D. A. Davis asked for clarification of "business arrangement" from Chris O'Dell. Ms. O'Dell reported that this covered standing arrangements between a boat operator and vendors, a contract that is not a one-time deal, but more of a long-term, standing, continuous arrangement between the boat operator and the vendor of a service or product. Commissioner Canella so moved; Commissioner Sealock seconded. A roll call was taken with all Commissioners voting yes. (See Order #92-120.)

The Chair entertained a motion regarding the exclusivity portion of the application. Chuck Patton stated the staff's amended recommendation was that the requested 3-year exclusivity should be granted from first of the month during which operation commenced. Arlene Curry stated the applicants would be willing to agree to a cap date of July 1, 1993. Mr. Patton stated staff would agree to recommend the exclusivity period as amended. Commissioner Blair made a motion in accordance with the recommendation of the staff as amended; Commissioner Canella seconded. Roll call vote was taken and the motion passed unanimously. (See Order #92-120.)

There was no other administrative business. Commissioner May entertained a motion to adjourn. Commissioner Monaghan so moved; Commissioner Sealock seconded. All in favor.

Minutes taken by Jeannie Ramirez

IOWA RACING AND GAMING COMMISSION
MINUTES
JULY 15, 1992

The Iowa Racing and Gaming Commission (IRGC) met on Wednesday, July 15, 1992, 9:30 AM at the Riverfront Club in Davenport, Iowa. Commissioners present were: Chair Lorraine May, Vice-Chair Leo Monaghan, Rita Sealock, Richard Canella and David Blair.

A motion to approve the Commission agenda for the July 15, 1992, meeting as amended for the Iowa Racing and Gaming Commission (IRGC) was made by Commissioner Dick Canella; seconded by Commissioner Rita Sealock. All in favor.

The Chair recognized Mary Ellen Chamberlin, President of the Riverboat Authority Development, who gave a brief presentation on the monetary grants awarded by the non-profit to local businesses and agencies. Ms. Chamberlin then asked Cole Mallory, Davenport City Administrator, to describe the riverfront development projects currently being planned for the City. Mr. Ed Ellers, President of the President Riverboat Casino, welcomed the Commission to the City of Davenport as well. Chair May thanked Mr. Ellers and the City as a whole for their welcome.

The Chair entertained a motion to approve the Commission minutes of June 26, 1992, and July 2, 1992. Commissioner Canella so moved that the minutes be approved as amended; Commissioner Sealock seconded the motion. All Commissioners voted yes.

Chuck Patton, Director of Riverboat Gambling, reported on the closing of Steamboat Development and Steamboat Southeast. Mr. Patton stated the boats ceased operation on July 5, 1992. Staff was on the boats the 6th of July and did a final audit. The final float on the Diamond Lady was $65,407.75; on the Emerald Lady, the final float was $41,096.60. Mr. Patton and Mr. Creighton will be meeting with the Steamboat officials later in the day to discuss final closure procedures. No problems are anticipated. The progressive slot totals of approximately $11,000 will be redistributed to other devices in the State of Iowa. How the funds will be distributed will be decided today as well. Mr. Patton will report to the Commissioners at the next meeting on the resolution of this issue. The riverboats' licenses have been turned in to the IRGC staff.

Mr. Robert Miller, of Riverbend Regional Authority, discussed the activity of the non-profit organization and the status of their relationship with the Steamboat officials. Mr. Miller advised that termination of the contract was being negotiated and Steamboat has offered assistance in locating a new boat operator for the region. He also stated the development projects in progress will continue and be completed.

Mr. Patton also advised the Commission that Mr. Gene Enke, who was unable to attend the meeting, had spoken with Mr. Patton regarding Southeast Iowa Regional Riverboat Commission's (SIRRC) progress in locating a new boat operator for the Ft. Madison area.

Mr. Lorenzo Creighton, Deputy Administrator, addressed the Commission regarding three case dispositions. The first, Steamboat Southeast's possible violation of 99F.7, was brought to the attention of Commission staff. This issue is moot since Steamboat moved to Mississippi and their license has been turned in. Mr. Creighton asked that this motion be withdrawn. Chair May explained that the Code of Iowa states anytime docking fees are not paid, legal action has to be taken in regard to a license. Staff instituted the action under that Code requirement. In the meantime, Steamboat and Steamboat Southeast have voluntarily turned in their licenses. Since that is the case, the matter is moot. Commissioner Blair made a motion to not take further action regarding the Steamboat license as the matter is moot. Commissioner Sealock seconded the motion; all Commissioners voted in favor of the motion. (See Order #92-122.)

Mr. Creighton explained why the Testosterone case was remanded to the Commission. This case was presented to the Commission to establish a remand procedure and methodology. Commissioner Blair made a motion that the attorney of the appellants in this case be given until the October Commission Meeting to submit additional evidence and testimony, limited to the issue of the studies, so the Commission may affirm or make further ruling on this case. Mr. Creighton advised the Commission any new evidence submitted by Rick Olsen, the appellants' attorney, on this case would be transmitted to Chris O'Dell, Assistant Attorney General. Commissioner Canella seconded the motion. All in favor. (See Order #92-123.)

Mr. Creighton presented the Christopher Crain case, on which the Commissioners had received the complete administrative record for their review. The hearing was "on the record." Mr. Crain received notification on this case and decided not to submit a proposed order, but asked to be advised of the Commission's decision. Mr. Creighton asked that the staff recommendation be adopted. Chair May asked Assistant Attorney General O'Dell if the Commission had legal authority to suspend Mr. Crain and to repeal the Administrative Law Judge's decision regarding the length of suspension. Ms. O'Dell stated the administrative rules clearly gave the Commission authority to suspend the license beyond the end of the racing season. Commissioner Monaghan made a motion to approve the staff recommendation and to reaffirm the initial board of stewards' decision; Commissioner Sealock seconded the motion. All in favor. (See Order #92-124.)

Mick Lura, Administrator, addressed the Commission regarding the proposed study of the racing and gaming industry within the State. Mr. Lura asked the Commission for direction and discussion of the proposed study. Chair May requested that staff identify sources of information to the Commission by the August 20, 1992, meeting since funds are not available to complete an extensive study. Commissioner Canella requested that the study include the total economic effective of the industry within the State, as well as projections. Commissioner Sealock stated her support of the study. Bruce Wentworth, General Manager of the Dubuque Greyhound Park, stated the operators of the tracks would be happy to supply any information they would have available. Mr. Lura stated the list of sources would be available at the next meeting and staff will have begun the gathering of information.

Commissioner Monaghan asked Lorenzo Creighton if any further information had been received from the Steamboat Corporation regarding their audit. Mr. Creighton stated nothing more had been received, but this issue would be addressed at the meeting later today.

The Nomination Committee (Commissioner Sealock and Commissioner Canella) had met. The Committee recommended Lorraine May be nominated as Chair and Leo Monaghan be nominated as Vice-Chair. Commissioner Sealock made a motion to elect Commissioner May as Chair; Commissioner Blair seconded the motion. Commissioner May abstained; all Commissioners were in favor. (See Order #92-125.)

Commissioner Canella made a motion to elect Leo Monaghan as Vice-Chair; Commissioner Sealock seconded the motion. Commissioner Monaghan abstained; all Commissioners voted in favor. (See Order #92-126.)

There was no other administrative business. Commissioner May entertained a motion to adjourn. Commissioner Blair so moved; Commissioner Sealock seconded. All in favor.

Minutes taken by Jeannie Ramirez

IOWA RACING & GAMING COMMISSION
MINUTES OF AUGUST 20, 1992

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, August 20, 1992, 9:00 a.m. at the Wallace Building Auditorium in Des Moines, Iowa. Commissioners present were: Chair Lorraine May; Vice-Chair Leo Monaghan; Commissioner David Blair; Commissioner Rita Sealock; and Commissioner Dick Canella.

Chair May called the meeting to order at 9:10 a.m.

Commissioner Dick Canella made a motion to approve the agenda; seconded by Commissioner Rita Sealock; motion passed. Commissioner Canella made a motion to approve the minutes of the July 16, 1992, meeting; seconded by Commissioner Leo Monaghan; motion carried.

Deputy Administrator Lorenzo Creighton addressed the Commission on the Notice of Intended Action regarding Chapter 4, "Practice and Procedures before the Racing & Gaming Commission." Commissioner Sealock made a motion to approve the notice of intended action; seconded by Commissioner Monaghan; motion carried. (See Order #92-127)

Linda Vanderloo, Director of Administration and Licensing, addressed the Commission regarding Chapter 10, "Thoroughbred Racing." The proposed changes are to re-categorize positions of the occupational licenses and simplify the procedures. Commissioner Canella made a motion to approve the notice of intended action with an amendment to reflect the "Iowa Racing & Gaming Commission," rather than the "Iowa Racing Commission." Commissioner David Blair seconded the motion; motion carried. (See Order #92-130)

Chuck Patton, Director of Riverboat Gambling, asked to strike items 5, 6, and 7 of the Notice of Intended Action. Item 8, Linkage machines, and Item 9, Red Dog rules, notice of intended action was approved by the Commission, with a motion made by Commissioner Rita Sealock; seconded by Commissioner Dick Canella. (See Order #92-131)

Mr. Patton reported on the progressive machine jackpots of the Steamboat operation and informed the Commission the moneys in excessive of what Steamboat had invested had been distributed to the remaining three riverboats in the State based on attendance. The amount was $2,016.69. Steamboat has paid all outstanding obligations in Iowa.

Deputy Administrator Lorenzo Creighton presented the Motion to Reconsider the Suspension of Jeff Johnston's license. Mr. Johnston is requesting to appear before the Commission on September 17, 1992. Commissioner Sealock made a motion to approve the

motion to reconsider Mr. Johnston's license suspension; seconded by Commissioner Monaghan. Motion passed unanimously. (See Order #92-128)

Mr. Creighton introduced the issue of the Bluffs Run/Prairie Meadows simulcast agreement and gave a brief history of the issue. Included in the Commission packets were copies of the simulcast agreement, the four-track agreement which will expire September 2, 1992, and the staff's recommendation regarding the simulcast agreement. Mr. Walt Pyper, General Manager of Bluffs Run, addressed the Commission regarding the simulcast agreement. He stated Waterloo and Dubuque greyhound parks had received a total of $323,660.51 in "passive" money from the four-track agreement. Mr. Augie Masciotra, General Manager of the Waterloo Greyhound Park, and Mr. Bruce Wentworth, General Manager of the Dubuque Greyhound Park, opposed the simulcast agreement as the proposed agreement eliminates "passive" payment to both of these greyhound parks.

Chair May asked for clarification as to why the "passive" payments were made. Mr. Wentworth stated the Dubuque and Waterloo greyhound parks were being affected in their market area due to the simulcasting from Bluffs Run to Prairie Meadows. Chair May stated that by Dubuque and Waterloo requesting the passive moneys continue, were they not making a commitment not to simulcast in competition with Bluffs Run and Prairie Meadows; if it were a four-track agreement, wouldn't it be an incentive for Dubuque and Waterloo not to simulcast. Mr. Wentworth stated it was his understanding the day Dubuque and Waterloo started simulcasting, the payments would stop.

Jay Hartime, an associate with Crawford & Associates, spoke on behalf of the Iowa Greyhound Association regarding the simulcast agreement and stated without reviewing the contract further by the Greyhound Committee, the Association would have to recommend disapproval.

Commissioner Canella asked if an evaluation and discussion of the four-track agreement had taken place between the parties involved. Mr. Thomas Flynn, Bankruptcy Counsel for Racing Association of Central Iowa/Prairie Meadows, addressed the Commission regarding the four-track agreement and 27% of the 4%.

Mr. Flynn stated Dubuque and Waterloo were not included in the negotiations due to the fact the trustee, Larry Eide, took a look at the four track agreement to determine why a payment was being made to Dubuque and Waterloo, what consideration was going to and fro to justify a continued payment of the passive moneys. The promise of Dubuque and Waterloo to remain passive no longer affects Prairie Meadows or Bluffs Run. The Commission has encouraged Dubuque and Waterloo to start simulcasting, which neither has done.

Mr. Flynn also addressed the 27% of the 4% issue. Legislation effective July 1, 1992, reduced the 6% wagering tax to 2%. The additional 4% was designated to be used for operational expenses. A cash collateral agreement was set up by the bond trustee and Prairie Meadows on the date the bankruptcy was filed. The bond trustee wants the 4% used for debt retirement. Prairie Meadows does not agree but has agreed to set aside the 4% in an escrow account until a decision has been made by the Iowa Supreme Court.

Keith Hopkins, General Manager of Prairie Meadows, reported to the Commission on a study completed May 2, 1992, regarding attendance and markets. This study indicated only 3 cars from Black Hawk County. Chair May asked for copies of any studies from the tracks regarding markets, parking lot surveys, and so on to be sent to the Commission's office.

Ron Mullins, top kennel owner from Bluffs Run, reported to the Commission that he felt live-racing of greyhounds was dying.

Chair May entertained a motion to approve or disapprove the Bluffs Run/Prairie Meadows' simulcast agreement. Commissioner Canella made a motion to approve the contract as presented. Commissioner Blair seconded the motion.

Commissioner Sealock stated she was extremely concerned with the health of the industry. All of the entities are struggling. She felt the Commission never indicated Dubuque and Waterloo should "sit on it." Passive moneys were fair at the time they were granted and were never intended to be a dis-incentive to simulcast for Dubuque and Waterloo. It was intended to give them time for development of a system.

Commissioner Canella stated the passive payments were no longer justified. Commissioner Monaghan stated he felt there was economic reality to the passive payments and there still is. Commissioner Blair opposed the passive payments and supported the contract as presented. The passive payment arrangement allowed Dubuque and Waterloo to be paid for the adverse impact of simulcasting on their markets. Other than that it is gift of some sort.

The Commission asked that Prairie Meadows re-establish the 4% escrow account so that the IRGC administrator's signature is required on 27% of the escrow account, as well as that of Mr. Eide. Mr. Flynn stated Prairie Meadows would honor the rules and regulations of the IRGC. The moneys would be distributed as directed by the IRGC.

Chair May stated the approval of the contract should be subject to the condition that the 27% of the 4% not be released to anyone without the approval of the Commission. Mr. Flynn and Tom

Timmons, Financial & Operations Manager of Prairie Meadows, stated there would not be any opposition to that condition. Mr. Timmons stated there had been a meeting with Mr. Lura, Mr. Creighton, Mr. Kohloff, and himself regarding the 4% moneys. Mr. Lura's recommendation was that the money not be used to determine the "bottom line" to determine the 27% money. The 4% escrow account was established.

Chair May explained the statute reads simulcasting can continue only with live racing plan submitted by the January 1993 Commission meeting. That stipulation is adherence to this agreement because the Commission cannot go beyond what the statute would permit in terms of the live racing. Chair May also stated the four tracks had committed to provide the Commission with information regarding the simulcast.

Commissioner Canella made an amendment that approval will be made with the understanding that the 27% of the 4% would not be removed without Commission approval. Commissioner Sealock seconded the amendment motion; motion passed unanimously. Chair May requested a roll call vote regarding the Bluffs Run/ Prairie Meadows simulcast contract. Commissioner Canella - aye; Commissioner Sealock - aye; Commissioner Monaghan - nay; Commissioner Blair - aye; Commissioner May - aye. (See Order #92-129)

Chair May thanked Lorenzo Creighton, Deputy Administrator, for his contribution to the Commission and wished him well. Mr. Creighton will be leaving the Commission to accept the position of Executive Director of the Mississippi Gaming Commission.

Linda Vanderloo, Director of Administration and Licensing, informed the Commission that Waterloo had received their loan check from the State.

Commissioner Monaghan made a motion to adjourn into Executive Session to review Quality Assurance Program and backgrounds. Commissioner Sealock seconded the motion; motion carried.

Executive session adjourned. Commissioner Monaghan stated he was advised of a problem at Bluffs Run Greyhound Park where dangerous materials had been found on the track. Chair May requested Chuck Patton to research this issue and make a report by August 31, 1992.

Commissioner Canella made a motion to adjourn the meeting; Commissioner Blair seconded; motion carried.

Minutes taken by Jeannie Ramirez

IOWA RACING & GAMING COMMISSION
MINUTES OF SEPTEMBER 17, 1992

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, September 17, 1992, 10:00 a.m. at the Wallace Building Auditorium in Des Moines, Iowa. Commissioners present were: Chair Lorraine May; Vice-Chair Leo Monaghan; Commissioner David Blair; Commissioner Rita Sealock; and Commissioner Dick Canella.

Chair May called the meeting to order at 10:00 a.m.

Commissioner Rita Sealock made a motion to approve the agenda; seconded by Commissioner Dick Canella; motion passed. Commissioner Sealock made a motion to approve the minutes of the August 20, 1992, meeting; seconded by Commissioner David Blair; motion carried.

Acting Deputy Administrator Chuck Patton explained the four riverboat contracts submitted by the President Riverboat Casino and the Seaport Harbor Cruises contract submitted by the Sioux City Riverboat Corporation. Commissioner Canella requested Mr. Patton to obtain the terms of the Colonial Coach Lines contract. A motion to approve the Hillenbrand Construction, Iowa-Illinois Thermal Insulation, Lee's Bi-State Roofing Company and Seaport Harbor Cruise Lines contracts was made by Commissioner Sealock; seconded by Commissioner Monaghan. (See Order #92-132). Commissioner Monaghan made a motion to table the motion to approve the Colonial Coach Lines until the October 15th meeting; seconded by Commissioner Blair. (See Order #92-132.)

The winter schedules of the Dubuque Casino Belle, Mississippi Belle II, and the President Riverboat Casino were submitted for the Commission's approval. The licensees requested the months of October, April and May be considered off-season for purposes of excursions. The language of Senate Bill 2249 authorizes the Commission authority to delay the commencement of the excursion season at the request of a licensee. Mr. Patton recommended only April and May be approved as off-season, since October is not at the commencement of the excursion season. Commissioner Monaghan asked Mr. Patton to explain the rules of the length of excursion season. The excursion season runs from April 1st through October 31st. There is also a 120-day excursion season requirement in order for a boat to be granted the privilege to operate during the off-season. There would be no problem for any of the riverboats to achieve the 120-day excursion season requirement if the request is granted by the Commission. Commissioner Canella made a motion to approve the staff recommendation submitted; Commissioner Sealock seconded the motion; motion carried (See Order #92-141.)

Mr. Patton explained that administrative rule 491-25.13(1) requires that a boat, in order to operate during the excursion season, must have 120 days of excursions during the season. A boat may be granted a waiver by the commission during the first year of operation, if the reason for delay is construction. The Sioux City Riverboat Corporation has requested a waiver. Mr. Patton recommended the waiver be granted. Commissioner Monaghan made a motion to approve the waiver as recommended by Mr. Patton. Commissioner Canella seconded the motion; motion carried. (See Order #92-139.)

Mr. Patton addressed the Commission regarding the proposed riverboat and procedural administrative rule amendments. Linda Vanderloo, Director of Administration and Licensing, explained the proposed rule amendments regarding the licensing policies. There was a discussion regarding the definition of self-propulsion. Chris O'Dell, Assistant Attorney General, stated her main concern was for the "power modular" vessel to be inspected by the U.S. Coast Guard and be issued a certificate of inspection. Since this was stated in the proposed rule amendment, she was in agreement with the staff recommendation.

Mr. Patton explained that the "labor organization and union registration" section of Chapter 22 was being moved to Chapter 4 to allow coverage for both racing and gaming. This would include any officer in the union, both local and international. Bill Brosnahan, Division of Criminal Investigation, advised the Commission that IRGC staff define the classifications for the different levels of background investigation depends on the level of responsibility. Mick Lura, Administrator, commented it was very important to approve the language that had been court-tested in relationship with the National Labor Relations Law. It would basically eliminate the possibility of organized crime activity through labor organizations or unions.

Commissioner Canella made a motion to approve the final adoption of the amendments in Chapter 4, Chapter 7, Chapter 10, and Chapter 26. Commissioner Sealock seconded the motion; motion carried. (See Orders #92-134; #92-135; #92-136.)

A motion to file the Notice of Intended Action regarding Chapter 4, "Practice and Procedures before the Racing & Gaming Commission" and Chapter 25, "Riverboat Operations," was made by Commissioner Blair; seconded by Commissioner Monaghan; motion carried. (See Order #92-137.)

A motion to approve the emergency filing of Chapter 25, "Riverboat Operations," and Chapter 26, "Rules of the Game," was made by Commissioner Sealock; seconded by Commissioner Monaghan; motion carried. (See Order #92-138.)

Ted Carlson, Sioux City Riverboat Corporation, reported on the progress being made toward beginning operation in November 1992. The City has begun work on the dock site; the barge is moored at Sioux City and is under construction. Reservations have been booked a year in advance.

Mr. Patton presented the request to approve the auditing firm for the Winnebago Tribe. Commissioner Leo Monaghan made a motion to approve the auditing firm; seconded by Commissioner Dick Canella. (See Order #92-140.)

Mr. Lura presented the background for the Reconsideration of the Suspension of Jeff Johnston's license. Mr. Johnston appeared before the Commission and apologized to the Commission, Prairie Meadows, and the industry. Mr. Johnston petitioned the Commission to remove the remaining time left on his license suspension. Commissioner Sealock commended Mr. Johnston for his accomplishments. Mr. Lura made the recommendation that Mr. Johnston's be made eligible for licensure. Commissioner Sealock made a motion to approve Mr. Johnston's license reinstatement; seconded by Commissioner Blair. Motion passed unanimously. (See Order #92-133.)

Chair May stated the Commission would be meeting in Des Moines on October 15, 1992 and in Sioux City on December 17, 1992.

Commissioner Sealock made a motion to adjourn; Commissioner Monaghan seconded the motion. Motion passed unanimously.

Minutes taken by Jeannie Ramirez

IOWA RACING & GAMING COMMISSION
MINUTES OF OCTOBER 15, 1992

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, October 15, 1992, 9:30 a.m. at the Iowa Public TV Building in Johnston, Iowa. Commissioners present were: Chair Lorraine May; Vice-Chair Leo Monaghan; Commissioner David Blair; Commissioner Rita Sealock; and Commissioner Dick Canella.

Chair May called the meeting to order at 9:30 a.m.

Commissioner Rita Sealock made a motion to approve the agenda; seconded by Commissioner Leo Monaghan; motion passed. Commissioner Canella made a motion to approve the minutes of the September 17, 1992, meeting; seconded by Commissioner David Blair; motion carried.

Administrator Mick Lura addressed the Waterloo Greyhound Park season requests submitted for approval. There were two items of concerns, which were researched by the staff. The first was the Kennel list which contained the Iowa Kennel with Robert Jacobsen as trainer. Mr. Jacobsen was denied a license by the Iowa Department of Agriculture based on inadequate facilities. Staff contacted Sodrac, where Mr. Jacobsen had been a trainer, and received a good report. There have also been two surprise inspections at Mr. Jacobsen's Waterloo kennels completed. The inspections were adequate to good. Staff is recommending approval of the kennel list as submitted by Waterloo. The list of racing officials submitted contained two individuals on which the background investigations had not been completed. Waterloo Greyhound Park has requested the additional takeout as allowed by law. The Commission has no legal option on this point.

Commissioner Canella expressed his concern over approving related party contracts without receiving bids from other suppliers. Chair May directed Mr. Lura to draft an administrative rule addressing the Commission's concern over contracts with related parties, to be presented at the December 1992 Commission Meeting.

Jerry Crawford, Counsel for the Iowa Greyhound Association (IGA), ask for point of personal privilege regarding the conditions of the Bluffs Run track. Mr. Crawford stated the IGA had expressed concern over injuries, conditions of the track, and the track's heating system. The IGA members are very pleased with the progress made on the conditions of the track and the diligence of the track's staff in helping to avoid injuries to the greyhounds racing there. The IGA realizes to improve the heating system at the track is a major expenditure and the track does share the IGA's concern. Mr. Crawford also addressed the Commission regarding the Waterloo requests. IGA's concern on the higher takeout was no moneys were being made available to purses. Mr. Crawford stated IGA realizes Waterloo's economic situation, but

is afraid there will be a decrease in handle due to the lack of attractiveness of greyhound racing. The management of Waterloo has evaluated the situation. Mr. Crawford hopes the economic situation will improve with the additional 2% takeout. The IGA will be evaluating how this affects the owners, trainers, breeders, and kennel owners at Waterloo Greyhound Park.

The motion to approve the Waterloo requests, subject to the background investigations on the racing officials, was made by Commissioner Rita Sealock; seconded by Commissioner Canella; motion passed. (See Order #92-).

Mr. Lura addressed the Commission regarding the three requested contract approvals. Commissioner Canella made a motion to approve the contracts. Commissioner Monaghan had a question regarding the quantity of programs to be printed; Augie Masciotra, General Manager of Waterloo Greyhound Park, stated the quantity should be 364,000 at $.38 each. Commissioner Blair seconded the motion; motion carried (See Order #92-).

Chair May stated the Commission had been requested to make a Declaratory Ruling regarding Iowa Code Chapter 99F and gambling within Polk County by State Representative Dorothy Carpenter. Mr. Lura prepared a draft response for the Commission's review and approval. State Representative Carpenter expressed her appreciation for the quick response from the Commission, which would enable her to inform her constituency of the Commission's Ruling. Chair May entertained a motion to approve the Declaratory Ruling as submitted by staff. Commissioner Monaghan made the motion; Commissioner Canella seconded the motion; motion carried. (See Order #92-).

Mr. Lura informed the Commission that staff had received a newly revised copy of the ARCI's Pari-Mutuel Uniform Rules and requested to defer the Notice of Intended Action for the Mutuel Department Rules until the December 1992 meeting. Commissioner Sealock requested a work session be held by Mr. Lura with the Commissioners prior to the December 1992 meeting.

Commissioner Monaghan requested a form be included in the Commission packets, detailing issues, pros and cons of the issues, the significance, and staff's recommendation on action items before the Commission. Implementation of this form will be in place for the December 1992 meeting.

Acting Deputy Director Chuck Patton addressed the Commission regarding eight (8) riverboat contracts being presented by the President Riverboat Casino for approval. Commissioner Canella expressed his concern regarding approving "oral" contracts. Mr. Patton explained his approval determination process. He will also be informing the riverboat operators of the new administrative rule regarding related party contracts. The Chair enter-

tained a motion to approve the riverboat contracts as submitted. Commissioner Monaghan made the motion; Commissioner Sealock seconded the motion; motion carried. (See Order #92-).

Mr. Patton reported on the progress Sioux City had made toward beginning operation in December 1992. The dock site is 80% completed; the U.S. Coast Guard was inspecting the boat today and Mr. Carlson could not be in attendance at the Commission Meeting. The boat will be officially named the "Sioux City Sue."

Commissioner Canella asked Mr. Sidney Blum, Executive Director of the Dubuque Racing Association, if there had been any progress in identifying a new riverboat operator for the City of Dubuque. Mr. Blum responded there had been considerable activity in this area. The DRA is not at liberty to disclose the individuals or the extent of the discussions at this time.

Mr. Patton presented a proposed agreement with the U.S. Coast Guard. Since it is not a requirement of the U.S. Coast Guard to inspect some riverboats, an agreement has to be made with them. Chair May directed Mr. Patton to proceed with the agreement.

Chair May requested the report on purses be deferred until a future meeting to allow the Commission more time to look at this issue more specifically.

Mr. Lura handed out a report from Linda Vanderloo, Director of Administration, regarding the contacts the staff has made to date to secure information regarding the racing and gaming industry. A complete list of studies will be available at the December meeting.

Chair May informed the Commission no additional evidence had been submitted by anyone in the testosterone cases. Therefore, the record is closed and will be ruled on at the December meeting.

Commissioner Sealock thanked Prairie Meadows for the comprehensive license plate study provided to the Commission.

Commissioner Monaghan and Mr. Patton described their attendance and participation in the World Gaming Expo, which was held in Las Vegas the end of September.

Chair May stated the Commission would be meeting in Sioux City on December 17, 1992.

Commissioner Sealock made a motion to move into Executive Session to discuss background investigations; Commissioner Canella seconded the motion; motion carried.

Commissioner Sealock made a motion to adjourn the meeting; Commissioner Blair seconded the motion; motion passed.

Minutes taken by Jeannie Ramirez

IOWA RACING AND GAMING COMMISSION
TELEPHONIC MEETING MINUTES
DECEMBER 2, 1992

On December 2, 1992, the Iowa Racing and Gaming Commission held a conference call pursuant to Iowa Code Section 21.8. The meeting was conducted by telephonic means due to the brevity of the agenda and the urgent nature of the matter to be discussed.

Participating in the call were: Chair, Lorraine May; Vice-Chair, Leo Monaghan; members Rita Sealock, Dick Canella, and David Blair; Administrator of IRGC, Mick Lura; Counsel for IRGC, Jeff Farrell; and Ralph Vaclavik, Comptroller, President Riverboat Casino. Present in the Commission office were Chuck Patton, Director of Riverboat Gambling and Linda Vanderloo, Director of Administration/Licensing for IRGC.

The Chair called the meeting to order and entertained a motion to approve the agenda, approval of contracts and agreements associated with the public stock offering by the President Riverboat Casino, Inc. Commissioner Canella so moved with Commissioner Monaghan seconding the motion. All in favor.

Mr. Lura gave a brief background on the stock offering by The President Riverboat Casino. At the March Commission meeting, representatives from the President came before the Commission during executive session to inform the Commission of the International Game Technology (IGT)-Connelly Group (CG) Selling Agreement. This agreement meant that IGT would be backing out of the Iowa operation. The CG would commence efforts to raise $60 million by means of an initial public offering. $20 million would be used to pay IGT's equity, $12 million would be used to retire debt associated with the original agreement with the remainder being used for expansion of their parent corporation. No concerns were expressed by the Commission at that time.

Mr. Lura stated that they decided to wait on the stock offering until after it was determined if Missouri was going to pass riverboat gambling. Since riverboat gambling has passed in Missouri, they are now ready to move forward with the stock offering.

Mr. Vaclavik stated that the dollar amounts are higher than what was brought before the Commission earlier. They are now looking at approximately $70 million with each share going from between $14-$17. It is looking really good with Missouri passing riverboat gambling and their operation in Mississippi doing so well.

Mr. Lura explained that there would be four subsidiaries to the parent corporation. Two in Iowa, one in Missouri and one in Mississippi.

Commissioner Canella voiced a concern with the stock going on the open market, how do we control the people that own under 5% of the stock. Mr. Lura responded that we currently have no control with people who own under 5% and the Commission would have to make a rule change, if such control were desired.

Chair May stated that a provision could be put in the rules that the Commission be immediately notified of anyone owning over 3%. Mr. Lura stated

that such a rule would be drafted and presented to the Commission sometime after the first of the year.

Commissioner Canella asked if we would have a list of stockholders in our possession at all times. Mr. Lura stated that a list of stockholders is available to the Commission at all times, but a list is not available in the Commission office. Commissioner Canella requested that we have a copy and it be updated periodically.

Commissioner Canella also voiced a concern about making sure that all new board of directors and stockholders have backgrounds completed. Mr. Lura said that would be monitored as new people are added.

Chair May asked for staff recommendation on the two co-underwriter contracts, Montgomery Securities and Oppenheimer & Co., Inc.; Packard Press contract, and Wolf, Block, Schorr and Solis-Cohen contract.

Mr. Lura stated that staff recommended approval of all four contracts. The underwriter contracts do not have amounts at this time because they are not aware of what the public offering will be.

Commissioner Canella moved approval of the four contracts. Commissioner Sealock seconded the motion with all in favor. (See Order #92-147).

Mr. Lura recommended approval of the Transfer Agreement moving all assets to the parent corporation or designee. Commissioner Blair moved approval of the Transfer Agreement with Commissioner Canella seconding. Motion carried. (See Order #92-148).

Meeting was adjourned.

Minutes Taken By Karyl Jones

IOWA RACING AND GAMING COMMISSION
MINUTES
DECEMBER 17, 1992

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, December 17, 1992, at 8:00 a.m., at the Convention Center in Sioux City, Iowa. Commissioners present were: Chair, Lorraine May; Vice-Chair, Leo Monaghan; Commissioner David Blair; Commissioner Rita Sealock; and Commissioner Dick Canella.

Chair May called the meeting to order at 8:00 a.m.

Commissioner Monaghan made a motion to approve the agenda; seconded by Commissioner Blair; motion passed. Motion to approve minutes of the October 15, 1992, and the December 2, 1992, telephonic meeting, was made by Commissioner Monaghan. Commissioner Blair seconded the motion with all in favor.

Commissioner Sealock addressed the Commission regarding the symposium in Arizona she attended in December.

Chuck Patton, Acting Deputy Administrator for IRGC, addressed the Commission on the Notice of Intended Action regarding Chapters 5, 7, 10, 12, and 20. The amendments to Chapter 5 and 20 are proposed to add the provision for related party business entities to be accompanied by two bids.

Ed Ellers, President Riverboat Casino, stated that he supported very strong regulations and rules concerning related party transactions, however his concern is that this regulation is too restrictive and asked that it be made broader. Mr. Ellers feels that this would give the Commission more discretion and in affect more power.

Jon Fister, Attorney for Waterloo Greyhound Park (WGP), discussed his concern about the need for two bids and that the rule may show conflict of interest, when there may be times when competitive bids cannot be found. Mr. Fister expressed his concern that this regulation may be costly, difficult to control, and lead to uneconomical management. Mr. Fister indicated that an exception to allow items to be waived may become over used and indicate an appearance that the Commission doesn't care.

Commissioner Sealock felt rewording may be indicated, and that it was necessary to make public the qualifying requirements for a bid decision.

Commissioner Monaghan stated that the rule should be reviewed remembering the primary function of the Commission is to maintain the integrity of the industry at its highest level.

Chair May acknowledged that she would like to see a definition of related parties, as well as criteria in the rule for the basis of review on contracts to stimulate consistency, and standards, while keeping funds within the industry. Chair May instructed staff to revise the rule on related party contracts and bring back to the Commission in January.

Lou Baranello, State Steward, addressed the Commission on the Notice of Intended Action regarding Chapter 7, 10, 12. Mr. Baranello stated that in order to conform with the proposal by the Association of Racing Commissioners International and their committee on Uniform Rules, a change in the definition of the term "post time", as it currently exist, should read as the "scheduled starting time for a contest." Mr. Baranello added that language be added for "Guest Association" as it offers licensed parimutuel wagering on contests conducted by other associations in either the same state or another jurisdiction.

Commissioner Monaghan moved to file Notice of Intended Action on the proposed rule changes in Chapters 7, 10, and 12. Commissioner Canella seconded the motion with all voting aye. (See Order #92-149)

Mr. Baranello discussed the Notice of Intended Action with regard to Chapter 8, which requires corrections in existing rules to meet a uniform national standard for the calculation and distribution of pools, and promote the rapid spread of interstate simulcasting.

Commissioner Canella moved to file Notice of Intended Action with regard to Chapter 8, with the noted corrections as discussed by Mr. Baranello. Commissioner Sealock seconded the motion. This motion carried. (See Order #92-150)

Mr. Patton recommended final adoption of amendments to Chapters 4, 24, and 25. Mr. Patton stated that there were no changes to these amendments since they were last brought before the Commission.

Commissioner Sealock moved to final adopt the amendments to Chapters 4, 24 and 25 with Commissioner Blair seconding the motion. Motion carried unanimously. (See Order #92-151)

Mr. Baranello discussed the Iowa Greyhound Association's (IGA) concerns regarding leadout fees being removed from purses at Bluffs Run; breakage being deducted from purses at Bluffs Run; and the concern for the interest for the Iowa Supplement and breakage carry-over as well as the subject of direct pay.

Jerry Crawford, attorney for the IGA, indicated that he and Walt Pyper, General Manager at Bluffs Run have had various discussions on the items that Mr. Baranello had indicated, and all parties agreed that no action need to be taken by the Commission in reference to the IGA concerns. Both sides are discussing the concerns and they are close to reaching an agreement to satisfy all parties. Mr. Crawford stated that it was his understanding that the leadout fee provision in the Bluffs Run season approval would be recommended for approval.

Chair May asked that notification to the Commission be made as items are

resolved, so can be reviewed at the upcoming meeting.

Mick Lura, Administrator for IRGC, indicated that the concerns of the IGA had been researched and the staff did not have any problems other than the leadout fee and direct pay. The breakage items are being handled by Iowa law.

Chair May summarized the situation as this: staff is comfortable with the breakage, and breakage carryover issues are in accordance with Iowa law. This issue is resolved. With regards to the interest to the Iowa supplement, that has been resolved and is within Iowa Law as there is no specific provision on it. With regard to direct pay, meetings with Bluffs Run will be held and Commission staff will be informed so the Commission has the option to address it at the next meeting.

Mr. Baranello discussed Bluffs Run 1993 season approvals. Mr. Baranello stated that there will be very few changes from last season. Purses will be 4% compared to 3.7% for the 1992 season and breakage was consistent with 99D. There are a few changes in the racing officials but recommend approval subject to background check. Their racing season will run from January 2, 1993, to January 1, 1994, with a total of 461 performances. Total takeout for straight wagering will be set at 18%, while exotic and multiple wagers will be set at 24%, and with three dogs or more will be set at 25%. In 1992, the percentages were 16%, 20%, 22% respectively.

Commissioner Blair moved to approve Bluffs Run season approvals as presented with the racing officials approved subject to background checks. Commissioner Canella seconded the motion with all in favor. (See Order #92-152)

Mr. Lura addressed the fact that Bluffs Run has been deducting a one dollar leadout fee per entry. The deduction from purse monies is put into a fund to pay for unpaid debts left by the kennels. The remainder of the fee is divided between the kennels at season end. Dog owners are entitled to a portion of the money. The Commission determines how purse monies are distributed, however money is being distributed differently than the approved purse distribution. IGA's recommendation was to have the two groups work this out among themselves so that it met with Commission approval. Mr. Lura suggested the Commission approve the leadout fee with the condition they return next meeting with an agreement of distribution.

Chair May reiterated the approval of the $1.00 leadout fee is subject to the Commission approving the distribution of the fee.

Commissioner Monaghan moved to approve withholding of leadout fees subject to approval of distribution of the funds by subsequent Commission action with Commissioner Blair seconding the motion. The motion was unanimously approved. (See Order #92-153)

Mr. Lura discussed the purse increase request by the IGA. Mr. Lura stated that IGA asked the purse be increased from 4% to 5% at all three greyhound tracks. Mr. Lura recommended that no action be taken on this item during this meeting, as purse increases were made in 1991 and still have not been fully implemented. Approval of the Bluffs Run proposals implements the last stage of that purse increase. Recommendation is made to review the situation over the course of this year, and watch the bottom line rates reveal, and prepare studies for later in the year.

Mr. Crawford stated that the IGA feels that an increase is imperative to the survival of greyhound racing. Mr. Crawford's recommendations were: immediate appointment of a subcommittee to undertake review; increase the handle; have focus groups on an ongoing basis; and conduct focus groups and additional studies.

Commissioner Monaghan commended Mr. Crawford on his presentation of the problem, and indicated that the Commission is aware of the crisis by the greyhound breeders, kennel owners and track operators.

Mr. Lura commented that Mr. Crawford made an excellent presentation and indicated that the Legislature has on two occasions changed the statute on take outs, and directed the money in one direction or another. In 1991, the Legislature directed that 1% of all triples go to the Iowa Bred purse supplements. Recent increases in takeout were statutorily directed to the tracks. These monies were not calculated into the 27%. Mr. Lura maintains that further changes should not be made at this time, and that current limited staff make it difficult to conduct studies at this time.

Chair May appointed Commissioners Monaghan and Sealock to work with the IGA, kennel owners, tracks and staff to investigate possible options and report to the Commission in April with a preliminary report.

Mr. Patton discussed the proposed schedule for the Sioux City Sue. Staff finds that it complies with all rules and requirements of Chapter 99F of the Iowa Code and recommended approval.

Commissioner Canella asked if approval needed to be given on dockside gambling since they did not cruise in the summer. Mr. Patton stated that the Commission has the authority to waive the 120 days if the reason is due to construction.

Commissioner Monaghan moved to approve the schedule of the Sioux City Sue, which includes waiver of the 120 days. Commissioner Canella seconded the motion with all in favor. (See Order #92-154)

Mr. Lura commented that the Commission was requested by WGP to extend their current season and the next season to what is basically year-round racing. Mr. Lura indicated that staff recommended tabling the matter.

Chair May indicated that the Commission only addresses racing dates one time per year and that is in June. With regard to the effort WGP had taken in preparing a very specific plan in year round racing, Chair May gave the floor to Mr. Fister.

A TRANSCRIPT OF THE PRESENTATION BY WATERLOO GREYHOUND PARK IS AVAILABLE IN THE COMMISSION OFFICE.

Mr. Fister made a plea on behalf of WGP for year round racing citing examples of their financial situation and market area. Mr. Fister indicated that the banks would work with them on their debts if the Commission would work with them also. Mr. Fister asked that the Commission table their request for extended racing dates, and to take into consideration the competition as shown in the opening of the Tama Casino, and the approval of year round simulcasting, which they cannot afford to hook up to, is not unlike live racing. Mr. Fister indicated that through research they have found that they have become a local market, and no longer an overlapping market. Mr. Fister stated that an unfavorable decision may lead to court appeal.

Following Mr. Fister's presentation, Chair May requested that any person having information or exhibits dealing with WGP's financial condition shall be received by the Commission so that all Commissioners have opportunity to review all information.

Steve Krumpe, Attorney for Dubuque Racing Association (DRA), stated that in looking at some of the procedural issues Mr. Fister raised, he did not feel that a contested case procedure is required nor warranted under the statutes. Mr. Krumpe also asked that should the Commission decide to have a contested case proceeding, DRA requests to be made a party to the case, and also requests copies of the material which WGP provided to the Commission.

Chair May explained that she sees no problem with providing information to DRA, and is bound to behave in a matter that accords all parties due process of law, and it is the intent to create an order and procedure which meets those requirements.

Mr. Crawford's observation is that Indian Gaming may be destroying the parimutuel industry, and that the Commission should call in the Legislature and the Governor to explore the feasibility to allow all tracks in Iowa to operate casinos in order to compete with the Indian Casinos. Mr. Crawford continued that the Commission should insist for a mandate of live racing events for the tracks that intend to operate casinos, in order not to sacrifice the economic development of the breeding and training industries. Mr. Crawford stated that the Commission should suggest to the Legislators to require purse supplements for the horse and dog tracks from the casinos, which would make these businesses profitable, tax paying citizens creating economic development for the state.

Chair May stated that the matter of the race dates would be continued to the next meeting in January, and an order will be entered stating the procedures for the hearing.

Mr. Lura discussed the matter of the testosterone cases. In this matter, the information regarding the testosterone cases has come to the Commission outside the date of record. Mr. Lura motioned that the records be opened for two specific items in regards to this case. One being the studies themselves, and the other based on those studies. Should further deposition be desired by the appellant counsel or our counsel, that those matters be included in the record as well. Two additional motions submitted by the appellant's attorney; a motion for admissions and a motion to strike testimony from the record. Mr. Lura asked to resist the motion to strike testimony, and that time be allowed to review specific admissions.

Chair May granted the motion to reopen the record, to receive informational studies from Dr. Tobin, to permit the taking of Dr. Tobin's deposition no later than January 15, to permit the appellant's request for admissions and the responses, shortening the time in which responses may be provided to January 1, 1993. Any briefs submitted must be in by January 10. The matter will be deemed fully submitted at the January 21st hearing. (See Order #92-155)

Mr. Lura, stated that Christopher Crain asked to be released from the final three months of his year suspension as he has the opportunity for year round employment with the Wisconsin racing industry beginning in January. Mr. Crain was suspended for a year for pushing the state veterinarian.

Commissioner Monaghan stated that he did not feel shortening his suspension would be in the best interest of this case and believes the suspension should remain.

Commissioner Sealock added that it is in the best interest of Iowa to have Mr. Crain out of Iowa. By releasing him from the final three months of suspension he would be out of Iowa and in Wisconsin.

Commissioner Monaghan moved that the suspension remain at full term in the case of Christopher Crain. Commissioner Canella seconded the motion. Commissioners May, Monaghan, Blair and Canella voted in favor of the motion, Commissioner Sealock voted against. The motion carries 4 to 1. (See Order #92-156)

Mr. Lura discussed the escrow account in regard to the simulcast agreement between Prairie Meadows and Bluffs Run. Mr. Lura recommended that the escrow requirement be lifted as their debt service is due this month and the money is unavailable for its intended purpose.

Commissioner Canella moved to lift the escrow agreement, seconded by

Commissioner Sealock. The motion unanimously passed. (See Order #92-157)

Mr. Patton addressed the Commission about the proposed revision of admission fees which is necessitated by budget cuts and the inclusion of the Sioux City Riverboat.

Commissioner Blair moved to approve the admission fee revision. Commissioner Canella seconded the motion with all in favor. (See Order #92-158)

Mr. Lura discussed the proposed legislative recommendations regarding casinos at racetracks and suggested that the Commission not get involved in this policy decision. It should be left to the Legislators. Mr. Lura suggested that the admission tax provision be clarified and the confidentiality laws add the Indian Gaming Commissions to the list of those who can receive the confidential information. Mr. Lura stated that these recommendations had been drafted in conjunction with the DCI. In addition, the recommendations should include the budget reduction noted in the previous agenda item.

Commissioner Blair moved to approve the legislative agenda as it has been proposed. Commissioner Canella seconded the motion with all in favor. (See Order #92-159).

Chair May suggested that a draft of legislative proposals be made and distributed to all Commission members for comment, adoption and action in January. Chair May stated that she would serve on the committee along with Commissioner Canella, Mr. Lura and Mr. Patton.

The Chair recognized Bob Kehl, Dubuque Casino Belle. Mr. Kehl stated that the biggest disadvantage that the riverboats have over the casinos is that the casinos are open 24 hours, open weekends, and pay no tax. Mr. Kehl stated that it was necessary to make it known to the Legislature that everything is not all right for the riverboats and that there is problems.

Mr. Lura distributed a report to the Commission on study materials as written by Linda Vanderloo, Director of Administration/Licensing.

Chair May then entertained a motion to go into Executive Session to discuss backgrounds. Commissioner Blair so moved with Commissioner Canella seconding the motion. All in favor.

Chair May suggested that the matter of approval of the sale of the Dubuque Casino Belle be tabled until the January 21st meeting due to possible changes that may be pending.

Meeting was adjourned.

MINUTES TAKEN BY JEANNIE RAMIREZ
TRANSCRIBED BY DEBBIE BAKER