

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

* * * * *

PUBLIC HEARING

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BEFORE: DAVID M. BARASCH, CHAIRMAN
Sean Logan, Ahmeenah Young, Richard G.
Jewell, Anthony C. Moscato, William H.
Ryan, Jr., Dante Santoni, Jr., Members,
Fred Strathmeyer, representing Russell
Redding, Secretary of Agriculture; Jennifer
Langan representing, Joseph Torsella, State
Treasurer; Robert P. Coyne, representing C.
Daniel Hassell, Secretary of Revenue
HEARING: Wednesday, April 26, 2017 10:01 a.m.
LOCATION: Pennsylvania Gaming Bureau of Appeals
303 Walnut Street
Strawberry Square
Harrisburg, PA 17101

Reporter: Rhonda K. Thorpe

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A P P E A R A N C E S (Cont'd)

ALSO PRESENT:

TAMI BOGUTZ STEINBERG, Flaster Greenberg

ELIZABETH TRANCHINA, Vice President of Legal Affairs
and Compliance

MICHAEL FABIAS, Woodlands Fayette

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CHAIRMAN:

Moving on, could we have the representatives of Eldorado, Isle of Capri come forward? That's quite a lineup you've got there.

I would ask before we begin since I seem to have an entire baseball's team assembled in front of me, I'd ask anyone who's going to speak or thinks they may be speaking today, attorneys or otherwise, to please stand and state and spell your name for the court reporter. That includes attorneys for this moment. So, just start if you would, sir.

MR. HENDRICKS:

Gary Hendricks, H-E-N-D-R-I-C-K-S, Vice President and General Manager of Lady Luck Nemaquin.

CHAIRMAN:

Thank you.

MR. FAVRE:

Jeff Favre, F-A-V-R-E, Vice President and General Manager of Presque Isle Downs Casino.

MR. ENNIS:

Mathew Ennis, E-N-N-I-S, Director of Finance, Presque Isle Downs Casino.

CHAIRMAN:

1 Thank you.

2 MR. CARANO:

3 Glenn Carano, C-A-R-A-N-O, General
4 Manger of three properties in Reno, Nevada.

5 CHAIRMAN:

6 Thank you.

7 ATTORNEY SCHRIER:

8 Good morning, Mr. Chairman. Stephen D.
9 Schrier with the law firm of Blank Rome on behalf of
10 the Petitioner and I would also add Michael Whitemaine
11 who is behind me who is the Senior Vice President of
12 Operations of the Eastern Division of Eldorado.

13 CHAIRMAN:

14 Thank you. And for those of you who are
15 not attorneys, if you remain standing and please be
16 sworn in at this time by the court reporter.

17 ---

18 (WHEREUPON, WITNESSES SWORN EN MASSE)

19 ---

20 CHAIRMAN:

21 Okay.

22 Thank you very much.

23 ATTORNEY SCHRIER:

24 Mr. Chairman, while we're still
25 introducing, I would also like to note that for

1 Counsel for Isle of Capri, Tami Steinberg is here from
2 the Flaster Greenberg Firm and also Elizabeth
3 Tranchina, who is the Vice President of Legal Affairs
4 and Compliance from Isle of Capri. She's also here.
5 And Michael Fabias who is Counsel for Woodlands
6 Fayette which is Nemaquin Resort is also here on
7 behalf of the Category 3 License Holder Woodlands
8 Fayette.

9 So, I think now ---.

10 CHAIRMAN:

11 I think we've covered the universe now
12 have we?

13 ATTORNEY SCHRIER:

14 I'm looking around the room. There may
15 be somebody else that ---.

16 CHAIRMAN:

17 Well if you discover somebody else if
18 you'd let us know that would be ---

19 ATTORNEY SCHRIER:

20 Thank you.

21 CHAIRMAN:

22 --- lovely.

23 The Petitioners may proceed, please.

24 ATTORNEY SCHRIER:

25 Thank you, Mr. Chairman, members of the

1 Commission and Board staff.

2 As I indicated my name is Stephen D.
3 Schrier and I am here on behalf of the Petitioner
4 Eldorado Resorts, Incorporated. Thank you for the
5 opportunity to be here today to present this Petition
6 to you seeking your approval to have Eldorado Resorts,
7 Incorporated acquire Isle of Capri Casinos,
8 Incorporated which is the parent company of IOC-PA
9 LLC. IOC-PA LLC is a licensed Management Company here
10 in Pennsylvania and they manage the casino at
11 Nemacolin Woodlands Resort.

12 We've now introduced all of our
13 representatives and I think just for clarification, if
14 that's not enough, there actually is a current hearing
15 going on today in Missouri on the same acquisition.
16 Eldorado Resorts was not licensed in Missouri but
17 because of this acquisition of Isle of Capri has to
18 get licensed in Missouri.

19 So, unfortunately several of the Key
20 Management team members who are not licensed in
21 Missouri had to be at that hearing today instead of
22 this one and they wish they could be in both but
23 obviously they cannot.

24 CHAIRMAN:

25 I don't think we had room for them.

1 ATTORNEY SCHRIER:

2 What's that? If you had room.

3 CHAIRMAN:

4 We would have to rent a hall.

5 ATTORNEY SCHRIER:

6 If you had room.

7 So, these are the last two approvals of
8 states for this acquisition and today what I'd like to
9 do is just summarize what the Petition says and what
10 you'll hear today.

11 In essence, these are two very
12 significant Gaming Operators, both of whom are
13 publicly traded companies. They have substantial
14 assets and they're coming together with Eldorado
15 actually acquiring Isle. Of note for this particular
16 Petition, both of these companies are currently
17 licensed here in Pennsylvania. Eldorado resorts is
18 the parent company of Presque Isle Downs which is a
19 Slot 1 Licensee and as I mentioned before, IOC-PA is a
20 licensed Management Company under the Board's
21 requirements.

22 So, the fact that they're both already
23 properly licensed here in Pennsylvania for both of
24 their respective operations kind of simplifies things
25 enormously in our process.

1 The Petition that we have before you
2 seeks approval and this change of control of the
3 parent company of IOC-PA which is a Management Company
4 Licensee and that approval is required under your
5 regulations 440 A.6.

6 Since Eldorado announced its merger in
7 September of 2016, the two companies have been working
8 closely with the Board's staff, with BIE, with OEC to
9 provide all of the information necessary to comply
10 with the Board's requirements and I want to thank the
11 Board and its licensing staff and OEC and BIE for all
12 of their assistance and patience and efforts in this
13 process.

14 What you'll hear this morning is the
15 background of the company, basic terms of the
16 transaction and the effect of this deal on these two
17 Gaming Operations in the Commonwealth. At the
18 conclusion, I believe you will conclude as we have
19 that these companies are fully qualified, suitable and
20 that they meet the Board's licensing requirements.
21 And also that the combination of these two operations,
22 one a Management Company License and the other a
23 Category 1 Slot Licensee, will not create any
24 anticompetitive or monopolistic concerns within
25 Pennsylvania, which is one of the requirements that

1 you must look at when you consider a change of control
2 of a Management Company.

3 So, to start off, I would like to ask
4 Glenn Carano to provide you with some background.
5 Glen currently holds a Principal License and before he
6 got into the gaming industry he was a quarterback for
7 the Dallas Cowboys, but then like many of us, saw the
8 light and got involved in the gaming industry after
9 that.

10 In the coming days, he will be taking
11 over the position after this closing as the Senior
12 Vice President of Operations of the eastern division
13 which will cover Pennsylvania, West Virginia and Ohio.
14 And Michael Whitemaine, who I introduced earlier, who
15 is currently the Senior Vice President of Operations
16 in this region, will be moving to the southern
17 division.

18 So, thank you for your time and Glen,
19 take it away.

20 MR. CARANO:

21 Thank you.

22 Mr. Chairman, members of the Board,
23 thank you very much for giving this opportunity to
24 come before you today. It's great to be back in
25 Pennsylvania and a friendly environment. My previous

1 career, coming back to Pennsylvania wasn't always a
2 friendly environment against your Eagles and
3 specifically the Steelers. They had our number back
4 in the old days.

5 CHAIRMAN:

6 Does this sound familiar, boo.

7 MR. CARANO:

8 Don't throw stuff at us.

9 But, no, I did finish my career up in
10 Pittsburgh with the Pittsburgh Maulers so I was a
11 Pittsburgh Mauler quarterback and it was a great
12 experience albeit. I lived in Pittsburgh and
13 Pennsylvania for a little bit over a year and enjoyed
14 the Pittsburgh area tremendously. Can you imagine a
15 Dallas Cowboy quarterback getting a warm welcome
16 there? I actually did. They --- it was a nice time.

17 So, at any rate again it's exciting
18 times for our company and so I'm going to take you
19 through a timeline here of how we got to where we are
20 today. These things are fun by the way. One more
21 time.

22 Okay.

23 So, this slide will show you that my
24 father, Don Carano, a lawyer by profession, and Jerry
25 Poncia, he's our architect, they started the Eldorado

1 back in 1973 with 282 rooms, 500 slots, 20 table
2 games. And as you guys see through the presentation,
3 we're --- when we get this Isle of Capri acquisition
4 done, we'll have our 20,000 slot machines, 550 table
5 games, 6,500 hotel rooms.

6 So, this timeline started as we are a
7 small company and it's really exciting where we're
8 going as a public company. And between 1973 and 1995,
9 the Eldorado continued to grow and then in 1995 with a
10 joint venture with MGM. We opened up the Civil Legacy
11 in downtown Reno with 1,700 rooms, 1,300 slots, 70
12 tables games.

13 And if you haven't been to Reno and seen
14 our property, you must come, but the tri-property as
15 the Civil Legacy combined the Eldorado with 800 rooms
16 and Circus Circus, it combined it all, 1,500 rooms.
17 It combined to make a mega resort downtown Reno with
18 over 4,000 hotel rooms, 4,000 employees, 3,300 slot
19 machines and 130 table games. So, it is --- it is the
20 mega resort in downtown Reno.

21 And then as the timeline goes, in 2005
22 we went on and acquired Eldorado Shreveport. Mr. Mike
23 Whitemaine, who's been working with the Eldorado for
24 37 years, went down and took over Eldorado Shreveport
25 and managed that and that has 400 rooms and, you know,

1 1,300 slot machines and 36 tables games.

2 In 2013, we announced a merger with MTR
3 Gaming which brought us east and it's brought us east
4 and got us into the racing business --- horse racing
5 business as we acquired Scioto Downs, Mountaineer and
6 your Presque Isle Down up in Erie. And then that
7 added another 5,500 slot machines to our portfolio.

8 2015 we then went back and bought the
9 rest of Civil Legacy's 50 percent joint venture from
10 MGM and Circus Circus was also owned by MGM. We
11 bought Circus Circus so now we own the entire --- in
12 2015 we owned the entire tri-properties in downtown
13 Reno.

14 2016, just last year, we entered into a
15 definitive agreement with Isle of Capri to acquire 12
16 more casinos and those 12 more casinos again with who
17 had --- which again, acquired 12 more casinos. One of
18 which is the management contract with Lady Luck and
19 Nemacolin. That'll add another 12,000 slot machines.
20 So, you'll see that through this whole presentation
21 it's a --- it's a great growth pattern, great growth
22 story and we appreciate your support on helping us
23 through this.

24 At this time, I'd like to take it to the
25 second slide here, the next slide which --- there you

1 go. And turn it over to Mathew Ennis. He's our
2 Director of Finance at Presque Isle and he'll take you
3 through the transaction.

4 MR ENNIS:

5 Thank you, Glenn.

6 Going over some of the topics relative
7 to the overall transaction. First we begin with the
8 transaction consideration. This bullet point is
9 relative to the existing shareholders with the Isle.
10 Eldorado Resorts will acquire the Isle of Capri for
11 \$23 per share as a set stock price. The shareholders
12 do have the option to elect cash or stock
13 consideration for each share of stock they own in
14 Isle. The election is subject to proration procedures
15 so that the aggregate consideration will net out to 58
16 percent cash and 42 percent stock.

17 Upon completion of the merger, the
18 Eldorado shareholders will own approximately 62
19 percent and the Isle shareholders will own
20 approximately 38 percent. So, that's just a general
21 oversight as to the transaction consideration relative
22 to outstanding shares for our holders.

23 The value of the overall transaction is
24 total purchase price for the Isle, \$1.7 billion. This
25 is includes of a retiring \$929 million of debt that

1 the Isle's currently carrying around their books. The
2 majority of the residual use of funds from the
3 financing to be explained below will be used for the
4 Isle equity purchase price transaction itself.

5 At the time of the transaction, we are
6 anticipating an acquisition multiple of 8.8 times.
7 What that means is this is calculated as a total Isle
8 purchase price of the \$1.7 billion divided by \$194
9 million which is the last 12 months of EBITDA for
10 Isle. So, taking \$1.7 divided by the \$194 gives us
11 that 8.8 multiple.

12 We anticipate improvements of that
13 multiple going from 8.8 to 7.4 as a result of
14 synergies we're anticipating as a result of the
15 merger. We have identified \$35 million of estimated
16 identified cost synergies in the first year. This
17 calculates as a \$1.7 billion divided by the \$194
18 million after adding back the \$35 million in estimated
19 cost synergies in year one.

20 As far as the overall financing, we have
21 secured the financing with J.P. Morgan and the
22 transaction will be financed with three additional
23 pieces of debt on the overall Eldorado balance sheet.
24 That consists of \$1.4 billion of a seven year term
25 loan, a \$375 million eight year new senior unsecured

1 note and a five year \$300 million revolving loan.
2 That \$300 million revolving loan we anticipate
3 borrowing \$29 to \$40 million at the time of the merger
4 to close the final deal.

5 Management and governance. Eldorado CEO
6 and President and CFO will maintain their positions.
7 They have also --- we will also be designating two
8 additional Board members to the overall Eldorado
9 Board. The approval process Eldorado and the Isle
10 shareholders have already approved the merger on
11 January 25th, 2017. You'll see the multiple states
12 listed that have also approved the transaction itself.
13 Obviously the reason we're here today is to get
14 Pennsylvania's approval and as Glenn mentioned, we are
15 anticipating Missouri's approval as well today.

16 Timing the transaction. We are
17 expecting to close in Q2 of 2017 subject to customary
18 closing conditions as we work through the final
19 merger. What this means is excitement for Eldorado,
20 the increased scale and geographic diversification.
21 With this anticipated merger comes a creation of a \$3
22 billion premier regional gaming company which in
23 itself is exciting.

24 Meaningfully increasing Eldorado
25 footprint to 19 regional gaming facilities in 10

1 states doubling Eldorado's net revenue and EBITDA
2 overall as a company and combined company that operate
3 more than 20,060 slot machines and VLTs, more than 550
4 table games and approximately 6,500 hotel rooms.

5 The earnings, growth and operational
6 efficiencies that combination of the Isle and Eldorado
7 will bring as previously mentioned is \$35 million in
8 annual runway cost synergies in year one we are
9 anticipating. We see a potential for further revenue
10 and profitability upside. How so is because we will
11 be able to share best practice across the companies to
12 drive operational enhancements as we move further past
13 the merger.

14 The last two bullets points are relative
15 to cash flow. At the time of the merger, we are
16 expecting a net leverage ratio which is net debt
17 divided be EBITDA of the overall company of 5.4
18 percent. Utilizing the companies free cash flow to
19 reduce the leverage and the continued discipline
20 maintenance and investment capital spending over the
21 medium and long term, we are shooting for an objective
22 to have our target long term leverage ratio to be
23 below 5.0 percent.

24 MR. CARANO:

25 Thank you, Matt.

1 This next slide will show how --- and
2 I'm going to take you through a timeline here but it
3 shows how we actually fill in the entire country here.

4 So, again 1973, we start out with a
5 white dot over in Reno, Nevada and we had one casino
6 there and then in 1995 we went into three casinos.
7 Then our next purchase was down in Louisiana. Then
8 the acquisition of MTR and got Scioto Downs in Ohio,
9 West Virginia, Mountaineer and Presque Isle.

10 And then, this new transaction is the
11 darker dots that helps us fill in the rest of the
12 country. So, we got two casinos in the Rockies and
13 Black Hawk, Colorado. We have two casinos there in
14 Iowa, four casinos in Missouri and another two casinos
15 in south Mississippi and one casino on the eastern
16 seaboard down there. I guess you could it Florida,
17 eastern seaboard. But so we have one down there in
18 Pompano.

19 So, we're excited that we now have
20 become a major regional gaming company across the
21 United States.

22 Our next slide here, this is the current
23 structure of our ownership of Eldorado Resorts
24 Incorporated. Recreational Enterprises on the left is
25 my family's corporation and next to is, Hotel Casino

1 Management, is Jerry Poncia, my father's partner's
2 incorporation. PAR investment as an institutional
3 investor, they're actually invested in Eldorado
4 Resorts, Incorporated now and also of Capri. The
5 other two are investment --- institutional investors.

6 So, this makes this up. The yellow
7 blocks on there are the individual casinos that ---
8 and so we have three casinos that are --- actually
9 four casinos here underneath Eldorado, includes Civil
10 Legacy Eldorado, Circus Circus and Shreveport and then
11 MTR, another subsidiary has the three properties that
12 we acquired from MTR, Scioto Downs, Presque Isle and
13 Mountaineer.

14 This Isle of Capri's current ownership,
15 the Goldstein family, again, we share a lot of the
16 same values as the Goldstein family. We believe in
17 developing a great relationship --- developing a great
18 relationship with our employees and our guests, our
19 like. In fact, you know, I could go back and say Mike
20 is a 37 year veteran with the Eldorado. We have ---
21 Mike Whitemaine that is and we have a number of
22 employees that have been us for --- from day one at
23 the Eldorado at Reno and also Civil Legacy.

24 So, we're all about taking care of our
25 employees and developing a great relationship with

1 both our employees and guests. And the Isle of Capri
2 we feel has that same value system as --- Bernie
3 Goldstein started Isle of Capri and their families
4 kept that up. They had, again, their ownership PAR
5 Capital Management is invested in both companies.

6 And the yellow box there, you'll see the
7 12 casinos including Lady Luck Nemaocolin that will be
8 part of the new company.

9 Next slide here again brings us to the
10 Eldorado Resorts --- excuse me. Recreational
11 Enterprises is the Carano family hotel inc. Jerry
12 Poncia and then you'll see that the Goldstein family
13 still a big part of our company. And there we have 19
14 yellow boxes which makes up 19 of our casino's
15 facilities. The red box is Lake Charles in southern
16 Louisiana that is actually we think is going to be
17 divested from the company.

18 How do you do this? Excuse me.

19 This slide right here is to show you the
20 combined revenues and impact on the Pennsylvania
21 gaming. This actually comes from some of your Board
22 documents and so Presque Isle and Lady Luck Nemaocolin
23 jointly generate 6.2 percent of the Commonwealth gross
24 terminal revenue, 2.29 percent as the table game
25 revenue for 5.19 percent of the total gross gaming

1 revenue. Combined, that's \$167 million. That places
2 us in 10th places in the overall --- there's nine in a
3 Pennsylvania casinos had individually are ahead of the
4 combined efforts of Presque Isle and Lady Luck. Not
5 bragging about that. The --- we'd like to be higher
6 but the point here is as you can see there's no undue
7 concentration of gaming and monopolistic here.

8 All right.

9 At this time I'd like to turn it over to
10 our Vice President General Manager of Presque Isle,
11 Jeff Favre, and have him take you through the Isle of
12 the --- Presque Isle.

13 MR FAVRE:

14 Thank you, Glenn.

15 Mr. Chairman, Board members, as always,
16 pleased to be here.

17 We're going to be continuing to focus on
18 business as usual. Primarily focused on driving or
19 generating more revenue and since Eldorado has taken
20 over, I can tell you that their focus and their
21 commitment to the capital injection into the property
22 and improving the physical plant, refreshing the slot
23 product, making the guest experience a more
24 delighting, more pleasurable experience has certainly
25 been gratifying and positive for me.

1 So, they have given me the resources and
2 tools to work with. It's my job to utilize those
3 properly and continue to capture more revenue. As you
4 all are aware, Ohio opening up certainly put a dent
5 into our revenues and recapturing those revenues is
6 really what the focus is as well as maintaining our
7 backyard so to speak which is our Erie market and
8 that's what we'll continue to do and continue to be
9 focused on.

10 And always, a pleasure to be here.

11 Thank you.

12 MR. CARANO:

13 Thank you, Jeff. At this time I would
14 like to introduce to you Gary Hendricks, Vice
15 President and General Manager of Lady Luck Casino
16 Nemacolin. Again, Gary's been with the Isles since
17 2011 and been in his position at Nemacolin for a
18 little over a year.

19 MR. HENDRICKS:

20 Thank you, Glenn. Chairman, Board
21 members, it's a pleasure to be here today. Saw many
22 of you just a few months ago for my license renewal
23 for the property so very familiar with Lady Luck.

24 We are very excited about this
25 transaction as well. We're looking forward to being

1 able to share in best demonstrated practices and
2 really move both properties forward. We're going to
3 concentrate similar to what Jeff just said on business
4 as usual keeping us moving forward.

5 MR. CARANO:

6 Thank you, Gary.

7 So, in conclusion, your approval of this
8 acquisition combines two great companies that
9 compliment each other as gaming operators. Both
10 companies are already licensed in the Commonwealth.
11 Both companies are experienced in operating efficient,
12 successful gaming facilities. There's going to be a
13 seamless continuation of both gaming operations by the
14 seasoned General Managers that you've just heard from.

15 We fulfilled the Board's criteria for
16 approval of the transaction so in closing we really
17 appreciate your time today and appreciate that you're
18 helping us move forward, tried to get through this
19 thing as painless and as quickly possible for you and
20 again, thank you very much for having me come back to
21 Pennsylvania. Love it and at this time I'll turn it
22 back over to Steve and he'll get to his conclusion for
23 you.

24 ATTORNEY SCHRIER:

25 I think from the Petitioner's point of

1 view, we have concluded our presentation. I would
2 just ask a housekeeping matter, we had submitted
3 certain documents into evidence. They were identified
4 as Petitioner's Exhibits 1 through 5 and at some point
5 I would like to just have those introduced. And they
6 are effectively the Board's own data that supports
7 slide eight which Glenn just talked about which
8 reflects even the combined nature of the gross
9 terminal revenue and the gross table game revenue and
10 some of the other calculations that would go into the
11 Board's review and analysis of the undue concentration
12 regulation.

13 So, if you look at those you'll see
14 where we got the data and you'll also see a chart
15 where we go into a lot more detail than slide eight
16 about why this combination should not create any
17 concern on your part of any domination of the
18 marketplace based upon the Management Company and this
19 Category 1 Licensee.

20 CHAIRMAN:

21 Thank you.

22 Any objection to move that stuff into
23 evidence?

24 ATTORNEY FERRELL:

25 No objections.

1 CHAIRMAN:

2 Thank you.

3 ATTORNEY SCHRIER:

4 Thank you.

5 CHAIRMAN:

6 Consider it admitted.

7 Any questions or comments from
8 Enforcement Counsel?

9 ATTORNEY FERRELL:

10 Benjamin Ferrell, F-E-R-R-E-L-L,
11 Assistant Enforcement Counsel for the OEC. OEC
12 Doesn't have any formal presentation but we do have
13 some questions for the Petitioners at this time
14 regarding the Petition.

15 First, on what date do the parties
16 intend to close on this transaction.

17 MR. CARANO:

18 I can answer that. We are trying to
19 close it as soon as possible but it again, the second
20 quarter and hopefully early here, soon.

21 ATTORNEY FERRELL:

22 And --- oh, you think within the next
23 few weeks, next two or three weeks?

24 MR. CARANO:

25 I think that's reasonable. Again ---

1 what's today's date. Today's date is the 26th. So,
2 yeah, we're hoping so. Thank you.

3 ATTORNEY FERRELL:

4 And if you have this information, on
5 what date does Eldorado plan on taking full control of
6 Isle of Capri?

7 MR. CARANO:

8 Again, that would hopefully take place
9 right when we close this.

10 ATTORNEY FERRELL:

11 Right at closing.

12 Now at this time, will Eldorado be
13 making any changes to Lady Luck's compulsive and
14 problem gambling plan?

15 MR. CARANO:

16 We plan on basically adopting all the
17 plans that are in place right now. We plan on
18 operating all the Isle of Capri's and a status quo and
19 go forth and as we go down the line we'll be seen and
20 taking best practices of all of our properties and
21 making the properties bigger and better.

22 ATTORNEY FERRELL:

23 And that would include the diversity
24 plan and the internal controls?

25 MR. CARANO:

1 Most definitely everything, we believe
2 in that.

3 ATTORNEY FERRELL:

4 And as you're aware, Isle of Capri
5 currently has a shared services agreement for it's
6 properties and Eldorado currently has a shared service
7 agreement pending before the Board. Does Eldorado
8 have any plans to assume that contract as well or they
9 plan on incorporating it into the one pending before
10 the Board?

11 MR. CARANO:

12 I believe again we're going to go ahead
13 and defer that until we get operating and everything
14 and sort of keep everything in place as it is right
15 now.

16 ATTORNEY PITRE:

17 What kind of transition period, --- what
18 kind of --- about how long do you think it will take
19 you guys after closing to transition into full control
20 of the property?

21 MR. CARANO:

22 Well again, we have our General Manager
23 here right now and so as is, we don't see anything
24 changing.

25 ATTORNEY PITRE:

1 Okay.

2 MR. CARANO:

3 We're going to keep on operating status
4 quo and then we'll start getting in there. We have to
5 learn the property and see with the change. So, I
6 don't know if there will be any changes.

7 ATTORNEY PITRE:

8 Okay.

9 MR. CARANO:

10 Hopefully any change we make will be for
11 the better of the property in making more --- generate
12 more revenues and more tax revenues.

13 ATTORNEY FERRELL:

14 OEC has no further questions at this
15 time. Additionally though OEC would request to amend
16 the conditions set forth and its answer dated February
17 2nd, 2017.

18 OEC first requests to remove conditions
19 two and six from its answer. Second, OEC requests to
20 amend condition seven to read no closing or change of
21 control or assumption of duties by Eldorado or Isle
22 shall take place until such time that the Board has
23 approved the proposed acquisition and all unnecessary
24 entities and individuals have been licensed by the
25 Board. Subsequent to the completion and submission of

1 the related suitability report, which includes all
2 necessary background investigation reports or until
3 such time that all necessary entities and individuals
4 have submitted, completed applications to the Board.

5 And finally, subject to the conditions
6 set forth in the pleadings and as amended, OEC has no
7 objection to the Joint Petition of Eldorado Resorts,
8 Inc., Isle of Capri Casinos, Inc. and related entities
9 for an Order approving the transfer of interest and a
10 Management Company License and ancillary relief
11 pursuant to 58 PA Code Section 440 A.6.

12 CHAIRMAN:

13 So, I presume you're not --- you have no
14 other independent presentation to make at this time?

15 ATTORNEY FERRELL:

16 No.

17 CHAIRMAN:

18 Having heard the statement from
19 Enforcement Counsel, does Petitioner have any comment
20 on their statement at this point?

21 ATTORNEY SCHRIER:

22 I believe that we're in agreement with
23 the conditions that have been set forth by Enforcement
24 Counsel. You know, obviously the company does not
25 know exactly what will happen until is actually closes

1 so without having that --- the benefit of the closing,
2 you know, obviously we'll do whatever we can to meet
3 those conditions. And I think as I've discussed with
4 the OEC, we will keep them apprised as things ---
5 after the closing as things to begin to take shape if
6 there's going to be any changes or modifications to
7 any of the plans, diversity plan, problem gambling
8 plans, those kind of things. We'll work closely with
9 Board staff to make sure that everybody's aware of
10 that and get approvals, whatever kinds of things we
11 need.

12 CHAIRMAN:

13 Okay.

14 Are there any questions or comments from
15 the Board at this time?

16 MS. YOUNG:

17 I was delighted to hear that you have
18 shared values regarding your employees and you like to
19 take care of them. I know that you have to submit a
20 diversity inclusion plan. I would --- my question is,
21 can anyone talk about what that --- what that
22 diversity inclusion plan --- not what it is, but in
23 the context of your shared values and taking care of
24 your employees. Can you talk about your efforts
25 regarding diversity and inclusion?

1 MR. CARANO:

2 You know what I'd like to is if I can,
3 have Jeff Favre, who's Presque Isle, he could --- he
4 could address that. I'm not sure of our plan in
5 Nemacolin but I could tell you we have --- we have
6 plans throughout all of our casinos to make sure that
7 as much as possible our population of our employees
8 meets and exceeds in diversity what's local in the
9 community.

10 And Jeff, if you've got some answers.

11 MR. FAVRE:

12 No, you know, as far as specifics of the
13 plan. We --- of course we submit it and I think we
14 were here for our license renewal approximately two
15 years ago and some of the questions that came up were
16 certainly focused on diversity. And since that
17 license renewal, I can --- I can assure you that we
18 have certainly migrated in a positive direction as far
19 as diversity is concerned. I don't have any specific
20 numbers that I can quote to you today but I can
21 certainly get those to you.

22 But from an ethnic percentage
23 standpoint, our ethnic makeup of our team members
24 certainly meets the makeup of the county and far
25 exceeds it with a couple of the ethnic backgrounds,

1 especially the Asian population. And as far as a lot
2 of the other diversity requirements, we certainly do
3 what we need to do and move it in the right direction.
4 We look at it every month and if something that we
5 understand is very important and we take it very
6 seriously and will continue to do so.

7 ATTORNEY PITRE:

8 And I might add that information is
9 submitted to our Office of Diversity and I'm sure that
10 Director Daniels could provide you with any numbers or
11 percentages or any information as it relates to what's
12 been happening at Presque Isle and at Nemaquin or any
13 other facility in the Commonwealth.

14 MS. YOUNG:

15 Great. Thank you.

16 CHAIRMAN:

17 Any other questions at this time?

18 I want to thank you all for coming and
19 the very cogent presentation. We're going to vote on
20 this matter later today in the Office of Chief Counsel
21 (OCC) section of the presentation.

22 At this time, the Board will take a
23 recess. Can't say whether it's 5 minutes or 15
24 minutes to consider both matters that have been
25 presented before us today.

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Thank you very much.

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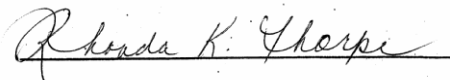
HEARING CONCLUDED

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CERTIFICATE

I hereby certify that the foregoing proceedings,
hearing held before Chair Barasch was reported by me
on 4/26/2017 and that I, Rhonda K. Thorpe, read this
transcript, and that I attest that this transcript is
a true and accurate record of the proceeding.


Court Reporter
Rhonda K. Thorpe