

ORDER 2021-196
AN ORDER OF THE INDIANA GAMING COMMISSION CONCERNING THE
APPLICATION OF CDITH, LLC FOR A CASINO OWNER'S LICENSE PURSUANT TO
INDIANA CODE § 4-33-6.7-1

The Indiana General Assembly, via House Enrolled Act 1015 (2019) created, subject to certain conditions being met, a new casino owner's license for inland casino gaming in Vigo County, Indiana. On July 16, 2019, the Indiana Gaming Commission ("Commission") received Majestic Star Casino LLC's request to relocate gaming operations pursuant to Indiana Code § 4-33-6-4.5. Pursuant to Ind. Code § 4-33-6.7-1, the Commission was required to begin accepting applications and proposals for awarding a casino owner's license to operate an inland facility in Vigo County. The Commission established an application deadline of December 2, 2019, which was posted to the Commission website. The Commission also prescribed the form of the application and proposal for permission to operate an inland casino in Vigo County. On November 5, 2019, the voters of Vigo County approved inland casino gaming in the county as required by Indiana Code § 4-33-6-19.3(h).

Through Order 2020-2, the Commission awarded Spectacle Jack, LLC a casino owner's license to operate an inland casino in Vigo County, Indiana in accordance with Ind. Code ch. 4-33-6.7 On December 21, 2020, the Commission approved an entity change of the Vigo County license to Lucy Luck Gaming, LLC ("Lucy Luck") f/k/a Spectacle Jack.

However, on June 24, 2021, after conducting an extensive review and considering all statutory and regulatory qualifications for renewal, through Order 2021-114, the Commission did not grant Lucy Luck's request for the renewal of its casino owner's license. Lucy Luck subsequently filed an appeal of the Commission's nonrenewal of its casino owner's license, effectively staying the status of the license. As of the date of this Order, Lucy Luck's appeal remains pending with the Office of Administrative Law Proceedings under Administrative Cause No.: IGC-0721-001440.

On June 24, 2021, the Commission issued Resolution 2021-117 where it resolved to accept, for at least ninety days, new applications to operate an inland casino in Vigo County. The Commission again prescribed the form of the application and proposal for permission to operate an inland casino in Vigo County. The Commission subsequently received four applications: 1) CDITH, LLC ("Churchill Downs"); 2) FHR-Atlas LLC ("Full House"); 3) HR Terre Haute, LLC ("Hard Rock"); and 4) Terre Haute Entertainment, LLC ("Premier Gaming Group"). For the reasons set forth below the Commission has accepted Churchill Downs' application (the "Churchill Downs Application") for a casino owner's license in Vigo County, Indiana.

CDITH, LLC, a Kentucky limited liability company doing business as Queen of Terre Haute Casino is a wholly owned subsidiary of Churchill Downs Incorporated. Churchill Downs is a publicly traded gaming entertainment, online wagering, and racing company and was organized as a Kentucky corporation in 1928 with its principal offices located in Louisville, Kentucky.

On or about September 21, 2021, Churchill Downs submitted a Casino License Application to operate an inland casino in Vigo County to the Commission with certain amendments submitted during the following weeks. The Commission has reviewed the Churchill Downs Application to determine Churchill Downs' suitability to become a casino owner's license holder. This review included a determination of Churchill Downs' financial integrity and its ability to operate an inland casino. Further, the Commission considered the factors set forth in Ind. Code § 4-33-6-4 and 68 IAC 2-1-5(c).

In addition, as required by Ind. Code § 4-33-6.7-4, the Commission considered the following:

1. Economic benefits.
2. Tax revenue.
3. The number of new jobs.
4. Whether the applicant plans an investment of at least one hundred million dollars (\$100,000,000), with sixty-five percent (65%) of the owner's proposed investment for the development of a casino, and thirty-five percent (35%) of the owner's proposed investment for the development of nongaming amenities.
5. Whether the applicant has a resolution of support from the legislative body of the unit in Vigo County where it seeks to relocate.
6. The financial stability of the applicant.
7. The applicant's history of community involvement.
8. Any other factor that the Commission considers appropriate.

In considering the above referenced factors and the Application, the Commission notes that:

1. Churchill Downs has submitted to the Commission the appropriate Application, including the fifty-thousand-dollar (\$50,000) fee.
2. The Commission has received a Terre Haute Analysis and Estimated Impacts from the Commission's outside expert, Indiana University Senior Policy Analyst, Drew Klacik.
3. The Commission's Background and Financial Investigations Divisions have completed an investigation which identified no derogatory information as to Churchill Downs. The confidential investigative reports have been presented to the Commission for consideration. Churchill Downs' Key Persons and Substantial Owners will now submit personal disclosure forms and undergo a comprehensive background and financial investigation to award the license to operate an inland casino in Vigo County.
4. On January 29, 2019, the Board of Commissioners of Vigo County executed Resolution 2019-2 In Support of a Casino/Gaming Destination in Terre Haute/Vigo County.
5. On November 5, 2019, Vigo County voters voted to permit inland casino gaming with approximately 63% voting in support of the referendum.
6. Churchill Downs has addressed the Commission at a public meeting and public hearing to present information and respond to questions relevant to the Churchill Downs Application.

COMMISSION ACTION

The Commission hereby:

GRANTS Churchill Downs a Certificate of Suitability pursuant to 68 Ind. Admin. Code 2-1-5. The casino owner's license to operate an inland casino in Vigo County, Indiana in accordance with Ind. Code § 4-33-6.7 *et seq.*, shall be awarded to Churchill Downs upon the final affirmation of the nonrenewal of Lucy Luck's casino owner's license currently pending with the Office of Administrative Law Proceedings under cause No. IGC-0721-001440.

The Certificate of Suitability and future issuance of the casino owner's license is also subject to Churchill Downs maintaining its casino gambling operation in substantial compliance with all state and local laws including, but not limited to, Ind. Code art. 4-33, 68 IAC and all Commission regulations, resolutions, orders, or other directives relating to the casino owner's license, or to lawful operation or conduct of gaming in Indiana. This Certificate of Suitability is valid for 180 days, effective the date of this Order, and may be extended upon request from Churchill Downs.

The Commission's approval is further conditioned upon the following:

1. Pursuant to Ind. Code § 4-33-6.7-5, Churchill Downs must pay a fee of five million dollars (\$5,000,000) to the Commission. The \$5,000,000 fee is due upon the issuance of the casino owner's license.
2. Churchill Downs must submit to the Commission a plan for complying with Ind. Code § 4-33-14, regarding minority and women's business participation in the construction and conduct of the gaming operations at an inland casino.
3. Churchill Downs must make an investment of at least one hundred million dollars (\$100,000,000), with sixty-five percent (65%) of the proposed investment for the development of a casino, and thirty-five percent (35%) of the proposed investment for the development of nongaming amenities.
4. Prior to the expiration of this certificate of suitability, Churchill Downs must provide the Commission a proposed Local Development Agreement for consideration and approval by the Commission.
5. Churchill Downs complying with the requirements contained in 68 Ind. Admin Code 2-1-5(e), as applicable.
6. Pursuant to Ind. Code § 4-33-6-22, Churchill Downs shall submit a proposed power of attorney within ninety (90) days from the effective date of this Order. The power of attorney must be renewed annually concurrent with the annual casino owner's license renewal. The Commission hereby delegates approval of the power of attorney to the Executive Director.

Additionally, the Commission's approval of the Churchill Downs Application is conditioned upon Churchill Downs meeting all conditions contained in Ind. Code § 4-33-6.7-1 *et seq.* As an additional requirement imposed pursuant to Ind. Code § 4-33-6.7-5(3), Churchill Downs must receive

plan approval. The details of what the plan must include, and approval authority of the plan are hereby delegated to the Executive Director.

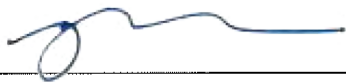
EFFECTIVE DATE

This Order shall be effective once it becomes a final Order upon the occurrence of the passage of fifteen (15) days following the receipt of the Order from the Indiana Gaming Commission as set forth in Ind. Code § 4-21.5-3-5.

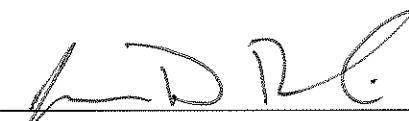
IT IS SO ORDERED THIS 17th DAY OF NOVEMBER 2021.

THE INDIANA GAMING COMMISSION:

ATTEST:



Michael McMains, Chair



Jason Dudich, Secretary