

INDIANA GAMING COMMISSION  
BUSINESS MEETING  
FEBRUARY 24, 2016

**ORIGINAL**

The Indiana Gaming Commission Business Meeting was stenographically taken down by me, Dianne Lockhart, CRR, RMR, a Notary Public in and for the County of Marion, State of Indiana, held at the Auditorium of the Indiana Government Center, South Building, 302 West Washington Street, Indianapolis, Indiana, commencing at the hour of 1:00 p.m., February 24, 2016. The following transcript is a true and accurate transcript of the proceedings held.

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## A P P E A R A N C E S

ON BEHALF OF THE GAMING COMMISSION:

Cris Johnston, Chairman

Marc Fine, Commissioner

Susan Williams, Commissioner

Anita Sherman, Commissioner

Joseph Svetanoff, Commissioner

Mike Herndon, Commissioner

Sara Gonso Tait, Executive Director

Jennifer Reske, Deputy Director

Greg Small, General Counsel

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1 CHAIRMAN JOHNSTON: Good afternoon. I'm  
2 Chairman Cris Johnston. I'd like to call the  
3 February 24, 2016, Indiana Gaming Commission  
4 meeting to order.

5 Welcome to everyone who's traveled, made it  
6 through all the weather elements around the state  
7 and maybe other parts of the country getting here  
8 today, so we appreciate your attendance, so thank  
9 you very much.

10 We will start with the call of the roll.

11 Commissioner Fine.

12 COMMISSIONER FINE: Present.

13 CHAIRMAN JOHNSTON: Commissioner Svetanoff.

14 COMMISSIONER SVETANOFF: Present.

15 CHAIRMAN JOHNSTON: Commissioner Williams.

16 COMMISSIONER WILLIAMS: Present.

17 CHAIRMAN JOHNSTON: Commissioner Sherman.

18 COMMISSIONER SHERMAN: Present.

19 CHAIRMAN JOHNSTON: Commissioner Herndon.

20 COMMISSIONER HERNDON: Present.

21 CHAIRMAN JOHNSTON: And Cris Johnston is  
22 here, so let's proceed.

23 The meeting minutes from last November were  
24 distributed.

25 Any comments or corrections?

1           Seeing none, is there a motion to approve?

2           COMMISSIONER SVETANOFF: Motion to approve.

3           COMMISSIONER FINE: Second.

4           CHAIRMAN JOHNSTON: Motion and a second.

5           All those in favor, say aye.

6           (Chorus of ayes.)

7           Opposed.

8           The minutes are adopted. Thank you very

9 much.

10           Executive Director Tait, we'll receive your  
11 report.

12           EXECUTIVE DIRECTOR TAIT: Thank you,  
13 Mr. Chair.

14           We have welcomed four new employees to the  
15 IGC since the last meeting.

16           Noah, you want to stand up. Noah Jackson is  
17 our newest staff attorney. He was born in  
18 Indianapolis, graduated from Roncalli High  
19 School, he attended IUPUI for undergrad and the  
20 Robert H. McKinney School of Law in Indianapolis.

21           Kimi Simpson has joined the charity gaming  
22 division as a program coordinator. She graduated  
23 from the University of Southern Indiana with a  
24 degree in biology. She was previously a  
25 zookeeper, but ultimately decided to not pursue

1 that career and has moved back to Greenwood and  
2 is buying a home.

3 Barry Arnett is our newest background  
4 investigator. Barry recently retired from the  
5 Indiana Army National Guard after 25 years of  
6 service, with the rank of Master Sergeant in the  
7 position of Assistant Inspector General. He has  
8 a degree in political science from Indiana  
9 University and is married with two children.

10 Patrick Rhodes is our new director of  
11 license control. Prior to joining the IGC,  
12 Patrick was with the Department of Child Services  
13 for five years as a staff attorney. When he's  
14 not juggling the IGC duties, he's at home with  
15 his four daughters who are causing mayhem.

16 I'm also pleased to announce three  
17 promotions and one transfer.

18 Hannah Rose, previously our licensing  
19 coordinator, is now the executive administrative  
20 assistant. She graduated from Georgetown College  
21 with a communications and psychology degree, and  
22 today is her one-year anniversary with the Gaming  
23 Commission. So thank you, Hannah.

24 Dan Lee is a former gaming agent. He was  
25 promoted to the investigator role in the north

1 zone. Dan retired from the Merrillville Police  
2 Department after 25 years of service. He also  
3 worked as a Deputy U.S. Marshal, and he started  
4 with IGC in 2008.

5 Nick Rentas is another former gaming agent,  
6 who's the new supervisor at Blue Chip Casino.  
7 Nick has been with IGC since 2011. He received  
8 his BS in law enforcement management from Calumet  
9 College of Saint Joseph and is an honor graduate  
10 of Northwestern University School of Police Staff  
11 and Command. He retired from the Griffith Police  
12 Department after 21 years of service.

13 Last but not least, Tami. Tami has  
14 transferred from her old role as VEP coordinator  
15 and into the licensing coordinator position. And  
16 she has been with the Gaming Commission for 11  
17 years.

18 Since the last meeting, staff has issued  
19 nine waivers.

20 Ameristar and Belterra were granted a waiver  
21 to use an RFID table and cards for the final  
22 table at the Heartland Poker Tournament. Prior  
23 to play, local IGC and casino operations will  
24 inspect the cards to make sure they meet the  
25 Commission's requirements.

1           On New Year's Eve, Belterra was granted a  
2 onetime waiver of the requirement for vendors to  
3 wear badges while in the casino due to safety  
4 concerns.

5           While hosting the Heartland Poker  
6 Tournament, Belterra has been issued a waiver  
7 regarding the licensing of traveling tournament  
8 dealers. The casino management is allowed to do  
9 the following: Utilize vendor badges through the  
10 security dispatch; provide information regarding  
11 the list of traveling team members to local IGC  
12 in advance; and the traveling dealers utilizing  
13 vendor badges in lieu of licensing procedures  
14 will not handle any cash/value chips, will not  
15 deal any cash games and are simply on property to  
16 deal in the tournament.

17           French Lick has been granted three waivers.  
18 As its employees are currently licensed, they  
19 have been provided relief from the requirement to  
20 submit the list of currency collection and soft  
21 count employees to the agents.

22           French Lick is also allowed to give two-day  
23 notice for EGDs being moved between the annex  
24 warehouse and the casino warehouse.

25           And, lastly, they're now allowed to perform

1 weekly progressive audits.

2 Horseshoe Southern Indiana has been granted  
3 relief from the requirement to install two locks  
4 on the compartment door where a progressive  
5 controller is stored.

6 Horseshoe Hammond and Horseshoe Southern  
7 were previously allowed to forgo the maintenance  
8 of found cash equivalents valued at \$5 or less.  
9 Since the relief of this requirement, the casino  
10 has had no issues, so they have been granted  
11 relief of \$10 or less.

12 Majestic Star is allowed to store their  
13 secondary set of chips in a caged storage cabinet  
14 in a count room, with the ability to perform  
15 physical inventories of these chips only when the  
16 audit seal has been broken or tampered with.

17 Additionally, the casino will be allowed to  
18 perform physical inventories of the primary  
19 reserve chips annually, as these chips are also  
20 stored in a caged storage cabinet in a coin vault  
21 with an audit seal. All current security  
22 measures would continue to be maintained.

23 Since the last Commission meeting, the staff  
24 has added thirty-seven individuals to the  
25 Exclusion List. Of those thirty-seven

1 individuals, three were placed on the Exclusion  
2 List for past-posting, pinching or capping bets.  
3 Twenty-one were placed on the list for taking  
4 illegal possession of cell phones, cash or  
5 credits in excess of approximately \$500. Seven  
6 were placed on the Exclusion List for conducting  
7 jackpot switches or using face -- false  
8 identification to claim their jackpot. Three  
9 were placed on the list for conducting fraudulent  
10 credit card advances, using fraudulent travelers  
11 checks or using counterfeit U.S. currency.

12 One individual, an electronic games  
13 attendant, was placed on the list for using the  
14 position to fraudulently obtain and redeem TITO  
15 tickets.

16 Another individual, a deckhand, was placed  
17 on the list for taking unlawful possession of  
18 another patron's U.S. currency.

19 And the remaining individual, a deckhand,  
20 was placed on the list for taking unlawful  
21 possession of a TITO ticket and having a casino  
22 patron redeem it for him.

23 All three of these licensees were terminated  
24 from their positions.

25 Currently there are 548 individuals that are

1 barred via the Exclusion List from Indiana  
2 casinos and racinos.

3 I'd also like to take this opportunity to  
4 formally introduce two new general managers to  
5 the Commission.

6 Mr. John Chaszar, stand. In July of 2015,  
7 Mr. Chaszar was named the general manager for  
8 Tropicana Evansville. Mr. Chaszar has over a  
9 decade of general manager experience with Penn  
10 National casinos in Mississippi, Louisiana and  
11 Missouri. You'll be hearing from him today  
12 during the Tropicana presentation, and he  
13 certainly joined them during an exciting time.

14 And Mr. Bradley Seigel. He was recently  
15 named senior vice president and general manager  
16 for Horseshoe Southern Indiana. Mr. Seigel was  
17 most recently the property's vice president of  
18 finance and assistant general manager, and has  
19 been with Caesars Entertainment since 2005.

20 That concludes my Executive Director Report,  
21 but I'd like to turn it over to Greg, who will  
22 provide the Commissioners with an update  
23 concerning the Lawrenceburg LDA and Conservancy  
24 District issue which was addressed at our last  
25 meeting.

1 CHAIRMAN JOHNSTON: Okay. Greg.

2 MR. SMALL: Good afternoon, Commissioners.

3 On December 3, 2015, Executive Director Tait  
4 sent a letter to the City of Lawrenceburg, the  
5 Lawrenceburg Conservancy District and the  
6 Hollywood Casino advising them to provide an  
7 update to the Commission staff 30 days prior to  
8 the next meeting as directed by Chairman  
9 Johnston. All parties timely responded in  
10 writing.

11 Commission staff also individually met with  
12 all parties. In these meetings, the parties  
13 discussed the previous agreements in which the  
14 LCD agreed to provide an easement to the City  
15 which would allow the casino use of the access  
16 road.

17 Commission staff advised all parties that  
18 the proper filing of an easement by the LCD as  
19 provided in the underlying ground lease would  
20 alleviate the Commission staff's primary concerns  
21 regarding the casino's ability to use the access  
22 road, and urged all parties to continue  
23 discussions in pursuit of that goal.

24 The City provided a copy of a letter sent to  
25 the LCD dated January 25, 2016. In this letter

1 the City references the lease agreement and  
2 advises that the LCD is "required to agree to and  
3 cooperate in the creation of this easement."

4 Despite the City and LCD reporting that they  
5 have met a number of times in an attempt to  
6 resolve this issue, the Commission has not yet  
7 been advised that the easement has been agreed to  
8 or filed.

9 Commission staff will renew its request to  
10 all parties for updates as the discussions  
11 continue, and welcome further direction from the  
12 Commissioners regarding this matter.

13 Thank you.

14 CHAIRMAN JOHNSTON: Thank you, Greg. Thank  
15 you, Sara, for your report as well.

16 Are there any questions of Sara or Greg?

17 COMMISSIONER SVETANOFF: No -- no questions  
18 from me, just a comment.

19 I'd like there to be given direction to the  
20 City of Lawrenceburg and the affected parties in  
21 this matter that either an easement is  
22 established by our next meeting or I would like  
23 all parties to report here to find out what's  
24 going on.

25 The potential shutdown of this easement is a

1 public health, safety and welfare risk to the  
2 patrons of that establishment, and as such, a  
3 very serious situation. And, again, either they  
4 take firm action, final action by May, or I'd  
5 like to see them appear here.

6 COMMISSIONER WILLIAMS: I would agree with  
7 that.

8 CHAIRMAN JOHNSTON: Thank you.

9 Any other questions of Greg or Sara?

10 Greg, there have been communications with  
11 administration in Lawrenceburg, correct?

12 MR. SMALL: That is correct.

13 CHAIRMAN JOHNSTON: And so it's taken some  
14 time to get them up to speed, but do you feel  
15 that they know the significance of the matter and  
16 the importance of the matter and it's receiving  
17 the attention it's due?

18 MR. SMALL: We do. We've had an in-person  
19 meeting with the mayor in Indianapolis which was  
20 very beneficial. I've also been in constant  
21 contact with the new city attorney, who's been  
22 very responsive.

23 CHAIRMAN JOHNSTON: Okay. Very good. Well,  
24 let's continue on. I'd like to receive periodic  
25 updates as meetings are conducted and things

1 progress. We definitely do want to see progress  
2 and resolution by the May meeting, and as  
3 Commissioner Svetanoff mentioned, if not, then  
4 we'll bring it up as an agenda item, provide  
5 notice to the parties.

6 COMMISSIONER SVETANOFF: And, Mr. Chairman,  
7 I'd just like to thank staff for their diligence  
8 on this matter. I think they've been on top of  
9 it, it seems, all the way from the onset, so I  
10 congratulate them.

11 CHAIRMAN JOHNSTON: Absolutely.

12 Is there any old business to come before the  
13 Commission?

14 Seeing none, let's proceed into new  
15 business.

16 The first matter is patron matters dealing  
17 with the Voluntary Exclusion Program and Orders 1  
18 through 44. Angela Bunton.

19 Welcome.

20 MS. BUNTON: Good afternoon, Commissioners  
21 and Executive Staff.

22 You have before you 44 orders regarding the  
23 Voluntary Exclusion Program. Pursuant to the  
24 rules of the program, the identities of Voluntary  
25 Exclusion Program participants must remain

1 confidential. Pursuant to 68 IAC 6-3-2(g), a  
2 participant in the program agrees that if he or  
3 she violates the terms of the program and enters  
4 the gaming area of a facility under the  
5 jurisdiction of the Commission, they will forfeit  
6 any jackpot or thing of value won as a result of  
7 a wager.

8 Under Orders 2016-001 through 2016-044, a  
9 total sum of \$43,850.98 was forfeited by John  
10 Does 1 through 44. These winnings were collected  
11 at Ameristar, Belterra, Blue Chip, French Lick,  
12 Hollywood, Hoosier Park, Horseshoe Hammond,  
13 Horseshoe South, Indiana Grand, Majestic Star,  
14 Rising Star and Tropicana. These winnings were  
15 withheld as required by Commission regulations.

16 Commission staff recommends that you approve  
17 the remittance of these winnings for John Does 1  
18 through 44.

19 CHAIRMAN JOHNSTON: Thank you. Any  
20 questions for Angela?

21 Seeing none, is there a motion to approve  
22 the Orders 1 through 44?

23 COMMISSIONER WILLIAMS: So moved.

24 COMMISSIONER SVETANOFF: Second.

25 CHAIRMAN JOHNSTON: There's a motion and a

1 second.

2 All those in favor, say aye.

3 (Chorus of ayes.)

4 Opposed.

5 The orders are adopted.

6 MS. BUNTON: Thank you.

7 CHAIRMAN JOHNSTON: Thank you very much.

8 Settlement matters dealing with the  
9 Voluntary Exclusion Program. Natalie Raver.

10 MS. RAVER: Thank you, Mr. Chair. Good  
11 afternoon, Commissioners.

12 Members of the Commission, you have before  
13 you Orders 2016-45 and 2016-46 regarding  
14 settlements reached in lieu of administrative  
15 proceedings of VEP forfeiture appeals.

16 Order 2016-45 relates to John Doe 15-53,  
17 whose remittance of winnings was approved by the  
18 Commission in Order 2015-111.

19 John Doe 15-53 submitted an application for  
20 one year placement in the VEP on April 21, 2006,  
21 and was discovered on the gaming floor at Blue  
22 Chip Casino on July 4, 2015, in possession of  
23 gaming chips worth \$85. Commission staff offered  
24 to settle the matter by refunding the monies  
25 seized to John Doe 15-53 in exchange for John Doe

1 15-53 withdrawing the appeal.

2 John Doe 15-53 agreed to the settlement.  
3 Order 2016-45 would approve the settlement  
4 agreement.

5 Order 2016-46 relates to John Doe 15-55,  
6 whose remittance of winnings was approved by the  
7 Commission in Order 2015-113. John Doe 15-55  
8 submitted an application for five year placement  
9 in the VEP on September 9, 2013, and was  
10 discovered on the gaming floor at Hollywood  
11 Casino on March 13, 2015, in possession of \$326  
12 in cash and TITO tickets. Commission staff  
13 offered to settle the matter by refunding \$45 of  
14 the monies seized to John Doe 15-55 in exchange  
15 for John Doe 15-55 withdrawing the appeal.

16 John Doe 15-55 agreed to the settlement.  
17 Order 2016-46 would approve the settlement  
18 agreement.

19 Commission staff respectfully recommends  
20 that you approve Orders 2016-45 and 2016-46 at  
21 this time.

22 CHAIRMAN JOHNSTON: Thank you, Natalie.

23 Any questions?

24 Seeing none, what's the pleasure of the  
25 Commission?

1 COMMISSIONER SHERMAN: Motion to approve.

2 COMMISSIONER HERNDON: Second.

3 CHAIRMAN JOHNSTON: There's a motion and a  
4 second.

5 All those in favor, say aye.

6 (Chorus of ayes.)

7 Opposed.

8 The orders are adopted. Thank you very  
9 much.

10 Proceed.

11 MS. RAVER: Okay. Next, members of the  
12 Commission, you have before you Order No. 2016-47  
13 concerning the petition for removal from the  
14 Exclusion List of Louis Ramos.

15 On May 12, 2012, Louis Ramos was observed by  
16 surveillance at Ameristar Casino in Gary,  
17 Indiana, conspiring with casino employee Maria  
18 Rodriguez to take unlawful possession of another  
19 patron's diamond bracelet and taking possession  
20 of that diamond bracelet. He was placed on the  
21 statewide Exclusion List on June 8 of 2012.  
22 Mr. Ramos was charged with conversion, a Class A  
23 misdemeanor, in East Chicago City Court. After a  
24 six-month deferral, the State dismissed the case  
25 on April 5, 2013.

1           Mr. Ramos petitioned for removal from the  
2 Exclusion List on September 17, 2015, and I was  
3 appointed to be the hearing officer.

4           A hearing was held with Mr. Ramos and his  
5 counsel, and as hearing officer, I submitted  
6 findings of fact, a designation of evidence, and  
7 a recommendation for your review.

8           Mr. Ramos admitted to his actions and fully  
9 cooperated with the casino's investigation when  
10 the incident occurred. The criminal case  
11 stemming from the incident was dismissed after a  
12 six-month deferral. Mr. Ramos took  
13 responsibility for his actions, apologized  
14 repeatedly and shows remorse for what he did.

15           In addition, Mr. Ramos was employed at  
16 casinos in both Indiana and Illinois for over 16  
17 years without incident.

18           Based on the totality of the factors above,  
19 I concluded that Mr. Ramos has met the required  
20 standard of clear and convincing evidence at this  
21 time, as reflected in my findings of fact and  
22 recommendation. Adopting my findings would have  
23 the effect of granting Mr. Ramos's petition for  
24 removal, and I respectfully recommend that you  
25 adopt my findings at this time.

1 CHAIRMAN JOHNSTON: Thank you very much.

2 Any questions for Natalie?

3 What's the pleasure of the Commission on

4 Order 47?

5 COMMISSIONER SHERMAN: Motion to approve.

6 COMMISSIONER FINE: Second.

7 CHAIRMAN JOHNSTON: There's a motion and a

8 second.

9 All those in favor, say aye.

10 (Chorus of ayes.)

11 Opposed.

12 The order is adopted.

13 Order 48.

14 MS. RAVER: Members of the Commission, you  
15 have before you Order No. 2016-48 concerning the  
16 petition for removal from the Exclusion List of  
17 Beverly Ryan.

18 On May 12, 2010, Beverly Ryan was observed  
19 by surveillance at Horseshoe Casino in Hammond,  
20 Indiana, taking unlawful possession of a \$902  
21 TITO ticket left on a slot machine by another  
22 patron. She was then placed on the statewide  
23 Exclusion List on August 2, 2010.

24 Ms. Ryan petitioned for removal from the  
25 Exclusion List on October 27, 2015, and I was

1 appointed to be hearing officer.

2 A hearing was held with Ms. Ryan, and as  
3 hearing officer, I submitted findings of fact, a  
4 designation of evidence and a recommendation for  
5 your review.

6 Ms. Ryan admitted to her actions and fully  
7 cooperated with the casino's investigation when  
8 the incident occurred. She returned the portion  
9 of the money that was remaining when the agents  
10 approached her. No charges were filed against  
11 Ms. Ryan, nor has she ever been charged with a  
12 crime. Ms. Ryan took full responsibility for her  
13 actions, apologized repeatedly and shows great  
14 remorse for what she did. In addition, Ms. Ryan  
15 has continued to visit casinos in other  
16 jurisdictions without incident.

17 Based on the totality of the factors above,  
18 I concluded that Ms. Ryan has met the required  
19 standard of clear and convincing evidence at this  
20 time, as reflected in my findings of fact and  
21 recommendation. Adopting my findings would have  
22 the effect of granting Ms. Ryan's petition for  
23 removal, and I respectfully recommend that you  
24 adopt my findings at this time.

25 CHAIRMAN JOHNSTON: Thank you.

1 Any questions?

2 Is there a motion to adopt the findings and  
3 approve the order?

4 COMMISSIONER SVETANOFF: Motion.

5 COMMISSIONER FINE: Second.

6 CHAIRMAN JOHNSTON: There's a motion and a  
7 second.

8 All those in favor, say aye.

9 (Chorus of ayes.)

10 Opposed.

11 The order is adopted.

12 Next order, 49.

13 MS. RAVER: Members of the Commission, you  
14 have before you Order No. 2016-49 concerning the  
15 petition for removal from the Exclusion List of  
16 Thao Tran.

17 On October 18, 2011, Thao Tran was observed  
18 by surveillance at Hollywood Casino in  
19 Lawrenceburg, Indiana, attempting to cash a check  
20 from an account that was not hers using a  
21 driver's license that was not hers. Ms. Tran  
22 then applied for a line of credit using another  
23 person's identification and fraudulently received  
24 \$1,500. She was placed on the statewide  
25 Exclusion List on February 1, 2012.

1           As a result of this incident, Ms. Tran was  
2 charged with conversion in Dearborn County,  
3 Indiana. After a pretrial diversion agreement,  
4 the case was dismissed on October 29, 2013.

5           Ms. Tran petitioned for removal from the  
6 Exclusion List on September 22, 2015, and I was  
7 appointed to be hearing officer.

8           A hearing was held with Ms. Tran, and as  
9 hearing officer, I submitted findings of fact, a  
10 designation of evidence and a recommendation for  
11 your review.

12           Ms. Tran was not honest when Commission  
13 agents initially questioned her after the  
14 incident at Hollywood Casino. Furthermore, she  
15 told a different story at the hearing than she  
16 did to the agents. Ms. Tran did not appear  
17 remorseful for her actions, nor did she fully  
18 accept responsibility for what she did. In  
19 addition, Ms. Tran did not seem to appreciate the  
20 seriousness of her actions, and it does not  
21 appear that this was an isolated incident.

22           Based on the totality of the factors above,  
23 I concluded that Ms. Tran has not met the  
24 required standard of clear and convincing  
25 evidence at this time, as reflected in my

1 findings of fact and recommendation. Adopting my  
2 findings would have the effect of denying  
3 Ms. Tran's petition for removal, and I  
4 respectfully recommend that you adopt my findings  
5 at this time.

6 CHAIRMAN JOHNSTON: Thank you very much. I  
7 just want to make clear, your recommendation is  
8 to deny the petition; correct?

9 MS. RAVER: Correct.

10 CHAIRMAN JOHNSTON: Is there any questions?  
11 Is there a motion to adopt the findings of  
12 fact and the recommendation to deny the petition?

13 COMMISSIONER SVETANOFF: I think we have a  
14 question.

15 COMMISSIONER WILLIAMS: No, I was just going  
16 to make a motion.

17 COMMISSIONER SVETANOFF: Okay. I'll second.

18 CHAIRMAN JOHNSTON: There's a motion. Thank  
19 you. And a second, a motion and a second.

20 All those in favor, say aye.

21 (Chorus of ayes.)

22 Opposed.

23 The order is adopted. Thank you very much.  
24 Can you get through one more at this time?

25 MS. RAVER: Yes. Okay. Members of the

1 Commission, you have before you Order 2016-50  
2 regarding a settlement reached in lieu of  
3 administrative proceedings of Jerry Nettrouer's  
4 appeal of his placement on the statewide  
5 Exclusion List.

6 On June 8, 2015, Mr. Nettrouer was observed  
7 via video surveillance at the Hoosier Park Casino  
8 in Anderson, Indiana, taking unlawful possession  
9 of another patron's \$595 TITO ticket. As a  
10 result, Mr. Nettrouer was placed on the Exclusion  
11 List on August 26, 2015.

12 After he timely appealed his placement on  
13 the list, Commission staff offered to settle the  
14 matter by allowing Mr. Nettrouer to petition to  
15 be removed from the Exclusion List after six  
16 months in exchange for Mr. Nettrouer withdrawing  
17 his appeal. Mr. Nettrouer agreed to the  
18 settlement, and the Administrative Law Judge  
19 issued an order approving the agreement. Order  
20 2016-50 would approve the ALJ's order approving  
21 the settlement.

22 Commission staff respectfully recommends  
23 that you approve Order 2016-50 at this time.

24 CHAIRMAN JOHNSTON: Thank you.

25 Any questions?

1           Seeing none, is there a motion to approve  
2 the settlement agreement?

3           COMMISSIONER SVETANOFF: Motion.

4           COMMISSIONER SHERMAN: Second.

5           CHAIRMAN JOHNSTON: A motion and a second.

6           All those in favor, say aye.

7           (Chorus of ayes.)

8           Opposed.

9           The order's adopted. Catch your breath now.

10          Moving to supplier matters, Michelle Baldwin  
11 has some renewals for us.

12          MS. BALDWIN: Good afternoon, Commissioners.  
13 Before you is Order 2016-51. Pursuant to Indiana  
14 Code 4-33-7-8 and the Indiana Administrative  
15 Code, Section 2-2-8, a supplier's license must be  
16 renewed annually along with payment of a \$7,500  
17 annual fee.

18          Each of the following licensees requested  
19 renewal of its license and paid the renewal fee:  
20 Bally Gaming, Data Financial, DEQ Systems,  
21 Digideal Corp., Happ Controls, IGT, Incredible  
22 Technologies, Interblock Luxury Gaming Products,  
23 Midwest Game Supply Company, TCS John Huxley  
24 Europe.

25          Commission staff recommends that you approve

1 the Order 2016-51.

2 CHAIRMAN JOHNSTON: Thank you very much.

3 Any questions for Michelle?

4 Seeing none, is there a motion to approve  
5 this order for supplier renewals?

6 COMMISSIONER FINE: Move for approval.

7 COMMISSIONER SVETANOFF: Second.

8 CHAIRMAN JOHNSTON: There's a motion and a  
9 second.

10 All those in favor, say aye.

11 (Chorus of ayes.)

12 Opposed.

13 The motion -- the order is adopted.

14 Thank you very much.

15 Permanent licensing matters, Garth Brown.

16 Welcome.

17 MR. BROWN: Good afternoon, Commissioners  
18 and executive staff.

19 You have before you an order to give a  
20 permanent supplier's license to Halifax Security,  
21 Incorporated.

22 Halifax Security, Inc., submitted its  
23 supplier's license application on July 11, 2014.  
24 Halifax is a provider of closed caption  
25 television electronic security and surveillance

1 systems in the United States.

2 After reviewing the application, the  
3 Commission staff issued a temporary license to  
4 Halifax on November 13, 2014. The temporary  
5 license permitted Halifax to begin conducting  
6 business in Indiana.

7 Commission staff conducted a background and  
8 financial investigation on Halifax and  
9 substantial owners and key persons. Commission  
10 staff found no material derogatory information  
11 that would affect Halifax's suitability. Staff's  
12 final report regarding Halifax is included in the  
13 Commission meeting documents.

14 Commission staff recommends Halifax's  
15 application for a permanent supplier's license be  
16 granted.

17 Be open for any questions.

18 CHAIRMAN JOHNSTON: Any questions?

19 Go ahead, we'll take both of these at the  
20 same time. Why don't you move on to the next  
21 supplier.

22 MR. BROWN: Okay. Thank you.

23 The next applicant up for a permanent  
24 supplier's license is Zuvid, LLC. They submitted  
25 a supplier's license application on September 10,

1 2015.

2 Zuvid sells surveillance cameras,  
3 surveillance recording equipment, network  
4 equipment, monitors, power supplies for cameras  
5 and cabling for surveillance systems. Zuvid also  
6 provides service for installation and  
7 surveillance equipment. Zuvid is licensed in  
8 Pennsylvania, Massachusetts, Kansas and  
9 Louisiana.

10 After reviewing the application, Commission  
11 staff issued a temporary license to Zuvid on  
12 October 7, 2015. The temporary license permitted  
13 Zuvid to begin conducting business in Indiana.

14 Commission staff conducted a background and  
15 financial investigation on Zuvid and substantial  
16 owners and key persons. Commission staff found  
17 no material derogatory information that would  
18 affect Zuvid's suitability. Staff's final report  
19 regarding Zuvid is included in your Commission  
20 meeting documents.

21 Commission staff recommends Zuvid's  
22 application for a permanent supplier's license be  
23 granted. Again, if you have any questions.

24 CHAIRMAN JOHNSTON: Questions for Garth?

25 Seeing none, what's the pleasure of the

1 Commission on Orders 52 and 53?

2 COMMISSIONER FINE: Move for approval.

3 COMMISSIONER SHERMAN: Second.

4 CHAIRMAN JOHNSTON: There's a motion and a  
5 second.

6 All those in favor, say aye.

7 (Chorus of ayes.)

8 Opposed.

9 The orders are adopted.

10 Thank you.

11 MR. BROWN: Thank you.

12 CHAIRMAN JOHNSTON: That was short. Come on  
13 back. Occupational licenses. Natalie.

14 MS. RAVER: Thank you, Mr. Chair. Members  
15 of the Commission, you have before you Orders  
16 2016-54 and 2016-55 regarding settlement  
17 agreements between occupational licensees and  
18 Commission staff.

19 Order 2016-54 concerns a settlement  
20 agreement between Commission staff and Brian  
21 Thomas, an occupational licensee. Mr. Thomas  
22 submitted an application for a Level 2 license  
23 after having held a Level 3 permanent license for  
24 approximately two years.

25 The background investigation process

1 revealed that Mr. Thomas failed to timely  
2 disclose or update the Commission on a charge or  
3 arrest within ten calendar days pursuant to  
4 68 Indiana Administrative Code Section 2-3-9, and  
5 also that he failed to disclose an arrest or  
6 charge on the application in violation of  
7 68 Indiana Administrative Code Section  
8 2-3-4(e)(14) and 68 Indiana Administrative Code  
9 Section 2-3-4(b)(2).

10 In lieu of a disciplinary action being  
11 filed, Commission staff offered Mr. Thomas a  
12 settlement agreement which would have him agree  
13 to an unpaid, voluntary relinquishment of his  
14 occupational license for a period of three  
15 regularly scheduled working days, with no  
16 vacation or other paid time off to be used. He  
17 has agreed to the terms of the settlement.

18 Order 2016-55 concerns a settlement  
19 agreement between Commission staff and Monte  
20 Miller, a Level 1 occupational licensee.  
21 Beginning in June 2015, Commission agents  
22 observed Mr. Miller failing to properly display  
23 his identification badge in violation of  
24 68 Indiana Administrative Code Section  
25 2-3-5(f)(4)(B). Mr. Miller was warned by

1 Commission agents and casino staff that he was  
2 required to display his identification badge at  
3 all times. However, he failed to properly  
4 display his badge on six separate occasions over  
5 the next four months.

6 In lieu of a disciplinary action being  
7 filed, Commission staff offered Mr. Miller a  
8 settlement agreement which would have him agree  
9 to an unpaid, voluntary relinquishment of his  
10 permanent occupational license for a period of  
11 three regularly scheduled working days, with no  
12 vacation or other paid time off to be used. He  
13 has agreed to the terms of the settlement.

14 Orders 2016-54 and 2016-55 would approve the  
15 settlement agreements entered into by the  
16 parties, and Commission staff respectfully  
17 recommends that you approve Orders 2016-54 and  
18 2016-55 at this time.

19 CHAIRMAN JOHNSTON: Thank you.

20 Questions for Natalie?

21 Seeing none, is there a motion to approve  
22 Orders 54 and 55?

23 COMMISSIONER SVETANOFF: Motion.

24 COMMISSIONER FINE: Second.

25 CHAIRMAN JOHNSTON: Motion and a second.

1 All those in favor, say aye.

2 (Chorus of ayes.)

3 Opposed.

4 Those are adopted.

5 Please continue.

6 MS. RAVER: Members of the Commission, I  
7 present for your consideration Order Nos. 2016-56  
8 through 2016-64.

9 These orders all deny individuals'  
10 applications for permanent occupational licenses  
11 to work in Indiana casinos.

12 Pursuant to Indiana Code Section  
13 4-33-8-3(4), the Commission may not issue an  
14 occupational license to an individual unless the  
15 individual has met the standards adopted by the  
16 Commission for holding an occupational license.

17 An application -- an applicant for a Level 2  
18 or 3 occupational license shall include the  
19 applicant's criminal history in his or her  
20 application pursuant to 68 Indiana Administrative  
21 Code Section 2-3-4(e)(14) and 68 Indiana  
22 Administrative Code Section 2-3-4(f)(10).

23 Any misrepresentation or omission made with  
24 respect to an application may be grounds for  
25 denial of the application pursuant to 68 Indiana

1 Administrative Code Section 2-3-4(b) (2).

2 Additionally, an applicant must comply with all  
3 requests for information, documents and other  
4 materials relating to the application and his --  
5 sorry, relating to the applicant and his or her  
6 application during the investigation conducted by  
7 the Commission pursuant to 68 Indiana  
8 Administrative Code Section 2-3-5(b) (9).

9 As part of the routine background  
10 investigation into each applicant, Commission  
11 investigators and staff discovered that the  
12 applicants represented in Orders 2016-56 through  
13 2016-63 failed to provide complete or accurate  
14 criminal histories.

15 The applicant represented in Order 2016-64  
16 failed to respond to Commission requests for  
17 information from investigators or staff during  
18 the background investigation. The Executive  
19 Director revoked the applicants' temporary  
20 licenses upon completion of each investigation.

21 All individuals were given the opportunity  
22 to withdraw their applications from consideration  
23 for permanent licensure at that time. Detailed  
24 information regarding the investigation into each  
25 individual's specific orders is contained in the

1 confidential materials provided to the  
2 Commission.

3 Because the applicants failed to provide  
4 their criminal histories in their applications,  
5 or failed to respond to the Commission's request  
6 for information, Commission staff respectfully  
7 recommends that the applications for permanent  
8 licensure be denied in Orders 2016-56 through  
9 2016-64.

10 CHAIRMAN JOHNSTON: Thank you.

11 Any questions?

12 Seeing none, what's the pleasure of the  
13 Commission on Orders 56 through 64?

14 COMMISSIONER SHERMAN: Motion to approve.

15 COMMISSIONER FINE: Second.

16 CHAIRMAN JOHNSTON: There's a motion and a  
17 second.

18 All those in favor, say aye.

19 (Chorus of ayes.)

20 Opposed.

21 The orders are adopted.

22 Thank you.

23 MS. RAVER: This is my last one, I swear.

24 CHAIRMAN JOHNSTON: We like having you.

25 MS. RAVER: Members of the Commission, you

1 have before you Order 2016-65 regarding an  
2 emergency order issued by the Executive Director  
3 to immediately suspend the occupational license  
4 of Amy Griffith.

5 On December 15, 2015, Ms. Griffith pled  
6 guilty to a felony. Pursuant to Indiana Code  
7 Section 4-33-8-3, a convicted felon may not hold  
8 an occupational license. On December 18, 2015,  
9 the Executive Director issued Emergency Order  
10 2015-RR-04, which immediately suspended  
11 Ms. Griffith's occupational license. Order  
12 2016-65 would ratify Emergency Order 2015-RR-04.

13 Commission staff respectfully recommends  
14 that you approve Order 2016-65 at this time.

15 CHAIRMAN JOHNSTON: Thank you very much.

16 Any questions?

17 Is there a motion to approve Order 64?

18 COMMISSIONER HERNDON: Motion.

19 CHAIRMAN JOHNSTON: A motion. Is there a  
20 second?

21 COMMISSIONER FINE: Second.

22 CHAIRMAN JOHNSTON: And a second.

23 All those in favor, say aye.

24 (Chorus of ayes.)

25 Opposed.

1           The order's adopted.

2           Thank you very much.

3           Noah Jackson to talk about the Athletic  
4 Division.

5           MR. JACKSON: Thank you, Mr. Chair, members  
6 of the Commission, you have before you Order  
7 No. 2016-66 regarding HOC Promotions, LLC's  
8 surety bond.

9           HOC Promotions, LLC, obtained a promoter's  
10 license on November 5, 2015, and conducted a  
11 boxing event on December 5, 2015, at the Hall of  
12 Champions Fitness Center in Indianapolis,  
13 Indiana. As required by statute and  
14 administrative rules, HOC Promotions obtained a  
15 surety bond in the amount of \$10,000,  
16 guaranteeing payment of all financial and tax  
17 obligations under Indiana Code Section  
18 4-33-22-32.

19           Currently, no payments have been received by  
20 the Commission staff and Commission staff has  
21 been unable to make contact with the promoter  
22 since the event was held. HOC Promotions  
23 continues to owe unpaid reimbursement fees and  
24 ticket taxes.

25           Cumulatively, the outstanding amounts total

1 to \$869.50. Pursuant to Resolution 2010-127, the  
2 Commission must approve the recovery of the  
3 outstanding amount through the exercise of the  
4 surety bond.

5 Commission staff respectfully requests that  
6 you approve Order No. 2016-66, which will allow  
7 the staff to file a claim against the surety bond  
8 in order to recover the outstanding fees.

9 CHAIRMAN JOHNSTON: Thank you very much.

10 Any questions for Noah?

11 Seeing none, is there a motion to -- on this  
12 order?

13 COMMISSIONER SVETANOFF: Motion.

14 COMMISSIONER HERNDON: Second.

15 CHAIRMAN JOHNSTON: Motion and a second.

16 All those in favor, say aye.

17 (Chorus of ayes.)

18 Opposed.

19 The motion is adopted.

20 MR. JACKSON: Thank you.

21 CHAIRMAN JOHNSTON: Casino matters, Chris  
22 Gray.

23 Welcome.

24 MS. GRAY: Good afternoon, Commissioners and  
25 executive staff. You have before you eleven

1 settlement agreements concerning disciplinary  
2 action.

3 The first settlement agreement is with  
4 Ameristar, Order 2016-67, and includes three  
5 counts.

6 In the first count, the casino failed to  
7 inform the Commission that the progressive  
8 feature at a table game was being removed.

9 The second count violated the VEP rules.

10 In the third count, the casino failed to  
11 timely inform the Commission of three  
12 terminations.

13 Ameristar has agreed to a total monetary  
14 settlement of \$8,500 in lieu of disciplinary  
15 action.

16 Order 2016-68 is a settlement agreement with  
17 Blue Chip wherein the casino failed to secure the  
18 soft count door while the count team was inside  
19 the room performing the count.

20 Blue Chip has agreed to a monetary  
21 settlement of \$2,000 in lieu of disciplinary  
22 action.

23 Order 2016-069 is a settlement agreement  
24 with French Lick, and includes seven counts.

25 In the first count, the casino failed to

1 timely notify the Commission of an employee  
2 termination.

3 The second count violated the surveillance  
4 rules.

5 The third -- in the third count, playing  
6 cards were left unsecured.

7 In the fourth count, the -- there was a  
8 violation of the rules regarding the inventory of  
9 the chips in the floats.

10 In the fifth count, several different  
11 departments failed to notify surveillance of  
12 their activity on numerous occasions.

13 In the sixth count, on seven separate  
14 occasions a patron was able to access the drop  
15 area.

16 The seventh count violated the removal of  
17 EPROMS prior to storing them in the warehouse.

18 French Lick has agreed to a total monetary  
19 settlement of \$18,500 and will submit a  
20 corrective action plan regarding the notification  
21 of surveillance in lieu of disciplinary action.

22 The fourth order, 2016-070, is a settlement  
23 agreement with Hollywood, and includes five  
24 counts.

25 In the first count, the casino violated the

1 rules and their internal controls regarding the  
2 safeguarding of assets.

3 The second count violated surveillance  
4 rules.

5 In the third count, the casino violated the  
6 rules and their internal controls regarding the  
7 storage of electronic gaming devices.

8 In the fourth count, the casino failed to  
9 notify the gaming agents of apparent criminal  
10 activity.

11 In the fifth count, the casino allowed an  
12 underage person on the casino floor.

13 Hollywood has agreed to a total monetary  
14 settlement of \$20,000 in lieu of disciplinary  
15 action.

16 Order 2016-071 is a settlement agreement  
17 with Hoosier Park wherein the casino failed to  
18 notify the gaming agents of apparent criminal  
19 activity.

20 Hoosier Park has agreed to a monetary  
21 settlement of \$1,500 in lieu of disciplinary  
22 action.

23 Order 2016-072 is a settlement agreement  
24 with Horseshoe Hammond wherein an underage person  
25 was allowed on the Casino floor.

1           Horseshoe Hammond has agreed to a monetary  
2 settlement of \$1,500 in lieu of disciplinary  
3 action.

4           The seventh order, 2016-73, is a settlement  
5 agreement with Horseshoe Southern Indiana and  
6 includes four counts.

7           In the first count, on several occasions the  
8 casino failed to notify surveillance prior to  
9 transferring funds on the casino floor.

10          The second count violated the rules and the  
11 casino's internal controls regarding the  
12 safeguarding and securing of assets.

13          The third count violated the VEP rules.

14          In the fourth count, an underage person was  
15 allowed on the casino floor.

16          Horseshoe Southern Indiana has agreed to a  
17 monetary settlement of \$11,500 in lieu of  
18 disciplinary action.

19          Order 2016-74 is a settlement agreement with  
20 Indiana Grand and includes five counts.

21          In the first count, the casino failed to  
22 notify the gaming agents of apparent criminal  
23 activity.

24          In the second count, the casino failed to  
25 timely notify the gaming agents of two

1 terminations.

2 The third count violated the rules regarding  
3 the soft count process.

4 The fourth count violated the casino's  
5 internal controls pertaining to notification of  
6 cage variances over \$500.

7 In the fifth count, the TITO rule and the  
8 rule stating the Commission must be notified as  
9 soon as an occupational licensee becomes aware of  
10 a rule violation were violated.

11 Indiana Grand has agreed to a total monetary  
12 settlement of \$21,000 in lieu of disciplinary  
13 action.

14 Order 2016-075 is a settlement agreement  
15 with Majestic Star wherein the casino allowed an  
16 employee to work with an expired badge and failed  
17 to timely notify the gaming agents of a  
18 termination.

19 Majestic Star has agreed to a total monetary  
20 settlement of \$1,500 in lieu of disciplinary  
21 action.

22 Order 2016-76 is a settlement agreement with  
23 Rising Star and includes four counts.

24 In count one, the controller failed to  
25 correctly display his badge on numerous

1 occasions.

2 In the second count, the casino failed to  
3 immediately remove obstructive decorations after  
4 being notified to do so by the Commission.

5 Count three violated numerous surveillance  
6 rules.

7 In count four, a vendor was allowed to enter  
8 the casino without a vendor badge.

9 Rising Star has agreed to a total monetary  
10 settlement of \$51,000 in lieu of disciplinary  
11 action.

12 The final order, 2016-077, is a settlement  
13 agreement with Tropicana and includes four  
14 counts.

15 The first count violated the rules regarding  
16 progressive jackpots.

17 In the second count, playing cards were left  
18 unsecured on a podium in the pit area.

19 In the third count, an underage person was  
20 allowed on the casino floor.

21 The fourth count violated the rule requiring  
22 slot machines to be coin tested to ensure that  
23 they are communicating with the central computer  
24 system.

25 Tropicana has agreed to a total monetary

1 settlement of \$6,000 in lieu of disciplinary  
2 action.

3 The Commission staff recommends that you  
4 approve the Orders 2016-067 through 2016-077,  
5 each of which approves one of the settlement  
6 agreements that we have just discussed.

7 CHAIRMAN JOHNSTON: Thank you, Chris.

8 Any questions for Chris?

9 One. On the Order 76 and I believe the  
10 third count regarding the surveillance issue, it  
11 seemed like -- did we get any response from  
12 Rising Star in terms of raising these issues? It  
13 seems like there was a continued -- there were  
14 more than just -- it was more than one event  
15 involving the surveillance system.

16 MS. GRAY: Right. We have asked that the  
17 casino have their director of surveillance do a  
18 complete examination of their surveillance system  
19 and do a report to the Commission.

20 CHAIRMAN JOHNSTON: Okay. So we are  
21 expecting some sort of --

22 MS. GRAY: Yes.

23 CHAIRMAN JOHNSTON: -- feedback or response  
24 from them?

25 MS. GRAY: We are.

1 CHAIRMAN JOHNSTON: Okay. Thank you very  
2 much.

3 What's the pleasure?

4 COMMISSIONER SHERMAN: Motion to approve.

5 CHAIRMAN JOHNSTON: There's a motion on  
6 these orders for the settlement.

7 COMMISSIONER SVETANOFF: Second.

8 CHAIRMAN JOHNSTON: And a second.

9 All those in favor, say aye.

10 (Chorus of ayes.)

11 Opposed.

12 The orders are adopted.

13 Thank you very much.

14 MS. GRAY: Thank you.

15 CHAIRMAN JOHNSTON: The next matter is a  
16 financing issue with Boyd Gaming.

17 Michelle Baldwin.

18 MS. BALDWIN: Good afternoon again,  
19 Commissioners.

20 The next order before you is 2016-78. On  
21 January 28, 2016, Boyd Gaming Corporation  
22 requested permission to act on a proposed  
23 financing issue. The financing request is to  
24 repay an existing indebtedness and acquire new  
25 financing. The details for this transaction are

1 included in your confidential documents.

2 Commission staff recommends approval of the  
3 proposed financing.

4 CHAIRMAN JOHNSTON: Any questions?

5 Seeing none, is there a motion on Order 78?

6 COMMISSIONER FINE: Move for approval.

7 CHAIRMAN JOHNSTON: There's a motion. Is  
8 there a second?

9 COMMISSIONER SVETANOFF: Second.

10 CHAIRMAN JOHNSTON: A motion and a second.

11 All those in favor, say aye.

12 (Chorus of ayes.)

13 Opposed.

14 The order is adopted.

15 Thank you.

16 MS. BALDWIN: Thank you.

17 CHAIRMAN JOHNSTON: The next subject matter  
18 is the beginning of a discussion on a topic that  
19 we discussed a lot at the November meeting, and  
20 that is the transaction with Pinnacle and GLPI.

21 Our first speaker on the topic today is  
22 going to be from Unite Here, Noah Carson-Nelson.

23 Welcome, Noah. And let's take about ten  
24 minutes, if we can, please.

25 MR. CARSON-NELSON: That's the plan. Thank

1 you, Mr. Chairman and members of the Commission.

2 As Chairman Johnston just stated, my name is  
3 Noah Carson-Nelson. I'm a research analyst with  
4 Local 1 of Unite Here, the union that represents  
5 approximately 270,000 North American workers in  
6 the hospitality and food service industries,  
7 including more than 1,500 in casinos here in  
8 Indiana.

9 At some point in my presentation there will  
10 be two slides that will illustrate a couple  
11 points, but it won't be the focus.

12 With me here today is our local counsel,  
13 Jeff Macey, of Macey Swanson and Allman.

14 As you know, Unite Here has petitioned the  
15 Commission to become a party in the proceedings  
16 regarding Pinnacle Entertainment's pending  
17 license transfer in Indiana. We appreciate this  
18 chance to address the Commission once again.

19 In addition to my comments today and my  
20 presentation to you last November, we have  
21 provided staff with two detailed research reports  
22 on the GLPI leaseback model. One report is  
23 called "Outlier in the Industry" and the other "A  
24 House Divided." I'm not going to go over these  
25 reports in detail. Hopefully you have them in

1 your packets and have had a chance to review  
2 them.

3 We don't expect gaming regulators to be  
4 experts in real estate investment trusts, nor do  
5 we expect your distinguished consultant,  
6 Dr. Sullivan, her impressive resume and  
7 qualifications notwithstanding, to be well versed  
8 in this particular leaseback model which is,  
9 after all, unprecedented in our industry and  
10 quite dissimilar to any other triple net retail  
11 REIT we could find.

12 We've studied the GLPI leaseback model, and  
13 it's clear to us that it could dramatically  
14 transform our industry, which is why our research  
15 department prepared these reports.

16 While I'm not going to recap the points in  
17 these reports, I do want to suggest that if any  
18 of this information was surprising to you or to  
19 the staff or if any of it had not been previously  
20 identified or analyzed by an independent expert,  
21 it seems the only proven course of action would  
22 be to table this request for a license transfer  
23 until the staff had a chance to consider all the  
24 relevant information and assess the likely  
25 consequences of granting Pinnacle's unusual

1 request to receive a license for a casino which  
2 they do not own.

3 We respectfully would suggest that to the  
4 extent you or your staff has asked Pinnacle or  
5 GLPI any of the questions considered in the two  
6 reports, any answers should be independently  
7 verified for accuracy and completeness.

8 Now, let me summarize our opposition to the  
9 transaction that is before you.

10 As I stated last November, we believe the  
11 proposed acquisition is illegal because GLPI will  
12 own three properties in Indiana. The Indiana  
13 Gaming Insight reported last month that Executive  
14 Director Tait's description of the Commission's  
15 position on real estate investment trusts is that  
16 a REIT, quote, only relates to real estate, end  
17 quote, and not casino ownership.

18 Although that is sometimes the case with  
19 REITs in other industries, it is demonstrably not  
20 the case in this instance.

21 GLPI would own the real estate and the  
22 buildings, and the terms of the proposed master  
23 lease would give GLPI significant influence over  
24 Pinnacle's destiny.

25 In fact, it is not an exaggeration to say

1 that in Indiana, as well as in every other  
2 jurisdiction in which Pinnacle now operates, it  
3 is highly unlikely Pinnacle could acquire or  
4 build other casinos without GLPI's permission.

5 As you know, Indiana Code states a person  
6 may not have ownership interest in more than two  
7 riverboat owner's licenses issued under this  
8 chapter.

9 GLPI already owns one licensed riverboat  
10 casino, as you know, the Hollywood in  
11 Lawrenceburg, which is operated by Penn National.

12 GLPI intends to buy two more licensed  
13 riverboat casinos from Pinnacle, the Ameristar in  
14 East Chicago and the Belterra.

15 The owner of a riverboat casino should hold  
16 a riverboat owner's license, and in Indiana the  
17 law is clear that a person or company cannot have  
18 ownership interest in more than two riverboats.

19 Whatever decisions are made here today, we  
20 plan to continue speaking out in any appropriate  
21 forum against the GLPI leaseback model, which we  
22 believe is not in the best interests of the State  
23 of Indiana.

24 We also have concerns about the consequences  
25 of the leaseback arrangement for Pinnacle. In

1 the last business meeting, Chairman Johnston  
2 asked Mr. Ruisanchez to give some detail on the  
3 company's capital expenditures in Indiana.

4 He responded by reminding the board about  
5 the redevelopment at the Belterra property and  
6 the improvements at the East Chicago property.

7 Yes, those investments were made and  
8 undoubtedly contributed to keeping those two  
9 properties competitive in the state. But they  
10 were made when Pinnacle had discretion over most  
11 of its cash flow.

12 If this leaseback occurs, Pinnacle in its  
13 first year will have, by its own numbers, only  
14 35 percent of its cash flow after rent and  
15 interest for discretionary spending.

16 Sorry. Sorry, folks, there's some math.  
17 I'll just keep on talking, but.

18 So in the first year after this proposed  
19 transaction, the company has stated that it  
20 expects to have an EBITDAR of 635 million;  
21 635 million, that's up at the top, a rent payment  
22 of 377 million, interest payments of 38 million,  
23 and taxes of 19 million. As you can see, this  
24 leaves \$201 million that could be put to  
25 discretionary uses such as capital expenditures,

1 debt buy-downs, acquisitions and other  
2 discretionary spending.

3 Mr. Ruisanchez said that his company  
4 typically spends about 100 million per year on  
5 upkeep, so to continue at that level in the first  
6 year after the proposed transaction, Pinnacle  
7 would need to devote half of its expected  
8 discretionary cash flow towards maintenance  
9 capital if it wanted to avoid incurring  
10 additional debt. That would leave 101 million of  
11 free cash flow, which is an important number,  
12 because it is free cash flow that allows a  
13 company to grow, either through capitalizing  
14 major -- capitalizing major improvements on  
15 existing structures or by funding the equity  
16 portion of acquisitions on new developments.

17 Would Pinnacle have been able to pay down  
18 its debt and build River City, Belterra Park, a  
19 new hotel at Boomtown New Orleans, L'Auberge  
20 Baton Rouge -- Baton Rouge, pardon me, and with  
21 only a hundred million annual free cash flow.

22 And what happens if there's another economic  
23 downturn? Let's say EBITDA declines to 2009  
24 levels. In 2009 Pinnacle's consolidated adjusted  
25 EBITDA was 163 million.

1           But we don't have to go back as far as 2009.  
2           Let's take a look at a good year, 2014, on the  
3           screen, the first full year after Pinnacle  
4           acquired Ameristar. Consolidated adjusted EBITDA  
5           in 2014 was 585 million.

6           Now, suppose in the year following the  
7           proposed leaseback transaction Pinnacle doesn't  
8           meet its expected 635 million EBITDAR, but  
9           instead earns the equivalent of 2014 EBITDA of  
10          585 million, which was still a good year for the  
11          company. Now, subtract 377 million for rent, as  
12          you can see, 38 million for interest, and taxes  
13          will be somewhat lower on lower earnings, so  
14          let's say 17 million instead of 19. What would  
15          be left for capital expenditures and all other  
16          discretionary uses would be just 153 million.

17          Would Pinnacle feel pressure to spend less  
18          on maintenance under that circumstance? Even if  
19          Pinnacle maintains spending on maintenance at  
20          100 million, that would leave just 53 million for  
21          investments in growing the portfolio and other  
22          discretionary spending.

23          Don't get me wrong. I hope Pinnacle meets  
24          or exceeds its 635 million projection, but things  
25          don't always turn out the way we expect.

1           Another argument made by a Pinnacle  
2 official, Mr. Godfrey, at November's Gaming  
3 Commission meeting was that because Pinnacle will  
4 remain a public company, it will have an  
5 incentive going forward to reinvest in its  
6 properties. Well, maybe, as long as shareholders  
7 take the long view.

8           On September 30th of last year, 10 out of  
9 the top 20 Pinnacles shareholders were hedge  
10 funds, including some of the very ones that had  
11 been urging Pinnacle to monetize its real estate  
12 by investing in its -- by spinning off its own  
13 REIT. Those 10 hedge funds collectively held  
14 26 percent of shares. Many other hedge funds  
15 held smaller stakes. Still others had already by  
16 September sold off their stakes following a brief  
17 run-up in share prices that occurred during  
18 GLPI's courtship of Pinnacle.

19           How many of those remaining hedge funds will  
20 be sticking around long enough to be concerned  
21 with the long-term viability of an operating  
22 company?

23           And there are a host of other questions.  
24 GLPI said Penn National's spending on capital  
25 expenditures is just fine. We looked at the

1 actual record.

2 Would it be news to you that, in fact, over  
3 all capex and maintenance capex declined  
4 significantly at Penn in the six quarters after  
5 the Penn split up and leaseback transaction?

6 Did staff determine what Pinnacle's expected  
7 rent adjusted leverage would be in the first year  
8 after its proposed leaseback?

9 Has anyone asked Pinnacle how it had valued  
10 its 35-year lease liability pursuant to  
11 applicable GAAP accounting for leases, accounting  
12 rules for leases?

13 As for GLPI, has the staff provided you an  
14 answer as to why GLPI, unlike the large retail  
15 REITs to which it has compared itself, is so much  
16 less diversified?

17 Have staff benchmarked Penn's or Pinnacle's  
18 rent coverage ratios against REIT industry norms?

19 Have staff or consultants investigated how  
20 other triple net REITs in other industries and  
21 their tenants fared in times of declining  
22 revenues?

23 If the answer to any of these questions is  
24 no, then how can the Commission take a vote today  
25 on Pinnacle's license transfer request?

1           We believe that there are many more  
2 questions and much yet to learn about this  
3 proposal and its consequences for Pinnacle, the  
4 industry and the state of Indiana.

5           Thank you for this opportunity to address  
6 the Commission.

7           CHAIRMAN JOHNSTON: Thank you, Noah. Any --  
8 come back up. Any questions for Noah?

9           Thank you for your report. And I just have  
10 one question. Is this -- was this done by your  
11 internal analysts or did you contract out with  
12 somebody in the investment banking world to help  
13 you with this analysis?

14          MR. CARSON-NELSON: By our internal analysts  
15 in the gaming industry.

16          CHAIRMAN JOHNSTON: Okay. Thank you very  
17 much.

18          MR. CARSON-NELSON: Thank you.

19          CHAIRMAN JOHNSTON: Greg, you want to  
20 continue on this matter?

21          MR. SMALL: Thank you, Chairman. This  
22 concerns Order No. 2016-079 concerning granting  
23 transfer of ownership interest in riverboat  
24 owner's license.

25          Pinnacle Entertainment, Inc., is the parent

1 company of Ameristar Casino and Belterra Casino.  
2 Pinnacle is seeking to separate its real estate  
3 assets from its operating assets by selling its  
4 real property assets to a real estate investment  
5 trust, Gaming and Leisure Properties, Inc., a  
6 licensed Indiana supplier.

7 Under the proposal, Pinnacle would transfer  
8 its ownership interest in casino licensees  
9 Ameristar and Belterra to PNK Entertainment,  
10 Inc., a newly formed corporate entity. The  
11 officers, directors and key persons will remain  
12 the same, and the transfer of ownership is to  
13 facilitate the sale of the real property assets  
14 to GLPI.

15 PNK filed a Part I of the owner's license  
16 applications and submitted the \$50,000  
17 application fee.

18 After the transaction is complete, GLPI will  
19 own the real property assets of three Indiana  
20 casinos: Ameristar, Belterra and Hollywood.  
21 GLPI will purchase Pinnacle's real property, but  
22 will not receive any ownership interest in  
23 Pinnacle or PNK. GLPI will have no direct or  
24 indirect ownership interest in the casino owner's  
25 licenses for Ameristar or Belterra.

1           Indiana -- excuse me. 68 Indiana  
2           Administrative Code 2-2-1(c)(5) requires that the  
3           lessor of a riverboat or dock facilities have a  
4           supplier's license.

5           The Commission previously reviewed the  
6           proposed Penn National Gaming-GLPI REIT  
7           transaction in 2013 and required GLPI to obtain a  
8           supplier's license. GLPI continues to hold a  
9           valid supplier's license.

10          This transaction has been evaluated by  
11          financial investigations and the department  
12          staff. Staff has arrived at a favorable  
13          recommendation regarding this transaction as a  
14          result of the numerous conditions placed upon its  
15          approval. Staff acknowledges the novelty of this  
16          transaction and the need for more stringent  
17          regulatory oversight.

18          There is a lack of historical data  
19          establishing the success of the REIT structure in  
20          the gaming sector; therefore, in order to fully  
21          satisfy its regulatory responsibilities, staff  
22          took the following additional actions which are  
23          factors in evaluating the soundness of this  
24          proposed transaction.

25          Number one, inclusion of enhanced reporting

1 notice requirements.

2 Number two, designation of a power of  
3 attorney that would serve as GLPI's trustee to  
4 maintain and oversee the real property assets  
5 owned in the state of Indiana.

6 And, number three, retention of outside  
7 financial analyst, Dr. Charlene Sullivan, to  
8 review the proposed debt financing package.

9 Another component of this sale is the debt  
10 financing package that refinances Pinnacle's  
11 long-term debt.

12 The Commission's financial analyst,  
13 Dr. Sullivan, conducted an analysis of the debt  
14 financing package and recommends approval.

15 Dr. Sullivan also reviewed Unite Here  
16 documents which were presented to the Commission.

17 Staff agrees and will recommend approval of  
18 the financing and waiver of the so-called two  
19 meeting rule.

20 Approval of this transaction will require  
21 the Commission to take two actions regarding  
22 Pinnacle's application for transfer of ownership  
23 interest in casino owner licensees.

24 First, approval of the application to  
25 transfer ownership interest in casino owner's

1 licensees Ameristar and Belterra from Pinnacle to  
2 PNK, which will be a publicly held company which  
3 will ultimately hold such licensees through a  
4 wholly-owned subsidiary, Pinnacle MLS, LLC.

5 Second, Commission approval of the debt  
6 financing package proposed by Pinnacle and PNK  
7 related to the transaction with GLPI allowing the  
8 sale of the real property assets of Ameristar and  
9 Belterra from Pinnacle to GLPI, including a  
10 waiver of the so-called two meeting requirement.

11 Staff requests that the Commission condition  
12 the aforementioned actions on several things.

13 These items are as follows:

14 Number one, Security and Exchange Commission  
15 review concluding in a fashion that would allow  
16 the parties to close the transaction.

17 Number two, shareholder approval by both PNK  
18 and GLPI.

19 Number three, receipt of closing financing.

20 Number four, no adverse rulings or decisions  
21 by the Internal Revenue Service concerning the  
22 transaction.

23 Number five, submission and approval of a  
24 written power of attorney identifying the person  
25 who would serve as GLPI's trustee to maintaining

1 and overseeing the real property assets owned in  
2 the state of Indiana.

3 And, number six, no material changes to the  
4 proposed transaction or financing.

5 Lastly, staff requests that the Commission  
6 require PNK and GLPI to provide notice of certain  
7 events to the staff. Those events are listed in  
8 1 through 12 in the proposed order. However, I  
9 did want to highlight a couple of those for the  
10 Commissioners.

11 One being that PNK shall annually report  
12 capital expenditures at Ameristar and Belterra as  
13 a percentage of net revenue.

14 Also, the parties shall report all PNK  
15 capital expenditure requests submitted to GLPI  
16 for its consent and GLPI's response.

17 Staff has arrived at a favorable  
18 recommendation regarding this transaction.

19 Thank you.

20 CHAIRMAN JOHNSTON: Thank you, Greg.

21 So we, the Commission members, understand  
22 the order before us, both those two requirements  
23 are embedded in this order; right?

24 MR. SMALL: That is correct.

25 CHAIRMAN JOHNSTON: Any questions?

1 I know we -- in November we spent a lot of  
2 time with both parties -- well, all interested  
3 parties, asking and getting answers to our  
4 questions. I certainly want to take time today  
5 if there's additional questions, that they be  
6 raised.

7 EXECUTIVE DIRECTOR TAIT: Can I say  
8 something?

9 CHAIRMAN JOHNSTON: You certainly may.

10 EXECUTIVE DIRECTOR TAIT: Thank you. I was  
11 hoping someone from either GLPI or Pinnacle could  
12 address, just give the Commissioners an update of  
13 where you are in other states in receiving  
14 approval there, as well as the timing anticipated  
15 on some of the conditions included in the order,  
16 so an update on the SEC review, when the  
17 shareholder approval is anticipated and when you  
18 believe the financing will close.

19 MR. SANFILIPPO: Thank you, Sara.

20 Good afternoon. I'm Anthony Sanfilippo, the  
21 chief executive officer of Pinnacle  
22 Entertainment.

23 Chairman and Commissioners, thank you for  
24 hearing us today and allowing us to be here. I  
25 am with Jack Godfrey, who is our general counsel,

1 Carlos Ruisanchez, who's our president and chief  
2 operating officer.

3 And I apologize I wasn't with you in  
4 November. I had a flight that got canceled that  
5 didn't allow me to come in for that meeting.

6 We're also with Peter Carlino, who is the  
7 chairman and CEO of Gaming and Leisure  
8 Properties, as well as Brandon Moore, who's the  
9 general counsel.

10 Again, thank you for allowing us to be here.  
11 I came last night from our East Chicago property  
12 that -- we held our team member of the year  
13 event, which was a wonderful event, and I'm  
14 headed to Belterra Resort from here to do the  
15 same tonight.

16 We are proud to be a part of Indiana and to  
17 be in the state. We're proud of the quality of  
18 both properties and the team members that we have  
19 at both properties and the growth that we've  
20 continued to see here at both properties.

21 Specifically to answer your question, we  
22 will next -- we'll have our shareholder vote on  
23 the 15th of this month. Both companies will hold  
24 their shareholder vote. We hope to have on the  
25 14th of this month, we hope to be in front of --

1 or I should say of March, I'm sorry, of March the  
2 shareholder vote will be, and we hope to be in  
3 front of Louisiana, that has not been set yet,  
4 but we believe there's a good chance that we'll  
5 be in front of Louisiana shortly after that.

6 We will be in that same week of March in  
7 front of Nevada for their approval, and then the  
8 week after that we're scheduled to be in  
9 Missouri, so we hope to have all regulatory  
10 approvals and our shareholder vote that will  
11 occur in the month of March, and then we hope to  
12 close in early April or mid April, we'll -- we'll  
13 receive our financing, we'll go out and get the  
14 financing, both sides, to complete the deal, and  
15 we hope to have the transaction complete sometime  
16 mid to late April.

17 EXECUTIVE DIRECTOR TAIT: Thank you.

18 CHAIRMAN JOHNSTON: Any other questions?

19 I'd like to follow up on a question that was  
20 raised in November, and that was -- is the level  
21 of capital expenditures, and with the financial  
22 analysis that we've received from our researcher,  
23 again, that was -- that was looked at and  
24 reviewed.

25 And so I would just like to ask again in

1 terms of historical capital expenditures at your  
2 properties, and particularly the Indiana  
3 properties, versus an understanding of your lease  
4 obligation that would be part of this  
5 transaction, do you see capital expenditures  
6 and -- and having the capacity to make those  
7 similar level of capital expenditures?

8 MR. SANFILIPPO: We do. While we didn't  
9 study the presentation that was in front of you a  
10 few minutes ago, what was missing from that  
11 presentation, while we'll be paying rent, we  
12 won't have the same interest expense, because  
13 there will be a \$2.7 million reduction in our  
14 debt, so we'll -- there just wasn't quite apples  
15 to apples what you were seeing in front of you a  
16 few minutes ago.

17 So specifically to answer your question, we  
18 have historically had capital expenditures, both  
19 maintenance and improvements, like we just did --  
20 our East Chicago Ameristar property, we just  
21 completed less than a year ago a brand-new  
22 restaurant there called Stadium, and it really  
23 enhanced that property. We just completed our  
24 high limit slot room that's there.

25 We have done a number of things at Belterra

1 Resort, including room renovations there, all of  
2 our restaurants have been done. We just  
3 completed our convention area, our convention  
4 space there.

5 We are committed at every one of our  
6 properties to keep them fresh and relevant. We  
7 anticipate both -- both maintenance expense, as  
8 well as expense to do normal improvements such as  
9 new restaurants and hotel refurbishments that  
10 will range anywhere from \$80 to \$120 million.  
11 Carlos referenced \$100 million in November.  
12 That's about on average what we look at. That  
13 includes slots that we purchase, it's a number of  
14 things.

15 We -- we spent money on our Kansas City  
16 property last year improving -- it was 20 years  
17 old, so the air conditioning systems had to all  
18 be replaced. That's a pretty good number from  
19 the standpoint of anywhere from \$80 to  
20 \$120 million a year that we would put into  
21 capital.

22 You know, the other thing we would do, as we  
23 look to expand, and we do look to expand, one,  
24 Gaming and Leisure Properties does not have to  
25 give us approval to expand. They do not have to

1 do that.

2 This is a deal, as I know was explained to  
3 you last time, with a specific set of assets for  
4 us to -- that they're going to be purchasing  
5 those assets and we'll continue to hold the  
6 license and continue to run those assets.

7 What typically happens when you look to  
8 expand your company is you'll go out, you'll  
9 issue new debt or you'll issue equity for that.  
10 That's what you end up doing. It's pretty rare  
11 that you would take from free cash flow and go  
12 specifically use that to buy a new asset. If  
13 you're going to buy a new asset, you're typically  
14 looking at the cash flow from that asset, the  
15 ability to finance the purchase of that asset  
16 through the cash flow you get from that asset.

17 CHAIRMAN JOHNSTON: So you -- because of  
18 that, of the security provided by that asset that  
19 you're financing, you don't see the transaction  
20 impairing your ability in terms of doing future  
21 financings?

22 MR. SANFILIPPO: Not at all. In fact, we  
23 would make the case that we think that we will  
24 have a much stronger balance sheet going forward.

25 CHAIRMAN JOHNSTON: Okay. And I understand

1 that you made significant investments recently  
2 and those should provide value for an extended  
3 period of time. It's just, you know, this is a  
4 long-term obligation, just want to ensure that,  
5 particularly on the properties in Indiana, that  
6 the capital expenditures will continue to be made  
7 and keep the properties attractive.

8 MR. SANFILIPPO: Yes, sir, we understand  
9 that. It's important to us too.

10 CHAIRMAN JOHNSTON: Right. And then I guess  
11 just not to get into the nuances of the  
12 financing, I know you said this reduces your debt  
13 and there isn't an interest expense, but wouldn't  
14 you say that there -- there is an interest  
15 component imputed into your lease payment;  
16 correct? I mean there's still some interest  
17 back --

18 MR. SANFILIPPO: Well, that was part of the  
19 transaction is a material reduction in our debt  
20 in exchange for a long-term rent component to  
21 Gaming and Leisure Properties.

22 CHAIRMAN JOHNSTON: Absolutely. Okay.

23 Any other questions?

24 COMMISSIONER FINE: Just one, out of  
25 curiosity. Do you foresee expansion of the whole

1 transaction? Will you acquire additional gaming  
2 properties, will this continue?

3 MR. SANFILIPPO: You know, Mr. Fine, I'm  
4 sorry, I didn't hear the question. Would you --

5 COMMISSIONER FINE: Will you continue to  
6 acquire gaming properties? Is this a continuing  
7 trend, and maybe more specifically to this  
8 geographic area, how about the state of Indiana?

9 MR. SANFILIPPO: For us in the state, you  
10 know, we have an interest, we think there could  
11 be an opportunity with our East Chicago property  
12 for us to -- I think if the question is how are  
13 we thinking about Indiana?

14 EXECUTIVE DIRECTOR TAIT: And perhaps GLPI  
15 wanted to respond. Yeah, Mr. Carlino or Brandon.

16 COMMISSIONER FINE: I'd like to hear both  
17 sides of that, one -- I understand one is the  
18 acquisition and one is the potential seller, so  
19 I'd be kind of curious to hear from both sides.

20 MR. CARLINO: If I may, Mr. Chairman,  
21 members of the Commission and staff. I  
22 appreciate an opportunity just to say a couple of  
23 words. I was squirming in my seat back there. I  
24 think you gathered that Unite Here is not our  
25 friend and hasn't been for a very long time, show

1 up at every one of our annual meetings. I think  
2 they had, in the Penn days, about 127 -- 127  
3 shares of our company. And I've never been able  
4 to understand kind of what their end game is.

5 But to set one part of the record straight,  
6 they've completely ignored the capital spend that  
7 has occurred at Penn National from the time of  
8 the spin, so, you know, thinking about Mark  
9 Twain's great line, you know there are lies, damn  
10 lies and statistics. You're seeing some evidence  
11 of that up on the screen.

12 Since that spin occurred, Penn National  
13 built two racetracks in Ohio and opened them at a  
14 price or an investment of about \$225 million  
15 each. They opened the first casino for something  
16 more than that in Massachusetts. They acquired  
17 the Tropicana property in Las Vegas.

18 And, by the way, all this stuff is not on  
19 the -- tied to the GLPI lease at all. It's all  
20 independent. And they are the banker, lender and  
21 operator of a more than \$400 million investment  
22 in San Diego, California, so they have scarcely  
23 been constrained since the spin in doing the  
24 things that they always did. And I'm sure  
25 they'll do as much as they can apart from GLPI,

1           although GLPI may in the future be a good  
2           financing source.

3           So I just want to make clear that there  
4           should be no impact, and I think the Pinnacle  
5           folks and Anthony has made pretty clear that  
6           they're not worried about that. We have no  
7           influence on their business at all, and don't  
8           want it.

9           The business of the REIT essentially is  
10          collecting a rent check once a quarter  
11          figuratively, so I don't think there's any reason  
12          for concern about how this will unfold.

13          And I'm happy to answer any questions I can  
14          to put more light on it, but I just need to say  
15          that capital spend has not died since the spin  
16          occurred.

17          CHAIRMAN JOHNSTON: Thank you.

18          Commissioner Fine.

19          MR. CARLINO: Well, Marc had a question, he  
20          was asking about the further development I think  
21          in Indiana.

22          COMMISSIONER FINE: I guess I'm -- the point  
23          of my question is whether there is a potential  
24          likelihood that ultimately you would foresee  
25          REITs owning all of the properties, the grounds

1 themselves, and, secondarily, and I guess in  
2 particular for Pinnacle, if they're going to do  
3 the same thing with other properties, I mean is  
4 this the -- is this the way of the future for all  
5 gaming properties on both the acquisition side  
6 and the sales side?

7 MR. CARLINO: It's hard to say. I mean the  
8 business of GLPI is buying gaming assets. I mean  
9 that's pretty clear and straightforward, but each  
10 company has to find its own path to what's best  
11 for its shareholders.

12 You know, I point out, I was thinking about  
13 this on the flight out here, what's the worst  
14 that happens if you look at this company, the  
15 GLPI side of it, should GLPI somehow do something  
16 reckless, which won't occur in my lifetime, but  
17 suppose it does, and it has to file for a Chapter  
18 11 bankruptcy. Its only business, because it has  
19 no control over the operation of the facilities,  
20 is to collect a check, figuratively again, get  
21 the money that's due it; has no influence on the  
22 operations at all. And though the shareholders  
23 of that company, GLPI, under that extreme  
24 circumstance might suffer, it is going to have no  
25 impact on the ability of the -- of the business

1 to run and somebody else will step in or that  
2 company restructured will have a lesser debt  
3 structure, but it has no impact on the operation  
4 of the business here, because our role is so  
5 simple. Essentially we're a financing source.

6 MR. SANFILIPPO: Let me add to that, if I  
7 could. Mr. Fine, you asked about the industry.  
8 MGM announced they're pursuing where they're  
9 going to have what's called an up-REIT or a  
10 partial REIT and they're going to own 70 percent  
11 of that REIT and they're going to put their  
12 assets into a REIT, a separately publicly traded  
13 REIT.

14 We were looking at spinning off and having a  
15 separate REIT, and then Peter gave a call and  
16 said look, we think that it would be better for  
17 you to put your assets -- we have a larger, more  
18 diversified REIT. It was going to be a separate  
19 REIT that we were going to have that would have  
20 its own board of directors, its own management  
21 team and traded publicly.

22 Caesars Entertainment is going through a  
23 bankruptcy right now, or part of Caesars  
24 Entertainment is, and they have talked about that  
25 they would separate their assets into a REIT.

1           So it's hard to know if -- how many gaming  
2 companies will do this, but there are a number of  
3 gaming companies that are pursuing a strategy  
4 that would separate their real estate from their  
5 operations today.

6           Now, we're not obligated moving forward to  
7 have our assets separate from our operations and  
8 we would take that on a case-by-case basis and  
9 look at what makes sense for us, whether or not  
10 it made sense to place those physical assets into  
11 a REIT, and it could be GLPI, could be a separate  
12 REIT, could be the MGM REIT. If Caesars split  
13 off a separate REIT, it could be that REIT, so  
14 that becomes an option for us to do that. If it  
15 made economic sense for us to do that, we would  
16 do it.

17           We are very much focused on having an  
18 operation that is a healthy operation, that, you  
19 know, we focus on our guests and our team members  
20 and our shareholders, and so we would -- we would  
21 make decisions if we believed it was in the best  
22 interest of all three kind of going forward.

23           Carlos, do you want to add anything to that?

24           MR. RUISANCHEZ: Yes, good afternoon.

25           Specifically about I believe you questioned also

1 trying to get to will we be interested in  
2 acquiring other assets particularly in the state  
3 of Indiana.

4 And certainly -- the answer to that would  
5 certainly be yes under the right circumstances.  
6 Obviously as a license holder, we'd be restricted  
7 by the license total, so we would have limited  
8 ability to do that in this state, but we  
9 certainly would be interested and believe that  
10 we'll have the capacity to take on other  
11 acquisitions, as Anthony mentioned, and finance  
12 them through the assets that we'd be buying in  
13 order to take advantage of our operation  
14 know-how.

15 CHAIRMAN JOHNSTON: Very good. Thank you.

16 Did you have other questions?

17 Commissioner Williams.

18 COMMISSIONER WILLIAMS: Yes, Mr. Chairman.  
19 I have a question for staff, and so I'll just  
20 withhold that until you're done grilling these  
21 guys.

22 EXECUTIVE DIRECTOR TAIT: Before you all sit  
23 down, I just wanted to publicly thank GLPI,  
24 Pinnacle and your local attorneys. You've done a  
25 great job of keeping the IGC staff updated,

1 walking us through all of, you know, the  
2 financial stuff, and it's been a pleasure, and we  
3 just wanted to thank you for that.

4 MR. SANFILIPPO: And if I could, I know I  
5 speak for all of us up here, Sara, the staff has  
6 been terrific, and those that did the  
7 investigations have been great. We appreciate  
8 how your staff has handled all this too. Thank  
9 you.

10 COMMISSIONER SVETANOFF: Just a quick  
11 question for you, it may be a little bit off  
12 topic, since I'm dealing with two casinos here in  
13 Indiana.

14 Do you guys have plans to maybe expand on to  
15 land-based gaming?

16 MR. SANFILIPPO: We have had discussions  
17 specifically with East Chicago, that we think  
18 that there could be an opportunity there. We've  
19 actually done some preliminary work to take a  
20 look at how we might be able to do that at our  
21 East Chicago property. We think that where we're  
22 located there in East Chicago, that its proximity  
23 to Chicagoland could create an opportunity for us  
24 to expand that facility with a component that  
25 wouldn't completely replace the casino boat that

1 we have there, but could enhance that. So that's  
2 something that we are currently studying whether  
3 or not it would make sense for us to do that.

4 COMMISSIONER SVETANOFF: And the reason why  
5 I ask is because the next presentation we have up  
6 is going to be Evansville and their plan on  
7 land-based gaming.

8 MR. SANFILIPPO: Well, we think it's -- you  
9 know, the way the law changed recently, it  
10 creates an opportunity to look at the ability to  
11 do that.

12 COMMISSIONER SVETANOFF: Quite frankly, I  
13 would have thought that every casino would have  
14 been running in to the Indiana Gaming Commission  
15 to do land-based gaming. It was talked about in  
16 the industry for so long, then the law was passed  
17 and Evansville is coming up today and they're  
18 going to -- of course, they have their plan, but  
19 no one else has come forward, so I was a little  
20 shocked.

21 MR. SANFILIPPO: For us it's an issue of the  
22 footprint that we have available, to see how we  
23 would actually be able to physically do that.

24 COMMISSIONER SVETANOFF: Appreciate that.  
25 Thank you.

1 CHAIRMAN JOHNSTON: Thank you.

2 Any other questions for GLPI or Pinnacle?

3 Thank you very much, gentlemen.

4 MR. SANFILIPPO: Thank you.

5 CHAIRMAN JOHNSTON: Commissioner Williams,  
6 your question for staff.

7 COMMISSIONER WILLIAMS: Yes. There are a  
8 number of stipulations in the agreement, quite a  
9 sizable number. We don't usually see this.  
10 That's not surprising to me because this is a new  
11 paradigm for us, but my question is as I read  
12 through these stipulations, there are a lot of  
13 reporting requirements, but within those  
14 reporting requirements, in each and every one is  
15 there ability to react or is it just keeping us  
16 informed? I mean if -- if there's a trend that  
17 you don't like, that you think is detrimental, is  
18 it within our purview with these stipulations to  
19 react?

20 MR. SMALL: Good question, Commissioner.  
21 One of the things that we need to consider is  
22 both of these entities are and will be our  
23 licensees, so that is sort of the ultimate  
24 fall-back for us, is we can always go back and  
25 look are they meeting their requirements as a

1 licensee, whether it be a casino owner or a  
2 supplier on the GLPI side.

3 In fact, some of these specific requirements  
4 may be somewhat redundant for those licensing  
5 requirements, whereas some are more specific to  
6 this lease, which will allow us to sort of look  
7 down the road and determine financially how  
8 things are going to turn out, how are they going  
9 to meet the requirements of a licensee.

10 COMMISSIONER WILLIAMS: And so GLPI doesn't  
11 fit in a tidy way in any of our categories, from  
12 my point of view, being they're really not a  
13 supplier, they're not an operator, so that was my  
14 concern in terms of our ability to manage this  
15 new process.

16 MR. SMALL: Well, GLPI, they actually --  
17 they will be a supplier, and they are currently a  
18 supplier. Under 68 Indiana Administrative Code  
19 2-2-1(c)(5), if you are the lessor of a riverboat  
20 or dock facilities, you are required to have a  
21 supplier's license.

22 They are a current supplier because of the  
23 ownership interest in the real property assets of  
24 Hollywood Casino.

25 COMMISSIONER WILLIAMS: Okay. And then I

1       guess my final question is assuming that this  
2       draft has been reviewed by everybody, I'm  
3       assuming everybody is embracing these  
4       stipulations.

5               MR. SMALL:  Yes, we've -- the parties have  
6       been notified about these expectations and we  
7       received no pushback and they're very comfortable  
8       working with us.

9               COMMISSIONER WILLIAMS:  Thank you.

10              COMMISSIONER SVETANOFF:  Maybe this was  
11       answered and I missed it.  Let's say they're --  
12       let's say for whatever reason condition two is  
13       not satisfied by the party.  What happens then?  
14       I mean do we have some mechanism of which to --  
15       we require them to do this, but what teeth do we  
16       have to come back and say, hey, you didn't  
17       complete condition number two?

18              MR. SMALL:  Again, Commissioner Svetanoff, I  
19       think this goes back to the position they are in  
20       as licensees.  We have all authority over  
21       disciplinary proceedings that we would with any  
22       licensee, and simply these are additional  
23       requirements over and above those that they  
24       currently have, and all of our disciplinary  
25       proceedings will be available to us.

1 CHAIRMAN JOHNSTON: I'd also like to make  
2 clear, there are certain -- our approval is  
3 conditioned on certain things in the middle of  
4 the paragraph of this -- or middle of the page of  
5 this resolution, the 12 items are additional  
6 reporting requirements of the performance of the  
7 transaction, and so there are six conditions that  
8 must be met in order for our approval to be  
9 granted.

10 COMMISSIONER WILLIAMS: But, for example, on  
11 the capital expenditure one, there's a duty to  
12 report, but if we're not happy with or we think  
13 that that is -- that's sliding, I don't know that  
14 we have a specific -- a specific requirement for  
15 annual capital expenditures, and so how do we  
16 deal with that if we feel there's some slippage?

17 And I'm just using that one as an example.  
18 There's several like that, I think, that are sort  
19 of --

20 MS. RESKE: Commissioner Williams, that  
21 requirement will depend solely on our licensee  
22 Pinnacle. They're required by virtue of being  
23 awarded a license to keep their property in such  
24 a manner that reflects positively upon gaming in  
25 Indiana.

1           And if we find, for example, because this  
2 rent payment includes an escalator. Their rent  
3 goes up every year whether their business does  
4 well or not. If we find that because of that  
5 they have been unable to keep their property up,  
6 that could be used as a basis for a disciplinary  
7 action or a license revocation.

8           CHAIRMAN JOHNSTON: Thank you.

9           Any other questions?

10          We have an order before us, Order 79. As  
11 we've discussed, there are two actions being  
12 approved: The transfer of ownership and the debt  
13 financing package, there are conditions, as well  
14 as the twelve monitoring and surveillance  
15 requirements.

16          Any questions on the order?

17          Seeing none, what's the pleasure of the  
18 Commission on Order 79?

19          COMMISSIONER FINE: Move for approval.

20          CHAIRMAN JOHNSTON: There's a motion to  
21 approve. Is there a second?

22          COMMISSIONER SHERMAN: Second.

23          CHAIRMAN JOHNSTON: Motion and a second.

24          Any final questions?

25          Seeing none, all those in favor, say aye.

1 (Chorus of ayes.)

2 Opposed.

3 The order is adopted.

4 Thank you very much.

5 MR. SANFILIPPO: Thank you very much.

6 Appreciate it.

7 MR. CARLINO: Thank you.

8 CHAIRMAN JOHNSTON: Commissioner Svetanoff  
9 really teed up the last item here, and we're very  
10 excited to hear and consider a resolution in  
11 order with the first land-based transition, if  
12 you will, happening down in Evansville and other  
13 opening remarks here.

14 I think they're going to begin the  
15 presentation. And is Bill Murtha going to kick  
16 it off here?

17 MR. MURTHA: Yes, I am. Mr. Chairman,  
18 members of the Commission, good afternoon. It's  
19 a pleasure to be here. I'm actually here today  
20 pinch-hitting for my president and CEO, Tony  
21 Rodio, who had intended to be here and make this  
22 presentation, but unfortunately woke up to a  
23 snowstorm in St. Louis this morning and was  
24 unable to make the drive down here. So he asked  
25 me to extend his regrets and apologies, and

1 hopefully he'll be able to come back at some  
2 point in the near future to address the  
3 Commission and to meet with staff, which he had  
4 hoped to do today.

5 Also joining me on the Tropicana team today  
6 are general manager John Chaszar, who was  
7 introduced to you previously, and Stacey McNeill,  
8 our executive director of marketing.

9 Also joining us is Mayor Lloyd Winnecke from  
10 the City of Evansville.

11 Back in 2011 when Tony Rodio and I first  
12 joined Tropicana, we took one look at our bookend  
13 hotels spanning vacant land and underutilized  
14 land in Evansville, and we thought we needed to  
15 acquire that land and hopefully move the property  
16 and our asset there forward into a land-based  
17 gaming model.

18 So over the last three years, we worked  
19 pretty diligently to acquire all of that  
20 property, and by the end of 2014 we had actually  
21 acquired and now own and operate and use as part  
22 of our -- our gaming facility all of the property  
23 that currently underlies the site of the new  
24 development.

25 Luckily, fortune was in our -- in our hands

1 and we were able to move forward in the  
2 legislature last year, with the legislature and  
3 the governor both supporting land-based gaming  
4 and that became a reality.

5 So later in the year we were -- we met with  
6 the mayor and his staff and counsel, and we  
7 negotiated for three months and came up with a  
8 land-based gaming development that is beneficial  
9 for both Tropicana, as well as the City of  
10 Evansville.

11 I'm going to turn the presentation over to  
12 John, who's going to go through some of the  
13 details on the -- on the project and then he'll  
14 flip it back to me to review the -- the LDA  
15 terms.

16 MR. CHASZAR: Thank you, and good afternoon.

17 Commissioner Svetanoff, if it was up to team  
18 members and customers, we would have ran here the  
19 very next day, so we had a few hurdles to get  
20 over.

21 I'm just going to go through some brief  
22 details and I'll give you some artist renderings  
23 of what the casino may look like moving forward,  
24 and go over some timelines.

25 The facility itself, we got a 75,000 square

1 foot facility. Within that facility there'll be  
2 approximately 45,000 square feet of casino space.  
3 That casino space will obviously be much  
4 different than the boat we have currently.

5 One big difference for a lot of our  
6 nonsmoking customers will be the spacious  
7 ceilings. The ceilings in the new facility will  
8 be anywhere from 20 to 27 feet high. With those  
9 higher ceilings and also state of the art  
10 ventilation systems, it'll be a much more  
11 comfortable environment for all of our customers.

12 Ease of access to the existing hotel and  
13 garage. We measured the distance an average  
14 customer walks from the garage to the boat, and  
15 it's over a quarter of a mile, and the average  
16 age of our customer is between 55 and 65, and so  
17 having the facility adjacent to the garage will  
18 provide a much better experience for those  
19 customers.

20 The multipurpose entertainment facility. We  
21 plan on building a upscale sports bar/restaurant  
22 on the facility. It's going to be very high end.  
23 It's not a Buffalo Wild Wings. It's a very, very  
24 high end restaurant. There also will be a  
25 New York style deli, which will be just off the

1 casino floor. And we're also going to build a  
2 very, very nice entertainment lounge on the  
3 casino floor as a place to try to draw more  
4 customers to the casino floor.

5 And then the back of the house, obviously,  
6 to support the new facility. The total project  
7 commitment is \$50 million on behalf of Tropicana  
8 Entertainment.

9 I'm going to go through a timeline, but the  
10 important timeline is groundbreaking early third  
11 quarter at the latest, according to my boss,  
12 third quarter this year, and we're anticipating a  
13 completion date in mid to late fourth quarter  
14 2017.

15 This is a timeline. It's a preliminary  
16 timeline, but we are on schedule.

17 The next important date after today is March  
18 28th, and that's the street vacation. You'll see  
19 a map here in a second that shows that Third  
20 Avenue runs right down the middle of where our  
21 new casino is going to be, and that would be a  
22 hindrance to the project if it remained, and so  
23 on March 28th is the final reading and hopeful  
24 city approval of vacation of Third Avenue.

25 Also located on our property is a building

1 that we own and lease back to the levee  
2 authority. It is the building that they house  
3 all of their partitions to put up the levee in  
4 the City of Evansville. Part of our agreement  
5 with the levee authority is to move that building  
6 to another section of our property. The  
7 contracts actually were awarded this past week,  
8 and we anticipate 90 days before that building is  
9 relocated.

10 And then also we're in the design stage  
11 right now, I'm going to show you some designs, we  
12 saw some more designs on Friday. And I'm going  
13 to tell you, the designs we saw, this will be a  
14 game changer in Indiana and our competitive  
15 market.

16 This is just a drawing of where the actual  
17 building is going to go. If you look at the  
18 building, the blue is the actual new building.  
19 Let me see if I can get on here.

20 This is the Le Merigot Hotel, which we own  
21 and operate, and then on this side is the  
22 Tropicana Hotel, so the building will actually  
23 create a -- create a great synergy between the  
24 two properties and tie everything together.

25 If you haven't been to our property, in the

1 pavilion area on the water side we have a  
2 phenomenal restaurant, Cavanaugh's Steak House,  
3 that is remaining. I already told the mayor he  
4 can't have that back, so Cavanaugh's will remain.

5 On the first floor of the pavilion we have  
6 two restaurants which we anticipate right now  
7 closing and moving those two restaurant  
8 operations on to the new casino floor. And,  
9 obviously, this is our boat facility.

10 This is a depiction of all the land that we  
11 either own or operate. In the center of this  
12 picture here is a blue box. This is the  
13 warehouse, the Alexander warehouse, which we used  
14 to lease, and as of last month we purchased. And  
15 that was just to help us facilitate and make a  
16 smooth transition in the vacation of Third Avenue  
17 which runs down the middle of our property. But  
18 we own all this property, and as Bill pointed  
19 out, for possible future expansion if necessary.  
20 Exciting stuff.

21 This is a view from across the street on the  
22 water side looking back towards the west of what  
23 most likely the exterior of the new Tropicana  
24 Evansville is going to look like. Much different  
25 than a rusty old riverboat sitting across the

1 street.

2 The next depiction is also coming, looking  
3 back to the east towards Tropicana. Obviously  
4 it's going to change the entire entertainment  
5 feel of Riverside Drive where we're located right  
6 now.

7 The floor, single floor expansion, these are  
8 the colors we picked, possible roof -- excuse me,  
9 ceiling designs. Some of the new ceiling designs  
10 we've seen take this picture and make this  
11 actually look bad. And this is phenomenal for  
12 us.

13 So this is going to be a great, great  
14 addition to the City of Evansville.

15 We talked about high end sports  
16 restaurant/bar. This is one depiction of what it  
17 might look like from our designers. And we've  
18 had two or three. This is -- what I'm talking  
19 about is a high end type of restaurant that's  
20 going to be on the casino floor.

21 And I mentioned the lounge. This is --  
22 there's escalators coming down from the second  
23 floor near our buffet that takes you on down to  
24 the new casino area, and this is our  
25 entertainment lounge that's going to be located

1 on one end of the casino floor. It allows us to  
2 put a high end asset on the floor to draw more  
3 customers, to provide more of an entertainment  
4 experience to the entire facility versus just  
5 being a gambling boat.

6 And then if you were standing on the stage,  
7 this is what you'd look out from the stage  
8 looking out at the rest of the casino, hopefully  
9 with thousands of people and slot machines and  
10 table games here in the next 24 months.

11 So this gives you a feel of what -- of what  
12 the new facility is going to look like. I can  
13 promise you from what I saw last Friday, this  
14 actually doesn't do it justice.

15 And so we are currently in the process of  
16 going out and getting final cost estimates on the  
17 project to make sure it fits within the  
18 \$50 million scope.

19 But as you can see, the team members and our  
20 customers are excited. As you can see from the  
21 amount of media in the back, our local community  
22 is very, very excited.

23 And so with that, I'm going to turn it over  
24 to Bill to go over the LDA.

25 MR. MURTHA: Just briefly, the material

1 terms of the local development agreement. Our  
2 local development agreement is based on a  
3 long-term ground lease. We agreed to amend that  
4 agreement to provide for an extended lease term  
5 through 2055. The current term began in  
6 December, December 1st of last year, and will run  
7 through 2027, and thereafter Tropicana will have  
8 a series of options to extend it out to 2055.

9 In the event that we determine -- the ground  
10 lease covers the pavilion building and the area  
11 where the existing boat is on the river side of  
12 Riverside Drive. If -- obviously there's a  
13 little bit of a disconnect, because when we go  
14 land-based, the casino will actually be not on  
15 the leased property, so that if there's some --  
16 at some point in the future Tropicana decides it  
17 no longer needs the leased ground, there's a  
18 provision in the lease whereby we would negotiate  
19 a substitute redevelopment agreement with the  
20 City that would be substantially on the same  
21 economic terms.

22 In addition to that, the \$50 million  
23 redevelopment commitment which John mentioned, we  
24 have agreed to pay -- prepay rent to the City in  
25 the amount of \$25 million. We made the first

1 prepayment of that rent at the City's request in  
2 December of last year, and the second payment of  
3 12.5 million will be made when the project is  
4 complete in January of 2018.

5 In addition, the City's agreed to provide  
6 Tropicana with \$20 million in development credits  
7 to accomplish this development. They'll be  
8 spaced out over a period of ten years and in lieu  
9 of any other tax abatements.

10 I might also say that during the period of  
11 time that we are receiving the development  
12 credits under this LDA, there are provisions in  
13 the lease that restrict Tropicana from pursuing  
14 real estate tax appeals, so that will help  
15 protect the City in terms of its rental stream --  
16 it's real estate tax stream going forward for  
17 that period of ten years.

18 Once we -- once we get all of our approvals,  
19 there's a provision in the lease amendment  
20 whereby Tropicana will contribute one million  
21 dollars to a City agency that will attempt to  
22 relocate, and I believe will relocate, the  
23 LST-325 World War II Warship Memorial to the  
24 current location of the -- of the -- of our  
25 gaming vessel, so we'll move the gaming vessel,

1 the new LST-325 will come in. And we will also  
2 provide space within the pavilion for a museum  
3 and a gift shop and an entranceway for the  
4 warship, so we think that that will help both the  
5 City and Tropicana in terms of what would have  
6 been underutilized space.

7 John mentioned the Third Avenue street  
8 vacation, which is obviously critical to  
9 Tropicana to accomplish the development. That's  
10 scheduled to occur next month.

11 We will also be negotiating with the  
12 construction trades a project labor agreement,  
13 and look forward to getting that accomplished.

14 And, finally, we have a commitment in the  
15 LDA, as well as to, obviously, the Indiana Gaming  
16 Commission, to comply with MBE/WBE requirements,  
17 so that summarizes the LDA.

18 I'd like to turn over the presentation to  
19 Mayor Lloyd Winnecke behind me.

20 MAYOR WINNECKE: Thank you, Bill.

21 Good afternoon. It's my pleasure to be  
22 here, basically to be a cheerleader. I need to  
23 tell you that Tropicana Evansville is a great  
24 corporate citizen. On a daily basis, there are  
25 not-for-profit organizations that are working

1 hand-in-hand with Tropicana to put on all kinds  
2 of events, and they are well known throughout the  
3 community as a corporate citizen that will help,  
4 so you need to know that.

5 I think you need to know that the local  
6 leadership is involved and respected in our  
7 community. In fact, John is a member of the  
8 Convention & Visitors Bureau in the city.

9 We joined the Tropicana team last year at  
10 the Indiana Statehouse to lobby for this  
11 opportunity, and we are thrilled to be here today  
12 to be an advocate with them for this opportunity.

13 As Bill has mentioned, assuming that this is  
14 approved and this process moves forward, one of  
15 the exciting components for our community is the  
16 prospect that we can move our historic LST-325 to  
17 a more prominent riverfront position that is  
18 currently held by the riverboat. They've been  
19 generous in understanding that it will take a  
20 certain amount of money for engineering and  
21 entrances, et cetera, to that boat. They've  
22 agreed to pay the City one million dollars to  
23 help facilitate that move.

24 I can tell you the LST-325 board of  
25 directors made up of wonderful dedicated veterans

1 of our country are thrilled at the prospect of  
2 being moved to a more prominent position on the  
3 riverfront.

4 And, lastly, I think you need to know this.  
5 Assuming this is approved, there will be just  
6 under \$200 million in construction projects in  
7 our city with this project; a \$50 million  
8 commitment here, our convention hotel is under  
9 construction now, and soon the Indiana University  
10 School of Medicine will be under construction in  
11 the heart of downtown, so there's a lot going on  
12 in our city.

13 We're pleased to be here as an advocate with  
14 Tropicana, and wholeheartedly offer our support  
15 for their project.

16 MR. MURTHA: That ends our presentation. Be  
17 happy to answer any questions the Commission may  
18 have.

19 CHAIRMAN JOHNSTON: Thank you, Bill, thank  
20 you, John, and especially Mayor Winnecke, for  
21 coming up, and a lot of exciting news going on in  
22 Evansville as a whole in terms of economic  
23 development, and obviously this is the continuing  
24 evolution of gaming in Indiana.

25 So, again, it's sort of the first boat up

1 and operating 20-some odd years ago and now the  
2 first one transitioning to a land-based  
3 operation, so congratulations on that.

4 Let me open it up for questions from the  
5 Commission.

6 Commissioner Williams.

7 COMMISSIONER WILLIAMS: Yes. I'd like to  
8 talk a minute about the \$50 million. Is that  
9 hard construction costs or is that the total  
10 project budget?

11 MR. MURTHA: That is the total project  
12 budget. It includes soft costs, design costs,  
13 includes some new gaming equipment, but that's  
14 the total cost of the project.

15 COMMISSIONER WILLIAMS: So what is the  
16 actual construction budget?

17 MR. MURTHA: Well, that is the construction  
18 budget, right, John, the 50 million. Well, 47.5  
19 I think is the actual construction budget.

20 COMMISSIONER WILLIAMS: I'm sorry, I didn't  
21 hear.

22 MR. MURTHA: I'm sorry. I think 47 or 48.5  
23 is the actual construction budget.

24 COMMISSIONER WILLIAMS: And so that's  
25 construction and furniture and fixtures and the

1 new equipment, all that's contained within there?

2 MR. MURTHA: Right. But also design and  
3 permit fees and things like that, which would be  
4 not hard costs, but soft costs.

5 COMMISSIONER WILLIAMS: And then the  
6 redevelopment of the dock and the movement of the  
7 historic ship, is that part of that or is that  
8 outside of that?

9 MR. MURTHA: That's in addition to the  
10 \$50 million development commitment.

11 We also, obviously, have maintenance capex  
12 that is ongoing. We have a budget for that as  
13 well in 2016 and will in 2017 in terms of the  
14 existing property.

15 COMMISSIONER WILLIAMS: So your design fees  
16 and all the site, sort of investigation and all  
17 that's within the 50 million?

18 MR. MURTHA: Yes.

19 COMMISSIONER WILLIAMS: Okay.

20 CHAIRMAN JOHNSTON: Any other questions?

21 Commissioner Sherman.

22 COMMISSIONER SHERMAN: I just had a question  
23 about job creation. Do you see this bringing  
24 more jobs or just moving your current employees  
25 to land-based?

1 MR. MURTHA: John, you want to answer that?

2 MR. CHASZAR: There's a slight expansion in  
3 the jobs. There are some efficiencies,  
4 obviously, from moving off the boat as well. The  
5 number of jobs created net right now is only 15  
6 jobs, 15 FTEs over the boat, but that's for an  
7 expansion of table games, which means work  
8 expansion.

9 But the increased number of table games is  
10 going to go from 30 to 38. The number of slot  
11 machines will go from roughly right now a  
12 thousand to eleven hundred slot machines is what  
13 there are planned, but only -- the net effect is  
14 a net increase of about 15 FTEs.

15 CHAIRMAN JOHNSTON: Commissioner Fine.

16 COMMISSIONER FINE: Let me first say it's  
17 pretty exciting, being from Evansville, to see it  
18 happen, so I commend you and your whole team.

19 The pavilion, you said Cavanaugh's will  
20 remain. What happens to the rest of the  
21 pavilion? The other two restaurants?

22 MR. CHASZAR: The other two restaurants will  
23 close and those team members will move over to  
24 the new restaurants on the land-based facility.

25 As far as the first floor, we have a

1 commitment to the City to provide part of the  
2 space on the first floor for the new museum and  
3 also ticket area for the LST.

4 Other than that, there's absolutely no plans  
5 right now. But there's been talk about possibly  
6 a World War II museum in the pavilion to drive  
7 more traffic to the facility. There's also talk  
8 that in 2018 we will vacate where the restaurants  
9 are right now, make that into more riverfront  
10 event space, but Cavanaugh's is hands off. It's  
11 a phenomenal steak house.

12 COMMISSIONER FINE: So a related question.  
13 The conference center where it's located now, all  
14 I can think of is the Maple Room, that area, is  
15 that to remain or is that --

16 MR. CHASZAR: The Maple Conference Center  
17 needs to go. It's -- it'll be in the middle of  
18 the cage and Players Club and would be slightly  
19 in the way, but the Walnut Convention Center area  
20 will remain.

21 There is -- where the Alexander warehouse is  
22 currently right now, which is not a part of the  
23 current development, it is part of -- will be --  
24 we're already looking forward to phase II where  
25 we would redevelop the rest of the remainder of

1 the property we have in the back and tear down  
2 the Alexander warehouse and create a larger  
3 convention center, multipurpose room in the back.  
4 That's phase II.

5 But right now we're losing the Maple Room,  
6 yes, which is three meeting rooms.

7 COMMISSIONER FINE: Thank you.

8 CHAIRMAN JOHNSTON: Any other questions?

9 EXECUTIVE DIRECTOR TAIT: Before I ask my  
10 question, I wanted to just publicly thank you and  
11 Tropicana and the City of Evansville and the  
12 mayor for making the significant investment in  
13 Indiana. Staff is really looking forward to  
14 working with you all through the rest of this  
15 regulatory process, and we will work within your  
16 timeline to ensure there's no delays in opening.

17 But we're also interested if you've done any  
18 analysis to show what the impact on gaming  
19 revenues might be as a result of this land-based  
20 casino.

21 MR. CHASZAR: I'm looking at my legal  
22 counsel over here, being a publicly held company.

23 MR. MURTHA: We haven't made any  
24 projections.

25 MR. CHASZAR: We haven't actually made any

1 public projections.

2 I guess if I told you that we looked at  
3 Metropolis as an example of what happens when you  
4 go gaming, we saw an increase in gaming revenues  
5 there when they opened up. They have other  
6 competitive pressures in that market, but we  
7 wouldn't be doing this if we didn't think it was  
8 going to enhance the revenue structure of  
9 Evansville. Sorry about that.

10 EXECUTIVE DIRECTOR TAIT: Thank you.

11 COMMISSIONER SVETANOFF: Just one comment,  
12 Mr. Chair.

13 I congratulate the City of Evansville, I  
14 congratulate Tropicana on a fine project, a  
15 significant investment within their community,  
16 and look forward to working with you. Good luck,  
17 and congratulations on being a pioneer.  
18 Hopefully my casinos up there in northwest  
19 Indiana will follow your lead.

20 But, again, congratulations, and it looks  
21 like a super project.

22 MR. CHASZAR: Thank you.

23 CHAIRMAN JOHNSTON: Commissioner Williams.

24 COMMISSIONER WILLIAMS: Yes. I hate to beat  
25 a dead horse, but I started doodling on my paper

1 here, and I think you probably overstated what  
2 your construction budget was, and so I'm  
3 wondering if rather than have you shoot from the  
4 hip on this, if you could just provide the staff  
5 with your budget, because typically soft costs,  
6 either your designers are working for free or  
7 they're working really cheap, and I kind of doubt  
8 either one of those, but that soft cost number  
9 seems a little bit small.

10 MR. CHASZAR: Bill was referring to the  
11 entire construction cost and all the costs.

12 The actual construction costs we've already  
13 talked about a little bit with the construction  
14 company would probably be around 37 and a half  
15 million dollars, which is the current projection.

16 COMMISSIONER WILLIAMS: That sounds better  
17 to me. Yeah, I thought you said 47. Maybe I  
18 misheard you.

19 MR. CHASZAR: Yeah. Unfortunately, we're  
20 not -- we haven't even done the RFP yet. The RFP  
21 will go out sometime in either April or May, but  
22 right now the cost estimates and the estimated  
23 amount from project managers is sitting around 37  
24 and a half million dollars in actual  
25 construction, excluding other costs, just the

1 actual construction.

2 COMMISSIONER WILLIAMS: Well, it's a great  
3 project. We're going to be very excited to watch  
4 it.

5 MR. CHASZAR: Thank you.

6 CHAIRMAN JOHNSTON: Absolutely.

7 Greg, do you want to walk us through, we  
8 have the resolution first that deals with the LDA  
9 modification.

10 MR. SMALL: Correct. That's Resolution  
11 2016-80. Mr. Murtha did a really thorough and  
12 complete job explaining the changes in that.  
13 Rather than be redundant with that, I would  
14 simplify my presentation.

15 On January 6, 2016, Tropicana Evansville  
16 entered into the Sixth Amendment to Lease  
17 Agreement with the City of Evansville.

18 The Commission has continuous jurisdiction  
19 over this agreement under Indiana Code 4-33-23-7.

20 The Commission has authority to act  
21 concerning the modification of the agreement  
22 under Indiana Code 4-33-23-8.

23 Here the modification agreement has been  
24 executed by all parties and is conditioned upon  
25 Commission approval.

1           Therefore, Commission staff will recommend  
2 that you adopt the resolution approving Tropicana  
3 Evansville's request to modify the agreement.

4           CHAIRMAN JOHNSTON: Thank you, Greg.

5           Any questions for Greg?

6           What's the pleasure of the Commission on  
7 Order 80 modifying the -- or approving the  
8 modification request?

9           COMMISSIONER FINE: I move for approval.

10          COMMISSIONER SVETANOFF: Second.

11          CHAIRMAN JOHNSTON: There's a motion and a  
12 second.

13          All those in favor, say aye.

14          (Chorus of ayes.)

15          Opposed.

16          The resolution is adopted.

17          MR. SMALL: The second part of this is to --  
18 is Order No. 2016-81. And this is the order  
19 approving the relocation inland.

20                 In 2015 House Enrolled Act 1540 was passed  
21 and authorized docked riverboat casinos to move  
22 inland. The bill was codified under Indiana Code  
23 4-33-6-24.

24                 On February 10, 2016, Tropicana Evansville  
25 submitted its request to relocate its docked

1 riverboat casino inland and build a 75,000 square  
2 foot facility at an estimated cost of  
3 \$50 million. The inland casino will be located  
4 on adjacent land which Tropicana Evansville  
5 currently leases from the City of Evansville.

6 Indiana Code 4-33-6-24(b), (d) and (e)  
7 provides conditions that must be met before a  
8 casino may relocate their operations inland. As  
9 the project progresses, staff will be working  
10 closely with Tropicana Evansville on numerous  
11 aspects of the plan, including, but not limited  
12 to, construction, such as reinforcing sensitive  
13 areas, casino layout such as cage security, soft  
14 count, table games and slot location,  
15 surveillance plans, updated internal controls,  
16 information technology upgrades, movement of  
17 electronic gaming devices and table games to the  
18 inland casino. These specific kind of details  
19 are premature at this time and many will not be  
20 available until construction is near completion.  
21 The project will move forward more effectively  
22 and efficiently if the Executive Director has  
23 authority over these continuing aspects of the  
24 project.

25 Staff has reviewed the request submitted by

1 Tropicana Evansville and will recommend approval  
2 of the request. The conditions placed on the  
3 approval require Tropicana Evansville to ensure  
4 that it meets -- all conditions in Indiana Code  
5 4-33-6-24(b), (d) and (e) are met as the project  
6 moves from planning to construction.

7 Staff will recommend you delegate plan  
8 approval authority to the Executive Director to  
9 ensure that the project moves forward in a timely  
10 fashion.

11 Thank you.

12 CHAIRMAN JOHNSTON: Thank you.

13 Any questions for Greg on the order, which I  
14 guess, to summarize, is we're approving the move,  
15 but that -- ensuring the compliance of all the  
16 statutory requirements and delegating the  
17 authority to the Executive Director to monitor  
18 that progress and achieving compliance with those  
19 provisions.

20 MR. SMALL: That is correct. What you're  
21 actually approving now is simply the request to  
22 move inland. The plan is going to be unfolding  
23 through time, and the Executive Director will be  
24 sort of handling the day-to-day approval of all  
25 those processes until we get to the end product.

1 CHAIRMAN JOHNSTON: Thank you.

2 Any questions on the order?

3 Is there a motion to adopt the order?

4 COMMISSIONER FINE: Move for approval.

5 COMMISSIONER WILLIAMS: Second.

6 CHAIRMAN JOHNSTON: There's a motion and a  
7 second.

8 All those in favor, say aye.

9 (Chorus of ayes.)

10 Opposed.

11 The order's adopted.

12 Congratulations and good luck. Thank you  
13 very much.

14 I think the last order of business before we  
15 adjourn is to notify the Commission members and  
16 audience our next Commission meeting is going to  
17 be on May 19th.

18 And with nothing else before us, is there a  
19 motion to adjourn?

20 COMMISSIONER SVETANOFF: Motion to adjourn.

21 CHAIRMAN JOHNSTON: There's a motion. Is  
22 there a second?

23 COMMISSIONER SHERMAN: Second.

24 COMMISSIONER HERNDON: Second.

25 CHAIRMAN JOHNSTON: All in favor, say aye.

1 (Chorus of ayes.)

2 We are adjourned. Thank you.

3 (At 2:55 p.m., February 24, 2016, this  
4 meeting of the Indiana Gaming Commission was  
5 adjourned.)

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1 STATE OF INDIANA )  
 ) SS:  
 2 COUNTY OF MARION )  
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4 I, Dianne D. Lockhart, a Notary Public and  
 5 Stenographic Reporter within and for the County of  
 6 Marion, State of Indiana at large, do hereby certify  
 7 that the Indiana Gaming Commission Business Meeting  
 8 held on February 24, 2016, commencing at 1:00 p.m.  
 9 at the Auditorium of the Indiana Government  
 10 Center, South Building, 302 West Washington  
 11 Street, Indianapolis, Indiana, was taken down in  
 12 stenograph notes and afterwards reduced to  
 13 typewriting under my direction, and that the  
 14 typewritten transcript is a true record of the  
 15 proceedings had.

16 IN WITNESS WHEREOF, I have hereunto set my hand  
 17 and affixed my notarial seal this 9<sup>th</sup> day of  
 18 March, 2016.

*Dianne D. Lockhart*

\_\_\_\_\_  
 N O T A R Y P U B L I C

21  
 22 My Commission Expires:  
 23 June 4, 2023

24 County of Residence:  
 25 Marion County