

**INDIANA GAMING COMMISSION
BUSINESS MEETING**

**10:00 a.m., August 20, 1999
Indiana Government Center South
402 West Washington Street
Indianapolis, IN 46204**

PRESENT: Commission members Donald R. Vowels, Chair; Ann Bochnowski, Vice-Chair; Thomas Milcarek, Secretary; Richard Darko, Robert Swan. Commissioner David Ross, Jr., M.D. was not present. Staff: Jack Thar, Cynthia Dean, Jennifer Arnold, John Krause, Jennifer Chelf, Michelle Marsden, Clarence Long, Rhonda Dalton, Cpt. Mark Mason, and members of the public.

Call to Order and Roll Call

Chairman Don Vowels called the meeting to order at approximately 10:42 a.m. (local time). A quorum was present.

Approval of the Minutes

Upon motion by Thomas Milcarek, second by Ann Bochnowski, the minutes of the May 14, 1999 telephonic business meeting were unanimously approved.

Report of the Executive Director

Jack Thar, Executive Director, gave a report to the Commission on the activities of the riverboats and the Commission office.

Recent departures from the gaming commission office include: Jim Seivers resigned to accept a position with Ivy Tech. Phil Beck, Controller, has accepted a position with Cummins Engine. His last day with the Commission office will be August 27th. Executive Director Thar commended Phil for his service to the Commission. Kendra Nigg, formerly a Supervising Field Auditor for the Audit Department has assumed the responsibilities of the Senior Systems Analyst position in the MIS Department. New Staff include Jennifer Chelf who joined the agency as a staff attorney; Clarence Long in a support staff position; and Melodi Fields as a field auditor.

The Interim Study Committee on economic development held it's first meeting on August 3rd. One agenda item was that of changing cruise requirements, put on there by Sen. Earline Rogers.

John Krause, Staff Attorney, appeared before the Commissioners to provide an update on the issue of Minority Business/Women Business Enterprises. Mr. Krause reported that commission staff continued to work closely with the Governor's Commission on Minority Business

Development to ensure that progress continued in regards to meeting the MBE/WBE statutory goals. Commission staff have also participated in meetings with purchasing managers and other personnel from the riverboats to stress the importance of this issue. Mr. Krause provided a report on the meeting he recently attended regarding this issue. This meeting provided a forum in which the vendors could share ideas about ways in which to secure Minority/Business Enterprise/Womens Business Enterprise. The meeting also afforded commission staff an opportunity to clarify the auditing process, etc. and to show where the vendors are at in the certification process. Executive Director Thar clarified that while the IGC does not certify vendors, IGC staff works closely with Minority Business Development. Commissioner Swan inquired if it would be possible for the Commissioners to receive a statistical report at each meeting. Executive Director Thar answered in the affirmative saying that Mr. Krause would provide the audited figures at the next meeting.

Boyd Gaming corp. has entered into a definitive agreement to purchase Blue Chip in Michigan City and has filed an application for a change in ownership.

Since the last business meeting, Sharon Wheeler was appointed general manager of Blue Chip but has since resigned.

Park Place has entered into an agreement to buy Starwood. It is anticipated an application for a change in ownership will be filed within the next 30 days if not sooner. Caesars Harrison Co. project continues to progress with its construction.

Groundbreaking ceremonies were recently held in Switzerland Co.

The lawsuit filed by James Rodney Martin requesting access to Aztar's meter readings filed with the Gaming Commission decided in favor of the Gaming Commission and Mr. Martin was denied access.

The U.S. Coast Guard in Louisville has issued a directive that the riverboats on the Ohio River not cruise during the times that are considered to be Year 2000 high risk times.

The IGC MIS Dept. is currently developing a computer program that will allow each of the riverboats to file their daily and monthly tax returns electronically.

Previously, the Indiana Gaming Commission requested that the licensees provide assurances regarding their Year 2000 compliance. Commissioner Swan inquired as to what is the status of this issue. Pat Wright, Director of the IGC MIS, has been responsible for coordinating the Y2K issue. A questionnaire was developed by Ms. Wright which required each riverboat to respond to her. The IGC has been in contact with the riverboats on a quarterly basis updating the questionnaire. About 80% of the computer programs at each casino is believed to be Y2K compliant based on assurance from the vendors of the hardware/software with the casino as well as representation from the casino. The remaining percentage is that it will be in compliance by the end of the year. Executive Director Thar will include this issue in his next Executive Director's report. Also, Ms. Wright, will appear before the commissioners at the next business meeting to provide an update.

Resolution 1999-19

A resolution amending 68 IAC 10-8 for publication as a proposed rule.

Action: Upon motion by Richard Darko, second by Ann Bochnowski, and unanimous vote of those present, the Commission approved the above mentioned rule as a proposed rule.

Denial of Occupational Licenses

**Alfonzo Borom, Jr.
BC-DEN-99-2**

Alfonzo Borom, Jr., applied for an Occupational License, Level 2 for employment with Blue Chip Casino as a dealer. During his employment with Blue Chip Casino, it was discovered that Mr. Borom had stolen \$1300.00 while working as a boxperson at a craps table. The Commission Staff revoked Mr. Borom's temporary occupational license on or about July 12, 1999.

Action: Upon motion by Ann Bochnowski, second by Robert Swan, and unanimous vote of those present, the Commission upheld the revocation of the temporary license and denied the application for Occupational License, Level 2 submitted by Mr. Borom.

**Bridget Bullock
HA-DEN-99-04**

Bridget Bullock applied for an Occupational License, Level 2 for employment with Harrah's East Chicago Casino as a slot attendant. During her employment with Harrah's Ms. Bullock forged a jackpot fillslip and stole \$625.00. Pursuant to IC 4-33-8-3, 4-33-8-7, and 68 Indiana Administrative Code 2-3-5(c)(14), an individual must be of good moral character to hold an Occupational License. On this basis, the Commission staff revoked Ms. Bullocks' temporary occupational license on or about August 12, 1999.

Action: Upon motion by Tom Milcarek, second by Ann Bochnowski, and unanimous vote of those present, the Commission upheld the revocation of the temporary license and denied the application for Occupational License, Level 2 submitted by Ms. Bullock.

**Heather Garrett
BC-DEC-99-3**

Heather Garrett applied for an Occupational License, Level 2 for employment with Blue Chip Casino as a shipping and receiving clerk. During her employment, it was discovered Ms. Garrett failed to disclose on her application for an Occupational License that she had been arrested for theft, a felony charge, on August 28, 1998 in Lafayette, Louisiana. There is no final disposition in this case because she failed to appear for her arraignment. Commission staff revoked Ms. Garretts' temporary Occupational License on or about July 19, 1999.

Action: Upon motion by Richard Darko, second by Robert Swan, and unanimous vote of those present, the Commission upheld the revocation of the temporary license and denied the application for Occupational License, Level 2 submitted by Ms. Garrett.

Jeffrey Irons
TR-DEN-99-1

Jeffrey Irons applied for an Occupational License, Level 2 for employment with Trump Casino. During his employment with Trump, it was discovered that Mr. Irons had stolen \$51 while working on slot machines. The Commission staff revoked Mr. Irons' temporary Occupational License on or about July 12, 1999.

Action: Upon motion by Thomas Milcarek, second by Ann Bochnowski, and unanimous vote of those present, the Commission upheld the revocation of the temporary license and denied the application for Occupational License, Level 2 submitted by Mr. Irons.

Antonio E. Woods
HA-DEN-99-05

Antonio E. Woods applied for an Occupational License, Level 2 for employment with Harrah's East Chicago Casino. During his employment, it was discovered that Mr. Woods failed to disclose on his application for Occupational License that he had been arrested for Possession of a Controlled Substance on September 3, 1996 and October 13, 1996, felony charges. There is no final disposition of these cases.

Action: Upon motion by Robert Swan, second by Richard Darko, and unanimous vote of those present, the Commission upheld the revocation of the temporary license and denied the application for Occupational License, Level 2 submitted by Mr. Woods.

Denise Simmons
BC-DEN-99-1

Denise Simmons applied for an Occupational License, Level 3 for employment with Blue Chip Casino. During her employment with Blue Chip Casino it was discovered that Ms. Simmons had stolen a bottle of Hennessy Cognac from the Blue Chip Casino for personal use. The Commission staff revoked Ms. Simmons' temporary Occupational License on or about July 12, 1999.

Action: Upon motion by Richard Darko, second by Thomas Milcarek, and unanimous vote of those present, the Commission upheld the revocation of the temporary license and denied the application for Occupational License, Level 3 submitted by Ms. Simmons.

Settlement Offers on Disciplinary Actions

Complaint No. 98-AR-1, Indiana Gaming Company LP (Argosy). On June 24, 1998 Indiana Gaming Commission staff observed that exit turnstile meters were not read at the beginning of the embarkation period, but instead read several minutes after the onset of boarding. Surveillance tapes of the Argosy Casino entrance and exit turnstiles for were reviewed. The surveillance tapes revealed that there were multiple instances where the exit meters were not read immediately after the disembarkation periods. This resulted in patrons not being properly counted, therefore, Argosy failed to pay the proper admission tax on these patrons. The Commission staff and Indiana Gaming Company have reached a settlement agreement whereby the Indiana Gaming Company will pay a tax assessment in the amount of \$2,928.00 and to pay a fine in the amount of \$34,729.50.

Action: Upon motion by Robert Swan, and second by Thomas Milcarek, and unanimous vote of those present, the Commission approved the proposed terms of the settlement agreement.

Resolution 1999-20

A Resolution Describing and Granting Supplier's Licenses to Atronic Casino Technology, Kilmartin Industries, Inc. DBA/Roger Williams Mint, and V.S.R. Lock, Inc.

Action: Upon motion by Thomas Milcarek, second by Ann Bochnowski, and unanimous vote of those present, the Commission granted a Supplier's License to Atronic Casino Technology, Kilmartin Industries, Inc., and V.S.R. Lock, Inc. The Supplier's Licenses will be valid for a period of one (1) year, from August 20, 1999 through August 19, 2000.

Resolution 1999-21

A Resolution Granting a Supplier's License to Riverboat Services, Inc.

Action: Upon motion by Richard Darko, second by Robert Swan, and unanimous vote of those present, the Commission granted a Supplier's License to Riverboat Services, Inc. The Supplier's License will be valid for a period of one (1) year, from August 20, 1999 through August 19, 2000.

Resolution 1999-22

A Resolution Concerning the Renewal of Supplier's Licenses of Bud Jones Company, Inc., GEMACO Playing Card Co., Mikohn Gaming Corp., Osborne Coinage Co., Paul-Son Gaming Supplies, Inc.

Action: Upon motion by Richard Darko, second by Thomas Milcarek, and unanimous vote of those present, the Commission granted the renewal of the Supplier's Licenses issued to Bud Jones Company, Inc., GEMACO Playing Card Company, Mikohn Gaming Corporation, Osborne Coinage Company and Paul-Son Gaming Supplies, Inc.

Resolution 1999-23

A Resolution Concerning the Request of Wico Corporation to Withdraw its Application for a Supplier's License.

Action: Upon motion by Richard Darko, second by Robert Swan, and unanimous vote of those present, the Commission granted the request of Wico Corporation to withdraw its application of for a Supplier's License received on or about April 12, 1996.

Resolution 1999-24

A Resolution Concerning the Request of GDC, Inc. to Withdraw It's Application for a Supplier's License.

Action: Upon motion by Robert Swan, second by Richard Darko, and unanimous vote of those present, the Commission granted the request of GDC, Inc. to withdraw its application

for a Permanent Supplier's License received on October 22, 1997 and renewed on February 22, 1999.

Resolution 1999-25

A Resolution Granting Conditional Approval of The Game of Spanish 21.

Action: Upon motion by Robert Swan, second by Ann Bochnowski, and unanimous vote of those present, the Commission granted conditional approval of the game of "Spanish 21" for a trial period of six (6) months for use on Indiana riverboats.

1999-26

A Resolution Granting Conditional Approval of the Game of Blackjack Double Exposure

Action: Upon motion by Thomas Milcarek, second by Ann Bochnowski, and unanimous vote of those present, the Commission granted conditional approval of the game of Blackjack Double Exposure for a trial period of six (6) months for use on Indiana riverboats.

Resolution 1999-27

A Resolution Concerning an Extension of the Certificate of Suitability Issued to Pinnacle Gaming Development Corporation on September 14, 1998. Jay Boyd, Attorney for Johnson-Smith LLP representing Pinnacle Gaming appeared before the Commissioners to speak in regards to Pinnacle Gaming's request for an extension to the Certificate of Suitability.

Action: Upon motion by Robert Swan, second by Richard Darko, and unanimous vote of those present, the Commission extended the Certificate of Suitability issued to Pinnacle Gaming Development Corporation. The extension will remain valid until March 5, 2000.

**Proposed Amendment to Development Agreement
between RDI/Caesars and Harrison Co.**

Since the agenda for the business meeting was prepared, Caesars has submitted a request that no action be taken on the proposed amendment. Terry Mumford, Ice Miller Donadio and Ryan appeared before the Commission to provide a brief description of what the amendment is proposed to do and why the request that no action be taken was submitted.

**Request for Bond Reduction
Casino Aztar**

On April 5, 1999; May 3, 1999; June 29, 1999, and July 7, 1999 Casino Aztar made the following identical payments to the City of Evansville pursuant to the Development Agreement between Casino Aztar and the City of Evansville pursuant to the Development Agreement between Casino Aztar and the City of Evansville and as a condition of the Riverboat Owner's License issued to Casino Aztar:

| | |
|------------------------------|-----------------|
| Downtown Revitalization | \$ 83,333.33 |
| Economic Development | 16,666.67 |
| <u>Pigeon Creek Greenway</u> | <u>4,166.67</u> |
| Total | \$104,166.67 |

Action: Upon motion by Robert Swan, second by Ann Bochnowski, and unanimous vote of those present, the Commission authorizes the National City Bank to reduce Letter of Credit 102, posted by Casino Aztar, in a total amount of \$416,666.68.

**Request for Bond Reduction
Grand Victoria**

On July 6, 1999 Grand Victoria Casino made the following payment to the City of Rising Sun pursuant to the Development Agreement between Grand Victoria and the City of Rising Sun and as a condition of the riverboat owner's license issued to Grand Victoria:

Action: Upon motion by Ann Bochnowski, second by Thomas Milcarek, and unanimous vote of those present, the Commission authorizes the National Union Fire Insurance Company of Pittsburgh, PA to reduce the Surety Bond posted by Grand Victoria in a total amount of \$354,926.00.

Resolution 1999-28

A Resolution Concerning Financing Matters by Blue Chip Casino, Inc. Joseph McQuaid, VP Development/Regulatory Compliance; Walter Hanley, Senior Vice-President General Counsel appeared before the Commission. Blue Chip represents that the restructuring and refinancing does not increase the amount of existing debt, but allows the Blue Chip to refinance the debt at a lower interest rate. Also, Blue Chip requests a waiver of 68 IAC 5-3-2(b)(3), the two meeting rule. A waiver of the two meeting rule would allow Blue Chip to complete the transaction on September 15th.

Action: Upon motion by Ann Bochnowski, second by Robert Swan, and unanimous vote of those present, the Commission approved the waiver of the two meeting rule and approved the request for the approval of Blue Chip's restructuring and refinancing of its existing debt.

Resolution 1999-29

A Resolution Concerning Debt Acquisition by the Majestic Star Casino, L.L.C. Majestic Star Casino has requested approval of a \$20 million revolving credit facility with a maturity date of August 2, 2003. This issue was first presented to the Commission at the May 14, 1999 business meeting in order to comply with the two meeting rule. Michael Kelly, Frank K. Zinn, Steve Crockston, and Jeffrie Bark appeared before the Commission In order to comply with the two meeting rule of the Commission.

Action: Upon motion by Richard Darko, second by Ann Bochnowski, and unanimous vote of those present, the Commission approved the request of Majestic Star Casino, L.L.C. revolving credit facility in the amount of \$20 million subject to a review and approval of the terms of the final draft and associated documents by the Commission staff.

Resolution 1999-30

A Resolution Concerning a Request for the Consolidation of Ownership Interest in Centaur, Inc., R. J. Investments, Inc., and Pegasus Group, Inc. Jim Hughes, appeared before the

Commissioners on behalf of Centaur to explain the proposed merger of the above mentioned groups.

Action: Upon motion by Richard Darko, second by Robert Swan, and unanimous vote of those present, the Commission granted Centaur's request for a waiver of the normal transfer of ownership procedures and attendant background investigations.

Action: Upon motion by Richard Darko, second by Robert Swan, and unanimous vote of those present, the Commission Granted Centaur's request for approval of the merger of R. J. Investments and Pegasus and the resulting transfer of ownership interests.

Resolution 1999-31

A Resolution Concerning the Request of Aztar Corporation to Amend the Ownership Structure and to Transfer the Riverboat Owner's License to the new entity, Aztar Indiana Gaming Company, LLC. William Diener, of Ice Miller, Donadio and Ryan appeared before the commission to speak in regards the change in ownership structure.

Action: Upon motion by Robert Swan, second by Ann Bochnowski, and unanimous vote of those present, the Commission Approved the request of Aztar Indiana Gaming Corporation to restructure its ownership from a corporation to a limited liability company to be known as Aztar Indiana Gaming Company, LLC and transfer the Riverboat Owner's License to Aztar Indiana Gaming Company, LLC.

The Commission briefly recessed and readjusted at approximately 12:25.

Resolution 1999-32

A Resolution Concerning the Application of Horseshoe Gaming Holding Corp. to Acquire the Ownership of Empress Casino Hammond Corporation and Empress Casino Joliet Corporation. The following individuals appeared before the Commission to discuss the acquisition of Empress Casino by Horseshoe Gaming: Mike Hansen, General Counsel for Empress; Peter A. Ferro, Jr., Chief Executive Officer, Empress; Joe Canfora, President, Empress; John G. Costello, VP and Chief Financial Officer, Empress; Rick Mazer, General Manager, Empress; Jack Binion, Horseshoe Gaming; Jim Bennett, representing Hammond Mayor Duane Dedelow, Jr. Also appearing before the Commission to speak against the acquisition was Richard Yeager (On behalf of John Wolfe, President of the ICALG) of the Indiana Coalition Against Legalized Gambling.

Action: Upon motion by Robert Swan, second by Richard Darko, and unanimous vote of those present, the Commission granted the application of Horseshoe Gaming Holding Corporation for the acquisition of One hundred percent (100%) of the ownership interest in Empress Entertainment, Inc., the owner of Empress Casino Hammond Corporation, the holder of the Indiana Riverboat Owner's License. The approval of the acquisition is subject to the acceptance of the conditions (outlined in Resolution 1999-32) by Horseshoe and Empress, as applicable. Executive Director Thar read the conditions. Representatives of Horseshoe and Empress verbally accepted those conditions.

Next Meeting

The next business meeting of the Indiana Gaming Commission will be announced at a later date.

Adjournment


The meeting was adjourned at approximately 1:45 upon motion by Robert Swan, second by Ann Bochnowski, and unanimous vote of those present.

Minutes

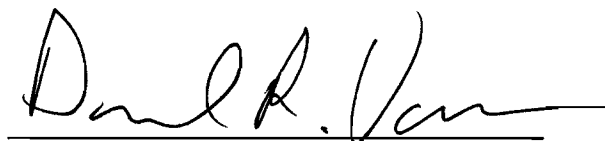
Baynes & Shirey Reporting Services transcribed the August 20, 1999 business meeting. Consequently, the transcript is the complete record of the meeting. Anyone wishing to see the transcript can review it in the Commission office or obtain a copy of the transcript from Baynes & Shirey, Bank One Center/Circle Center, 111 Monument Circle, Ste. 582, Indianapolis, IN 46207. (317) 231-9003.

Rhonda K. Dalton, Executive Secretary of the Indiana Gaming Commission Staff, prepared these minutes.

Respectfully submitted,


Rhonda K. Dalton

THE INDIANA GAMING COMMISSION:


Donald Vowels, Chair


Thomas Milcarek, Secretary