

INDIANA GAMING COMMISSION BUSINESS MEETING

9:00 a.m. November 8, 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, and Dr. David Ross.
Staff: Jack Thar, Cynthia Dean, Jennifer Arnold, John Krause, Jennifer Chelf, Michelle Marsden, Major Mark Mason, Sgt. Jack Yeend, Sgt. Sherri Flynn, Det. Kim Williamson, Det. Keith O'Donnell, and members of the public.

Boyd Gaming and Michigan City remain in the process of renegotiating the current Development Agreement. A discussion ensued between the parties as to whether or not the request of Blue Chip to amend the ownership structure and transfer of the riverboat owners license to Blue Chip Casino, LLC be considered before or after the renegotiations between Boyd Gaming and Michigan City are finalized. The Commissioners agreed that the resolutions pertaining to Blue Chip would be brought before the Commissioners during the afternoon session of this meeting. This will allow Boyd Gaming and Michigan City to continue negotiations.

Executive Director Thar announced that the afternoon session would reconvene at the offices of the Indiana Gaming Commission, 115 W. Washington St., Ste. 950, South Tower at 1:30 p.m. on 11/8/99.

Call to Order and Roll Call

Chairman Donald Vowels called the meeting to order at 9:30 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 September 14th telephonic business meeting were unanimously approved.

Report of the Executive Director

Jack Thar, Executive Director reported to the Commission on the activities of the riverboats and the Commission office.

Recent personnel changes at the Commission office include: Scott Whittenburg has assumed the position of controller, replacing Phil Beck. Executive Director Thar introduced Lisa Slack. Lisa was formerly the receptionist for the Commission office, but has recently been promoted to

the position of Secretary III. Tracy Sanders, a longtime employee of the Commission office has recently been promoted to the position of Promotions Coordinator. Ann Burgess and Ted Boyd have joined the agency as field auditors.

Resolution 1999-39

A resolution adopting as a final rule 68-IAC 10-8-1.

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

Occupational License Matters

Arnold Fleischman TR-DEN-4

Arnold Fleischman applied for an Occupational License, Level 1 for employment with Trump Casino as the General Manager. When Mr. Fleischman became aware that his suitability for licensure had become a concern to Commission staff, he voluntarily ceased working for Trump. Mr. Fleischman was provided a stipulation for withdrawal of his application for an Occupational License. The Stipulation of Withdrawal was executed by Mr. Fleischman, Dennis E. Zahn, counsel for Mr. Fleischman, John J. Thar, Executive Director and Cynthia L. Dean, Chief Counsel for the Indiana Gaming Commission.

Action: Upon motion by Thomas Milcarek, second by Dr. Ross, and unanimous vote of those present, the Commission approved the Stipulation of Withdrawal submitted by Arnold Fleischman.

Denial of Occupational License Jamiel Jo Morris AZ-DEN-99-4

Jamiel Jo Morris applied for an Occupational License, Level 2 for employment with Aztar Casino as a cage cashier. During her employment it was discovered that Ms. Morris had stolen \$4,000.00 from the Aztar Casino while working in the cage. The Commission Staff revoked Ms. Morris' temporary occupational license and denied her application for a permanent license on October 18, 1999.

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

Settlement Offers on Disciplinary Actions

Complaint No. 99-EM-1, Empress Casino Hammond Corp.: On May 5, 1999 the Indiana Gaming Commission initiated disciplinary action against Empress. The disciplinary action was initiated after Commission Staff discovered that Empress had implemented a cage management policy known as forced balancing contrary to Commission directives dated September 17, 1998. After the initiation of the disciplinary action, Commission audit staff provided documentation of additional violations of cage procedures, main bank procedures, soft and hard count

procedures, and general asset management security procedures. On August 20, 1999 the Commission approved the transfer of ownership of Empress to Horseshoe Casino subject to nine (9) conditions. Condition six required Empress to meet with the Commission's staff to comply with all staff requirements concerning the operation of Empress Hammond's main bank, cage, hard count and soft count operations and interrelationships by September 24, 1999. The Commission staff and Empress have met to resolve the matters set forth in the complaint and as a result have reached a settlement agreement that the following sanctions be imposed: Empress will submit an action plan for the procedures surrounding the operations of the main bank, cage, hard and soft count and their interrelationships and pay a fine in the amount of Four Hundred Thousand Dollars (\$400,000.00); and that Empress has complied with all of the agreed sanctions.

Action: Upon motion by Dr. Ross, and second by Ann Bochnowski, and unanimous vote of those present, the Commission approved the proposed terms of the settlement agreement.

Complaint No. 99-MS-1, Majestic Star Casino: On September 30, 1999 the Indiana Gaming Commission initiated disciplinary action against Majestic Star Casino. The disciplinary action consisted of two counts. Count 1 of the complaint states that on August 18, 1999 the EMT scheduled to work the 8:00 a.m. shift was unaware he was scheduled and therefore did not report for work. Patrons were admitted to the riverboat without the presence of the scheduled EMT. Count 2 of the complaint concerns the Daily Excursion Report for August 18, 1999 submitted by the Majestic Star Casino. The Majestic Star did not cruise during the first excursion of the day with the reason listed as no paramedic on board. The actions of the Majestic Star Casino constituted a violation of the Riverboat Gaming Act and Rules. The Commission staff and Majestic Star Casino have reached a settlement agreement whereby the Majestic Star Casino will pay a fine in the amount of \$2,500.00.

Action: Upon motion by Richard Darko, second by Dr. Ross, and unanimous vote of those present, the Commission approved the proposed terms of the settlement agreement.

Complaint No. 98-Bally-1: On December 8, 1998 the Indiana Gaming Commission initiated a disciplinary action against Alliance Gaming Corporation in 98-Alliance-1. Subsequently, legal counsel for both Alliance Gaming and Bally requested that the Complaint and Settlement Agreement be amended to reflect that Bally rather than Alliance committed the violations referenced in the complaint. On December 3, 1997 Bally requested permission to ship electronic gaming devices and associated EPROMS into the State of Indiana. Bally modified the shipment on December 15, 1997 to include two EPROMs that had not been approved for use in Indiana. Bally did not send a revised shipment notification to the Commission. The shipment, including the two unapproved EPROMs, was sent to Caesar's on or about December 22 and 23, 1997. Commission staff recommend that Bally receive a written reprimand with no monetary fine imposed due to the staff's belief that the action was in error and not an intentional violation; and that Bally's has hired an additional employee to monitor all shipments coming into Indiana. The Commission staff recommends that the Commission approve the settlement agreement.

Action: Upon motion by Ann Bochnowski, second by Dr. Ross, and unanimous vote of those present the Commission approved the proposed terms of the settlement agreement.

1999-34

A Resolution Granting Conditional Approval of the Game of Wild Aruba Stud.

Action: Upon motion by Robert Swan, second by Richard Darko, and unanimous vote of those present, the Commission granted conditional approval of the game of "Wild Aruba Stud" for trial period of six (6) months for use on Indiana Riverboats.

1999-35

A Resolution Granting Conditional Approval of The Game of Bonus 6 Stud Poker.

Action: Upon motion by Dr. Ross, second by Ann Bochnowski, and unanimous vote of those present, the Commission granted conditional approval of the game of "Bonus 6 Stud Poker" for a trial period of six (6) months for use on Indiana Riverboats.

**Request for Bond Reduction
Grand Victoria Casino & Resort, LLC**

Pursuant to the Surety Bond posted by Grand Victoria Casino & Resort, L.L.C. the amount of \$1,000,000.00 was posted to secure the performance by Grand Victoria of its obligation to expend \$6,500,000.00 on highway improvements. Additionally, the amount of \$1,200,000.00 was posted to secure the performance by Grand Victoria of its obligation to construct a golf course in Rising Sun, Indiana. As of October 20, 1999 the golf course has been completed.

Action: Upon motion by Dr. Ross, second by Robert Swan, 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 \$2,200,000.00

**Request for Bond Reduction
Casino Aztar**

On August 2, 1999; September 7, 1999; and October 1, 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 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 Dr. Ross, 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 \$312,500.01.

Resolution 1999-37

A Resolution Concerning the Request of Pinnacle Gaming Development Corporation to Amend the Ownership Structure and to Transfer the Certificate of Suitability to the New Entity, Belterra Resort (Indiana), LLC. Jay Boyd, legal counsel for Pinnacle Gaming, appeared before the Commission to discuss the request of Pinnacle Gaming to amends the ownership structure and transfer of the Certificate of Suitability.

Action: Upon motion by Richard Darko, second by Dr. Ross, and unanimous vote of those present, the Commission approved the request of Pinnacle Gaming Development Corporation to restructure its ownership from an extensive corporate structure to the joint venture Nevada limited liability company to be known as Belterra Resort (Indiana), LLC.

Y2K Compliance Report

Tom Stuper, MIS Department, appeared before the Commission to provide an update on the Y2K readiness of each licensee. The IGC MIS department requested each licensee complete a questionnaire regarding their Y2K compliance. The MIS Department also requested each licensee provide a contingency plan in the event a power outage should occur. When the final questionnaires were returned, three licensees reported they were 100% Y2K compliant; one licensee reported being 95% compliant; and the remaining licensees reported they were 75% compliant. Those licensees reporting less than 100% compliance reported they were in the process of upgrading their software and would be 100% compliant by December 31st. Riverboats will be closed in the event of computer malfunctions that affect slot tracking, any safety issues, navigation, surveillance and lighting.

Minority Business Enterprise/Women's Business Enterprise RDI/Caesars Indiana

Michael Walsh, Executive Vice President /Chief Operating Officer of Caesars Indiana, appeared before the Commission to discuss Caesar's failure to abide by the Minority and Women's Business Enterprise hiring goals. Mr. Walsh expressed his apologies to the Commission for the failure of Caesar's Indiana to meet these goals.

Rev. Louis Coleman, director of the Louisville Black Chamber of Commerce appeared before the Commission to discuss this issue. Rev. Coleman requested the Commission impose fines and requested all construction at Caesar's be stopped until the issues surrounding the Minority and Women's business enterprise are addressed. Also, appearing before the Commission was Jocelyn Tandy Adande.

Mr. Walsh presented a plan developed by Caesars Indiana to address the Minority and Women's Business Enterprise issues. As a part of this plan, Caesar's will place \$2 million into a fund for loans and flexible payments to encourage minority contractors. An additional \$2 million will be set aside for the fund in the event that Caesars contracting performance does not improve in the next four to six months.

Action: Upon motion by Ann Bochnowski, second by Robert Swan, and unanimous vote of those present, the Commission approved the action plan submitted by Caesars. Also approved for inclusion in the action plan was the placement of \$2 million into a fund to assist Minority Business Enterprises and Women's Business Enterprises to be able to contract with Indiana riverboats, and specifically Caesars. An additional \$2 million may be set aside for the fund in the event Caesars contracting performance does not improve in the next four to six months. Dr. Ross will be added as a liason to the Advisory Board.

At approximately 11:45 a.m., the business meeting recessed. The meeting reconvened at 1:30 p.m. at the offices of the Indiana Gaming Commission.

**Request for Bond Reduction
Blue Chip Casino**

Blue Chip Casino made a \$100,000.00 payment on a promissory note secured by the Smiths Brother Property pursuant to the Development Agreement between Blue Chip Casino and the City of Michigan City and as a condition of the Riverboat Owner's License issued to Blue Chip Casino.

Action: Upon motion by Robert Swan, second by Ann Bochnowski, and unanimous vote of those present, the Commission authorizes the Surety Bond posted by Blue Chip Casino to be reduced in the amount of \$100,000.00

Resolution 1999-36

A Resolution Concerning the Request of Blue Chip Casino, Inc. to Amend the Ownership Structure and to transfer the Riverboat Owner's License to the New Entity, Blue Chip Casino, LLC.

Walter Hanley, Senior Vice President/Corporate Counsel for Blue Chip Casino; Phil Bayt, and William Boyd, CEO appeared before the Commission to present the amended ownership structure proposed for Blue Chip Casino and requested the riverboat owner's license be transferred to the new entity. This is in preparation of the transfer of ownership to Boyd Gaming.

The Commission deferred taking action on Resolution 1999-36 until after voting on Resolution 1999-38.

Action: Upon motion by Robert Swan, second by Ann Bochnowski, and unanimous vote of those present, the Commission approved the request of Blue Chip Casino, Inc. to amend the ownership structure and transfer of the Riverboat Owner's License to Blue Chip Casino, LLC subsequent to the Commission vote on Resolution 1999-38.

Resolution 1999-38

A Resolution Concerning the Application of Boyd Gaming Corporation to Acquire the Ownership Of Blue Chip Casino, LLC.

William Boyd, CEO, appeared before the Commission to discuss this request. Mr. Boyd extended his appreciation to the Commission for their consideration. Mr. Boyd also expressed his appreciation to Commission staff for their assistance.

As a result of the transfer of ownership, the Development Agreement between Michigan City and Blue Chip was renegotiated. Mayor Sheila Brillson appeared before the Commission to discuss the terms of the agreement. Ms. Brillson expressed her thanks to everyone involved in the negotiations.

Action: Upon motion by Thomas Milcarek, second by Dr. Ross, and unanimous vote of those present, the Commission approved the application of Boyd Gaming Corporation to acquire the ownership of Blue Chip Casino, LLC.

Commissioner Milcareck expressed his appreciation to the Commission, Michigan City, and Boyd Gaming for their cooperative efforts.

Next Meeting

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

Adjournment

Upon motion by Robert Swan, second by Thomas Milcarek, and unanimous vote of those present, the meeting was adjourned.

Minutes

Baynes & Shirey Reporting Services transcribed the November 11, 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.

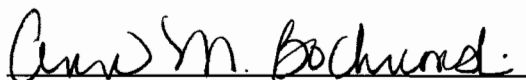
Rhonda K. Dalton, Executive Secretary of the Indiana Gaming Commission Staff, prepared these minutes.

Respectfully submitted,


Rhonda K. Dalton

THE INDIANA GAMING COMMISSION:


Donald Vowels, Chair


Thomas Milcarek, Secretary