

INDIANA GAMING COMMISSION

BUSINESS MEETING

JUNE 27, 2013

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The Indiana Gaming Commission Business Meeting, taken by Sherri L. Segó, Notary Public in and for the County of Johnson, State of Indiana, held at Indiana Grand Casino, 4300 North Michigan Road, Shelbyville, Indiana, commencing at 1:00 p.m. on June 27, 2013.

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APPEARANCES

On Behalf of the Gaming Commission:

Matt Bell, Chairman

Ernest Yelton, Executive Director

Jennifer Reske, Deputy Executive Director

Robert Morgan, Commissioner

Marc Fine, Commissioner

Susan Williams, Commissioner

Joby Jerrells, General Counsel

Tracy Estes, Administrative Assistant

P R O C E E D I N G S

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CHAIRMAN BELL: Good afternoon. I'd like to call to order the June 27th business meeting of Indiana Gaming Commission. We thank you for joining us today. As we begin today, we would like to call the role of Directors present.

Directors, if you would respond by saying present.

Director Williams.

COMMISSIONER WILLIAMS: Present.

CHAIRMAN BELL: Director Morgan.

COMMISSIONER MORGAN: Present.

CHAIRMAN BELL: Director Murphy.

COMMISSIONER MURPHY: Present.

CHAIRMAN BELL: Director Fine.

COMMISSIONER FINE: Present.

CHAIRMAN BELL: Director Bell, present. Commissioner would be a better way to say that, technically.

There is a forum for doing business and our first order of business will be the approval of the minutes. During our last meeting we lacked a quorum at the January meeting to approve those minutes, so in the course of this meeting we will

1 approve both the minutes of the January 10th, 2013
2 business meeting and the March 21st, 2013 business
3 meeting. Taking first the minutes from January
4 10th, those have been provided to the
5 Commissioners.

6 Is there a motion in regard to the
7 disposition of the minutes of January 10th?

8 COMMISSIONER MURPHY: I so move.

9 CHAIRMAN BELL: The minutes of January 10th
10 have been moved for approval. Is there a second?

11 COMMISSIONER MORGAN: Second.

12 CHAIRMAN BELL: The minutes of January 10th
13 have been moved and seconded. All those in favor
14 of approval of the minutes, please signify by
15 saying aye.

16 (All Commissioners said aye.)

17 CHAIRMAN BELL: All opposed, same sign.

18 (No verbal response from the Commissioners.)

19 CHAIRMAN BELL: Thank you. The motion
20 passes.

21 We will now consider the minutes from the
22 March 21st, 2013 business meeting of the Indiana
23 Gaming Commission. Is there a motion in regard to
24 the disposition of those minutes?

25 COMMISSIONER FINE: I move for approval.

1 COMMISSIONER MURPHY: Second.

2 CHAIRMAN BELL: The motion has been made and
3 seconded. All those in favor of approving the
4 March 21st, 2013 minutes, please signify by saying
5 aye.

6 (All Commissioners said aye.)

7 CHAIRMAN BELL: All opposed, same sign.

8 (No verbal response from the Commissioners.)

9 CHAIRMAN BELL: Thank you. The motion
10 passes.

11 The Chairman recognizes Executive Director
12 Ernie Yelton for the report of the Executive
13 Director.

14 EXECUTIVE DIRECTOR YELTON: Thank you,
15 Mr. Chair, members of the Commission. We'll begin,
16 as usual, with our staff update. This May we
17 welcomed two young men of the Governor's Summer
18 Internship Program to join us. I'd like to
19 introduce them to you.

20 The first is Richard Tenore. Rick, stand
21 up, please. Originally from San Jose, California,
22 Rick moved to Indiana during his high school years.
23 He graduated from IU Bloomington in three years,
24 which is very unusual today, with a degree in
25 political science. He's been accepted to the IU

1 McKinney Law School where he'll begin next fall.

2 Next we have Christian Skordose who grew up
3 in Fort Wayne and received his undergraduate degree
4 from Indiana Purdue Fort Wayne. He is presently
5 ready to begin his second year also at the IU
6 McKinney Law School and upon graduating he hopes to
7 work both in state government and criminal
8 prosecution. And Chris, if you talk to Mike Smith
9 after the meeting, he will tell you if you get a
10 job at the gaming commission, you'll be able to do
11 both.

12 For reinvestigations, since our last
13 business meeting the background and financial
14 division has finished its reinvestigation of
15 suppliers Konami, US Playing Cards, and Ainsworth
16 Gaming Technology, LTD. Those reports have been
17 provided to you in your materials prior to the
18 meeting. Director Danielle Leak is here if you
19 have any questions. Director Brown is excused due
20 to the birth of his new daughter, Lila.

21 Are there any questions on the
22 reinvestigation reports?

23 CHAIRMAN BELL: No, sir.

24 EXECUTIVE DIRECTOR YELTON: For the
25 exclusion summary, since the March Commission

1 meeting, the IGC staff has added 16 individuals to
2 the exclusion list. Of those 16, six were placed
3 on the exclusion list for past posting, pinching,
4 or capping bets while at Indiana casinos.

5 Ten were placed on the exclusion list for
6 taking illegal possession of a TITO, casino chips,
7 or US currency in an amount of approximately \$500
8 or more or making fraudulent cash withdrawals while
9 at an Indiana casino. For the year 2013, that
10 brings the total of 40 patrons on our exclusion
11 list, which brings a grand total of 362 individuals
12 who are barred from Indiana casinos and racinos.

13 For a legislative update, the bill most
14 commonly referred to as the Gaming Bill, Senate
15 Enrolled Act 528, provides for mobile gaming
16 approved by the Commission at both casinos and
17 racinos. It places a lower wagering tax rate of
18 5 percent instead of 15 percent for casinos who
19 have an AGR of \$75 million or less.

20 It allows for casinos and racinos to deduct
21 free play promotions from their AGR. They can
22 deduct up to 2.5 percent for fiscal year '13 --
23 excuse me -- 2.5 million in fiscal year '13 and up
24 to 5 million for fiscal years '14, '15 and '16. It
25 also requires the Commission to conduct a study on

1 the preplay deduction and present its findings to
2 the -- and recommendations to the budget committee
3 no later than November, 2015.

4 House Enrolled Act 1176 now forbids spouses
5 of members and employees of the Gaming Commission
6 from gambling and it adds a Class A misdemeanor to
7 Commissioners, employees and spouses if they're
8 found gaming. I'm also looking for a volunteer to
9 tell Mr. Shelton about that before July 1st.

10 It also adds gaming control officers and
11 gaming agents to the legal definition of law
12 enforcement officers or police officers, which they
13 were already, it just clarifies the omission.

14 House Enrolled Act 1006 now provides persons
15 under 21 that enter or attempt to enter a casino or
16 racino commits a Class C infraction rather than a
17 misdemeanor. And the significance of that means
18 our gaming agents, if they find someone going onto
19 a casino floor underage, they can cite them with
20 basically a ticket. It is a misdemeanor and they
21 would have to go through the prosecuting attorney,
22 get a summons and information, which never
23 happened. So now there might be some more
24 consequences for the young people who try to come
25 and get on the floor illegally.

1 And finally, Senate Enrolled Act 609 reduces
2 the casinos' AGR to 5 -- by 5.8 percent instead of
3 1 percent prior to determining their wagering taxes
4 specifically.

5 Since the last meeting, Chris was busy with
6 several waivers that we've granted. The Casino
7 Association was granted relief from the requirement
8 of the photograph of the patrons be attached to
9 each multiple transaction control log. Only the
10 casino members with automated MTL systems will be
11 granted this waiver, and those casinos will
12 continue to capture a physical description of the
13 patron on the MTL.

14 Members of the association were also
15 relieved from the requirements that the slot
16 technician complete the machine entry authorization
17 log when entering the machine during the drop
18 process. This waiver is granted only for the slot
19 technician assigned to the drop team and only
20 during the drop.

21 Aztar was granted relief from cancelling the
22 casino Aztar sealed card and dice after the
23 rebranding to Tropicana Evansville. Those cards
24 and dice will be given away as gifts or souvenirs.
25 It also received a one-time waiver from the

1 requirement of the front side of the identification
2 badge worn by the occupational licensees. It must
3 bear the name and logo of the riverboat gambling
4 operation. The casino also was granted relief from
5 the requirement to fill out the application of
6 position change or replacement badges since the
7 change affected the entire casino.

8 Belterra was granted relief from the
9 requirement of surveillance -- for photography of
10 the MTL or CTR to the window cashier, pit boss,
11 table game shift manager, or table games manager as
12 well as the requirement that they sign the
13 photograph, write the patron's name on the back of
14 the photograph, and attach the photograph to the
15 casino's copy of the CTR.

16 The surveillance department will notify the
17 appropriate department that the photo has been
18 taken and a number signed to it. Surveillance will
19 then fill out all the required information at the
20 end of the gaming day and will forward all the
21 photos and logs to the compliance department for
22 the photo to be attached to the correct MTL or the
23 CTR.

24 Blue Chip was granted relief from the
25 requirement that a credit application be completed

1 for safekeeping or to front money deposits.

2 And finally, Majestic Star was granted a
3 one-time waiver for the preinstallation -- excuse
4 me -- preinstallment of approved themes into the
5 server-based game system. The verification of the
6 themes will be completed by an IGC agent and an IGC
7 agent will be present at the delivery of the
8 server.

9 And Mr. Chair, Members, that concludes the
10 Executive Director's report. I will be happy to
11 answer any questions, if there are any.

12 CHAIRMAN BELL: Thank you, Director Yelton.

13 Any questions from the Commission?

14 (No verbal response by the Commissioners.)

15 CHAIRMAN BELL: Hearing none, we will
16 continue on our agenda. There is no old business
17 before the Commission today. Is there new business
18 to be brought before the Commission today.

19 (No verbal response by the Commissioners.)

20 CHAIRMAN BELL: Hearing none, we will
21 proceed to Commission matters. I would invite
22 David Johnson to present us with Resolution
23 2013-069. Mr. Johnson.

24 MR. JOHNSON: Thank you, Mr. Chair, and good
25 afternoon, Executive Staff.

1 Before you is Resolution 2013-069 which
2 delegates the authority to grant interim renewals
3 of gambling game licenses to the executive
4 director.

5 A similar resolution was adopted in 2003 in
6 the interest of efficiency for riverboat owners'
7 licenses due to the length of time that may have
8 elapsed between Commission meetings and the timing
9 of the license renewals.

10 This resolution simply delegates the
11 executive authority -- the executive director the
12 authority to renew a gambling game license until
13 the Commission holds a meeting and has the
14 opportunity to consider the renewal request.

15 CHAIRMAN BELL: Let me interrupt you. Can
16 you make sure that microphone is on? We're having
17 some trouble with our guests back here.

18 MR. JOHNSON: I apologize. It's on. I
19 don't see a volume button.

20 CHAIRMAN BELL: Very good. We'll do the
21 best we can.

22 MR. JOHNSON: All right. So Commission
23 staff respectfully recommends approval of
24 Resolution 2013-069.

25 CHAIRMAN BELL: Thank you, Mr. Johnson.

1 Questions from the Commission in regard to
2 Resolution 2013-069?

3 (No verbal response from the Commissioners.)

4 CHAIRMAN BELL: Hearing none, is there a
5 motion in regard to the disposition of the
6 resolution?

7 COMMISSIONER MORGAN: Motion to approve.

8 CHAIRMAN BELL: There's been a motion to
9 approve Resolution 2013-069. Is there a second?

10 COMMISSIONER FINE: Seconded.

11 CHAIRMAN BELL: The resolution has been
12 moved and seconded. All those in favor of the
13 approval of Resolution 2013-069, please signify by
14 saying aye.

15 (All Commissioners said aye.)

16 CHAIRMAN BELL: Opposed, same sign.

17 (No verbal response from the Commissioners.)

18 CHAIRMAN BELL: Thank you. The resolution
19 passes. Thank you, Mr. Johnson.

20 MR. JOHNSON: Thank you.

21 CHAIRMAN BELL: The Chair would ask Tam
22 Timberman-Wright now to present to us Orders
23 related to voluntary exclusion. Thank you.

24 MS. TIMBERMAN-WRIGHT: Good afternoon,
25 Commissioners and Executive Staff.

1 You have before you 29 Orders regarding the
2 voluntary exclusion program. Pursuant to the rules
3 of the program, the identities of the voluntary
4 exclusion program participants must remain
5 confidential. Pursuant to 68 IAC 6-3-2(g), a
6 participant in the program agrees that if he or she
7 violates the terms of the program and enters the
8 gaming area of a facility under the jurisdiction of
9 the Commission, they will forfeit any jackpot or
10 thing of value won as a result of a wager.

11 Under Orders 2013-70 through 2013-98, a
12 total sum of \$43,387.65 was forfeited by John Does
13 39 through 67. These winnings were collected at
14 Ameristar, Belterra, Blue Chip, Hollywood, Hoosier
15 Park, Horseshoe, Horseshoe Southern Indiana,
16 Indiana Grand, Majestic Star and Rising Star.
17 These winnings were withheld as required by
18 Commission regulations.

19 Commission staff recommends that you approve
20 the remittance of these winnings for John Does 39
21 through 67.

22 CHAIRMAN BELL: Thank you, Ms. Wright.

23 Questions from the Commission for
24 Ms. Wright -- Ms. Timberman-Wright? I apologize.

25 (No verbal response from the Commissioners.)

1 CHAIRMAN BELL: Hearing none, the Chair
2 would entertain a motion to approve en masse Orders
3 2013-070 through 2013-098 as well as VEPs 1339
4 through 1367.

5 COMMISSIONER MURPHY: I so move.

6 COMMISSIONER MORGAN: Second the motion.

7 CHAIRMAN BELL: The Resolutions have been
8 moved and seconded en masse. All those in favor of
9 approving Orders 2013-070 through 2013-098, VEPs
10 1339 through 1367, please signify by saying aye.

11 (All Commissioners said aye.)

12 CHAIRMAN BELL: All opposed, same sign.

13 (No verbal response from the Commissioners.)

14 CHAIRMAN BELL: Thank you. The motion
15 passes.

16 Thank you, Ms. Timberman-Wright.

17 The Chair would now recognize Derek Young to
18 present to us Order 2013-099. Mr. Young.

19 MR. YOUNG: Thank you. Good afternoon.

20 Before you now you have Order 2013-99
21 concerning the renewal of supplier licenses
22 pursuant to Indiana Code 4-33 and 68 IAC 2-2. The
23 Commission previously approved a permanent
24 supplier's license for the following: Ainsworth
25 Game Technology LTD, Global Cash Access, Inc.,

1 Konami Gaming, Inc., GTECH S.p.A., NRT Technology
2 Corp., SHFL Entertainment and US Playing Card
3 Company.

4 A supplier's license is valid for a period of
5 one year. Pursuant to IC 4-33-7-8 and 68 IAC
6 2-2-8, a supplier's license must be renewed
7 annually with a \$7,500 renewal fee. Each of these
8 licensees has requested renewal of their license
9 and has paid the appropriate renewal fees.

10 Commission staff recommends that you approve
11 the renewal of the licenses and these suppliers.

12 CHAIRMAN BELL: Thank you, Mr. Young.

13 Questions from the Commission in regard to
14 Order 2013-099?

15 (No verbal response from the Commissioners.)

16 CHAIRMAN BELL: Hearing none, is there a
17 motion in regard to the disposition of Order
18 2013-099?

19 COMMISSIONER MORGAN: Motion to approve.

20 CHAIRMAN BELL: The Order has been moved for
21 approval. Is there a second?

22 COMMISSIONER FINE: Second.

23 CHAIRMAN BELL: The Order's been moved and
24 seconded. All those in favor of approving Order
25 2013-099, please signify by saying aye.

1 (All Commissioners said aye.)

2 CHAIRMAN BELL: All opposed, same sign.

3 (No response from the Commissioners.)

4 CHAIRMAN BELL: Thank you. The Order is
5 passed.

6 We are doing our best to augment the audio
7 in the room, so we appreciate staff stepping up and
8 working with us to get that done. We'll do our
9 best to make sure that you can hear us easily.

10 Thank you, Mr. Young. If you would continue
11 with Order 2013-100.

12 MR. YOUNG: Before you now is Order
13 2013-100, which waives the transfer requirements of
14 68 IAC 5-1 because the transferee has previously
15 been investigated, which renders the transfer
16 requirements impractical and burdensome in this
17 case.

18 Ainsworth Gaming Technology, LTD, an Indiana
19 supplier licensee, was wholly owned by Votrait No.
20 1019 Property, LTD, as trustee for the Braesyde
21 Superannuation Fund. Ms. MC Ainsworth was the sole
22 director, secretary and shareholder of Votrait No.
23 1019 and the sole member and beneficiary of the
24 Braesyde Superannuation Fund.

25 On March 27, 2013, the Commission received

1 notice that Ms. Ainsworth transferred her
2 individual shareholdings in Ainsworth to the MCA
3 Private Investment Fund in order to ensure
4 compliance with Australian regulations. Following
5 the transfer, Votrait No. 1019, as trustee for the
6 new MCA Private Investment Fund, now ultimately
7 wholly owns Ainsworth.

8 Ms. Ainsworth is the sole member and
9 beneficiary of the MCA Private Investment Fund and
10 remains the sold director, secretary and
11 shareholder of Votrait No. 1019.

12 Under 68 IAC 5-1, publicly traded supplier
13 licensees must comply with certain requirements to
14 transfer an ownership interest, including a
15 suitability investigation. Compliance with these
16 requirements is time-consuming and costly to both
17 the applicant and the Commission.

18 And because Ms. Ainsworth has been
19 previously investigated and found suitable by the
20 Commission, is under an ongoing duty to remain
21 suitable under these standards, and because after
22 the transfer Ms. Ainsworth retains the same
23 ownership interest, Commission staff believes a
24 waiver is appropriate and recommends that the
25 Commission approve Order 2013-100, which will waive

1 the transfer of ownership requirements for
2 Ms. Ainsworth.

3 CHAIRMAN BELL: Thank you, Mr. Young.

4 Questions from the Commission in regard to
5 Order 2012-100?

6 (No verbal response from the Commissioners.)

7 CHAIRMAN BELL: Hearing none, is there a
8 motion and disposition to the Order?

9 COMMISSIONER FINE: Move for approval.

10 COMMISSIONER MURPHY: Second.

11 CHAIRMAN BELL: The Order has been moved for
12 approval and seconded. All those in favor of
13 approving Order 2013-100, please signify by saying
14 aye.

15 (All Commissioners said aye.)

16 CHAIRMAN BELL: All opposed, same sign.

17 (No response from the Commissioners.)

18 CHAIRMAN BELL: Thank you. The Order is
19 passed.

20 Thank you, Mr. Young.

21 The Chair would ask David Johnson to rejoin
22 us to present to us Order 2013-101. Mr. Johnson.

23 MR. JOHNSON: Thank you, Mr. Chair.

24 Before you is Order 2013-101 to approve the
25 settlement agreement between the Indiana Gaming

1 Commission and William Nelson. Mr. Nelson applied
2 for a Level 2 occupational license to work as a
3 security officer at Casino Aztar and Tropicana in
4 Evansville in May, 2012.

5 On his application he originally disclosed
6 three arrests, but a routine background check
7 uncovered several other arrests. When asked by
8 investigators to provide documentation on those
9 other arrests, Mr. Nelson timely submitted the
10 requested documents. The information he provided
11 showed that he was arrested and convicted 11 times
12 between 1999 and 2007, all of which were
13 misdemeanors.

14 Because of his failure to comply with
15 68 IAC 235, Commission staff sent to Mr. Nelson a
16 settlement offer to settle this matter for a
17 one-day voluntary license relinquishment, and he
18 timely submitted his agreement in writing.

19 Mr. Nelson may not use vacation, leave, or
20 sick time for his relinquishment. Commission staff
21 respectfully request approval of the settlement
22 agreement.

23 CHAIRMAN BELL: Thank you, Mr. Johnson.

24 Questions from the Commission in regard to
25 Order 2013-101?

1 (No verbal response from the Commissioners.)

2 CHAIRMAN BELL: Hearing none, is there a
3 motion in regard to the disposition of Order
4 2013-101?

5 COMMISSIONER MORGAN: Motion to approve.

6 CHAIRMAN BELL: The Order has been moved.
7 Is there a second?

8 COMMISSIONER FINE: Second.

9 CHAIRMAN BELL: The Order has been moved for
10 approval and seconded. All those in favor of the
11 approval of Order 2013-101, please signify by
12 saying aye.

13 (All Commissioners said aye.)

14 CHAIRMAN BELL: All opposed, same sign.

15 (No response from the Commissioners.)

16 CHAIRMAN BELL: Thank you. The Order is
17 passed.

18 MR. JOHNSON: Thank you.

19 CHAIRMAN BELL: The Chair recognizes Jeff
20 Neuenschwander to present Order 2013-102. And
21 thanks, Jeff, for his assistance in addressing the
22 audio/visual challenge we had a moment ago.

23 MR. NEUENSCHWANDER: I could not have done
24 it without Sarah Tate's help.

25 CHAIRMAN BELL: She'll be up later.

1 MR. NEUENSCHWANDER: Good afternoon, Mr.
2 Chair, members of the Executive Staff and
3 Commissioners.

4 Order 2013-102 concerns the ratification of
5 an action taken by the Executive Director under
6 Resolution 2012-151. On April 18th, 2013 the
7 Executive Director found that a Level 3 licensee
8 was unsuitable for licensure and determined that it
9 was in the best interest to the public and gaming
10 industry to suspend that licensee's license.

11 Upon receiving the concurrence from the
12 Commissioners, the Executive Director issued Order
13 2013-HO-06 suspending the occupational license of
14 the Level 3 licensee under Indiana Code 4-21.5-4,
15 68 IAC 13-1-22 and Resolution 2012-151.

16 Resolution 2012-151 requires that any action
17 taken under a resolution be reported to the
18 Commission at the next business meeting for
19 ratification or other action by the Commission.

20 Commission staff recommends that you ratify
21 Order 2013-HO-06.

22 CHAIRMAN BELL: Thank you,
23 Mr. Neuenschwander.

24 EXECUTIVE DIRECTOR YELTON: And if I may
25 add, and correct me if I'm wrong, Jeff, this

1 particular individual is no longer employed and no
2 longer has a license in Indiana. However, since
3 the act did occur and although it's moot, we feel
4 it important that we do relay it to you for
5 ratification in any event.

6 CHAIRMAN BELL: Thank you, Director Yelton.

7 Other discussion or questions from the
8 Commission?

9 (No verbal response from the Commissioners.)

10 CHAIRMAN ELL: If not, is there a motion in
11 regard to the ratification of Order 2013-102?

12 COMMISSIONER FINE: I move for approval.

13 COMMISSIONER MURPHY: Second.

14 CHAIRMAN BELL: The Order has been moved for
15 approval and seconded. All those in favor of
16 ratifying Order 2013-102, please signify by saying
17 aye.

18 (All Commissioners said aye.)

19 CHAIRMAN BELL: All opposed, same sign.

20 (No verbal response from the Commissioners.)

21 CHAIRMAN BELL: Thank you. The Order is
22 approved and ratified.

23 Mr. Neuenschwander, if you would continue,
24 please, with Orders 2013-103 through 105.

25 MR. NEUENSCHWANDER: Thank you, Mr. Chair.

1 Orders 2013-103 and 104 concern request for
2 approval of two debt transactions by Caesars
3 Entertainment Corporation. On March 14, 2013
4 Caesars requested permission to act on a proposed
5 financing issue. While that request was being
6 analyzed by the Commission, Caesars made another
7 separate financing request on April 15, 2013. The
8 details of these requests are in your confidential
9 financial documents.

10 In accordance with Resolution 2998-74, both
11 issues were considered and approved by Chairman
12 Bell and Executive Director Yelton after
13 consultation with the Commission financial analyst.
14 Chairman Bell and Director Yelton agreed that the
15 debt transaction should be approved and Director
16 Yelton issued two separate interim approval
17 letters, one for each request, both issued on May
18 14th of 2013.

19 Resolution 2008-74 requires that interim
20 approvals be reported to you for consideration and
21 a final ratification or direction from the
22 Commission.

23 Commission staff recommends that you ratify
24 both of Executive Director Yelton's interim
25 approval letters from May 14th in Orders 2013-103

1 and 2013-104.

2 CHAIRMAN BELL: Thank you,
3 Mr. Neuenschwander.

4 Comments or questions or discussion from the
5 Commission?

6 (No verbal response from the Commissioners.)

7 CHAIRMAN BELL: Hearing none, is there a
8 motion in regard to the dispositions of Orders
9 2013-103 and 2013-104?

10 COMMISSIONER MORGAN: Motion to approve.

11 CHAIRMAN BELL: The Orders have been moved
12 for approval. Is there a second?

13 COMMISSIONER FINE: Second.

14 CHAIRMAN BELL: The Orders have been moved
15 and seconded. All those in favor of approving
16 Order 2013-103 and Order 2013-104, please signify
17 by saying aye.

18 (All Commissioners said aye.)

19 CHAIRMAN BELL: All opposed, same sign.

20 (No verbal response from the Commissioners.)

21 CHAIRMAN BELL: Thank you. The Orders are
22 approved and ratified. Thank you,
23 Mr. Neuenschwander.

24 MR. NEUENSCHWANDER: Thank you, Mr. Chair.

25 CHAIRMAN BELL: The Chair would ask Chris

1 Gray to present us with 2012-106. Ms. Gray.

2 MS. GRAY: Good afternoon, Commissioners and
3 Executive Staff.

4 Orders 2013-106 is a settlement agreement
5 with Rising Star regarding an admissions tax
6 credit. Due to a procedure for the onboard patron
7 count, Rising Star inadvertently reported an
8 incorrect number of patrons and overpaid their
9 admission taxes. The Commission agrees to allow
10 Rising Star to claim credits in lieu of admission
11 tax payments each Saturday over the course of
12 eleven weeks for a total of \$53,007.

13 The Commission staff recommends that you
14 approve Order 2013-106.

15 CHAIRMAN BELL: Thank you, Ms. Gray.

16 Comments, questions, discussion from the
17 Commission?

18 (No verbal response from the Commissioners.)

19 CHAIRMAN BELL: Hearing none, is there a
20 motion in regard to disposition of Order 2013-106?

21 COMMISSIONER MORGAN: Motion to approve.

22 CHAIRMAN BELL: The Order has been moved for
23 approval. Is there a second?

24 COMMISSIONER FINE: Second.

25 CHAIRMAN BELL: The Order has been moved for

1 approval and seconded. All those in favor of
2 approving Order 2013-106, please signify by saying
3 aye.

4 (All Commissioners said aye.)

5 CHAIRMAN BELL: All opposed, same sign.

6 (No verbal response from the Commissioners.)

7 CHAIRMAN BELL: Thank you. The Order
8 passes.

9 Ms. Gray, if you would continue, please.

10 MS. GRAY: Next you have before you nine
11 settlement agreements concerning disciplinary
12 actions.

13 The first settlement is with Ameristar,
14 Order 2013-107, and includes two counts. In the
15 first count an underage person was allowed on the
16 casino floor. The second count violated the rule
17 regarding timely notification of termination of
18 employees. Ameristar has agreed to a monetary
19 settlement of \$5,000 in lieu of disciplinary
20 action. Are there any questions?

21 The second Order, 2013-108, is a settlement
22 agreement with Belterra and includes four counts.
23 In the first count the casino failed to follow the
24 rule regarding playing cards. In the second count
25 the casino failed to identify an excluded patron on

1 the casino floor and cashed out gaming chips for
2 him. In Count 3 the casino failed to follow the
3 rule regarding bill validator boxes. In the fourth
4 count the casino failed to timely transfer several
5 progressive amounts to other slot machines.

6 Belterra has agreed to a total monetary
7 settlement of \$14,500 in lieu of disciplinary
8 action. Are there any questions concerning this
9 Order?

10 CHAIRMAN BELL: No, ma'am.

11 MS. GRAY: Order 2013-109 is a settlement
12 agreement involving three counts. In the first
13 count an underage person was allowed on the casino
14 floor. In the second count the casino failed to
15 notify the Commission of a terminated employee.
16 The third count violated the rule regarding
17 notification of criminal activity.

18 Blue Chip has agreed to a total monetary
19 settlement of \$7,500 in lieu of disciplinary
20 action. Are there any questions?

21 CHAIRMAN BELL: No, ma'am.

22 MS. GRAY: Order 2013-110 is a settlement
23 agreement with French Lick and includes two counts.
24 In the first count the casino failed to submit the
25 slot machines and display the correct rules for a

1 tournament. In the second count the casino
2 performed a hot swap with the surveillance backup
3 storage which failed to then resume recording the
4 correct coverage.

5 French Lick has agreed to a monetary
6 settlement of \$4,500 in lieu of disciplinary
7 action. Are there any questions?

8 CHAIRMAN BELL: No, ma'am.

9 MS. GRAY: The fifth Order, 2013-111, is a
10 settlement agreement with Hollywood and includes
11 five counts. In the first count a deck of cards
12 with a missing ace of spades was put into play at a
13 poker table. In the second count a promotion was
14 conducted without approval from the Commission. In
15 the third count the casino failed to follow the
16 rules regarding surveillance coverage of a
17 progressive jackpot. The fourth count attests the
18 casino failed to have adequate security on the
19 casino floor. The fifth disclosed the casino
20 placed into play a Big Six Wheel that had failed
21 inspection.

22 Hollywood has agreed to a total monetary
23 settlement of \$24,000 in lieu of disciplinary
24 action. Are there any questions?

25 CHAIRMAN BELL: No, ma'am.

1 MS. GRAY: Order 2013-112 is a settlement
2 agreement with Horseshoe Hammond. In the first
3 count on three separate occasions an underage
4 person was allowed on the casino floor. In the
5 second count the casino failed to -- I'm sorry. In
6 the second count the casino allowed people to work
7 on expired licenses.

8 Horseshoe Hammond had agreed to a total
9 monetary settlement of \$20,000 in lieu of
10 disciplinary action. Are there any questions?

11 COMMISSIONER MURPHY: I have one, Ms. Gray.

12 The March 28 incident of underage admission,
13 it says in the last sentence, the third or fourth
14 sentence that they did it three times?

15 MS. GRAY: Yes, between the third and the
16 third, one of their previous ones dropped because
17 it was past -- within a six-month period. So it
18 made it the third and third and fourth time.

19 COMMISSIONER MURPHY: So there are two
20 thirds?

21 MS. GRAY: Yes. It's a little confusing.

22 COMMISSIONER MURPHY: Okay. Thank you.

23 CHAIRMAN BELL: Any further questions?

24 Thank you. Please continue, ma'am.

25 MS. GRAY: Order 2013-113 is a settlement

1 agreement with Horseshoe Southern Indiana and
2 includes five counts.

3 In the first count the casino allowed an
4 underage person onto the casino floor on five
5 separate occasions. The second count outlines a
6 violation of the playing cards rules on two
7 separate occasions. In the third count the casino
8 failed to timely notify the Commission of an
9 employee who had transferred to another position.
10 The fourth count disclosed the casino failed to
11 ensure all patrons entering the casino passed
12 through an approved patron counting system and that
13 all patrons were over the age of 21. In the fifth
14 count the casino failed to timely notify the
15 Commission of the resignation of a board member.

16 Horseshoe Southern Indiana has agreed to a
17 total monetary settlement of \$44,000 in lieu of
18 disciplinary action. Are there any questions?

19 CHAIRMAN BELL: No, ma'am.

20 MS. GRAY: Order 2013-114 is a settlement
21 with Majestic Star involving six counts. In the
22 first count the VEP rules were violated. The
23 second count violated the rule regarding the
24 transfer or exchange of chips between table games.
25 In the third count the casino failed to follow the

1 rules regarding playing cards. The fourth count
2 disclosed the casino allowed an employee to work
3 with an expired badge. In the fifth count the
4 casino failed to ensure that all the money in the
5 count room was counted and transported to the main
6 bank. In the sixth count the casino failed to
7 submit and receive approval for changes to their
8 organizational chart and job descriptions before
9 making the changes.

10 Majestic Star has agreed to pay a total
11 monetary settlement of \$23,500 in lieu of
12 disciplinary action. Are there any questions on
13 this?

14 CHAIRMAN BELL: No, ma'am.

15 MS. GRAY: The final Order, 2013-115, is a
16 settlement agreement with Rising Star wherein the
17 casino violated the rule regarding coverage of the
18 implementation of a progressive jackpot at a table
19 game.

20 Rising Star has agreed to pay a monetary
21 settlement of \$1,500 in lieu of disciplinary
22 action. Are there any questions?

23 CHAIRMAN BELL: No, ma'am.

24 MS. GRAY: The Commission staff recommends
25 that you approve Orders 2013-107 through 2013-115,

1 each of which approves one of the settlement
2 agreements that we have just discussed.

3 CHAIRMAN BELL: Thank you, Ms. Gray.

4 Is there a discussion amongst the Commission
5 regarding Orders 2013-108 through 2013-115 or
6 additional questions?

7 (No verbal response from the Commissioners.)

8 CHAIRMAN BELL: Hearing none, the Chair
9 would request a motion in regard to the disposition
10 of the aforementioned Orders.

11 COMMISSIONER MORGAN: Motion to approve.

12 CHAIRMAN BELL: The Orders have been moved
13 for approval. Is there a second?

14 COMMISSIONER FINE: Second.

15 CHAIRMAN BELL: All those in favor of
16 approving Orders 2013-107 through 2013-115, please
17 signify by saying aye.

18 (All Commissioners said aye.)

19 CHAIRMAN BELL: All opposed, same sign.

20 (No verbal response from the Commissioners.)

21 CHAIRMAN BELL: Thank you. The Orders
22 passed and are approved.

23 MS. GRAY: Thank you.

24 CHAIRMAN BELL: Mr. Johnson, if you would
25 please present us with Order 2013-116.

1 MR. JOHNSON: Thank you, Mr. Chair.

2 Before you are Orders 2013-116 through
3 2013-119 regarding the annual license and power of
4 attorney renewals for Indiana Grand, Ameristar
5 Horseshoe Hammond and the Majestic Stars.

6 All submitted the required paperwork -- the
7 required renewal paperwork and fees and the
8 executive director issued an interim renewal under
9 authority delegated by Order 2012-151 for Indiana
10 Grand. Order 2013-116 also ratifies the executive
11 director's interim renewal of Indiana Grand's
12 gambling game license.

13 The executive director issued interim
14 renewals for each Ameristar, Horseshoe Hammond and
15 the Majestic Stars under authority delegated by
16 Order 2003-13 to bridge the time gap between the
17 renewal and this meeting.

18 The power of attorney for Indiana Grand was
19 approved at the March 2013 Commission meeting and
20 the power of attorney for Ameristar, Horseshoe
21 Hammond and Majestic Star was approved at the
22 August 2012 meeting.

23 Because these approvals expire upon the
24 renewal of each license, each licensee must either
25 request renewal of the Commission's approval of the

1 power of attorney concurrent with the request for
2 renewal or present the Commission with a new power
3 of attorney naming a new trustee in waiting.

4 Indiana Grand wishes to request renewal of
5 Trinity Hill Group as its trustee in waiting,
6 Ameristar wishes to request renewal of Angela Frost
7 as trustee in waiting, Horseshoe Hammond requests
8 renewal of Charles Atwood as trustee in waiting,
9 and Majestic Stars request renewal of House
10 Advantage, LLC as trustee in waiting.

11 Staff recommends approval of Order 2013-116
12 renewing Indiana Grand's gambling game license and
13 ratifying the previously-issued interim approval
14 for Indiana Grand. Staff also recommends approval
15 of Order 2013-117 through 2013-119 renewing the
16 casino owners' licenses of Ameristar, Horseshoe
17 Hammond and Majestic Stars.

18 Finally, staff recommends approval of the
19 renewal of the trustees for Indiana Grand,
20 Ameristar, Horseshoe Hammond and Majestic Stars.

21 CHAIRMAN BELL: Thank you, Mr. Johnson.

22 Questions from or discussion from the
23 Commission?

24 (No verbal response from the Commissioners.)

25 CHAIRMAN BELL: Hearing none, the Chair

1 would entertain a motion to approve Orders 2013-116
2 through Orders 2013-119 en masse.

3 COMMISSIONER FINE: Move for approval.

4 COMMISSIONER MURPHY: Second.

5 CHAIRMAN BELL: The Orders have been moved
6 for approval and seconded. All those in favor of
7 approving Orders 2013-116, 2013-117, 2013-118 and
8 2013-119, please signify by saying aye.

9 (All Commissioners said aye.)

10 CHAIRMAN BELL: All opposed, same sign.

11 (No verbal response from the Commissioners.)

12 CHAIRMAN BELL: Thank you. The Orders are
13 approved.

14 Mr. Johnson, if you would continue, please.

15 MR. JOHNSON: Order 2013-120 concerns the
16 application of Pinnacle Entertainment to acquire
17 Ameristar Casinos, Inc. Pinnacle is the parent
18 company of Belterra Resort Indiana, LLC, the casino
19 licensee operating in Florence, Indiana. Ameristar
20 is the parent company of Ameristar Casino East
21 Chicago, LLC, a casino licensee operating in East
22 Chicago, Indiana.

23 Pinnacle has proposed to acquire Ameristar
24 which would give Pinnacle two licenses in Indiana
25 and Pinnacle has already paid and receipt has been

1 confirmed the two dollar -- \$2 million fee -- I'm
2 sorry -- imposed by IC 4-33-4-21 for a licensed
3 owner who acquires a controlling interest in a
4 second owner's license. Representatives of
5 Pinnacle are here today to present the structure of
6 the transaction for the Commission.

7 CHAIRMAN BELL: Thank you, Mr. Johnson.

8 The Chair would invite Anthony Sanfilippo,
9 the chief executive officer, to present to us.
10 Mr. Sanfilippo, thank you for joining us today.

11 MR. SANFILIPPO: Good afternoon. Thank you
12 for having us here. With me is Jack Godfrey, who
13 is our corporate secretary and general counsel of
14 Pinnacle Entertainment. Also with us is Matthew
15 Schuffert, who is the general manager of the
16 Ameristar property in East Chicago, along with some
17 members of his team, and Sue Ascanio, who is the
18 general manager of our Belterra property that's in
19 the northern part of Indiana. So thank you for
20 having us here.

21 We would like to spend a little bit of time
22 talking about our company. We're very excited
23 about this transaction. We believe this is going
24 to make us a much better, stronger company. We
25 have taken the approach that we're going to take

1 the best out of both of our companies to make a
2 better company, and that's how we've communicated
3 this transaction to both internally our team
4 members and externally those that follow our
5 company.

6 We announced this transaction at the end of
7 December of last year. We have spent time at each
8 one of the Ameristar facilities. There's eight
9 Ameristar properties. It helps us -- we provide
10 you information at your leisure, if you would just
11 take a look at the maps and others that are in
12 there. This really helps us to spread our base
13 throughout the United States. It gives us more
14 markets to operate in.

15 We today are a company that has revenues of
16 about \$1.2 billion. Ameristar is about the same.
17 It will double our revenues and more than double or
18 even up our cash flow for the company. In
19 addition, we are going to go from today our company
20 has about 8,000 team members, and we'll go to over
21 15,000 team members with the combined company. So
22 it really helps put us on a different platform from
23 the standpoint of being able to be a stronger
24 company, have a stronger balance sheet and for us
25 to be able to continue to grow our company.

1 MR. SANFILIPPO: Pete Rose would be good. I
2 was thinking Johnny and I said Pete -- excuse me
3 for saying that. You're not a Pete Rose fan, but
4 we are a Johnny Bench fan. And Johnny Bench, who
5 is a terrific individual, will be there to be a
6 part of the grand opening celebration and spend the
7 weekend there with us. We're very proud of the
8 Belterra property and having been a part of
9 Indiana.

10 I'd like to shift a little bit to the
11 Ameristar property, the East Chicago property.
12 It's a property that I've had experience with
13 earlier in my career. I've been with Pinnacle for
14 a little bit more than three years. I was with
15 Harris Entertainment for a good part of my career,
16 23 years with Pinnacle -- with Harris
17 Entertainment. And when I was with them one of my
18 responsibilities was this property. Harris owned
19 this property, so I know this property extremely
20 well.

21 The property was purchased not from Harris.
22 Ameristar purchased it from Resorts, I think it was
23 in 2009. And so it was nice for me to be able to
24 go back to the property. I know a number of the
25 team members that are still there. We fully expect

1 the team to run that property. They've done a nice
2 job of running that property. I spent the time
3 with the mayor of East Chicago and introduced
4 myself to him.

5 We are glad to be growing our presence here
6 in the state. We know how important it is for you
7 to have capital investment in these properties. We
8 maintain our properties very well throughout our
9 system, and we think it's extremely important to
10 focus on our team members, too. We're glad to be
11 here and we appreciate your consideration to
12 approve this transaction.

13 CHAIRMAN BELL: Thank you, sir.

14 Discussion or questions from Commission
15 members for Mr. Sanfilippo?

16 COMMISSIONER MORGAN: It seems to be a very
17 nice fit. Thank you for coming today and for a
18 very nice presentation.

19 MR. SANFILIPPO: Thank you. And we feel
20 that way. We find ourselves to be very
21 complementary from a culture standpoint, our two
22 companies, and how we look at things. Thank you
23 for recognizing that, and we believe it's going to
24 be a very good fit.

25 CHAIRMAN BELL: We would invite Mr. Godfrey,

1 if there is anything he would like to add, and
2 thank you as well for joining us today, sir.

3 MR. GODFREY: Mr. Sanfilippo covered it very
4 thoroughly. We do appreciate the professional
5 treatment that we got from your staff, as we always
6 do, and we appreciate the agency.

7 We're making significant progress with the
8 FTC. We're moving forward to the conclusion of
9 this transaction. The financing is moving along
10 nicely. We plan to launch the bank deal the week
11 of July 8th, the bond deal will be July 22nd. So
12 right now we're on schedule and we're working as
13 fast as we can to bring this transaction to a
14 close.

15 CHAIRMAN BELL: Thank you.

16 Questions for Mr. Godfrey or further
17 discussion?

18 (No verbal response from the Commissioners.)

19 CHAIRMAN BELL: Thank you, gentlemen.

20 Hearing no further discussion or questions
21 from the Commission, would ask for a motion in
22 regard to the disposition of Order 2013-120.

23 COMMISSIONER MORGAN: Motion to approve.

24 COMMISSIONER FINE: Second.

25 CHAIRMAN BELL: Although the motion has been

1 approved and seconded, would invite Mr. Johnson to
2 conclude before voting on the order. Mr. Johnson,
3 if you would.

4 Thank you, gentlemen.

5 MR. JOHNSON: Just to let you know, the
6 Order approves the acquisition and also waives the
7 two meeting requirement -- two meeting rule
8 requirement and also approves the debt financing.

9 First, the Commission's approval of this
10 acquisition is conditioned upon the processes
11 issued by the FTC as mentioned under the
12 Hart-Scott-Rodino Antitrust Improvements Act of
13 1976 concluding in such a way that would permit
14 closing of Pinnacle's acquisition of Ameristar, and
15 Pinnacle, key persons of Pinnacle, and relevant
16 affiliates, persons, and/or entities holding an
17 economic, beneficial, or other interest in Pinnacle
18 remaining in compliance with laws, regulations,
19 and/or other directives that are applicable to a
20 casino owner's license.

21 In the event of a material change to the
22 transaction, the Order also grants Executive
23 Director Yelton the authority to issue a stop order
24 which would require Pinnacle to appear before the
25 Commission to resolve any material differences.

1 Second, the Order waives the two rule
2 meeting requirement and approves Pinnacle's debt
3 financing. 68 IAC 5-3-2 provides that a licensee
4 may not enter into a debt transaction without
5 approval of the Commission and requires two
6 meetings to receive that approval. Because this
7 rule is cumbersome and would often prevent
8 licensees from taking advantage of beneficial
9 market rates, this rule is usually waived.

10 Here the waiver is conditioned upon the
11 final terms of the financing being not materially
12 different from what has been presented, the terms
13 not violating 4-33-4-21, Pinnacle providing the
14 Commission a legal opinion demonstrating compliance
15 with 4-33-4-21, and refinancing closes on or before
16 October 31st, 2013.

17 CHAIRMAN BELL: I apologize for not offering
18 you the opportunity to conclude.

19 Given Mr. Johnson's summary of the Order, is
20 there a -- does the motion and second still stand?

21 COMMISSIONER MORGAN: Yes. Motion to
22 approve stands.

23 COMMISSIONER FINE: Yes.

24 CHAIRMAN BELL: The Order then has been
25 moved and seconded for approval. All those in

1 favor of the approval of Order 2013-120, please
2 signify by saying aye.

3 (All Commissioners said aye.)

4 CHAIRMAN BELL: All opposed, same sign.

5 (No verbal response from the Commissioners.)

6 CHAIRMAN BELL: The Order is approved.

7 Thank you, gentlemen, for joining us today.

8 Mr. Johnson, if you would now present us
9 with Order 2013-121.

10 MR. JOHNSON: Thank you, Mr. Chair.

11 Order 2013-121 concerns the transfer of
12 Hollywood's owner's license and the surrounding
13 transaction. Penn National Gaming is the parent
14 company of Indiana Gaming Company, LP, doing
15 business as Hollywood Casino Lawrenceburg.

16 Penn has proposed separating its operating
17 assets from its real property assets by creating a
18 REIT. Penn's representatives are here today to
19 present the proposed restructure.

20 CHAIRMAN BELL: Thank you. The Chair will
21 invite Tim Wilmott, Chief Operating Officer, to
22 join us for this presentation. Mr. Wilmott.

23 MR. WILMOTT: Good afternoon, Mr. Chair,
24 Commissioners, Executive Director and staff. Thank
25 you for giving Penn National the opportunity today

1 to briefly give you an overview of this proposed
2 transaction.

3 As Mr. Thar is passing out a very short
4 presentation, which I'm going to cover only the
5 highlights on when you all get them -- as you're
6 passing them out, I'd like to introduce some people
7 with me today from our corporate office. Our chief
8 accounting officer, Desiree Birk; our vice
9 president of compliance, Frank Donahue; and our
10 associate general counsel, Brandon Moore. Also
11 with me to today is Todd George, our general
12 manager of Hollywood Casino Lawrenceburg and his
13 team.

14 Back in November we announced our proposed
15 intention to create the first publicly trained
16 REIT, and that came in after we got in the month of
17 October 2012, a private letter ruling from the IRS
18 that took a little less than two years of back and
19 forth to secure what gives us the ability to create
20 this REIT and do this spinoff in a tax-free format.

21 I wanted to just on page 2 briefly cover a
22 little bit about Penn National. We started our
23 involvement in the state of Indiana with the Argosy
24 acquisition back in 2005. We operate 22 casinos
25 today and are one of the largest regionally

1 operated casino companies in the United States.
2 But I wanted to highlight the impact we've had in
3 the state of Indiana.

4 Since 2006 we've paid out over \$1.3 billion
5 in various forms of revenue both to the state and
6 to the city of Lawrenceburg. We've generated over
7 \$3 billion in revenue and invested over \$350
8 million in capital. If you recall back in 2009, we
9 spent over \$300 million to do a complete conversion
10 from Argosy to the Hollywood Casino product that we
11 have in place today. And we currently employ over
12 1250 team members at the Lawrenceburg facility.

13 Now, just a bit of an overview of publicly
14 traded REITS. REITS have actually been around over
15 50 years. It was created by our federal
16 government, in fact, to allow retail investors to
17 have ownership in commercial real estate. Prior to
18 that only really institutional investors and high
19 net worth individuals could participate in the
20 ownership of commercial real estate.

21 And it was created in a tax format that
22 didn't tax the earnings from these properties at
23 the corporate level, but it was taxed as ordinary
24 income down through dividends given to the
25 shareholders. In fact, there are today over 150

1 publicly traded REITS on the New York Stock
2 Exchange. It has a market cap north of \$550
3 billion. And in fact, in the S&P 500 there are 16
4 very large REITS that comprise about half of that
5 capitalization. And the REITS today own just shy
6 of over a billion -- a trillion dollars -- excuse
7 me -- of commercial real estate here in the United
8 States.

9 What we're proposing to do is highlight, on
10 page 4 in your packet, we're proposing to transfer
11 most of the real estate assets, the land and
12 buildings specifically, to a new publicly traded
13 gaming REIT called Gaming and Leisure Properties,
14 Inc. It's our intention to have GLPI trade it on
15 the exchange. We will -- if all approvals are
16 secured, we will provide current Penn shareholders
17 with one share of the newly-formed company,
18 one-for-one exchange, when the spinoff does occur.

19 There has been a master lease agreement put
20 in place between the landlord, GLPI, and the
21 operating company, Penn National, that governs the
22 terms for the business arrangement. It's a 15-year
23 lease with four five-year extensions, so a total of
24 potentially 35 years, where Penn would pay GLPI
25 rent for the use of the land and buildings under

1 this master lease agreement.

2 The landlord will be a completely passive
3 landlord. The operating responsibilities in
4 compliance with all laws, rules and regulations
5 will remain with Penn National as the licensee here
6 in the state of Indiana. And through a re-election
7 that we hope will occur in early 2014, then going
8 forward there will be annual dividends where
9 approximately 90 percent of the taxable income of
10 the REIT will be distributed out to the
11 shareholders in the form of cash.

12 I want to just very briefly cover on page 5
13 just the mechanics of this. It is somewhat a
14 complicated transaction that has many steps in
15 order to satisfy the IRS requirements and the FCC
16 requirements. But we are going to spin off a
17 subsidiary from Penn GLP and at that time move the
18 REIT assets, currently the land and buildings, over
19 to that company.

20 There are two properties, and these are for
21 IRS reasons, that will be moving over into what is
22 called a Taxable REIT Subsidiary, or TRS, that will
23 be our Hollywood Perryville, Maryland property and
24 our Hollywood Baton Rouge property in Louisiana,
25 will leave Penn National and move over to GLPI and

1 the other properties, the operating or other FFE
2 assets, will stay with Penn National including all
3 the gaming equipment that we operate at these
4 properties. All of our joint venture agreements
5 will stay with Penn National as well. And, in
6 fact, as I said before, all the licenses will fall
7 within Penn National with the exception of Maryland
8 and Louisiana.

9 The rationale on page 6 for the transaction
10 talks about four items that we've covered with
11 multiple jurisdictions.

12 One is competitive opportunities. We
13 believe with the way publicly traded triple net
14 leased REITS are valued today, it will give the
15 gaming industry an opportunity to get a new source
16 of capital to improve their balance sheets and
17 improve the health of their individual companies or
18 individual assets within their companies in either
19 asset sale-leaseback transactions that, as we're
20 proposing today, are outright sales of gaming
21 enterprises.

22 It'll also provide GOPI the ability to
23 diversify into nongaming real estate classes. I
24 don't think that's going to be the intention of the
25 first couple of years. I think the focus will be

1 in the gaming sector. But down the road clearly
2 the strategy is to look at other nongaming assets
3 as a way to grow the company.

4 Regulatory opportunities also are
5 facilitative with this in a number of states,
6 including Indiana, but this is not the case here.
7 We have one license per owner restrictions, and
8 part of the reason we're moving Perryville,
9 Maryland over to the REIT, it will allow Penn
10 National to take advantage of future growth
11 opportunities in the state of Maryland because of
12 that restriction. And overall it will lower our
13 cost of capital, given the tax free format of the
14 REIT structure so we'll be able to have a lower
15 cost of capital to grow our business.

16 On page 7, the impact on Indiana with
17 respect to state gaming revenue and taxes, property
18 management and focus, employment capital
19 expenditures and all of our internal control
20 compliance and responsible gaming compliance will
21 remain the same and meet under the responsibility
22 of Penn National, their licensee.

23 I did want to highlight on page 8 my focus
24 and our team's focus on continuing the
25 competitiveness of Hollywood Casino in

1 Lawrenceburg. We are in the process of renovating
2 all of our 300 hotel rooms spending between last
3 year and this year \$10 million, which predominantly
4 goes to the room renovations. We also put in a
5 partnership with the city of Lawrenceburg to
6 construct a 180-room hotel of which we expect to
7 open in the summer of 2014 to give us a room base
8 just under 500 rooms.

9 We continue with the introduction in March
10 of Horseshoe Cincinnati to fight as aggressively as
11 we can to protect revenues in the Cincinnati
12 market, and we continue to look at ways to continue
13 to fight that battle, even though they have been a
14 very, very aggressive competitor in opening up
15 their -- we believe we've held up very, very well
16 to this point and we'll continue to defend our turf
17 in the market that they're attacking us on and
18 continue to focus the team efforts on improving the
19 enhancement of the service and the experience the
20 customers have there.

21 We believe long term we'll be very viable
22 operating here in the state of Indiana with all
23 these -- with all these things that we're doing and
24 in the ongoing focus to maintain our product at a
25 very, very high competitive level.

1 The one thing I did want to touch on before
2 I conclude my comments is just some social aspects
3 of the transaction. Peter Carlino, our current CEO
4 and chairman, will become the chairman and CEO of
5 the gaming REIT, Gaming and Leisure Properties,
6 Inc. I will become the CEO of Penn National. And
7 Mr. Carlino will become the nonexecutive chairman
8 of Penn National if we secure all of the necessary
9 approval. So that's how we're structuring the
10 management and governings of these two entities
11 going forward.

12 We have entered into a transition services
13 agreement for GOPI. The IRS allows us to provide
14 the new company with administrative services for up
15 to a two-year period before they become completely
16 self-sufficient and we've reached agreement between
17 the parties on those transition services. Again,
18 they have up to two years to become completely
19 self-sufficient and they will reimburse us for the
20 cost of those services once the spin does occur.

21 With that, I would like to thank the
22 regulatory body here in Indiana for being one of
23 the first to understand and embrace this very
24 complicated transaction. And as we're going
25 through state by state to secure these approvals,

1 it's been really welcomed and recognized by our
2 corporate office at Penn National how Indiana has
3 stepped up to be one of the first to consider this
4 transaction. Thank you.

5 CHAIRMAN BELL: Thank you, Mr. Wilmott.
6 Thank you for the wonderful explanation and
7 discussion of the REIT plan.

8 Are there questions, discussion from members
9 of the Commission?

10 COMMISSIONER MURPHY: I have a question just
11 out of curiosity more than anything.

12 When the assets are transferred into the
13 REIT, will there be any cash flow involved in the
14 exchange of cash?

15 MR. WILMOTT: No, when the assets are
16 transferred there will be no exchange of cash.

17 COMMISSIONER MURPHY: They'll just go with
18 the basis that company --

19 MR. WILMOTT: Exactly.

20 COMMISSIONER MURPHY: Okay. Thank you.

21 CHAIRMAN BELL: Additional questions from
22 the Commission? Director Yelton?

23 EXECUTIVE DIRECTOR YELTON: Yes, if I may,
24 Mr. Chair, a statement and a question.

25 First of all, Indiana law does provide for

1 the leasing of gaming property assuming that
2 individual can be licensed under our supplier
3 sections. And we've agreed that would be
4 appropriate here with the REIT, and I think it's
5 also agreed with Penn National.

6 And I should know the answer to this, but I
7 don't. Because of the unique situation of the
8 agreement with the city on the hotel and the
9 convention center, once the construction is final
10 and is totally operational, will that be subject to
11 the REIT or will that be independent of the REIT?

12 MR. WILMOTT: That will be independent of
13 the REIT.

14 EXECUTIVE DIRECTOR YELTON: Okay.

15 CHAIRMAN BELL: Further questions?

16 EXECUTIVE DIRECTOR YELTON: No.

17 CHAIRMAN BELL: Further questions from the
18 Commission? If not, Mr. Wilmott, thank you for
19 joining us today. We appreciate the presentation
20 very much. Thank you very much.

21 MR. WILMOTT: Thank you.

22 CHAIRMAN BELL: Mr. Johnson, if you would
23 continue, please.

24 MR. JOHNSON: Thank you, Mr. Chair.

25 The proposed order is going to do a couple

1 of things. First, it approves a deviation of
2 68 IAC-2-1-4 which requires an applicant that
3 changes from one league entity to another to
4 provide a new Part 1 of the application along with
5 a \$50,000 application fee. Penn requests a waiver
6 of the new Part 1 requirement but does not seek a
7 waiver of the \$50,000 fee, which they have already
8 paid and we've already received.

9 Secondly -- sorry -- the order would grant
10 the executive director authority to issue final
11 approval of the REIT structure, approve transfer of
12 the gaming license and issue a permanent supplier's
13 license to GLPI, as Director Yelton just mentioned
14 was necessary.

15 This authority is conditioned upon the
16 following: A favorable conclusion after
17 consultation with Dr. Charlene Sullivan, the
18 Commission's outside financial analyst, that the
19 transaction should be approved; and no material
20 changes to the proposed transaction as approved in
21 a private letter ruling issued by the IRS.

22 If there are any substantive changes to
23 Penn's proposed transaction or if the Commission's
24 staff concludes that the transaction is unsound
25 after consulting with Dr. Sullivan, the executive

1 director may decline to issue final approval, which
2 would require Penn to appear and present the
3 proposal for consideration at a Commission meeting.

4 Based on the foregoing, approval of the
5 deviation, staff recommends approval of the
6 deviation from 68 IAC 2-1-4 and also recommends
7 assignment of authority to the executive director
8 to issue final approval of the REIT structure,
9 transfer the gaming license from Indiana Gaming
10 Company, LP to Indiana Gaming Company, LLC, and
11 issue a permanent supplier's license in accordance
12 to GLPI in accordance with the previously-discussed
13 conditions.

14 EXECUTIVE DIRECTOR YELTON: May I ask a
15 question?

16 MR. JOHNSON: Yes.

17 EXECUTIVE DIRECTOR YELTON: Will this
18 authorize the issuance of a permanent license or
19 just a temporary?

20 MR. JOHNSON: The supplier's license?

21 EXECUTIVE DIRECTOR YELTON: Yes.

22 MR. JERRELLS: It will give the authority to
23 issue a permanent.

24 MR. JOHNSON: It give you the authority
25 to --

1 EXECUTIVE DIRECTOR YELTON: Right, the
2 ordering of itself. Because I understand there are
3 still some --

4 MR. JOHNSON: Correct.

5 EXECUTIVE DIRECTOR YELTON: -- people we
6 need to look at that would be provided to us.

7 MR. JOHNSON: That gives you the authority.

8 EXECUTIVE DIRECTOR YELTON: Okay. That's
9 what I would recommend.

10 COMMISSIONER MORGAN: And you need a letter
11 from the IRS confirming or --

12 MR. JOHNSON: There was a --

13 COMMISSIONER MORGAN: What is the status of
14 that situation?

15 MR. JOHNSON: There was a letter from the
16 IRS stating some issues that they had. I'm sorry.
17 There was a private letter -- approved in the
18 private letter issued by the IRS was saying that as
19 long as there weren't any substantive changes based
20 on what they -- what was approved by the IRS,
21 then...

22 COMMISSIONER MORGAN: Okay. So the letter
23 that you have from the IRS, you don't have the
24 letter?

25 MR. THAR: The IRS has issued a copy of the

1 letter. It's a private letter ruling. The steps
2 in that letter need to be followed substantially
3 identical to the way it's laid out in that letter.
4 Otherwise, it jeopardizes the tax free aspects of
5 the transaction.

6 COMMISSIONER MORGAN: So if I understand
7 everything correctly, once the items are fulfilled
8 from the letter from the IRS, then they will honor
9 this transaction?

10 MR. THAR: They have blessed it --

11 COMMISSIONER MORGAN: They have blessed it.

12 MR. THAR: -- but I have not seen it
13 developed.

14 COMMISSIONER MORGAN: This is where we
15 ultimately get to whatever those items are.

16 COMMISSIONER MURPHY: And, again, the IRS is
17 not going to be in the position of actually looking
18 at this again or approving it? They're just
19 telling the company the ground rules and really the
20 only way you would find out if you were in
21 violation of it is through an audit?

22 MR. THAR: I'm not the best person to answer
23 that. May I ask Brandon Morris to come forward?

24 COMMISSIONER MURPHY: Sure.

25 CHAIRMAN BELL: Thank you. For members of

1 the audience and the Commission, we just heard from
2 Jack Thar. Mr. Wilmott?

3 MR. WILMOTT: Commissioner Murphy, I
4 misunderstood your question before. I want to
5 clarify your question about transferring of cash.
6 When the land and buildings move over from Penn
7 National to GLPI, there will be a transfer of cash
8 of about \$2 billion from GLPI over to Penn
9 National. I think that's the question you were
10 asking.

11 COMMISSIONER MURPHY: It is what I was
12 asking.

13 MR. WILMOTT: I apologize for not
14 understanding.

15 MS. BURKHART: At the time we use that cash,
16 it will pay down instead.

17 And to answer your other question, the IRS
18 has provided us a private letter of ruling and it
19 sets out, you know, what steps Penn may follow.
20 But you're correct, the IRS could come in and audit
21 Penn after the fact to ensure that all the
22 representations that the company has made to the
23 IRS in order for this to get to the conclusion that
24 they got to have been done appropriately and
25 nothing has been misrepresented.

1 So, of course, it's an audit and anything
2 can happen, but clearly the company plans to follow
3 exactly what we said we were going to do and hold
4 that present ruling in place.

5 COMMISSIONER MURPHY: Okay.

6 CHAIRMAN BELL: Ma'am, if I could impose on
7 you to introduce yourself.

8 MS. BURKHART: Oh, I'm sorry. I'm Desiree
9 Burkhart, Chief Accounting Officer.

10 CHAIRMAN BELL: Thank you, Ms. Burkhart.

11 Further questions or discussion from the
12 Commission?

13 (No verbal response from the Commissioners.)

14 CHAIRMAN BELL: Mr. Johnson, your summary
15 was concluded. Correct?

16 MR. JOHNSON: Yes.

17 CHAIRMAN BELL: Thank you.

18 Hearing no further discussion, the Chair
19 would entertain a motion in regards to the
20 disposition of Order 2013-121.

21 COMMISSIONER FINE: Move for approval.

22 CHAIRMAN BELL: The motion has been moved
23 for approval. Is there a second?

24 COMMISSIONER MURPHY: Second.

25 CHAIRMAN BELL: The Order has been moved and

1 seconded. All of those in favor of approving Order
2 2013-121, please signify by saying aye.

3 (All Commissioners said aye.)

4 CHAIRMAN BELL: All opposed, same sign.

5 (No verbal response from the Commissioners.)

6 CHAIRMAN BELL: Thank you. The Order is
7 approved.

8 Thank you, Mr. Johnson.

9 Finally, the Chair would recognize Sarah
10 Tate to present Resolution 2013-122 and would offer
11 its thanks for your assistance with the
12 audio/visual dilemma earlier.

13 MS. TATE: No problem. Thank you,
14 Mr. Chair.

15 Resolution 2013-122 for adopting a final
16 rule regarding a regulatory scheme to administer
17 charity gaming. During 2011 and 2012, the
18 Legislature passed two bills that made substantial
19 changes to the statutes governing charity gaming.
20 This proposed final rule updates the regulatory
21 framework in light of these two changes. The
22 proposed rule is designed to fulfill the changes in
23 Indiana Code 4-32.2.

24 The proposed final rule adds terms, makes
25 amendments, establishes conditions and clarifies

1 requirements contained within 68 IAC 21. It also
2 repeals 68 IAC 21-1-5 and 6 and 68 IAC 21-2-7.
3 Commission staff has taken the rule through the
4 promulgation process. The Indiana Register posted
5 a Notice of Intent on May 30, 2012, and the
6 proposed rule on May 1st, 2013.

7 Commission staff held a public hearing on
8 June 3rd, 2013. There were no attendees and no
9 public comments. The Commission staff received and
10 considered two written comments and has made one
11 change to the final rule based on the written
12 comments. The Indiana Economic Development Council
13 does not object to the economic impact of this rule
14 and the State Budget Agency recommends that this
15 rule be approved.

16 At this time I would recommend adopting
17 Resolution 2013-122 which would adopt this proposed
18 final rule -- adopt this proposed rule as a final
19 rule and allow us to publish the final rule
20 regarding charity gaming.

21 CHAIRMAN BELL: Thank you, Ms. Tate.

22 Questions or discussion from the Commission?

23 COMMISSIONER WILLIAMS: Yes.

24 CHAIRMAN BELL: Commissioner Williams.

25 COMMISSIONER WILLIAMS: This is quite

1 complicated, and I wonder how this is going to be
2 communicated to all of those organizations that do
3 these various sorts of activities.

4 MS. TATE: Sure. Through the whole process
5 we put on our website step-by-step what has been
6 going on. And then we will post the final rule on
7 our website, the charity gaming web page
8 specifically. We also hold seminars in the fall
9 and we will make a presentation to tell them all
10 about the changes in the rule.

11 COMMISSIONER WILLIAMS: And then how do you
12 -- other than putting things on the website, do you
13 have an outreach? Do you have a group of people
14 that apply for licenses in the past and...

15 MS. TATE: Yes. We can definitely, you
16 know, reach out to all of the organizations and
17 ensure that they receive notice of the changes.

18 COMMISSIONER TATE: That would probably be
19 good.

20 COMMISSIONER MORGAN: How many charity
21 gaming licenses are there approved in Indiana?

22 MS. TATE: I believe there's 4,000 --

23 COMMISSIONER MORGAN: That's a lot.

24 MS. TATE: -- active qualified
25 organizations.

1 EXECUTIVE DIRECTOR YELTON: And some
2 organizations get more than one license. Correct?

3 MS. TATE: There's all sorts of licenses.
4 It's a big --

5 COMMISSIONER MORGAN: I was just lending the
6 scope of --

7 MS. TATE: Yes. We will definitely ensure
8 that they all receive notice of these changes.

9 CHAIRMAN BELL: Thank you.

10 Further questions or discussion from the
11 Commission?

12 (No verbal response from the Commissioners.)

13 CHAIRMAN BELL: Hearing -- thank you,
14 Ms. Tate.

15 Hearing no further discussion or questions
16 from the Commission, the Chair would entertain a
17 motion in regard to the disposition of Resolution
18 201-122.

19 COMMISSIONER MORGAN: Motion to approve.

20 CHAIRMAN BELL: The Resolution has been
21 moved for approval. Is there a second?

22 COMMISSIONER FINE: Second.

23 CHAIRMAN BELL: The Resolution has been
24 moved and seconded. All those in favor of
25 approving Resolution 2013-122, please signify by

1 saying aye.

2 (All Commissioners said aye.)

3 CHAIRMAN BELL: All opposed, same sign.

4 (No verbal response from the Commissioners.)

5 CHAIRMAN BELL: The Resolution is adopted.

6 Thank you, Ms. Tate.

7 On behalf of the Commission, I would like to
8 thank Joe DeRosa, if you would stand, please, the
9 general manager of Indiana Grand Casino, and the
10 team at Indiana Grand Casino for hosting us in this
11 beautiful facility today. Thank you so much for
12 your hospitality.

13 The next meeting date of the Indiana Gaming
14 Commission is September 12th, 2013 at a time that
15 will be announced and posted. We appreciate
16 everyone's attendance today. There being no more
17 business before the Commission, this meeting is now
18 adjourned.

19

20 (The proceedings were concluded at 2:20 p.m.)

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