

INDIANA GAMING COMMISSION
BUSINESS MEETING
DECEMBER 6, 2007

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6 The above-captioned business meeting was
7 stenographically taken down by me, Robin L.
8 Helton, a notary public in and for the County
9 of Marion, State of Indiana, at 11:00 a.m., on
10 December 6, 2007, at the Office of the Indiana
11 Gaming Commission, 115 W. Washington Street, Suite
12 950 South, Indianapolis, Indiana, and the following
13 transcript is a true and accurate transcript of
14 the proceedings held.
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23 **CIRCLE CITY REPORTING**
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A P P E A R A N C E S

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COMMISSION MEMBERS PRESENT:

- William Barrett, Chairman
- Timothy Murphy, Vice-Chair
- Thomas Swihart, Commissioner
- Tim Walsh, Commissioner
- Mary H. Shy, Commissioner
- Marc Fine, Commissioner
- Jennifer Arnold, Deputy Director
- Phil Sicuso, General Counsel
- Tamara Timberman, Secretary

1 CHAIRMAN BARRETT: Good morning, Ladies and
2 Gentlemen, we will call the Indiana Gaming
3 Commission to order. Those of you who were with us
4 at Resorts last month, you will remember that I was
5 looking for Commissioner Free, and Commissioner
6 Free has still not arrived. There is no such
7 person. With that, I will take the roll of
8 commissioners who are real people and who really
9 are on the Commission.

10 Commissioner Fine?

11 COMMISSIONER FINE: Present.

12 CHAIRMAN BARRETT: Commissioner Shy?

13 COMMISSIONER SHY: Present.

14 CHAIRMAN BARRETT: Commissioner Cummings is
15 absent.

16 Commissioner Walsh?

17 COMMISSIONER WALSH: Here.

18 CHAIRMAN BARRETT: Commissioner Swihart?

19 COMMISSIONER SWIHART: Present

20 CHAIRMAN BARRETT: Commissioner Murphy?

21 COMMISSIONER MURPHY: Present.

22 CHAIRMAN BARRETT: The Chair is present.

23 At the outset, I would note Executive Director
24 Yelton is absent. He is out sick, and we hope that
25 he is back with us soon.

1 So Assistant Executive Director Ms. Arnold, do
2 we have any old business?

3 ASSISTANT EXECUTIVE DIRECTOR ARNOLD: There is
4 no old business, Mr. Chairman.

5 CHAIRMAN BARRETT: Thank you.

6 Ladies and Gentlemen, there is a slight change
7 in the agenda. The first item we will have this
8 morning is the emergency rule regarding the
9 transfer of ownership interest and license,
10 Mr. Packer.

11 MR. PACKER: Thank you, Mr. Chairman.

12 Before you is Resolution 2007-130, proposing
13 adopting an emergency rule regarding license
14 transfers. The emergency rule would modify Article
15 5 of the Indiana Administering Code governing the
16 Indiana Gaming Commission. There is a current
17 emergency rule that also modifies Article 5, but
18 there is an immediate substantial need to supercede
19 that current emergency rule with this one. It
20 makes three material changes to Article 5.

21 First, unlike the current emergency rule, it
22 specifically lists the types of licensees to which
23 a transfer criteria will apply. The current
24 emergency rule could be read to apply to supplier
25 licensees as well as riverboat and gambling game

1 licensees, but the opinion of the Commission staff
2 is that supplier licensees do not need to come
3 under this provision of the rule, so they have been
4 written out.

5 Also, the emergency rule eliminates a former
6 requirement of the number of copies of a transfer
7 application that must be submitted. The
8 investigations division was finding this
9 requirement to be onerous and have been granting
10 waivers, and it was clear to the Commission staff
11 that this provision was outdated and unnecessary
12 for the reason that license transfer applications
13 can be submitted at any time. The need to reduce
14 the number of copies required is potentially
15 immediate.

16 And the third material change that this
17 emergency rule will make is that it clarifies that
18 all provisions of Article 5 that apply to the
19 riverboats apply equally to the gambling game
20 licensees. The need for this is immediate because
21 the Gaming Commission has already acquired
22 jurisdiction over the gambling game license
23 applicants for horsetracks.

24 For the reason stated, the Commission staff
25 recommends adoption of Resolution 2007-130 and

1 adoption of this emergency rule.

2 CHAIRMAN BARRETT: Thank you, Mr. Packer.

3 Do the Commission members have any questions or
4 any comments? Hearing none, then the chair will
5 call for a motion whether to approve or reject
6 Resolution 2007-130.

7 COMMISSIONER MURPHY: I move we approve the
8 motion.

9 COMMISSIONER SWIHART: Second.

10 CHAIRMAN BARRETT: Moved and seconded to
11 approve. All in favor, aye? All opposed, same
12 sign.

13 (COMMISSION MEMBERS VOTED AYE)

14 CHAIRMAN BARRETT: Carries unanimously. Thank
15 you, Mr. Packer.

16 Next, we move into the issue of the transfer,
17 the acquisition of Atronic.

18 MR. PACKER: Thank you, Mr. Chairman.

19 Before you now is Order 2007-127 regarding
20 GTECH Corporation's application to acquire 50
21 percent ownership interest in Atronic Americas,
22 LLC.

23 GTECH proposed this acquisition back in 2004.
24 In the meantime, it was acquired by Lottomatica, an
25 Italian company, so the investigation division has

1 been preparing a comprehensive investigation of
2 both GTECH, which has survived the merger with
3 Lottomatica, and the Italian company, Lottomatica.

4 At the conclusion of this investigation, the
5 background and financial investigation section has
6 determined that GTECH and Lottomatica, its
7 substantial owners, its key persons all possess the
8 standards, qualifications necessary to be suitable
9 supplier licensees. 50 percent of Atronic will
10 survive this acquisition. One section of the order
11 deals with that.

12 It may seem to not be relevant to the 50
13 percent acquisition that is before you, but the 50
14 percent that will remain has been the subject of
15 some potential transfers as well, so the Commission
16 staff believes it is necessary to give the owners
17 of the existing -- of the surviving 50 percent
18 interest an opportunity to divest themselves with
19 that interest, if they wish.

20 If not, the investigation section will begin a
21 reinvestigation of those owners. That
22 reinvestigation was put on hold as a result of this
23 pending transfer because it was possible that 100
24 percent of the interest would be transferred. At
25 the time it was potentially not necessary to do

1 that reinvestigation, but it may be in the future,
2 so that's why that was included in the order.

3 The Commission staff has determined that GTECH
4 and Lottomatica are suitable and, therefore, we
5 recommend that the Commission approve the transfer
6 and adopt Order 2007-127.

7 CHAIRMAN BARRETT: Thank you.

8 Do the Commission members have any question for
9 the staff? Mr. Hahn, do you have anything you wish
10 to add on behalf of the licensee?

11 MR. HAHN: No, sir. We are delighted to work
12 with the investigative staff. They have done a
13 great job in a relatively short period of time.
14 Thanks to Ms. Arnold and Mr. Sicuso and the legal
15 staff. Hopefully, we will get the rest of this
16 done before the rest of the Atronics closes,
17 because it's a German company, so it's another big
18 effort. I think they are trying to do that before
19 April, but we just don't know yet.

20 CHAIRMAN BARRETT: Okay, thank you.

21 Any discussion? If not, the chair will call
22 for a motion on Order 2007- 127.

23 COMMISSIONER SWIHART: Move we accept.

24 COMMISSIONER MURPHY: Second.

25 CHAIRMAN BARRETT: Moved and seconded to

1 approve the transfer as proposed by the staff.

2 All in favor aye? All opposed, same sign.

3 (COMMISSIONER MEMBERS VOTED AYE).

4 CHAIRMAN BARRETT: Thank you. Approved
5 unanimously.

6 We will now move on to riverboat licensee
7 matters. And as we begin the discussion of the
8 Blue Sky matter, Mr. Brocker, I believe you have
9 five minutes, sir.

10 MR. BROCKER: I don't know whether I will need
11 five minutes, Mr. Chairman. I'm here with the
12 chief operating officer of the project and
13 Mr. Ferguson.

14 Before you I have placed a copy of the proposed
15 reorganization chart for Blue Sky Resorts. What we
16 intend to do is to move the existing ownership from
17 Orange County Holdings of 50 percent and BSR OC
18 which owns 50 percent, to a new entity which is a
19 wholly-owned subsidiary approved and incorporated,
20 which is on the left on the paper called CGI Resort
21 Holdings.

22 That entity is controlled by its managers,
23 all of whom are licensed individuals: Bill Cook,
24 Carl Cook, Steve Ferguson and Rob Santa. Mr. Santa
25 is the finance officer -- or a finance officer at

1 Cook Realty, Incorporated.

2 We have also created -- one percent of the
3 ownership is owned by a related company of the Cook
4 Group called CFC, Incorporated. CFC, Incorporated
5 -- that structure is required given the existing
6 tax credit structure that was approved in the very
7 beginning, so Cook Group cannot own 100 percent of
8 the overall structure.

9 What we have created is a new trust called the
10 Blue Sky Trust, and that entity will control all of
11 the voting units for Blue Sky Resorts, and the sole
12 trustee of that trust is Carl Cook. The purposes
13 of the trust are very similar to the existing
14 Orange County Holdings purposes, where 50 percent
15 of the distributions will go out for charitable
16 purposes, the same charities that are currently
17 under the Orange County Holdings. The remaining 50
18 percent will be distributed up to the CGI Resort
19 Holdings.

20 With that, we hope that you will accept our
21 proposed transfer. If you have any questions we
22 are available to answer them.

23 CHAIRMAN BARRETT: Thank you, sir.

24 Do the Commission members have any questions?

25 COMMISSIONER SWIHART: I assume then that the

1 LDA agreement, the local development agreements
2 that you had prior, as you said, are just going to
3 continue?

4 MR. BROCKER: We are not doing anything at the
5 project level, this is all at the ownership level.
6 So everything below Blue Sky Resorts -- right now,
7 French Lick Resorts and Casino is the holding
8 company for the casino and the two hotels. Blue
9 Sky Resort owns French Lick Resorts and Casinos.
10 This is all above that. So nothing is changing on
11 the ground.

12 CHAIRMAN BARRETT: Nothing changing on the
13 ground also includes the level of gaming expertise?

14 MR. BROCKER: Yes. Mr. Leininger is still the
15 chief operating officer of Blue Sky Resorts and is
16 on the board and managers of Blue Sky Resorts.

17 CHAIRMAN BARRETT: Next, we will hear from the
18 staff.

19 MR. SICUSO: Thank you.

20 Order 2007-128 simply, as written, would
21 approve that -- the proposed transfer for French
22 Lick. The order does note that the Commission has
23 received a full transfer of ownership application
24 from the applicant. That all of the substantial
25 owners and key persons deemed necessary by the

1 staff to submit applications have done so. All of
2 the key persons have been previously licensed by
3 the Commission and are still in good standing. One
4 substantial owner has been added to the list, that
5 is Gail Cook. Gail Cook has been awarded a
6 temporary license at this time.

7 With that, we do recommend approval of Order
8 2007-128 which authorizes the transfer to close.

9 CHAIRMAN BARRETT: Thank you, Mr. Sicuso.

10 Do the Commission members have any questions
11 for the staff? Any discussion? You have all
12 received the packet and have had an opportunity to
13 review it.

14 Hearing no further discussion, the chair will
15 call for a motion on 2007-128.

16 COMMISSIONER MURPHY: I move we approve it.

17 COMMISSIONER WALSH: Second.

18 CHAIRMAN BARRETT: Moved and seconded. All in
19 favor? All opposed, same sign.

20 (COMMISSION MEMBERS VOTED AYE)

21 CHAIRMAN BARRETT: Approved unanimously.

22 Thank you, gentlemen. Good Luck. Welcome
23 aboard.

24 And then we have another emergency rule,
25 Mr. Sicuso.

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

2 The last order of business today is Order
3 2007-129, which would adopt an emergency rule
4 essentially amending all of the 68 IAC 3. Article
5 3 addresses the minority and women owned business
6 enterprise expenditures that are made by the
7 casinos. As you might recall, in September of this
8 year the Commission did adopt a new expenditure
9 goal based on the disparity study that was
10 conducted by the Commission and which was adopted
11 in the meeting prior to that, I believe in June or
12 July of this year.

13 So the purpose of this rule -- the emergency
14 associated with this regulation is really to do two
15 things. One, is to update the antiquated sections
16 of the regulation of Article 3 which existed for
17 several years now. And the other is to ensure
18 consistency with the methodology and results that
19 were gained during the disparity study and the new
20 goal that had been adopted in September.

21 Because the reporting requirements for the
22 calender year 2008 will begin on January 1st, the
23 staff believed it was important to get a new
24 framework of our regulations in place by January
25 1st. With that in mind, one thing to note here is

1 that although the statute doesn't require us to do
2 so for emergency rule, we did allow an opportunity
3 to allow written comments on this draft of the
4 emergency rule prior to today. We have received
5 several pages of very good comments, many of which
6 we believe we may want to implement in one way or
7 another in the final version of this regulation.

8 So nevertheless, we do think that this
9 emergency rule is substantially or materially whole
10 with the concepts that we want to integrate into
11 the MB and WBE regulations, and we feel like it is
12 important to get this on the books for January 1st
13 and make it effective that date so we can kick off
14 the new goal and the disparity study standards with
15 a fresh start and in a proper way on January 1st.

16 We have provided you with a red line version in
17 advance of the meeting to understand the changes we
18 are making to Article 3. Hopefully, you have had
19 an opportunity to review those and you can ask any
20 questions that you would like. That is what we are
21 trying to do with Resolution 2007-129. With that,
22 we recommend that you approve it.

23 CHAIRMAN BARRETT: Thank you, Mr. Sicuso.

24 Any questions for the staff or any discussion?
25 You all have received the documents, including the

1 red line draft, and you have had a chance to review
2 it, so therefore I call for a motion on Resolution
3 2007-129.

4 COMMISSIONER MURPHY: I move we approve.

5 COMMISSIONER SWIHART: Second.

6 CHAIRMAN BARRETT: It's been moved and seconded
7 to approve Resolution 2007-129. All in favor? All
8 opposed?

9 (COMMISSION MEMBERS VOTED AYE).

10 CHAIRMAN BARRETT: Approved unanimously.

11 Ladies and Gentlemen, that concludes the
12 meeting. We do plan to have our regular first
13 quarter meeting in early March next year. We do
14 not have a date set yet, so watch the web site and
15 we will let you know.

16 We are adjourned. Thank you, very much.

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STATE OF INDIANA)

) SS:

COUNTY OF MARION)

I, Robin L. Helton, a Notary Public in and for said county and state, do hereby certify that the Indiana Gaming Commission Business Meeting, December 6, 2007, at 11:00 a.m., was taken down in stenograph notes and afterwards reduced to typewriting under my direction, and that the typewritten transcript is a true record of the proceedings held.

IN WITNESS WHEREFORE, I have hereunto set my hand and affixed my notarial seal this 18th day of December, 2007.

Robin L. Helton, Notary Public,
Residing in Marion County, Indiana

My Commission Expires:
June 6, 2009