

INDIANA GAMING COMMISSION
BUSINESS MEETING
MARCH 8, 2018

ORIGINAL

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CIRCLE CITY REPORTING
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A P P E A R A N C E S

ON BEHALF OF THE GAMING COMMISSION:

Cris Johnston, Chairman

Susan Williams, Commissioner

Joseph Svetanoff, Commissioner

Mike Herndon, Commissioner

Rich McClain, Commissioner

Jane Saxon, Commissioner

Sara Gonso Tait, Executive Director

Jennifer Reske, Deputy Director

Greg Small, General Counsel

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1 CHAIRMAN JOHNSTON: Good afternoon. Welcome
2 to the March 8, 2018, Indiana Gaming Commission
3 meeting. The -- first we'll start with the call
4 to order and we'll take a roll.

5 Commissioner Williams.

6 COMMISSIONER WILLIAMS: Here.

7 CHAIRMAN JOHNSTON: Commissioner Svetanoff.

8 COMMISSIONER SVETANOFF: Here.

9 CHAIRMAN JOHNSTON: Commissioner Herndon.

10 COMMISSIONER HERNDON: Here.

11 CHAIRMAN JOHNSTON: Commissioner McClain.

12 COMMISSIONER McCLAIN: Here.

13 CHAIRMAN JOHNSTON: Commissioner Saxon.

14 COMMISSIONER SAXON: Here.

15 CHAIRMAN JOHNSTON: We have a quorum, so let
16 us proceed.

17 The November 16, 2017, minutes, meeting
18 minutes were distributed. Are there any
19 corrections or additions to the minutes?

20 Seeing none, what's the pleasure of the
21 Commission?

22 COMMISSIONER SVETANOFF: Motion to approve.

23 COMMISSIONER HERNDON: Second.

24 CHAIRMAN JOHNSTON: There's a motion and a
25 second.

1 All those in favor, say aye.

2 (Chorus of ayes.)

3 Opposed.

4 The meeting minutes are adopted.

5 CHAIRMAN JOHNSTON: Report from the
6 Executive Director. Sara.

7 EXECUTIVE DIRECTOR TAIT: Thank you. Thank
8 you, Mr. Chair. Good afternoon, everyone. First
9 I want to acknowledge how proud I was of our IGC
10 staff and our casino licensees that dealt with
11 the significant flooding down south over the last
12 two weeks.

13 For example, four of our gaming agents were
14 stranded at Horseshoe South for over two weeks --
15 or nearly two weeks, I should say, but after we
16 just recently took a tour of the renovated
17 hotels, I can understand why they didn't offer
18 any complaints. But, you know, never did I
19 imagine we would all become part-time
20 hydrologists, and I'm very thankful that everyone
21 is operational again and we can put away our rain
22 boots, so.

23 Our background and financial investigations
24 team have conducted reinvestigations of casino
25 licensee French Lick and supplier Novomatic.

1 Those reports are in your confidential materials.
2 Directors Brown and Leek are present should you
3 have any questions.

4 Since our last meeting we have waived 22 IGC
5 regulations to casinos and we have added 20
6 individuals to the exclusion list, which
7 effectively and permanently bars those patrons
8 from entering any casino in Indiana.

9 And before I turn it over to you, Mr. Chair,
10 I may possibly lose a friend over this, but I
11 have a special presentation.

12 On this date exactly 20 years ago --

13 MS. RESKE: Oh, for God's sake.

14 EXECUTIVE DIRECTOR TAIT: -- Jenny Reske
15 began her career at the Indiana Gaming
16 Commission. Since March 8, 1998, Jenny has
17 dedicated herself to the Indiana Gaming
18 Commission, and I think she has been one of the
19 most, if not the most, valued staff members in
20 our history, so in -- on behalf of the
21 Commission, our highest honor, I'd like to
22 present to her the Royal Coxswain in appreciation
23 for her service. It's a prestigious distinction.
24 And I know she's so furious with me right now,
25 but in all seriousness, the Gaming Commission

1 would be lost without you, and thank you for your
2 20 years exactly.

3 COMMISSIONER RESKE: I was very young when I
4 started with the Commission. I just want
5 everyone to know that. Thank you, Sara. I
6 appreciate it.

7 (Applause)

8 MS. RESKE: Can I put this here?

9 EXECUTIVE DIRECTOR TAIT: That concludes my
10 report.

11 CHAIRMAN JOHNSTON: Any words of
12 retribution?

13 MS. RESKE: I just -- first of all, we
14 normally give this to someone when they're
15 leaving, so I maybe will take this as my cue, but
16 it has been an honor to be of service for so long
17 to the Commission. I really appreciate the
18 opportunity to have served for 20 years. And I
19 would like to also acknowledge a thanks to Jack
20 Thar for hiring a young 24-year-old so long ago.

21 CHAIRMAN JOHNSTON: Well, Jenny, thank you,
22 thank you so much for your years of service to
23 the State of Indiana, the Commission and the
24 industry. You've -- you've seen a lot, the
25 maturity of the industry, and your contributions

1 are admirable and we look for them to continue.

2 MS. RESKE: Thank you, Mr. Chair.

3 CHAIRMAN JOHNSTON: Thank you.

4 Is there any old business to come before the
5 Commission?

6 Seeing none, we'll move into the agenda for
7 today.

8 Patron matters, the exclusion program.
9 Stephanie Gardner.

10 MS. GARDNER: Good afternoon, Commissioners
11 and Executive Staff. You have before you 21
12 orders regarding the Voluntary Exclusion Program.
13 Pursuant to the rules of the program, the
14 identities of the Voluntary Exclusion Program
15 participants must remain confidential. Pursuant
16 to 68 IAC 6-3-1(g), a participant in the program
17 agrees that if he or she violates the terms of
18 the program and enters the gaming area of a
19 facility under the jurisdiction of the
20 Commission, they will forfeit any jackpot or
21 thing of value won as a result of a wager.

22 Order 2017-178 was initially approved at the
23 November 16, 2017, meeting. Commission staff has
24 amended Order 2017-178 due to an error made in
25 the forfeiture amount. The order that was

1 previously approved reflected an incorrect
2 amount. The amended order correctly reflects the
3 appropriate forfeiture amount by John Doe
4 Number 72.

5 Under Orders 2018-02 through Order 2018-21,
6 a total sum of \$40,258.19 was forfeited by John
7 Does 1 through 20. These winnings were collected
8 at Ameristar, Blue Chip, Hollywood, Hoosier Park,
9 Horseshoe Hammond, Indiana Grand, Majestic Star
10 and Tropicana. These winnings were held as
11 required by Commission regulations.

12 Commission staff recommends that you approve
13 the remittance of these winnings for John Doe
14 Number 72 and John Does 1 through 20.

15 CHAIRMAN JOHNSTON: Very good. Any
16 questions for Stephanie?

17 Seeing none, is there a motion on Orders 1
18 through 21?

19 COMMISSIONER SVETANOFF: Motion to approve.

20 COMMISSIONER WILLIAMS: Second.

21 CHAIRMAN JOHNSTON: There's a motion and a
22 second.

23 All those in favor, say aye.

24 (Chorus of ayes.)

25 Opposed.

1 The orders are adopted. Thank you very
2 much.

3 MS. GARDNER: Thank you.

4 CHAIRMAN JOHNSTON: We have a couple of
5 exclusion list settlements. Dustin Moley.
6 Welcome.

7 MR. MOLOY: Good afternoon, Commissioners.
8 You have before you Order 2018-22 and Order
9 2018-23 regarding settlements reached in lieu of
10 administrative proceedings of Anthony Carver's
11 appeal of his placement on the statewide
12 exclusion list and Bonnie Frederick's appeal of
13 her placement on the statewide exclusion list,
14 respectively.

15 Would you like me to go ahead and address
16 these both in turn?

17 CHAIRMAN JOHNSTON: Sure, let's do both of
18 them. Thank you.

19 MR. MOLOY: Okay. On October 10, 2017,
20 Mr. Carver was observed via video surveillance at
21 the Indiana Grand Casino taking unlawful
22 possession of another patron's \$800 TITO ticket.
23 As a result, Mr. Carver was placed on the
24 exclusion list on November 8, 2017. After he
25 timely filed his appeal -- after he timely filed

1 his appeal of placement on the exclusion list,
2 Commission staff offered to settle the matter by
3 allowing Mr. Carver to petition to be removed
4 from the exclusion list after 12 months in
5 exchange for Mr. Carver withdrawing his appeal.
6 Mr. Carver agreed to the settlement, and the
7 administrative law judge issued an order
8 approving the agreement. Order 2018-22 would
9 approve the ALJ's order approving the settlement.

10 Regarding Order 2018-23, on November 3,
11 2015, Ms. Frederick was observed unlawfully
12 removing \$880 from a cash kiosk at the French
13 Lick Casino. As a result, Ms. Frederick was
14 placed on the exclusion list on February 1, 2016.
15 Counsel for Ms. Frederick filed an untimely
16 appeal, which was subsequently denied by
17 Commission staff on March 10, 2016. Due to
18 circumstances beyond Ms. Frederick's control,
19 Commission staff determined that she had not been
20 given a proper chance to appeal her placement on
21 the exclusion list. On January 26, 2018,
22 Executive Director Tait entered into a settlement
23 agreement with Ms. Frederick, allowing her to
24 petition to be removed from the exclusion list
25 after 12 months from the date she was placed on

1 the list. Order 2018-23 would approve the
2 settlement agreement.

3 Commission staff respectfully recommends
4 that you approve Order 2018-22 and 23 at this
5 time.

6 CHAIRMAN JOHNSTON: Thank you. Any
7 questions of Dustin?

8 Seeing none, is there a motion for Orders 22
9 and 23?

10 COMMISSIONER WILLIAMS: So moved.

11 CHAIRMAN JOHNSTON: There's a motion. Is
12 there a second?

13 COMMISSIONER SVETANOFF: Second.

14 CHAIRMAN JOHNSTON: Motion and a second.

15 All those in favor, say aye.

16 (Chorus of ayes.)

17 Opposed.

18 The orders are adopted. Thank you.

19 You're still on, right.

20 MR. MOLOY: I'm still on.

21 CHAIRMAN JOHNSTON: We're going to move into
22 supplier matters. The floor is yours.

23 MR. MOLOY: All right. Commissioners, you
24 have before you Order 2018-24. Pursuant to
25 Indiana Code Section 4-33-7-8 and 68 IAC Section

1 2-2-8, a supplier's license must be renewed
2 annually along with payment of a \$7,500 renewal
3 fee. Each of the following licensees has
4 submitted a timely request for renewal along with
5 the required payment: Bally Gaming, Inc.; Data
6 Financial, Inc.; Genesis Gaming Solutions, Inc.;
7 Halifax Security, Inc.; IGT; Incredible
8 Technologies, Inc.; Interblock Luxury Gaming
9 Products, d.d.; Midwest Game Supply Co.; Patriot
10 Gaming and Electronics, Inc.; SUZOHAPP Gaming
11 Solutions, Inc.; TCS John Huxley Europe, Ltd.;
12 and Zuvid, LLC.

13 At this time Commission staff respectfully
14 recommends the approval of Order 2018-24 to renew
15 the supplier licenses of those listed.

16 CHAIRMAN JOHNSTON: Thank you, Dustin. Any
17 questions?

18 What's the pleasure of the Commission on
19 Order 24 for supplier renewals?

20 COMMISSIONER SVETANOFF: Motion to approve.

21 COMMISSIONER HERNDON: Second.

22 CHAIRMAN JOHNSTON: There's a motion and a
23 second.

24 All those in favor, say aye.

25 (Chorus of ayes.)

1 Opposed.

2 The order is adopted. Thank you very much.

3 Going to review disciplinary actions. Kimi,
4 welcome.

5 MS. SIMPSON: Good afternoon, Commissioners
6 and Executive Staff. You have before you two
7 settlement agreements concerning disciplinary
8 actions against licensed suppliers.

9 Order 2018-25 is a settlement agreement with
10 American Gaming Systems wherein the supplier
11 violated the rules of shipping electronic gaming
12 device software. American Gaming Systems has
13 agreed to a monetary settlement of \$1,500 in lieu
14 of disciplinary action.

15 Order 2018-26 is a settlement agreement with
16 SUZOHAPP Gaming Solutions wherein the supplier
17 failed to submit a Level One License Application
18 in a timely manner. SUZOHAPP has agreed to a
19 monetary settlement of \$1,500 in lieu of
20 disciplinary action.

21 Commission staff recommends that you approve
22 Orders 2018-25 and 2018-26.

23 CHAIRMAN JOHNSTON: Thank you. Any
24 questions for Kimi?

25 Seeing none, is there a motion on Orders 25

1 and 26?

2 COMMISSIONER SAXON: Motion to approve.

3 COMMISSIONER McCLAIN: 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. Thank you.

10 MS. SIMPSON: Thank you.

11 CHAIRMAN JOHNSTON: Dennis Mullen is going
12 to walk us through occupational licenses.

13 MR. MULLEN: Thank you, Commissioners,
14 Executive Staff. You have before you Orders
15 2018-27 through 2018-30 concerning settlement
16 agreements between Commission staff and
17 occupational licensees. Each of these licensees
18 failed to comply with 68 IAC Sections 2-3-9 and
19 9.1. In lieu of disciplinary action, Commission
20 staff offered each of these licensees a
21 settlement agreement that would have them agree
22 to an unpaid, voluntary relinquishment of the
23 occupational license for a period of regularly
24 scheduled working days with no vacation or other
25 paid time off to be used. Each of these

1 licensees has agreed to the terms of the
2 settlement agreement.

3 Approval of Orders 2018-27 through 2018-30
4 would have the effect of approving the settlement
5 agreements entered into by the parties.

6 Commission staff respectfully recommends
7 approval of the orders at this time. Thank you.

8 CHAIRMAN JOHNSTON: Thank you. Any
9 questions on these settlement agreements?

10 Seeing none, is there a motion on Orders 27
11 through 30?

12 COMMISSIONER WILLIAMS: So moved.

13 CHAIRMAN JOHNSTON: There's a motion. Is
14 there a second?

15 COMMISSIONER HERNDON: Second.

16 CHAIRMAN JOHNSTON: Motion and a second.

17 All those in favor, say aye.

18 (Chorus of ayes.)

19 Opposed.

20 The orders are adopted. Thank you.

21 Please continue.

22 MR. MULLEN: Thank you. Commissioners, you
23 now have before you Orders 2018-31 through
24 2018-43 which deny applications for occupational
25 licenses to work in Indiana casinos.

1 At this time please note that we have
2 removed Order 2018-38 and Order 2018-41, as these
3 applicants have decided to withdraw their
4 applications and have provided the Commission
5 with signed withdrawal forms.

6 With respect to the other orders still
7 before the Commission, pursuant to Indiana Code
8 Section 4-33-8-3, an occupational license may not
9 be issued to an individual unless he or she has
10 met the standards adopted by the Commission for
11 holding an occupational license.

12 An applicant for a Level 2 or Level 3
13 occupational license must include the applicant's
14 criminal history in his or her application. And
15 any misrepresentation or omission made with
16 respect to the application may be grounds for
17 denial of the application pursuant to
18 68 IAC Section 2-3-4(b)(2). As part of a routine
19 background investigation into each applicant, the
20 Commission staff discovered that the applicants
21 represented in Orders 2018-31 through 2018-43
22 failed to meet the established standards for
23 licensure.

24 All individuals were given an opportunity to
25 withdraw their application from consideration for

1 permanent licensure. Detailed information
2 regarding each individual's investigation is
3 contained in the confidential materials provided
4 to the Commission. Because the individuals
5 failed to meet the standards for licensure, staff
6 recommends the applications for permanent
7 licensure be denied by the Commission approving
8 Orders 2018-31 through 43. Thank you.

9 CHAIRMAN JOHNSTON: Thank you. Any
10 questions of Dennis on these denials of permanent
11 licensure?

12 Seeing none, what's the pleasure of the
13 Commission on Orders 31 through 43, but excluding
14 38 and 41 which have been pulled from the agenda?

15 COMMISSIONER SVETANOFF: Motion to approve.

16 COMMISSIONER SAXON: Second.

17 CHAIRMAN JOHNSTON: Motion and a second.

18 All those in favor, say aye.

19 (Chorus of ayes.)

20 Opposed.

21 The orders are adopted. Thank you.

22 MR. MULLEN: Thank you.

23 CHAIRMAN JOHNSTON: Casino matters. Kimi.

24 MS. SIMPSON: Good afternoon again,
25 Commissioners and Executive Staff. You have

1 before you 11 settlement agreements concerning
2 disciplinary actions.

3 Order 2018-44 is a settlement agreement with
4 Ameristar East Chicago wherein the casino allowed
5 an underage person on the casino floor.

6 Ameristar has agreed to a monetary
7 settlement of \$4,500 in lieu of disciplinary
8 action.

9 Order 2018-45 is a settlement agreement with
10 Belterra Casino wherein the casino allowed an
11 underage person on the casino floor on two
12 separate occasions.

13 Belterra has agreed to a monetary settlement
14 of \$12,000 in lieu of disciplinary action.

15 Order 2018-46 is a settlement agreement with
16 Blue Chip Casino and includes two counts.

17 In the first count, the casino violated the
18 rules on coin testing electronic gaming devices.

19 In the second count, the casino violated the
20 rules on live gaming device fills and credits.

21 Blue Chip has agreed to a monetary
22 settlement of \$5,000 in lieu of disciplinary
23 action.

24 Order 2018-47 is a settlement agreement with
25 French Lick Resort Casino and includes four

1 counts.

2 In the first count, the casino violated
3 their internal controls when multiple departments
4 failed to notify surveillance. The casino also
5 violated the rules for play on Roulette.

6 In the second count, the casino failed to
7 timely notify the Commission of a termination.

8 In the third count, the casino violated
9 their internal controls on jackpot payout
10 procedures.

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

13 French Lick has agreed to a monetary
14 settlement of \$18,500 in lieu of disciplinary
15 action and the submission of a corrective action
16 plan for count one.

17 Order 2018-48 is a settlement agreement with
18 Hollywood Casino and includes eight counts.

19 In the first count, the casino violated
20 their internal controls by allowing a patron into
21 the bill validator drop zone on two occasions.

22 In the second count, the casino violated the
23 rules on playing cards and a live gaming device
24 table fill.

25 In the third count, the casino violated the

1 rules on sensitive keys, electronic gaming
2 devices and manually paid jackpots.

3 In the fourth count, the casino violated
4 their internal controls on their Anti-Money
5 Laundering Program and Suspicious Activity
6 Reports.

7 In the fifth count, the casino failed to
8 notify the Commission of a jackpot switch.

9 In the sixth count, the casino violated the
10 rules for a cash transaction in excess of
11 \$10,000.

12 In the seventh count, the casino violated
13 the rules of surveillance.

14 In the eighth count, the casino failed to
15 timely notify the Commission of a termination.

16 Hollywood has agreed to a monetary
17 settlement of \$39,000 in lieu of disciplinary
18 action and submission of a corrective plan for
19 counts five, six and four.

20 Order 2018-49 is a settlement agreement with
21 Hoosier Park wherein the casino failed to notify
22 the Commission of two jackpot switches.

23 Hoosier Park has agreed to a monetary
24 settlement of \$4,000 in lieu of disciplinary
25 action.

1 Order 2018-50 is a settlement agreement with
2 Horseshoe Hammond and involves two counts.

3 In the first count, the casino violated
4 their internal controls on cage accountability.

5 In the second count, the casino violated the
6 rules of the Voluntary Exclusion Program.

7 Horseshoe Hammond has agreed to a monetary
8 settlement of \$47,500 in lieu of disciplinary
9 action and the submission of a corrective action
10 plan for count two.

11 Order 2018-51 is a settlement agreement with
12 Indiana Grand and involves five counts.

13 In the first count, the casino failed to
14 notify the Commission of a termination.

15 In the second count, the casino violated the
16 rules on coin testing electronic gaming devices
17 on three occasions.

18 In the third count, the casino violated the
19 rules on manually paid jackpots.

20 In the fourth count, the casino violated
21 their internal controls on ticket redemption and
22 TITO ticket procedures.

23 In the fifth count, the casino violated the
24 rule for multiple transaction logs.

25 Indiana Grand has agreed to a monetary

1 settlement of \$22,500 in lieu of disciplinary
2 action.

3 Order 2018-52 is a settlement agreement with
4 Majestic Star Casino wherein the casino violated
5 the rule on par sheets being maintained in
6 electronic gaming devices.

7 Majestic Star has agreed to a monetary
8 settlement of \$1,500 and to conduct an audit of
9 all par sheets.

10 Order 2018-53 is settlement agreement with
11 Rising Star and includes six counts.

12 In the first count, the casino allowed an
13 underage person on the casino floor.

14 In the second count, the casino violated the
15 rules on live gaming device inventory.

16 In the third count, the casino violated the
17 rules on currency transaction reports.

18 In the fourth count, the casino violated the
19 rules and their internal controls on child
20 support arrears, delinquency reporting.

21 In the fifth count, the casino allowed a
22 patron to enter the bill validator drop zone.

23 In the sixth count, the casino violated the
24 rules of surveillance.

25 Rising Star has agreed to a monetary

1 settlement of \$39,000.

2 Order 2018-54 is a settlement agreement with
3 Tropicana Evansville and includes three counts.

4 In the first count, the casino violated the
5 rules on electronic gaming device error
6 conditions.

7 In the second count, the casino violated the
8 rules and their internal controls on live gaming
9 device fills.

10 In the third count, the casino violated the
11 rules on manually paid jackpots.

12 Tropicana has agreed to a monetary
13 settlement of \$6,500.

14 Commission staff recommends that you approve
15 Order 2018-44 through Order 2018-54.

16 CHAIRMAN JOHNSTON: You can take a rest.

17 Any questions of Kimi?

18 COMMISSIONER WILLIAMS: It occurs to me that
19 I don't remember hearing so many violations and
20 so many big settlement numbers. This seems to me
21 to be a dramatic increase of violations and
22 serious violations because of these numbers, and
23 I wonder if the staff has noticed that or what
24 the reasons are for this.

25 MS. SIMPSON: I think that most of this

1 might be included from we are finishing up 2017
2 as well, so I think it's a little bit bigger of a
3 chunk of time than a normal meeting would be.

4 CHAIRMAN JOHNSTON: Yes, I forget which --
5 which licensee it was, but there were some orders
6 that were going back to the summertime, but it
7 does seem like that they have -- they have grown.
8 And the ones that have the greater number seem to
9 show up at the -- at the same meetings, so it is
10 something of concern that we think the internal
11 control environment should be -- should be
12 monitoring.

13 Any other questions for Kimi?

14 What's the pleasure of the Commission on
15 Orders 44 through 54?

16 COMMISSIONER SVETANOFF: Motion to approve.

17 COMMISSIONER McCLAIN: Second.

18 CHAIRMAN JOHNSTON: There's a motion and a
19 second.

20 All those in favor, say aye.

21 (Chorus of ayes.)

22 Opposed.

23 The orders are adopted. Thank you.

24 MS. SIMPSON: Thank you.

25 CHAIRMAN JOHNSTON: Casino renewals.

1 Dustin.

2 MR. MOLOY: Commissioners, you have before
3 you Order 2018-55 regarding the annual renewal of
4 the casino owner's license for Indiana Gaming
5 Company, LLC, operating as Hollywood Casino
6 Lawrenceburg; Order 2018-56 regarding the annual
7 renewal of the casino owner's license for Hoosier
8 Park, LLC; Order 2018-57 regarding the annual
9 renewal of the casino owner's license for Centaur
10 Acquisition, LLC, operating as Indiana Grand; and
11 Order 2018-58 regarding the annual renewal of the
12 casino owner's license for Aztar Gaming Company,
13 LLC, operating as Tropicana Evansville.

14 All four of these entities have filed the
15 proper paperwork and have paid their respective
16 annual renewal fees.

17 The Tropicana license was set to expire on
18 December 4, 2017, and the Hollywood license was
19 set to expire on December 9, 2017. Executive
20 Director Tait issued interim renewals to these
21 two licensees to cover the period between the
22 expiration date and this business meeting.

23 The Indiana Grand license and the Hoosier
24 Park license are both set to expire on March 30,
25 2018.

1 Additionally, by Orders 2016-251, 2016-249,
2 2017-258 and 2017-57, the Commission approved the
3 power of attorney for Tropicana, Hollywood,
4 Indiana Grand and Hoosier Park respectively. The
5 approvals expire upon the renewal of the casino
6 owner's license. For that reason, all casinos
7 must request renewal of the Commission's approval
8 of the written power of attorney concurrently
9 with the request for renewal, or present the
10 Commission with a new written power of attorney
11 naming a new trustee-in-waiting. All licensees
12 stated their intent to maintain the existing
13 trustee-in-waiting and have not presented the
14 Commission with any modification to the power of
15 attorney.

16 At this time the Commission staff
17 respectfully requests approval of Orders 2018-55
18 through 2018-58 renewing the casino owners'
19 licenses for a period of one year.

20 CHAIRMAN JOHNSTON: Thank you. Any
21 questions?

22 Is there a motion on Orders 55 through 58 of
23 these renewals of both the casino license and the
24 powers of attorney?

25 COMMISSIONER HERNDON: Motion.

1 COMMISSIONER McCLAIN: Second.

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

4 All those in favor, say aye.

5 (Chorus of ayes.)

6 Opposed.

7 Orders 55 through 58 are adopted. Thank you
8 very much.

9 MR. MOLOY: Thank you.

10 CHAIRMAN JOHNSTON: We have a couple of
11 financing matters. First we'll take the Full
12 House with Dennis, please.

13 MR. MULLEN: Thank you. Order 2018-59
14 concerns a request for approval of a proposed
15 financial transaction by Full House Resorts,
16 which owns the Rising Star Casino.

17 By way of brief background, on January 23rd
18 of 2018 Full House requested permission to act on
19 a proposed financial transaction. Full House
20 also requested a waiver of the two meeting
21 requirement in accordance with the Commission's
22 authority pursuant to 68 IAC 1-2-13 and also
23 Commission Resolution 2017-109.

24 The confidential details of the proposed
25 financial transaction have been provided to the

1 Commissioners.

2 In accordance with the procedures identified
3 in Resolution 2017-109, Commission Chair
4 Johnston, Commissioner Saxon and Executive
5 Director Tait considered Full House's request and
6 consulted with Commission financial analyst
7 Stephanie Berry. Following this consideration,
8 Chairman Johnston, Commissioner Saxon and
9 Executive Director Tait agreed that the proposed
10 transaction should be approved. And on
11 January 29, 2018, Executive Director Tait issued
12 an interim approval letter.

13 Resolution 2017-109 requires that that
14 interim approval be reported to the Commission
15 for consideration and final ratification or other
16 direction.

17 Commission staff recommends that you ratify
18 Executive Director Tait's interim approval letter
19 which approves the financial transaction and also
20 waives the two meeting requirement.

21 CHAIRMAN JOHNSTON: Thank you very much.

22 Any questions for Dennis on Order 59?

23 Is there a motion?

24 COMMISSIONER SVETANOFF: Motion.

25 CHAIRMAN JOHNSTON: Motion. Is there a

1 second?

2 COMMISSIONER WILLIAMS: Second.

3 CHAIRMAN JOHNSTON: Motion and a second.

4 All those in favor, say aye.

5 (Chorus of ayes.)

6 Opposed.

7 Order 59 is adopted.

8 We'll move on to Boyd Gaming, but I think
9 maybe we'll have their representative, Mr. Thar,
10 if you want to make a few remarks, besides the
11 recognition of hiring Jenny Reske 20 years ago.

12 MR. THAR: One of the true great hires
13 that's ever been made.

14 MS. RESKE: I know you have to say that.

15 COMMISSIONER SVETANOFF: Flattery will get
16 you nowhere.

17 MR. THAR: Well, thank you very much. Good
18 afternoon, Chairman Johnston, members of the
19 Commission, Executive Director Tait, valued
20 Deputy Director Reske, Mr. Small.

21 MS. RESKE: You are all in trouble.

22 MR. THAR: Boyd has before you today a
23 request to approve a large-scale debt transaction
24 which is part of its December 2017 announcements
25 with regard to two separate acquisitions.

1 The first was announced on December 18,
2 2017, advising that Boyd was to acquire four
3 casino properties as a part of a four-party
4 transaction, which can be summarily described as
5 follows: Penn National Gaming, a licensee here,
6 announced it was buying all the shares of
7 Pinnacle Entertainment, Inc. Each of these two
8 companies are licensees within the state of
9 Indiana. Because Indiana has a two license
10 restriction, Boyd was approached by Penn and
11 agreed to acquire four properties which Penn was
12 acquiring from Pinnacle. Specifically Boyd is to
13 acquire the Belterra Casino Resort in Florence,
14 Indiana, Switzerland County; the Belterra Park in
15 Cincinnati, Ohio; Ameristar St. Charles and
16 Ameristar Kansas City, both of which are located
17 in Missouri.

18 The fourth party to the transaction is
19 Gaming and Leisure Properties, Inc., which is a
20 supplier licensee here in Indiana. GLPI will
21 enter into a master lease with Boyd which will
22 include the four acquired properties. I believe
23 all of that is tentatively targeted to be on your
24 agenda for your June 7th meeting.

25 The second acquisition that Boyd is involved

1 in was announced on December 20, 2017, and it
2 advised that Boyd was acquiring the Valley Forge
3 Casino Resort from Valley Forge Convention Center
4 Partners, LP. This is located in King of
5 Prussia, Pennsylvania, which is a property
6 located about 20 miles from Philadelphia and two
7 miles from the King of Prussia Mall, which I
8 recently learned is described as the largest mall
9 in the U.S., so it's got to be gigantic. This is
10 a stand-alone acquisition of which Boyd will pay
11 \$280.5 million. The price tag for the four
12 properties being acquired from Penn is
13 \$575 million. These two acquisitions account for
14 approximately \$855.5 million of the financing
15 request that is in front of you today.

16 Boyd is asking you to approve this financing
17 now, and they're asking that it be approved now
18 for the following reasons: As a stand-alone
19 acquisition, the Valley Forge acquisition will
20 close upon receipt of all regulatory approvals.

21 Now, the only regulatory approval they need
22 for the licensing aspect is the state of
23 Pennsylvania, and there aren't that many states
24 now that require preapproval with regard to debt
25 transactions, so, consequently, while they have

1 targeted the third quarter to ensure there's
2 enough overstatement, they can close sooner than
3 that, so they ask that as being considered as one
4 of the major reasons.

5 Secondly, under the terms of the
6 Penn-Boyd-Pinnacle-GLP transaction, Boyd has a
7 commitment to Penn to have its financing approved
8 at least three months prior to the closing. Penn
9 is taking fees I believe starting in September,
10 so as a result, they're going to want this to
11 close well before then if they can get the
12 requisite approvals.

13 Their approval requisites are much more
14 expansive because of the size of Pinnacle and the
15 number of jurisdictions in which they're in, plus
16 the divestiture of properties to Boyd, the
17 alterations in the GLPI master leases.

18 As with most casino companies, almost all
19 CFOs, the earlier they can get approval, the
20 easier it is for them to function both in terms
21 of known capacity and flexibility to work in the
22 market. Boyd believes both of those will be
23 improved and that they can act with regard to the
24 interest rates and maturity dates for bond
25 issues, as well as the choice between using

1 senior credit facility based upon an earlier
2 approval to get the better rates.

3 Boyd is also thinking that should either of
4 these acquisitions fail to close, Boyd will lower
5 their debt, because in January of 2019, they have
6 bonds which they can then purchase back without
7 early penalties.

8 So Boyd, I believe, along with Penn, are
9 both very stable financial companies. They don't
10 incur debt to pay debt. They incur debt only to
11 acquire other properties, which increases their
12 EBIDTA, and therefore keeps their leverage ratios
13 and their debt-to-equity ratios in line, as well
14 as their interest coverage ratios.

15 And I think we should take a look at the
16 paperwork, particularly on the interest coverage
17 ratios. They both have very good multiples, and
18 as a result, I believe that both of these
19 companies are in a good position to make their
20 financing presentations to this Commission and
21 ask that they get approval for them.

22 So I'm now here to answer any questions you
23 have.

24 CHAIRMAN JOHNSTON: Any questions for
25 Mr. Thar? Yes.

1 COMMISSIONER WILLIAMS: Can you help me
2 understand how, if we take action today, that it
3 doesn't really mean that we're giving tacit
4 approval?

5 MR. THAR: Okay. How do you know this isn't
6 a premature approval of a transaction you don't
7 have before you?

8 COMMISSIONER WILLIAMS: Right.

9 MR. THAR: Yeah. I think Boyd has outlined
10 in the documentation that's been presented that
11 they're going to use this optionally. They don't
12 intend to draw all the money down, because they
13 have asked for flexibility both within the
14 feasibility of doing bond issues, as well as what
15 they'll draw down against their senior secured
16 bank facility, so in each instance, while they
17 have capped their debt that they are requesting
18 approval for, they have not specified exactly how
19 they'll use it, and Boyd is a company that will
20 not utilize debt if they don't need it, so should
21 you not approve a transaction or should you --
22 should the transaction fall apart on its own
23 account, Boyd will either buy down debt or not
24 exercise to maximize its capacity, so from Boyd's
25 perspective, particularly with regard to the

1 totally independent acquisition, they don't view
2 this as a preapproval with regard to the
3 transaction that's coming before you in a later
4 meeting.

5 They look at this as the ability to have
6 increased capacity, which they'll use or won't
7 use depending upon the soundness of the
8 acquisition to begin with and the approval of the
9 regulatory commissions and authorities on the
10 other.

11 So let's do a hypothetical and say that Penn
12 was here today. Penn doesn't have the reasons,
13 they're very strong financially as a company and
14 their numbers may look better than most companies
15 on paper, but they don't have an early need for
16 the money as Boyd does, particularly in view of
17 the Valley Forge acquisition and in view of the
18 markets and the volatility that exists right now
19 in view of the larger political scales and forces
20 that affect it, so they're ready to not utilize
21 it if you don't approve it.

22 CHAIRMAN JOHNSTON: Okay. Any other
23 questions?

24 The actual terms of the -- the amounts,
25 there's sort of like two tranches to this; at

1 least in the analysis, there's a -- appears to be
2 part of this overall approval that you're seeking
3 or that Boyd is seeking is an increase in a
4 credit facility that this Commission actually
5 approved --

6 MR. THAR: In 2016.

7 CHAIRMAN JOHNSTON: -- a couple years ago;
8 correct?

9 MR. THAR: Yes. They haven't --

10 CHAIRMAN JOHNSTON: Has that facility been
11 used or is it still available?

12 MR. THAR: Still available, it is still
13 available. And that's why it's mentioned in the
14 documentation, but they want to have the ability
15 to increase it a little further should the
16 occasion arise.

17 They will not increase it, as they haven't
18 increased it since 2016, if the Commission does
19 not approve the -- I mean if the need is not
20 there.

21 Boyd is, I'm sure as this Commission has
22 realized and recognized as it's been before it,
23 is a conservative company when it comes to
24 financing, so they want to be in a position
25 should other opportunities arise in the market to

1 also take advantage of those, and this financing
2 allows that.

3 Now, I anticipated that somebody may ask
4 does this bear some of the earmarks of a shelf
5 financing approval, and it does, but because the
6 time limit is not as long as a shelf, which can
7 be two, but normally three years, it basically
8 still allows this Commission to take a look at
9 and control closer, I think, the what I consider
10 debt coverage ratios and the leverage ratios,
11 which were important when I had those
12 considerations to make, as well as the interest
13 coverage, and both these companies fit well
14 within and both of these companies have a track
15 record of not utilizing debt they don't need.

16 Anything further?

17 CHAIRMAN JOHNSTON: Any other questions?

18 COMMISSIONER WILLIAMS: Well, I'd just like
19 to ask our legal counsel is he comfortable in
20 terms of what the explanation was and what our
21 obligation is to the State of Indiana.

22 MR. SMALL: At this time, yes. In order to
23 complete the actual transaction, a transfer of
24 application will have to be filed. It will be
25 evaluated by our background investigations team,

1 which will be separate and apart from the
2 approval of this financing.

3 CHAIRMAN JOHNSTON: Thank you. Any other
4 questions?

5 What is the pleasure -- no, we have to go --
6 is Dennis going to walk us through the order?

7 MR. MULLEN: I'd be happy to. Thank you,
8 Mr. Thar. Yes, and just to clarify again what's
9 being presented to the Commission today,
10 Order 2018-60 concerns just the proposed
11 financial transaction by Boyd Gaming Corporation
12 which currently owns Blue Chip Casino. In
13 addition to the proposed financial transaction,
14 Boyd has also requested a waiver of the two
15 meeting rule in accordance with 68 IAC 1-2-13.
16 The specific detailed analysis regarding this
17 financial transaction has been provided to the
18 Commission via financial analyst David Highfill's
19 report, which was again provided in your
20 confidential Commission materials.

21 So that's what is being presented to the
22 Commission for approval today. And at this time
23 the Commission respectfully requests that you
24 approve Order 2018-60.

25 CHAIRMAN JOHNSTON: Thank you. Any

1 additional questions?

2 Any discussion?

3 What's the pleasure of the Commission on
4 Order 60?

5 COMMISSIONER SVETANOFF: Motion to approve.

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

8 COMMISSIONER McCLAIN: Second.

9 CHAIRMAN JOHNSTON: Motion and a second.

10 Any further discussion?

11 All those in favor, say aye.

12 (Chorus of ayes.)

13 Opposed.

14 The order is adopted. Thank you very much.

15 The last item on our agenda today is a Local
16 Development Agreement modification.

17 Mr. Phillipe.

18 MR. PHILLIPE: Good afternoon, Mr. Chairman,
19 members of the Commission, executive team.

20 For the record, my name is Rodney Phillipe,
21 and I'm the corporation counsel for Majestic Star
22 Casino Companies.

23 We're here today on the modification of our
24 local agreement with the City of Gary. And
25 before I proceed, I'd like to introduce Ms. Dayna

1 Bennett, who is the chief of staff to the mayor
2 of the City of Gary, and Ms. Niquelle Allen
3 Winfrey, who is the corporation counsel for the
4 City of Gary. And we thank both of them for
5 coming today and for all of their hard work and
6 their support through this process.

7 Before you today is our modification to the
8 local agreement, which I think is best described
9 as status quo; that although we didn't have this
10 agreement in place before today, we have the
11 material aspects of this agreement in place in a
12 term sheet which has been in place since 2011 and
13 then a modified term sheet in 2013.

14 So by way of example, in previous years
15 we've paid \$6 million in annual support payments
16 to the City. That is \$3 million from Majestic
17 Star and \$3 million from Majestic Star Casino II
18 to the City of Gary. Those same support payments
19 are contained in this agreement and will continue
20 into the future.

21 Another highlight of the new agreement
22 that's before you is the scholarship program.
23 Although we didn't have the agreement in place in
24 previous years, we did accrue and set aside funds
25 for the anticipated scholarship program for City

1 of Gary residents. And when we got the call from
2 the mayor in fourth quarter of 2017 that she was
3 ready to launch the scholarship program, we were
4 able to send over in excess of \$250,000 to the
5 designated charity that will be administering the
6 scholarship funds. The mayor made the official
7 announcement on that, and as part of this local
8 agreement, we will be continuing to financially
9 support the scholarship program going forward, so
10 we're very proud to support the mayor and to
11 support that program.

12 So as I said, the agreement before you
13 represents really a lot of cooperation and a lot
14 of work. We've got a great working relationship
15 with the City and look forward to progressing
16 with them in the future.

17 With that said, I did bring a news article
18 that talks about the scholarship funds in case
19 anyone's interested, and I'll hand that to your
20 team.

21 CHAIRMAN JOHNSTON: Thank you.

22 MR. PHILLIPE: Thanks.

23 CHAIRMAN JOHNSTON: Any questions for
24 Mr. Phillipe?

25 So is it fair to say that the LDA has been

1 operational since the term -- basically the terms
2 have already been out there since 2011 or 2013,
3 it's just formalized in the agreement now that
4 you have been living up to the covenants and the
5 terms?

6 MR. PHILLIPE: I think that's very accurate.

7 CHAIRMAN JOHNSTON: Okay. And the
8 scholarship, is that -- that's recently added,
9 though?

10 MR. PHILLIPE: Yes. That was -- there were
11 references to that in the term sheet, and the
12 particulars of it were ultimately worked out,
13 negotiated, put in the final term sheet.

14 CHAIRMAN JOHNSTON: Okay. And so have
15 scholarships actually been extended? Maybe I'll
16 read your --

17 MR. PHILLIPE: Yeah, the mayor literally
18 just launched the program about a week ago and
19 that will be going live this year.

20 CHAIRMAN JOHNSTON: Okay. And then in terms
21 of the percentage, the \$6 million, that's just up
22 to the City's discretion, or do they have an
23 economic development plan or --

24 MR. PHILLIPE: I think, and I don't want to
25 speak for the City on that one, but I believe

1 those funds are used to support the bonding
2 function of the City and other operational needs.

3 CHAIRMAN JOHNSTON: Okay. Thank you. Any
4 other questions?

5 Seeing none, I think Dustin is going to walk
6 us through the order.

7 Thank you very much, Mr. Phillipe.

8 MR. MOLOY: Thank you, Commissioners. At
9 the sake of sounding a little bit redundant, I'll
10 walk you through this a little bit more briefly.

11 But, yeah, Resolution 2018-61 is a request
12 to modify the Local Development Agreement between
13 Majestic Star Casino, LLC, and Majestic Star
14 Casino, LLC, II, with the City of Gary.

15 On March 5, 2018, Majestic Star submitted
16 its request to modify the local agreement with
17 the City of Gary in compliance with
18 IC 4-33-23-14. The local development agreement
19 has been executed by all parties and is
20 conditioned on Commission approval.

21 Therefore, Commission staff respectfully
22 recommends you adopt Resolution 2018-61 approving
23 Majestic Star's request to modify its local
24 agreement with the City of Gary.

25 CHAIRMAN JOHNSTON: Any questions of Dustin?

1 COMMISSIONER SVETANOFF: No questions,
2 Mr. Chairman, just a quick comment.

3 I'm very excited that Majestic and the City
4 of Gary have worked so hard to come up with this
5 LDA agreement. It's very good to see that you've
6 come up with a scholarship program as well. I
7 applaud you again, Majestic Star and the City, on
8 their hard work.

9 CHAIRMAN JOHNSTON: Thank you very much.

10 MR. MOLOY: Thank you.

11 CHAIRMAN JOHNSTON: Is there a motion on
12 Order 61?

13 COMMISSIONER SVETANOFF: I'll make the
14 motion.

15 CHAIRMAN JOHNSTON: There's a motion. Is
16 there a second?

17 COMMISSIONER HERNDON: Second.

18 CHAIRMAN JOHNSTON: Motion and a second.

19 All those in favor, say aye.

20 (Chorus of ayes.)

21 Opposed.

22 The order is adopted. Thank you very much.

23 MR. MOLOY: Thank you.

24 CHAIRMAN JOHNSTON: With that, I think we've
25 got a very tentative date of early June,

1 June 7th, for our next Commission meeting.

2 If there's no other business to come before
3 the Commission, is there a motion to adjourn?

4 COMMISSIONER SVETANOFF: Motion.

5 COMMISSIONER HERNDON: Second.

6 CHAIRMAN JOHNSTON: Motion and a second.

7 All those in favor, say aye.

8 (Chorus of ayes.)

9 CHAIRMAN JOHNSTON: We are adjourned.

10 (At 2:53 p.m., March 8, 2018, this meeting
11 of the Indiana Gaming Commission was adjourned.)
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1 STATE OF INDIANA)
2 COUNTY OF MARION) SS:
3

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 March 8, 2018, commencing at 2:00 p.m. at the
9 Indiana State Library, Historical Reference Room,
10 315 West Ohio Street, Indianapolis, Indiana, was
11 taken down in stenograph notes and afterwards reduced
12 to typewriting under my direction, and that the
13 typewritten transcript is a true record of the
14 proceedings had.

15 IN WITNESS WHEREOF, I have hereunto set my hand
16 and affixed my notarial seal this 19th day of
17 March, 2018.

18 *Dianne D. Lockhart*
19

20 _____
N O T A R Y P U B L I C

21 My Commission Expires:
22 June 4, 2023

23 County of Residence:
24 Marion County
25