

INDIANA GAMING COMMISSION

BUSINESS MEETING AND /PUBLIC HEARING

CASINO AZTAR HOTEL

MARCH 2, 2001

Commissioners and Staff Present:

Donald Vowels, Chairman
Richard Darko
Thomas Milcarek
Dr. David Ross
David Carlton
Robert Swan
John J. Thar
Cynthia Dean
Jennifer Chelf
Rhonda Dalton

Index

BUSINESS MEETING

Approval of Minutes	Page 3
Report of Executive Director	Page 3
Old Business	Page 5
New Business	
Occupational License Matters	
Re: Jean Conner	Page 7
Re: John Connell	Page 9
Re: Denise Marcum	Page 12
Re: James Pressnell	Page 13
Re: Ralph Gates	Page 15
Re: John Campbell	Page 17
Re: Doris Baxter	Page 19
Re: Emily Clark	Page 20
Re: Atlantic City Coin & Slot Service	Page 23
Re: Resolution 2001-6	Page 25
Re: Paul-Son Gaming Supplies, Inc.	Page 26
Re: Resolution 2001-7	Page 28
Re: Resolution 2001-8	Page 31
Re: Resolution 2001-9	Page 33
Re: Resolution 2001-10	Page 35
Re: Resolution 2001-11	Page 49
Re: Resolution 2001-12	Page 50
Re: Resolution 2001-13	Page 52
Re: Resolution 2001-14	Page 57
Re: Grand Victoria Casino & Resort, LP	Page 60
Re: Centaur, Inc.	Page 63
Re: Belterra Casino & Resort	Page 71

AZTAR LICENSE RENEWAL PUBLIC HEARING

Presentation by Mr. Brown	Page 77
Presentation by Mr. Rubeli	Page 104
Presentation by Mayor Lloyd	Page 124
Presentation by Ms. Kight	Page 133
Presentation by Mr. Minton	Page 136

1 MR. VOWELS: We'll go ahead and call the meeting to order.
2 We'll show that it is 9:35 local time in
3 Evansville. All commissioners present with
4 the exception of Ann Bochnowski. We'll show
5 that there is a quorum and we'll call the
6 meeting to order. The first item on the
7 agenda is the business meeting with the
8 approval of the minutes from the December 7th,
9 2000 telephonic business meeting and the
10 January 29th, 2001 telephonic business
11 meeting. I believe you've all had a chance to
12 review these. Is there a motion to approve
13 the minutes?

14 DR. ROSS : Move to approve.

15 MR. VOWELS: Is there a second?

16 MR. CARLTON: Second.

17 MR. VOWELS: All those in favor say aye.

18 UNANIMOUS VOTE

19 MR. VOWELS: Show the minutes approved. The next matter on
20 the agency then is the Report of the Executive
21 Director, and Mr. Thar, do you have anything
22 for us?

23 MR. THAR: Very little. The primary reason being that
24 most of what is the staff has been working on
25 is on the agenda, which deals with all of the

1 riverboats except one, Caesar's. There are a
2 couple of things, however. Susan?

3 MS. BRODNAN: Yes.

4 MR. THAR: Would you mind standing? Susan Brodnan is our
5 new attorney. She's not been introduced to
6 the Commission at a live meeting, only at a
7 telephone meeting, so I wanted everybody to
8 get an opportunity to meet and see Susan and I
9 welcome her aboard again. Susan, is there
10 anything you'd like to say?

11 MS. BRODNAN: No, thanks.

12 MR. THAR: Secondly, the annual report was due yesterday
13 to the Governor and it was delivered on
14 February 28th to him. The highlight of this
15 year's annual report would be that each
16 Commission member has his picture in it in
17 color, so as soon as we get those reports, we
18 will forward them to you, and I think we've
19 stepped up the grade of the report on a
20 technology basis. For those that are planning
21 on attending or wish to speak at the public
22 hearing that will be held after this business
23 meeting concerning the relicensure of Casino
24 Aztar, Jenny Arnold will have sign-up sheets
25 for any member of the public who wishes to

1 address the Commission. Those will be
2 available anytime during this meeting and
3 before the next meeting. We'll make this
4 announcement again at the beginning of the
5 public hearing. As I indicated, just about
6 everything else is on the agenda. With that,
7 I will complete my report.

8 MR. VOWELS: Thank you, Mr. Thar. The next item on the
9 agenda then is Old Business. Is there any Old
10 Business? Doesn't appear to be. Under "New
11 Business" the first matter that we have are
12 the occupational license matters. Ms. Chelf?

13 MR. THAR: May I back up a second?

14 MR. VOWELS: Yes.

15 MR. THAR: We have two sets of minutes to approve.

16 MR. VOWELS: Yes.

17 MR. THAR: You did that?

18 MR. VOWELS: Yes. Good morning, Ms. Chelf.

19 MS. CHELF: Chairman Vowels and members of the Commission,
20 you have before you several matters concerning
21 felony or misdemeanor gambling
22 disqualifications of several applicants for
23 permanent occupational licenses. In each case
24 an applicant for an occupational license has
25 applied for a waiver of this qualification for

1 licensure. In each case you have before you
2 written findings of fact and recommendation
3 that you either approve or deny the
4 individual's request for a waiver.

5 To begin, there are four waiver requests from
6 individuals who had previously been convicted
7 of misdemeanor offenses involving gambling.
8 Pursuant to the Indiana Code 4-73-8-3, the
9 Commission may not issue an occupational
10 license to an individual unless the individual
11 has met standards adopted by the Commission
12 for holding an occupational license. Pursuant
13 to this statute, the Commission had
14 promulgated a rule at 68-ISE2-3-5C4 that
15 provides that an individual must not have been
16 convicted of any offense involving a violation
17 of gambling gaming law in any jurisdiction.
18 Pursuant to 68-ISE2-3-12, the Commission has
19 the authority to waive this requirement and
20 given that the General Assembly saw fit to
21 approve a waiver provision to allow persons
22 with felony convictions to seek an exception
23 to be allowed to receive an occupational
24 license. The Commission has considered these
25 requests for waivers of misdemeanor gambling

1 convictions for a process analogous to the
2 felony waiver process. In each case the
3 petitioner has the burden of proving his or
4 her rehabilitation by clear and convincing
5 evidence. The Commission has the following
6 options with respect to the recommendations in
7 each case:

8 You can adopt the written findings of fact and
9 recommendation without further review. If you
10 can choose to, you review the record and issue
11 a written order including your basis for the
12 decision or you can review the (inaudible).

13 The first matter involves Ms. Jean Conner.
14 Ms. Conner has been working at Argosy Casino
15 as a slot attendant since October 15th of '97.
16 At the time she made application, she revealed
17 that she had been involved in two incidences
18 involving illegal gambling which resulted in
19 misdemeanor convictions. Ms. Conner pled
20 guilty to one count of professional gambling
21 in 1988 and she was operating bingo to benefit
22 (inaudible). She pled guilty in 1993 of
23 promoting professional gambling when she was
24 found to have illegal gambling machines in a
25 bar she owned at the time. Ms. Conner was

1 told in March of 2000 that she needed to
2 complete the waiver process or her temporary
3 occupational license will be revoked. Because
4 she disclosed the incidents, the Commission
5 has allowed her to continue working pending
6 the outcome of today's decision.

7 Former Commission's attorney, John Krause
8 served as the review officer at the hearing
9 but left his job before he had the opportunity
10 to present a recommendation to the Commission
11 and I was assigned this matter as a substitute
12 review officer.

13 The recommendation in this case is that the
14 Commission grant Ms. Conner's request for a
15 waiver on the condition that she not be
16 arrested due to involvement in any type of
17 illegal gambling. Pursuant to this condition,
18 if she is so much as arrested in conjunction
19 with an offense of illegal gambling, her
20 waiver will be annulled. Are there any
21 questions on this matter?

22 MR. VOWELS: Any questions for Ms. Chelf? Okay, Ms. Chelf,
23 we'll take these one at a time, and we have in
24 front of us the Indiana Gambling Commission
25 Order concerning the request for the waiver in

1 relation to Ms. Conner. The recommendation of
2 the staff is that that waiver be granted. Our
3 position is to either adopt or reject that
4 recommendation. Is there a motion to adopt or
5 reject the recommendation?

6 MR. SWAN: Move to adopt.

7 DR. ROSS: Second.

8 MR. VOWELS: Is there any further discussion? All those in
9 favor of adopting say aye.

10 UNANIMOUS VOTE

11 MR. VOWELS: Show that it was adopted and the waiver was
12 granted. The next item you have is?

13 MS. CHELF: This one involves a man named John Connell.
14 He worked as a dealer at Caesar's Casino from
15 May of '99 until July of 2000 when the
16 Commission revoked his temporary occupational
17 license because he failed to disclose a 1955
18 conviction for visiting a gambling house. Mr.
19 Connell submitted a request for waiver and a
20 hearing was held by myself serving as the
21 review officer on October 4th, 2000 to
22 consider his request. Mr. Connell stated at
23 the hearing that he attempted to obtain his
24 criminal records and was told that no records
25 existed. He stated that he, therefore, failed

1 to disclose the incident because he did not
2 think that the Commission could obtain the
3 information. Mr. Connell further stated that
4 he in knew that an investigation took a long
5 time to complete and that he knew that he
6 would be at least able to work for a while.

7 Indiana Code 433-8-7 states that the
8 Commission may refuse to issue an occupational
9 license to someone who does not disclose or
10 falsely states any information required by the
11 application. It is the recommendation of the
12 review officer that Mr. Connell's application
13 for a license be denied on this basis, that he
14 purposely failed to disclose information he
15 knew to be important to the Commission and in
16 addition, his waiver should be denied because
17 his dishonesty reflects poorly on his
18 suitability for licensure. If the Commission
19 adopts this recommendation, Mr. Connell will
20 have the opportunity to appeal this decision
21 to an Administrative Law Judge. In addition,
22 Mr. Connell would be eligible to repeat the
23 waiver process a year from today without
24 requesting special permission from the
25 Commission.

1 MR. VOWELS: Okay. Any questions for Ms. Chelf? All right
2 then, in front of us we have the Gambling
3 Commission Order concerning the waiver request
4 of Mr. Connell and the recommendation of the
5 staff and the review officer is to deny the
6 request for the waiver. Is there a motion to
7 adopt or reject the recommendation of the
8 review officer?

9 MR. SWAN: Mr. Chairman, I'll move to adopt the
10 recommendation. I think it might be
11 worthwhile to say on the record that the
12 waiver probably would have been granted except
13 for Mr. Connell's decision to conceal
14 information from us under the belief that we
15 wouldn't find it out, and I think that's
16 worthy of being put on the record.

17 MR. VOWELS: Yes, and add to that too, his approach seemed
18 to be, correct me if I'm wrong, Ms. Chelf,
19 that if it was discovered, he would still get
20 to put in some time working for the casino; is
21 that right?

22 MS. CHELF: Yes.

23 MR. VOWELS: And so sort of a cavalier attitude about lying
24 to the Commission. We have a motion to adopt
25 the recommendation to deny? Is there a second?

1 DR. ROSS: Second.

2 MR. VOWELS: Is there any further discussion? All those in
3 favor of adopting the recommendation of the
4 denial say aye?

5 UNANIMOUS VOTE

6 MR. VOWELS: Show that it is approved and denied. The next
7 that you have?

8 MS. CHELF: The third misdemeanor gambling related
9 incident, Ms. Denise Marcum applied for a
10 Level 2 occupational license on July 19th,
11 2000 to work at Argosy Casino as a credit
12 administrator. She revealed that she had been
13 convicted of gambling or keeping a gaming
14 device in 1983. She had been arrested on her
15 first day of a new job as a waitress because
16 there was a gambling device in the bar. Ms.
17 Marcum submitted a request for a waiver and it
18 is the recommendation of this review officer
19 that the Commission grant Ms. Marcum's request
20 for a waiver. She will be required to hold a
21 temporary occupational license for a period of
22 one year with no further criminal incidents
23 before she will be eligible to receive a
24 permanent occupational license.

25 MR. VOWELS: Any questions for Ms. Chelf? All right then,

1 we have the Commission order concerning the
2 request for the waiver of Ms. Marcum. The
3 recommendation of the review officer is to
4 approve the request for the waiver. Is there
5 a motion to adopt or reject that
6 recommendation?

7 MR. DARKO: Move to adopt.

8 MR. VOWELS: Is there a second?

9 MR. SWAN: Second.

10 MR. VOWELS: Is there any further discussion? All those in
11 favor say aye.

12 UNANIMOUS VOTE

13 MR. VOWELS: Show that it is adopted. Thank you.

14 MS. CHELF: The last incident involving gambling, Mr.
15 Pressnell has worked for Harrah's Casino since
16 March 17th, 1999 as a dealer. He previously
17 worked for both Majestic Star and Trump
18 Casinos. Each time he has applied for an
19 occupational license he has disclosed on his
20 application a 1969 conviction for keeping a
21 gaming house. Mr. Pressnell was informed in
22 July of 2000 that his occupational license was
23 subject to revocation and that he would need
24 to complete the waiver process. Due to his
25 disclosure he has continued working at

1 Harrah's pending today's decision. It is my
2 recommendation that the Commission grant Mr.
3 Pressnell's request.

4 MR. VOWELS: Any questions for Ms. Chelf? Then we have the
5 order dealing with the request for the waiver
6 of Mr. Pressnell. The recommendation of the
7 review officer is to approve that requests for
8 a waiver and we're called upon to adopt or
9 reject that recommendation. Is there a motion
10 to adopt or reject?

11 DR. ROSS: I move to adopt.

12 MR. VOWELS: Is there a second?

13 MR. MILCAREK: Second.

14 MR. VOWELS: Any further discussion? All those in favor
15 say aye.

16 UNANIMOUS VOTE

17 MR. VOWELS: Show it is adopted. And then we move into the
18 felony waiver aspect; is that right?

19 MS. CHELF: Yes. Pursuant to Indiana Code 4-33-8, the
20 Commission may not issue an occupational
21 license to an individual unless the individual
22 has not been convicted of a felony. Under
23 Indiana Code 4-33-8-11 such an individual may
24 apply for a waiver of the aforementioned
25 requirement. The individual must demonstrate

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his or her rehabilitation by clear and convincing evidence. As with the misdemeanor cases, you have before you findings of fact and recommendations in each case.

The first case involves Mr. Ralph Gates. He worked at Trump Casino as a dealer from May 6, 1996 until January 12th, 1998 when the Commission discovered that the 1985 possession of a controlled substance conviction he had disclosed on his application was actually a felony conviction. Mr. Gates applied for a waiver in 1998 when his license was revoked. The Commission voted at that time to accept the recommendation of the review officer and deny his request for felony waiver.

In June of 2000 Mr. Gates contacted the Commission again in an attempt to seek a waiver of his conviction. A hearing was held on September 4th, 2000 by former staff attorney, John Krause, who subsequently left his employment with the Commission before having the opportunity to present a recommendation to the Commission. I was assigned the matter as a substitute review officer. It is my recommendation that the

1 Commission grant Mr. Gates' request for felony
2 waiver. The recommendation is that the waiver
3 be conditioned on Mr. Gates not being found
4 under the influence of drugs and not having
5 any further arrests involving drugs or drug
6 possession. In addition, the Commission is
7 still waiting on an update of his FBI
8 investigation and if it is found that Mr.
9 Gates failed to disclose further arrests at
10 the time of his 2000 application, that would
11 also nullify this recommendation for the
12 waiver.

13 MR. VOWELS: And it appears that there is just that one
14 felony conviction?

15 MS. CHELF: Yes. He had other incidents of criminal
16 history involving failure to appear or driving
17 on suspended license, traffic violations.

18 MR. VOWELS: This possession of the cocaine was -- that was
19 the only one, right?

20 MS. CHELF: Yes.

21 MR. VOWELS: Back in 1985?

22 MS. CHELF: Yes, sir.

23 MR. VOWELS: Typically if that sort of offense happens in
24 State Court in Indiana, it's the lowest level
25 of felony and if the person has no prior

1 record, they often get sentenced, at least if
2 they're my clients, as a Class A misdemeanor.
3 This was a different time and different place.
4 Are there any questions for Ms. Chelf? All
5 right then, in front of us we have the
6 Commission order concerning the request for a
7 felony waiver of Mr. Gates and the
8 recommendation of the review officer is to
9 approve that request. Is there a motion to
10 adopt or reject?

11 MR. MILCAREK: Move to adopt the recommendation.

12 MR. VOWELS: Is there a second?

13 DR. ROSS: Second.

14 MR. VOWELS: Any further discussion? All those in favor
15 say aye.

16 UNANIMOUS VOTE

17 MR. VOWELS: It is adopted. All right, and Ms. Chelf, what
18 else do you have?

19 MS. CHELF: The next one is Mr. John Campbell who worked
20 for Caesar's Casino as a dealer from September
21 21st, 1998 until June 22nd, 2000 when the
22 Commission staff revoked his temporary license
23 due to the discovery of a 1980 grand theft
24 felony conviction which Mr. Campbell failed to
25 reveal on his application. Mr. Campbell

1 requested a felony waiver and a hearing was
2 held to consider that request on October 4th,
3 2000. I served as the review officer in this
4 matter and issued a Findings of Fact and
5 recommendation to the Commission that the
6 Commission deny Mr. Campbell's request for a
7 felony waiver. Should the Commission adopt my
8 recommendation Mr. Campbell will have the
9 opportunity to appeal that decision to an
10 Administrative Law Judge.

11 MR. VOWELS: Any questions for Ms. Chelf? Then in
12 reference to the Commission order concerning
13 the felony waiver request of Mr. Campbell, the
14 recommendation of the review officer is to
15 deny that request. Again, we're called upon
16 to either adopt or reject that recommendation.
17 Is there a motion to adopt or reject the
18 review officer's recommendation?

19 DR. ROSS: I move to adopt the recommendation.

20 MR. VOWELS: Is there a second?

21 MR. DARKO: Second.

22 MR. VOWELS: Any further discussion? All those in favor
23 say aye.

24 UNANIMOUS VOTE

25 MR. VOWELS: The recommendation is adopted. And there

1 appears to be one more matter with you; is
2 that right?

3 MS. CHELF: Yes. You have before you Findings of Fact and
4 recommendation detailing the case involving
5 Ms. Doris Baxter. Ms. Baxter applied to the
6 Commission for an occupational license to work
7 as housekeeper on the vessel at Caesar's
8 Casino. Her application was denied due to the
9 disclosure of a felony conviction for
10 involuntary manslaughter in 1975. Ms. Baxter
11 requested a waiver of this felony conviction.
12 I served as the review officer in this case
13 and I recommend that Ms. Baxter's request be
14 granted.

15 MR. VOWELS: Any questions for Ms. Chelf? Is there a
16 motion to adopt or reject the recommendation
17 of the review officer approving the request
18 for the felony waiver?

19 MR. DARKO: I move to adopt.

20 MR. VOWELS: Is there a second?

21 MR. SWAN: Second.

22 MR. VOWELS: Any further discussion? All those in favor of
23 adopting the recommendation to approve the
24 request for the felony waiver say aye.

25 UNANIMOUS VOTE

1 MR. VOWELS: It is approved. Thank you, Ms. Chelf. Next
2 on the agenda is disciplinary action. Ms.
3 Dean?

4 MS. DEAN: Thank you, Chairman Vowels. On May 11, 1999
5 the Commission staff initiated disciplinary
6 action against Level 2 occupational licensee,
7 Emily Clark, an employee of Empress Casino
8 Hammond. The complaint stated that Ms. Clark
9 while employed as Cage Manager directed
10 employees of Empress to disregard directives
11 of the Commission concerning procedures for
12 reporting cage variances to the Commission.
13 The procedures implemented at Empress Cage and
14 Credit Manager Emily Clark were referred to as
15 forced bouncing. Forced bouncing is described
16 as transferring profits from one location of
17 the cash variance to another location with a
18 cash variance to create an overall balance
19 regardless of the cause of variances. This
20 procedure resulted in the failure to file
21 variance reports to the Commission Audit staff
22 as directed by memorandum of the Commission.
23 Subsequent to the filing of the disciplinary
24 action, Ms. Clark resigned her position at
25 Empress Casino stating for reasons unrelated

1 to the disciplinary action and moved her
2 residence outside of Indiana and accepted
3 employment in the gaming industry in another
4 state. The Commission staff and Emily Clark
5 entered into a settlement agreement to resolve
6 the disciplinary action agreeing to the
7 following:

8 The actions of Ms. Clark as alleged in the
9 Complaint constitute violations of Commission
10 rules and directives. Ms. Clark does not
11 admit that her actions as alleged in the
12 Complaint constitute violations of the rules
13 or directives, but in order to reach a
14 settlement, does not contest the disciplinary
15 action. Upon approval of the Commission,
16 Commission staff and Ms. Clark agreed to the
17 following:

18 The Commission agrees that violations alleged
19 in the Complaint would not render Ms. Clark
20 unlicensable in Indiana.

21 In response to an inquiry from other
22 jurisdictions regarding Ms. Clark's
23 licensability in Indiana, the Commission shall
24 report that Indiana considers Ms. Clark
25 licensable.

1 Ms. Clark agrees to not apply for an Indiana
2 Occupational License for a period of five
3 years. The five-year period shall commence
4 upon the approval of the Settlement Agreement
5 by the Commission.

6 The Commission agrees not to pursue further
7 actions against Ms. Clark regarding this
8 Complaint.

9 A related disciplinary action was filed
10 against Empress Casino Hammond on May 5th,
11 1999. The owners of Empress Casino at that
12 time and the Commission staff reached a
13 settlement agreement whereby the owners of
14 Empress paid a fine in the amount of four
15 hundred thousand dollars introducing personnel
16 to receive the financial operations at Empress
17 are provided the procedures for the operation
18 of the main bank cage (inaudible)
19 relationship. That settlement agreement was
20 approved by the Commission on November 1999.
21 The Commission staff would recommend that the
22 settlement agreement between the Commission
23 and Emily Clark be accepted.

24 MR. VOWELS: Any questions for Ms. Dean? All right then,
25 we have the Commission action, disciplinary

1 shareholder owning eighty-five percent (85%).
2 And Mac Seelig's three sons each one five
3 percent (5%) each. By letter dated January
4 30th, 2001, AC Coin is requesting approval to
5 transfer six shares from Mac Seelig to be
6 distributed equally between Jerald, Jeffrey
7 and Jason Seelig at two percent (2%) each for
8 a total of Mac Seelig holding seventy-nine
9 percent and each of his sons, Jerald, Jeffrey
10 and Jason, holding seven percent (7%).
11 Jerald, Jeffrey and Jason Seelig have all been
12 investigated by the Commission and found
13 suitable. Therefore, AC Coin requests
14 approval of the transfer and a waiver of
15 transfer rules and any background
16 investigation. The Commission staff
17 recommends that the Commission accept the
18 transfer.

19 MR. VOWELS: Any questions for Ms. Dean? In front of us
20 then we have Resolution 2001-5, just one of
21 those double voting resolutions to grant or
22 deny, then to grant or deny. Is there a
23 motion to grant or deny the request for the
24 waiver of the normal transfer ownership
25 procedures and -- well, let's just take that

1 first. Is there a motion to grant or deny
2 that?

3 DR. ROSS: Move to grant.

4 MR. VOWELS: Is there a second?

5 MR. DARKO: Second.

6 MR. VOWELS: Okay, further discussion? All those in favor
7 of granting say aye.

8 UNANIMOUS VOTE

9 MR. VOWELS: All right, move to the next part, to grant or
10 deny the request for the approval of the
11 resulting transfer of ownership interests. Is
12 there a motion to grant or deny that request?

13 MR. CARLTON: Move to grant.

14 MR. VOWELS: Is there a second?

15 DR. ROSS: Second.

16 MR. VOWELS: Any further discussion? All those in favor of
17 granting the request say aye.

18 UNANIMOUS VOTE

19 MR. VOWELS; Show that Resolution 2001-5 is granted and
20 we're still with you Ms. Dean, right?

21 MS. DEAN: Yes. You have before you Resolution 2001-6
22 concerning the renewal of suppliers' licenses.
23 Suppliers' licensees Midwest Game Supply
24 Company, Dallmann Systems, Inc., AC Coin,
25 GAMECASH, Inc., Anchor Coin, Inc., Lodging and

1 Gaming Systems, and WMS Gaming were each
2 granted a permanent or a renewal of a
3 permanent suppliers' license in January or
4 March of 2000. These suppliers have either
5 requested a renewal of the license which is
6 conditioned upon payment of the fee of five
7 thousand dollars. Each of the suppliers
8 remain in compliance with Indiana Code 4-33
9 and 68 IAC. The Commission staff request that
10 the Commission grant the Resolution 2001-6.

11 MR. VOWELS: Any questions for Ms. Dean? Then in reference
12 to Resolution 2001-6 is there a motion in
13 reference to the renewal of the suppliers'
14 licenses to those listed here.

15 DR. ROSS: Move to approve.

16 MR. VOWELS: Is there a second?

17 MR. DARKO: Second.

18 MR. VOWELS: Any further discussion? All those in favor
19 say aye.

20 UNANIMOUS VOTE

21 MR. VOWELS: Show it's approved. And Ms. Dean, one more
22 matter with you, right?

23 MS. DEAN: Yes. You have before you In Re The Matter of
24 Paul-Son Gaming Supplies, Inc. Paul-Son
25 Gaming Supplies holds an suppliers' license

1 for the distribution of chips, dice, playing
2 cards and table layouts to Indiana riverboats.
3 68-IAC 2-2-1[©] states that "all suppliers of
4 gaming equipment, including cards, must be
5 manufacturers of such devices or the supplier
6 issued a waiver of this rule if the supplier
7 is not the manufacturer. Paul-Son contacted
8 the Commissioner on September 28 of 1998
9 requesting a waiver of the manufacturing
10 requirement in order to distribute KEM cards.
11 A series of correspondence between Paul-Son
12 and the Commission staff followed and the
13 result was that Paul-Son did not receive
14 approval to distribute KEM cards and Paul-
15 Son's Compliance Committee decided not to
16 distribute the cards in Indiana. That
17 decision was not communicated to the
18 Commission staff. On February 24th and
19 October 10th of 2000, Paul-Son sent notice of
20 shipment of KEM cards to the Commission. In
21 error the cards were shipped to Indiana
22 although Paul-Son had not received approval to
23 distribute the cards. The Commission staff
24 and Paul-Son have entered into a settlement
25 agreement for the violation of 68 IAC 2-2-1[©]

1 and the Commission staff recommends Paul-Son
2 pay a fine in the amount of one thousand
3 dollars, five hundred dollars for each
4 shipment of the cards sent to Indiana.

5 MR. VOWELS: Any questions for Ms. Dean? All right then,
6 in reference to the settlement agreement, is
7 there a motion to approve or disapprove the
8 proposed terms of the settlement agreement?

9 MR. CARLTON: Move to approve.

10 MR. VOWELS: Is there a second?

11 DR. ROSS: Second.

12 MR. VOWELS: Any further discussion? All those in favor of
13 approving the proposed terms of the settlement
14 agreement say aye.

15 UNANIMOUS VOTE

16 MR. VOWELS: Show it is approved. And thank you, Ms. Dean.

17 MS. DEAN: Thank you.

18 MR. VOWELS: The next matter on the agenda then is in
19 reference to Resolution 2001-7 and Mr. Thar,
20 we'll go to you.

21 MR. THAR: Yes. Thank you, Mr. Chairman. This has to do
22 with Argosy as the general partner of Indiana
23 Gaming Co., LP., acquiring the interest of
24 those two limited partners, more specifically,
25 twenty-nine percent (29%) interest held by

1 Conseco Entertainment, which, I believe has
2 been closed subject to approval by this
3 Commission. The proposal to acquire the
4 thirteen point five (13.5%) interest owned by
5 Centaur, Inc., I believe, is to occur next
6 week subject to the Commission acting on this
7 resolution as well as matters with regard to
8 Centaur. If Mr. Malloy, will step forward,
9 the general counsel for Argosy. Mr. Malloy,
10 will you explain what Argosy is doing to the
11 Commission?

12 MR. MALLOY: Argosy is increasing its ownership in the
13 Lawrenceburg facility from fifty-seven point
14 five over the next -- concluding next week, a
15 hundred percent. The way we're doing this is
16 to keep the actual licensee intact. Indiana
17 Gaming Company, LP will remain intact. We're
18 setting up a separate subsidiary, Indiana
19 Gaming II, LP which will have the exact same
20 officers who have previously been investigated
21 from Indiana Gaming Company. The reason we're
22 doing this is actually for tax purposes.
23 We'll be paying fewer taxes in Illinois, more
24 taxes, by the way, in Indiana as a result of
25 this transaction.

1 MR. VOWELS: Any questions for Mr. Malloy?

2 MR. CARLTON: You say you'll pay less taxes in Illinois?

3 MR. MALLOY: Yeah, because of the partnership structure,
4 they have a two-tier partnership structure in
5 Illinois that they won't recognize the flow-
6 through of some of the income that we receive
7 from Indiana.

8 MR. DARKO: Can you do it twice?

9 MR. VOWELS: Okay, any other questions then for Mr. Malloy?
10 Mr. Thar, anything further on that?

11 MR. THAR: I don't believe so.

12 MR. VOWELS: Thank you, Mr. Malloy. We have in front of us
13 then Resolution 2001-7 concerning the transfer
14 of ownership interest in Indiana Gaming LP.
15 Is there a motion to grant or deny the request
16 for the approval of the transfer of this
17 interest?

18 MR. MILCAREK: Move to accept.

19 MR. VOWELS: Is there a second?

20 DR. ROSS: Second.

21 MR. VOWELS: Further discussion? All those in favor of
22 granting say aye.

23 UNANIMOUS VOTE

24 MR. VOWELS: Show it's granted.

25 MR. MALLOY: Thank you very much.

1 MR. VOWELS: And then the next item on the agenda is in
2 reference the Empress name change. We go back
3 to Ms. Dean.

4 MS. DEAN: Yes. Thank you. You have before you
5 Resolution 2001-8 concerning the request of
6 Empress Casino Hammond Corporation to change
7 the name of the riverboat owner's license. On
8 August 20th, 1999 Horseshoe Gaming Holding
9 Corp. acquired one hundred percent ownership
10 in Empress, owning an Indiana riverboat and an
11 Illinois riverboat. Empress is requesting the
12 ability to change the name of the riverboat on
13 its license from Empress Casino Hammond
14 Corporation to Horseshoe Hammond, Inc. There
15 is no change or transfer of ownership
16 interest, corporate structure, or corporate
17 officers or directors. Horseshoe Hammond,
18 Inc. will continue to be a wholly owned
19 subsidiary of Horseshoe Gaming Holding
20 Corporation. Depending upon approval of the
21 Commission, Empress will begin to convert the
22 name of the facility in April 2001. I ask
23 that Mr. Hannon step forward.

24 MR. VOWELS: Thank you, Ms. Dean, and we have Mr. Hannon
25 here. How are you this morning?

1 MR. HANNON: Just fine, sir.

2 MR. VOWELS: Is there anything you'd like to address the
3 Commission in particular?

4 MR. HANNON: I'm just here to answer your questions.

5 MR. VOWELS: Any questions for Mr. Hannon?

6 MR. DARKO: Is he under oath?

7 MR. VOWELS: He's always under oath. All right, I think
8 you got off lightly there. Let's see what we
9 do on your name change here. There's a
10 resolution here, Resolution 2001-8, that
11 requests us to, requires us to grant or deny
12 the request of Empress Casino Hammond
13 Corporation to change its name to Horseshoe
14 Hammond, Incorporated. Is there a motion in
15 reference to granting or denying that request?

16 MR. SWAN: I move to approve.

17 MR. VOWELS: Is there a second?

18 DR. ROSS: Second.

19 MR. VOWELS: All those in favor of granting the request say
20 aye.

21 UNANIMOUS VOTE

22 MR. VOWELS: Good job, Mr. Hannon.

23 MR. HANNON: Thank you.

24 MR. VOWELS: The next matter on the agenda then is the
25 Pinnacle Bond replacement and we're with Ms.

1 Dean once again.

2 MS. DEAN: Yes, thank you. You have before you
3 Resolution 2001-9. Pinnacle Entertainment,
4 Inc., the parent company of Belterra Resort
5 (Indiana), LLC deposited the amount of three
6 point five million on or about June 22, 2000.
7 This amount was found suitable by the
8 Commission pursuant to Resolution 2000-42.
9 Belterra has requested a replacement cash bond
10 with a surety bond guarantee. The surety bond
11 will be with Gulf Insurance Company and
12 guaranteed by Select Insurance Company. The
13 Commission's outside counsel, Virginia Dill
14 McCarty, has performed due diligence on the
15 Gulf Insurance Company and has advised the
16 Commission of the Surety Bond Number BE
17 0940122 is sufficient according to Indiana
18 Code 4-33 and 68 IAC. The Commission staff
19 recommends the Commission grant the approval
20 of the replacement of the cash bond with the
21 surety bond and guarantee, and I see Mr. Boyd
22 has stepped forward.

23 MR. BOYD: Any questions? The only comment on that, Mr.
24 Chairman and members of the Commission, we'll
25 be back again soon asking that it be reduced

1 because the one point five million dollar
2 conditions since the golf course opened we'll
3 be ready to ask for a reduction. Other than
4 that, any questions?

5 MR. VOWELS: Any questions for Mr. Boyd? Thank you, Mr.
6 Boyd. Thank you, Ms. Dean. Resolution 2001-9
7 concerns the bond posted by Belterra Resort
8 (Indiana), LLC. It requests that the
9 Commission approve the replacement of the cash
10 deposit in the amount of three and a half
11 million dollar with a surety bond in the
12 amount of three and a half million dollars
13 posted by Pinnacle, et cetera. You all see it
14 there. Is there a motion in reference to this
15 resolution?

16 DR. ROSS: Move to adopt.

17 MR. VOWELS: Is there a second?

18 MR. DARKO: Second.

19 MR. VOWELS: Is there any further discussion? All those in
20 favor of approving Resolution 2001-9 say aye.

21 UNANIMOUS VOTE

22 MR. VOWELS: Show it is approved. And, Ms. Dean, that
23 looks like it does it for you.

24 MS. DEAN: Yes, thank you.

25 MR. VOWELS: And the next matter on the agenda is the

1 development commitments were and the time
2 period for those to take place. During the,
3 I'm doing my math quickly, almost five years
4 since that agreement was entered into, the
5 City of Gary has undergone a number of
6 different internal studies with respect to
7 various redevelopment projects, one of them
8 being the Downtown Redevelopment and another
9 being the Lakefront Redevelopment. Trump
10 Indiana was a participant in those studies and
11 was involved in assisting the city and really
12 assessing what would be the best use of
13 redevelopment dollars that not only Trump
14 Indiana was contributing but also that the
15 city might otherwise be able to make available
16 and as a result of those, the city determined
17 that the original economic development
18 commitments contained in the May '96
19 development agreement were probably not the
20 best utilization of the funds, specifically
21 and probably the biggest dollar amount, many
22 of you commissioners will remember, referred
23 to the renovation of a hotel in downtown Gary,
24 and after a study, and it was a fairly
25 comprehensive study, conducted by the city and

1 utilizing outside consultants, a determination
2 was made that there were better uses to first
3 attract people back to downtown Gary before
4 they, in fact, needed a place to house them,
5 and with that in mind, the city has determined
6 and is now moving forward very aggressively
7 with the construction of a minor league
8 baseball stadium in downtown Gary. And in
9 large part the amendment that is before you
10 for your approval today deals with
11 reallocating the money, the total of twelve
12 million dollars on behalf of Trump Indiana,
13 from the hotel redevelopment downtown and also
14 from a small police substation to make it
15 available to the City of Gary for this
16 baseball stadium construction. The other
17 component of Trump Indiana's remaining
18 economic development is essentially the same,
19 which is a contribution of approximately five
20 million dollars toward roadway access
21 improvement to the riverboat sites. And the
22 design of this roadway has only recently been
23 completed in conjunction with, again, the
24 City's examination of redevelopment plans for
25 the lakefront to enable that roadway to have

1 maximum utility. The amendment then really
2 does a few things. It confirms that all of
3 the other commitments of Trump Indiana were,
4 the remainder of its obligations back in May
5 of '96 have, in fact, been satisfied and
6 actually exceeded in most cases and
7 reallocates and sets forth a particular time
8 frame with respect to the expenditure for the
9 remaining economic development obligations of
10 Trump Indiana, which total seventeen million
11 dollars and which will be paid out over the
12 next, somewhere between one to two years
13 during the course of construction of both the
14 baseball stadium and the roadway improvements.
15 As the initial development agreement contained
16 a five-year time frame, which, in fact, is up
17 in just a number of months for those
18 expenditures, we, together with the city, have
19 determined that the use and the time frame set
20 forth in this Second Amendment is most, most
21 beneficial to the City of Gary. I have with
22 me and I just received it this morning, and I
23 believe, Mr. Thar, that it has not yet been
24 received because of traveling of yourself and
25 your staff, a letter from Mayor King to

1 actually this Commission. And in closing,
2 one, a resolution of the Gary Department of
3 Public Works approving the amendment to the
4 development agreement by resolution as signed
5 and that is contained. It contains also a
6 copy of the second amendment, the development
7 agreement signed by both the Mayor himself and
8 the Board of Public Works. Having noted just
9 in looking at it, the president of the Board
10 of Public Works, Suzette Ratz, who's also the
11 Deputy Mayor, seems to not have signed the
12 Second Amendment, but did, in fact, sign the
13 resolution. I imagine that that was just an
14 oversight. I want to point that out. I'm
15 sure we'll clarify that as we move forward,
16 and in the Mayor's transmittal letter to this
17 Commission and I have some copies that I will
18 give to you, in the Mayor's letter he asks
19 that this Commission approve the amendment to
20 the Development Agreement, believes as I've
21 just stated that the terms of the Development
22 Agreement most benefit the city and
23 particularly by the contribution of twelve
24 million dollars toward the baseball stadium,
25 the remainder of which is being funded by a

1 public bond issuance by the city, the city was
2 able to actually save a considerable amount of
3 money by the issue of bonds for that
4 construction. With that, maybe a little
5 longer than I planned, for which I apologize,
6 I wanted to be as comprehensive but as quick
7 as I could. I'd be happy to answer any
8 questions anybody may have.

9 MR. SWAN: Mr. Pickus, you have an original requirement
10 of one amount and it was to be paid over a
11 period of five years, I think it was, from '96
12 to 2001.

13 MR. PICKUS: That's correct.

14 MR. SWAN: What was that amount?

15 MR. PICKUS: The original total amount of our commitment
16 for the project inclusive of the economic
17 development commitments for the City of Gary
18 were one hundred and fifty-three million
19 dollars. The economic development component
20 at that time of that one hundred and fifty-
21 three million was twenty-one million. To
22 date, we have paid approximately five million,
23 scratch that, four million dollars leaving a
24 remaining balance, and I don't need to tell
25 you, probably not many people in this room, of

1 seventeen million dollars which is the amount
2 that this Second Amendment addresses.

3 MR. SWAN: So, not to be picky, but we're at the end of
4 the five-year period and that seventeen
5 million was not spent for a good reason and
6 can you explain that again.

7 MR. PICKUS: Yes, essentially after the development
8 agreement was entered into in '96 and the
9 license issued to Trump Indiana in, actually
10 effective in June 1 of '96, Trump Indiana,
11 together with the City, commenced some fair
12 amount and spent a good number of, in the
13 hundreds of thousands of dollars in studies
14 examining what exactly would be necessary to
15 perform which was then and still subject to
16 the approval today and still remains the most
17 significant element of that contribution and
18 that was the redevelopment of the Sheraton
19 Hotel Downtown. The architectural and
20 engineering reviews that were done to look at
21 that project revealed that, whereas, Trump of
22 Indiana had made a commitment of ten million
23 dollars toward that project, that, in fact,
24 the development of that project in any way
25 that made any sense for it to be effective

1 would, in fact, have been in excess of twenty
2 million dollars, and that the remaining funds
3 were not really unavailable. It was not part
4 of Trump Indiana's commitment and the City had
5 determined that there were other more pressing
6 needs at that point. Kind of at the same time
7 that that was going on, the City
8 independently, although we were involved as
9 was also the Majestic Star, had an independent
10 consultant do a development plan with respect
11 to urban planning on a grander scale as
12 opposed to one component with respect to
13 downtown Gary as to what would make the most
14 sense for Gary, get the most bang for its
15 bucks, if you will. It's only taken me a
16 couple of minutes to tell you this, but it
17 took a good number of years for it, in fact,
18 to occur. And at the end of that process, the
19 city, through its consultant, like I said,
20 really determined that the hotel redevelopment
21 was not in the city's best interests in the
22 short term. Down the road after some other
23 things happened, to kind of jump start the
24 redevelopment of downtown, that might be
25 appropriate, but those monies would be better

1 utilized for a different project such as the
2 baseball stadium that's before you. The other
3 component of that, which is a roadway access
4 component, which is about five million
5 dollars, again, the city at the same time it
6 was going through a look at the redevelopment
7 of downtown also was doing a quite
8 comprehensive redevelopment examination with
9 respect to the lakefront redevelopment, and I
10 know this Commission is aware to some degree
11 that as part of that project Gary Century
12 Company, a company owned by Don Martin, has
13 acquired a substantial amount of land and is,
14 in fact, in the planning process for quite a
15 bit of redevelopment. The city, as part of
16 that examination, also wanted to be sure that
17 whatever roadway improvements were done at
18 that point were best suited toward the overall
19 redevelopment, again, of the lakefront, not
20 just with respect to one particular item being
21 the riverboats, and it was really that time
22 frame, again, which we are nearing the
23 completion of, looking at things from a bigger
24 scale as opposed to just one particular
25 project that was originally envisioned in '96

1 that's caused this delay.

2 MR. SWAN: It just occurred to me that those funds should
3 have been funded by Trump to be spent by the
4 Year 2001 and if they weren't, they should
5 have been in some interest-bearing account for
6 the city is what I was thinking, but if the
7 city's happy with this thing, I'm happy with
8 it, and I guess we have some representation of
9 that fact.

10 DR. ROSS: Could you comment on the economic liability of
11 a baseball stadium?

12 MR. SWAN: Okay, the beauty contest.

13 MR. PICKUS: I'd be much more happy to speak to the beauty
14 contest. Let me answer Commissioner Ross's
15 question briefly, if I can. In Atlantic City
16 about three years ago a minor league baseball
17 stadium of largely the same scope and size,
18 was constructed, and there was a lot of
19 uncertainty, Atlantic City, I think, sharing a
20 fair number of traits of Gary, Indiana. There
21 was a lot of skepticism as to the acceptance
22 of that baseball stadium. Three years now
23 into the life of the team which is known as
24 the Atlantic City Surf, the baseball stadium
25 has just been a resounding success. It was

1 brought people into Atlantic City from the
2 surrounding neighborhoods that really never
3 went in before with their families and it has
4 been for the bulk of their games if not sold
5 out largely sold out. I mean, it's really
6 been a plus to Atlantic City and we think,
7 given the location, which is also important
8 too and the stadium is going to be located
9 pretty closely off of the highway not
10 requiring people to travel, again a part of a
11 comprehensive plan the city has developed,
12 that, you know, if the right marketing and the
13 right product, of course, could very well
14 serve as the catalyst for that redevelopment
15 of downtown Gary. Somebody mentioned, if I
16 can just do a Trump commercial for thirty
17 seconds. It was just a little over six years
18 ago that I was before this body, although not
19 many of you commissioners back then, and
20 Commissioner Ross made the motion at the time
21 for the granting of what was then the first
22 riverboat license in the State of Indiana, and
23 I'm paraphrasing your words because I don't
24 remember them verbatim, but I remember them
25 pretty well, and in making that motion Dr.

1 Ross said that Gary needed something special,
2 something unique, something that only a person
3 like Donald Trump could bring to it. Over the
4 past number of years, five years exactly,
5 since we've been in business, we believe that
6 we have made many contributions to the City of
7 Gary with respect to economic contributions
8 and employment and will continue to do
9 pursuant to this agreement. Tonight, for
10 those of you who don't know and I gather by
11 the comments that a number of you do, a beauty
12 pageant is going to be held in the City of
13 Gary. The Miss USA pageant was brought to the
14 City of Gary through the efforts of Donald
15 Trump, and actually as I was getting ready
16 this morning in my hotel room here at Casino
17 Aztar, I happened to flip on to, and it was
18 not intentional, whatever the CBS morning show
19 is called, and they were interviewing William
20 Shatner, who is hosting the USA pageant in
21 Gary, and he talked about it on national TV
22 today. After that, as I was having my cup of
23 juice because I don't drink coffee, I was
24 thumbing through the USA Today newspaper that
25 is made available in the room and in the back

1 TV section it lists and states specifically
2 the fact that the Miss USA pageant will be
3 held on CBS tonight in Gary, Indiana right
4 here in USA Today. Again, Mr. Trump is a
5 special individual. He generates a lot of
6 attention and can bring a lot of things and I
7 remember those words very well from Mr. Ross
8 when you made them, and I believe that in the
9 rest of our operation dealing with a casino
10 riverboat, we've fulfilled our obligations and
11 will continue to do so for many years to come,
12 but also believe that events like this that
13 are unique to Mr. Trump's abilities benefit
14 the City of Gary, and I should note also that
15 the commitment to the City of Gary for this
16 pageant is not just for this one year but it's
17 for a total of three years, the next, I guess,
18 two years as well, and we will continue to
19 look for ways that Mr. Trump and other --
20 bring his other abilities to bear on the
21 business of not only our riverboat but also
22 the City of Gary.

23 MR. VOWELS: Mr. Pickus, thank you. The resolution that we
24 have in front of us discusses that our
25 approval is subject to approval of the Board

1 of Public Works with the vote that was to
2 occur on February 28, 2001. I was looking at
3 the document that you had given us, which is
4 the resolution of the Board of Public Works,
5 signed and executed on February 28th, 2001.
6 Just above that it shows it was adopted at a
7 meeting held February 21 of 2001. Did you
8 have two meetings on it or --

9 MR. PICKUS: No, I believe that that is a typographical
10 error. The meeting was held yesterday as
11 indicated by the signing dates next to each of
12 the signatures.

13 MR. THAR: So there was just one meeting in reference to
14 that?

15 MR. PICKUS: Yes.

16 MR. VOWELS: Are there any other questions then for Mr.
17 Pickus? Then we have Resolution 2001-10 which
18 concerns the Second Amendment to the
19 Development Agreement between the City of Gary
20 and Trump Indiana. Our job is to grant or
21 deny that request. Is there a motion to grant
22 or deny that request?

23 DR. ROSS: I move to grant the request.

24 MR. VOWELS: Is there a second?

25 MR. CARLTON: Second.

1 MR. VOWELS: Is there any further discussion? All those in
2 favor of granting the request say aye.

3 UNANIMOUS VOTE

4 MR. VOWELS: Show the motion is approved.

5 MR. PICKUS: Thank you very much.

6 MR. VOWELS: The next matter now on the agenda, we'll go
7 back to Ms. Chelf, there you are, in reference
8 to rules and resolutions and all that good
9 stuff that you do.

10 MS. CHELF: Commissioners, you have before you Resolution
11 2001-11. This resolution adopts various new
12 rules and amendments to existing rules as
13 proposed rules. These rules and amendments
14 will be published in the Indiana Register on
15 April 1st, 2000 (sic) and a public hearing to
16 consider these rules and amendments is
17 tentatively scheduled for May 2nd, 2001, and
18 April 1st, 2001 is the date that they will be
19 published.

20 MR. VOWELS: And you're just talking about Resolution 2001-
21 11 right now?

22 MS. CHELF: Yes.

23 MR. VOWELS: Are there any questions for Ms. Chelf in
24 reference to this? Is there a motion in
25 reference to this 2001-11 regarding these

1 administrative code publication of proposed
2 rules?

3 MR. SWAN: Move to approve.

4 MR. VOWELS: Is there a second?

5 MR. CARLTON: Second.

6 MR. VOWELS: Is there any further discussion? All those in
7 favor say aye.

8 UNANIMOUS VOTE

9 MR. VOWELS: Show it is approved, and then you have 2001-
10 12?

11 MS. CHELF: Um-hum. Resolution 2001-12 also involves the
12 Gaming Commission's rules as they're
13 promulgated in the Indiana Administrative
14 Code. In 1996 the General Assembly enacted a
15 bill that has the effect of causing the
16 expiration of all rules promulgated under the
17 Indiana Code that were in effect on December
18 31st, 1995 unless they are readopted. The
19 legislation also says that in the future all
20 rules will expire January the 1st of the
21 seventh year after they are adopted.
22 Therefore, in order to insure that the Indiana
23 Gaming Commission rules remain in effect, the
24 Commission must complete a readoption process
25 that is somewhat different from the usual

1 promulgation process. The rules affected by
2 this legislation this year are Articles 1, 2,
3 6, 7, 8, and 9 of Title 68 of the Indiana
4 Administrative Code. The Resolution 2001-12
5 has the effect of approving the proposed
6 readoption of these articles without an
7 amendment. If the Commission approves this
8 amendment a list of rules will be published in
9 the Indiana Register on April 1st, 2001 and
10 should a member of the public wish to have one
11 or more of these rules separately considered,
12 he or she must submit a written request for
13 separate consideration to the Commission
14 within thirty days of the April 1st
15 publication date. A public hearing will be
16 held to consider this matter. It's
17 tentatively scheduled for May 2nd, 2001. If
18 the Commission receives written request to
19 separately consider any of these rules, those
20 rules will be published in full in the Indiana
21 Register and the public will be given full
22 opportunity to comment. Are there any
23 questions about this?

24 MR. VOWELS: Any questions for Ms. Chelf? All right then,
25 in front of us is Resolution 2001-12. Thank

1 you, Ms. Chelf. Is there a motion with
2 reference to this resolution?

3 MR. CARLTON: Move to approve.

4 MR. VOWELS: Is there a second?

5 MR. MILCAREK: Second.

6 MR. VOWELS: Is there any further discussion? Those in
7 favor say aye.

8 UNANIMOUS VOTE

9 MR. VOWELS: Show that it is approved. The next matter on
10 the agenda are financing and settlements. Mr.
11 Thar?

12 MR. THAR: Yes, the first one that we will turn our
13 attention to involves Harrah's. Mr. Mumford?

14 MR. ANDERSON: Good day, gentlemen. My name is Luther
15 Anderson. I'm the Vice-President Legal
16 Affairs for Harrah's Eastern Division. I
17 believe Mr. Mumford is also here today, but I
18 respectfully requested to enter my appearance
19 and address you all this morning on this
20 issue.

21 MR. VOWELS: That's fine. Go ahead.

22 MR. ANDERSON: Good morning, Mr. Chairman. Good morning,
23 Commissioners. As I say we have met Mr. Thar
24 and staff. Good morning, nice to see you all.
25 As I said, I'm Vice President of Legal Affairs

1 for Harrah's Eastern Division. I was acquired
2 by Harrah's along with the other assets of
3 Showboat several years ago. Harrah's is my
4 company. I'm very happy and proud to be a
5 part of it. We would urge this Commission to
6 approve the settlement of this matter as is
7 placed before you as I believe Mr. Mumford
8 would also. I've discussed it with Mr. Thar
9 and his staff. We would also respectfully
10 request that the Commission issue its approval
11 as to the eight percent (8%) notes as being in
12 the best interests of Harrah's and the State
13 of Indiana ultimately. Again, I will be happy
14 to answer any questions you gentlemen have.

15 MR. VOWELS: Any questions of Mr. Anderson? Mr. Mumford is
16 here too. Is there anything you'd like to
17 add?

18 MR. MUMFORD: No.

19 MR. VOWELS: Okay. Any questions for Mr. Mumford?

20 MR. THAR: Just a couple of things. What Resolution
21 2001-13 does is, if approved, waives the two-
22 meeting rule, number one with regard to that
23 finance. Secondly, approved the five hundred
24 million dollars at eight percent (8%) Senior
25 Notes due February 1, 2011 were issued on

1 January 29th of this year. In addition, a
2 settlement agreement has been reached with the
3 staff and we would recommend to the Commission
4 that an agreed fine of seventy-five thousand
5 dollars for failure to obtain this
6 Commission's approval prior to entering into
7 the debt transaction be accepted by this
8 Commission. I think we need to deal with the
9 issue of whether or not you're going to
10 approve the financing first and then the
11 settlement agreement.

12 MR. VOWELS: Mr. Anderson, so there's no confusion in the
13 future about the necessity of getting the
14 preliminary approval on these...

15 MR. ANDERSON: Perfectly clear, Mr. Chairman.

16 MR. VOWELS: Any questions then for Mr. Anderson or Mr.
17 Thar? All right, we have before us Resolution
18 2001-13 which comes in two parts here. The
19 first is the request for the waiver of the
20 two-meeting rule. Is that request approved or
21 disapproved. We'll take it one step at a
22 time. Is there a motion to approve or
23 disapprove the waiver of the two-meeting rule?

24 MR. DARKO: Move to approve waiver of the rule.

25 MR. VOWELS: Is there a second?

1 DR. ROSS: Second.

2 MR. VOWELS: Any further discussion? All those in favor of
3 approving the waiver say aye.

4 UNANIMOUS VOTE

5 MR. VOWELS: Okay, the next portion of that is -- I'm
6 sorry. Sir?

7 MR. THAR: Yes. There's one thing. We were to receive -
8 - and did we receive, Ms. Dean?

9 MS. DEAN: Yes.

10 MR. THAR: Opinion of counsel based on that the, that
11 offering did not pledge, hypothecate or
12 otherwise, all its money to be borrowed
13 against the license and the opinion is that it
14 does not?

15 MS. DEAN: Correct.

16 MR. VOWELS: And then the next portion of this -- Ms.
17 Mumford, is there anything you want to add on
18 that?

19 MS. MUMFORD: No, I just want it observed that we had
20 delivered that opinion to Ms. Dean earlier
21 today.

22 MR. VOWELS: Okay, thank you. And the next step here then
23 is to approve or disapprove the request for
24 the approval of the 8% Senior Notes. Is there
25 any discussion? Do we have a motion to

1 approve or disapprove the request?

2 MR. SWAN: Move to approve.

3 MR. VOWELS: Is there a second?

4 DR. ROSS: Second.

5 MR. VOWELS: All those in favor of the approval say aye.

6 UNANIMOUS VOTE

7 MR. VOWELS: That is approved, and then the next portion of
8 this is the Commission's action regarding the
9 Settlement Agreement to approve or disapprove
10 the proposed terms of the Settlement Agreement
11 which calls for a fine of seventy-five
12 thousand dollars. Has that been executed?

13 MS. DEAN: It has been executed.

14 MR. THAR: Yes, we have a fax with a signature.

15 MR. VOWELS: All right, so in reference to that to approve
16 or disapprove the proposed terms, is there a
17 motion to approve or disapprove?

18 DR. ROSS: Move to approve.

19 MR. VOWELS: Is there a second?

20 MR. DARKO: Second.

21 MR. VOWELS: Any further discussion? All those in favor of
22 approving the proposed terms of the Settlement
23 Agreement say aye.

24 UNANIMOUS VOTE

25 MR. VOWELS: Show that it is approved. The next matter,

1 Mr. Thar, you have Resolution 2001-14
2 regarding Boyd Gaming.

3 MR. THAR: Yes. I see Ms. Fleming is here on behalf of
4 Boyd Gaming. This is again a situation where
5 Boyd Gaming increased a term loan by a hundred
6 and fifty million. They went from one million
7 to two hundred and fifty million, and they did
8 that without seeking preapproval of the
9 Commission with regard to that increase and
10 that transaction. As a result, we have had
11 discussions with Boyd who subsequently
12 reported it to us, explained what the
13 situation was, and have entered into an
14 agreement with them that, Settlement
15 Agreement, so we are, again, asking the
16 Commission to do exactly what we did with
17 Harrah's. The first is after the fact
18 approval with regard to the hundred and fifty
19 million dollar increase in their term loan
20 plus a waiver of the two-meeting rule and
21 secondly, a Settlement Agreement which would
22 fine them seventy-five thousand dollars for
23 failure to obtain approval with going ahead
24 with the increase in the term loan. Ms.
25 Fleming, what would you add?

1 MS. FLEMING: Yes. Boyd would like to apologize for its
2 error. It was inadvertent. The chief
3 financial officer entered into the amendment
4 and gave it to the regulatory compliance
5 person who did not go forward with it. When
6 they were preparing applications for
7 relicensure in another jurisdiction, they
8 realized their error. We brought it to the
9 attention of the Commission, and the
10 regulatory compliance person who dropped the
11 ball is no longer with the company, so.

12 MR. VOWELS: That was more out of neglect than anything on
13 his part?

14 MS. FLEMING: Yes.

15 MR. VOWELS: Any questions then for Ms. Fleming?

16 MR. SWAN: Again, no hypothecation of--

17 MS. FLEMING: No, the pending letter has been delivered.

18 MR. VOWELS: Any questions for Mr. Thar or Ms. Fleming?
19 Then, we front of us we have Resolution 2001-
20 14 which we'll take in a number of parts here.
21 The first portion is to approve or disapprove
22 the request for the waiver of the two-meeting
23 rule. Is there a motion to approve or
24 disapprove?

25 MR. CARLTON: Move to approve the waiver.

1 MR. VOWELS: Is there a second?

2 MR. MILCAREK: Second.

3 MR. VOWELS: Any further discussion? All those in favor of
4 approving the request for the waiver say aye.

5 UNANIMOUS VOTE

6 MR. VOWELS: Show that it is approved. Second portion of
7 this requests the approval to increase Boyd's
8 term loan. Is there a motion to approve or
9 disapprove that request?

10 MR. SWAN: So moved.

11 MR. VOWELS: Is there a second?

12 MR. CARLTON: Second.

13 MR. VOWELS: Any further discussion? All those in favor of
14 approving that request say aye.

15 UNANIMOUS VOTE

16 MR. VOWELS: Show that it is approved. And then the last
17 matter here is the Commission action regarding
18 the Settlement Agreement. The terms of that,
19 the seventy-five thousand dollar fine and that
20 document has been executed by the appropriate
21 parties. Is there a motion to approve or
22 disapprove the proposed terms of the
23 Settlement Agreement?

24 MR. MILCAREK: Motion to approve.

25 MR. VOWELS: Is there a second?

1 DR. ROSS: Second.

2 MR. VOWELS: Is there any further discussion? All those in
3 favor of approving the proposed terms of the
4 Settlement Agreement say aye.

5 UNANIMOUS VOTE

6 MR. VOWELS: Show that it's approved. Thank you, Ms.
7 Fleming. Now, we'll move to the area of
8 disciplinary actions. Grand Victoria, Mr.
9 Thar, is first on that list.

10 MR. THAR: Yes, thank you. I see that Larry Buck and
11 Mark Hemmerle, both with Grand Victoria are
12 stepping forward. This stems out of an
13 incident that occurred on or about July 6th,
14 1999 when an employee of Grand Victoria made
15 off with approximately eighty-four thousand
16 dollars. Following the investigation, it is
17 the Commission and staff's position that
18 certain internal controls were not properly
19 followed by Grand Victoria resulting in us
20 recommending a fine of sixty thousand dollars
21 for that. During the course of the same
22 investigation, it was discovered that Grand
23 Victoria was, I guess in terms of trying to be
24 a good neighbor, cashing checks for the local
25 bank when the bank was cash short and worried

1 about being cash short. This caused some
2 problems because the CRTs were not properly
3 filed. Furthermore, the internal controls and
4 our rules were not properly followed, so
5 there's a recommendation for a fine on that of
6 nine thousand dollars, for a total of twenty-
7 five thousand dollars. Was that an oversight,
8 Mr. Buck? Mr. Buck was not the general
9 manager of the casino at the time of these
10 incidents.

11 MR. BUCK: I have the unfortunate opportunity to stand
12 before you and offer my apologies. I think as
13 I joined the company and looked back at the
14 incidents, it was apparent to me that the
15 company took appropriate procedures to, first,
16 disclose the incidents and then acted swiftly
17 to resolve the issues that are outstanding and
18 the casino is very forthcoming with all the
19 information we gained through the
20 investigation. Again, the incident was
21 unfortunate, but looking back at everything, I
22 think the proper procedures were in place, our
23 own internal procedures.

24 MR. VOWELS: Any questions for Mr. Buck?

25 MR. DARKO: Was Mr. Taylor the manager at that time?

1 MR. BUCK: I believe he was, yes.

2 MR. HEMMERLE: No. At the time of the theft it was John
3 Spinous (phonetically spelled), and the time
4 the CRT was not properly filed it would have
5 been John Spinous.

6 MR. VOWELS: And, Mr. Hemmerle, is there anything you would
7 like to add to what Mr. Buck said?

8 MR. HEMMERLE: I'd be happy to answer any questions that
9 anyone might have about this incident.

10 MR. VOWELS: Are there any questions for Mr. Buck or Mr.
11 Hemmerle? Mr. Thar, anything further from
12 you?

13 MR. THAR: No, sir.

14 MR. VOWELS: We have in front of us the Settlement
15 Agreement and it's essentially a twenty-five
16 thousand dollar fine with nine thousand
17 dollars for failing to properly file CRTs and
18 a sixteen thousand dollar fine for the failure
19 to follow the internal control procedures. So
20 the Commission action here with regard to the
21 Settlement Agreement is either to approve or
22 disapprove the proposed terms of the
23 Settlement Agreement and it is attached here
24 and executed by all the appropriate parties.
25 Is there a motion to approve or disapprove the

1 proposed terms?

2 DR. ROSS: Move to approve.

3 MR. VOWELS: Is there a second?

4 MR. MILCAREK: Second.

5 MR. VOWELS: Any further discussion? All those in favor
6 say aye.

7 UNANIMOUS VOTE

8 MR. VOWELS: It's approved. Thank you, sir. The next
9 matter on the agenda is Centaur.

10 MR. THAR: Yes. You will remember at the telephone
11 meeting of last we approved or made an after-
12 the-fact approval with regard to an agreed
13 twelve point five million dollars revolving a
14 line of credit to Wells Fargo Bank with regard
15 to Centaur. It was explained that there would
16 be a disciplinary action or a settlement
17 coming forth in the future due to what
18 transpired. Mr. Wagner, would you like to
19 step forward. Both these gentlemen represent
20 Centaur. What has transpired is that there
21 have been discussions between staff and
22 Centaur and Centaur's attorneys concerning
23 what might be the appropriate recommendation
24 and fine in this situation. On behalf of
25 Centaur, Mr. Wagner's law firm has submitted a

1 brief. In that brief contending very strongly
2 that any fine that would be imposed in excess
3 of seven hundred fifty thousand dollars would
4 be equally unjust in the circumstances. We
5 subsequently as a matter of staff met Mr.
6 Wagner and his clients and agreed for a total
7 fine of five hundred thousand dollars and that
8 is the recommendation to this Commission that
9 the five hundred thousand dollars be broken
10 down as follows: Seventy-five thousand
11 dollars for failure to obtain this
12 Commission's approval prior to entering into
13 the agreement for the line of credit which is
14 the same fine that Harrah's and Boyd have
15 entered into. Secondly, a fine in the amount
16 of four hundred and twenty-five thousand
17 dollars for the statutory violation of
18 pledging the license as a part of the process
19 of obtaining the line of credit. What one
20 must look at whether the license was pledged
21 or hypothecated or very simply whether money
22 was borrowed against it, all three of those
23 things are prohibited by our statute, and we
24 believe that is what has occurred here. As a
25 consequence that is the recommendation of the

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staff and that is something that has also been agreed to by Centaur. Mr. Wagner, I'll turn to you if you'd like to address the Commission on that.

MR. WAGNER: Thank you, Director Thar, Commissioners and members of staff, I not only brought my clients from Indianapolis, I brought a terrible cold with me and I apologize and I apologize that we're here today. We put together what I thought was a pretty gut wrenching presentation for you to review, and this is one of these tragedies that happens when people go out and try and do the right thing and something goes wrong. My clients did the very thing they should have done when they got involved in this loan, and they sought advice of counsel. The mistake they made was they didn't communicate with Mr. Thar prior to entering into this loan agreement which should have been done. The moment that this was discovered we were called and I advised the staff that it was not our intention to argue the legalities of this, that we were here to try to resolve it the very best way we could and we cooperated, I

1 think, a thousand percent in their
2 investigation and we immediately did
3 everything possible to make the wrong right
4 and I think that was accomplished in a very,
5 very short period of time, and I'm here today,
6 my clients are here to answer any questions
7 that you might have with respect to how this
8 happened and what we did to try to correct it
9 or any other questions you might have. Once
10 again, I apologize that we even are here.

11 MR. VOWELS: Would you just state your full name for the
12 record?

13 MR. WAGNER: Robert S. Wagner.

14 MR. VOWELS: And the gentleman with you his name is?

15 MR. WAGNER: Ted Nicholas, he's a partner of mine.

16 MR. THAR: Mr. Wagner, would you ask your client, the
17 principals of your client to step forward and
18 introduce themselves?

19 MR. WAGNER: Of course, I would. Mr. Ratcliff. Do you
20 want them seated?

21 MR. THAR: That's fine. Just introduce themselves and
22 just have a seat.

23 MR. RATCLIFF: Yes, Rod Ratcliff, CEO and President of
24 Centaur.

25 MR. VOWELS: Would you spell your last name for the

1 reporter?

2 MR. RATCLIFF: R-A-T-C-L-I-F-F, first name R-O-D, Rod.

3 MR. NORTON: Steve Norton, a partner and a director of
4 Centaur.

5 MR. WILSON: Kurt Wilson, President and Director of
6 Centaur.

7 MR. VOWELS: Any questions for Mr. Wagner or anyone seated
8 at the table? Mr. Thar, do you want to take
9 over?

10 MR. THAR: I would ask the principals involved in this,
11 you are aware of the Settlement Agreement
12 that's being proposed?

13 MR. WAGNER & OTHERS: Yes, we are.

14 MR. THAR: You are in agreement with the settlement
15 agreement?

16 MR. WAGNER & OTHERS: Yes.

17 MR. THAR: Mr. Wagner?

18 MR. WAGNER: I have no further comment unless there are
19 questions, but we've worked with our clients
20 and as the Commission well knows we've tried
21 to carve out a fair settlement, understanding
22 that there has been a violation and we're most
23 certainly satisfied with the terms of the
24 settlement.

25 MR. VOWELS: Just to put this in perspective, we have just

1 dealt with two seventy-five thousand dollar
2 fines for failure to get our approval prior to
3 entering into debt transactions. The balance
4 of this is the four hundred and twenty-five
5 thousand dollar fine not for the violation of
6 the Indiana Administrative Code but actually
7 the Indiana Code for pledging the casino
8 license as a portion of this debt transaction.
9 The four hundred twenty-five thousand dollars,
10 Mr. Thar, my memory escapes me completely, but
11 is that the highest fine that we've ever
12 assessed?

13 MR. THAR: In terms of pure fine, the answer's yes.

14 MR. VOWELS: The situation up north where we had -- that
15 was a one hundred thousand dollar fine, was it
16 not?

17 MR. THAR: The Boyd incident surrounding the document not
18 being turned over was a one hundred thousand
19 dollar fine, nine hundred thousand dollars
20 which they proposed to give to various
21 charities and governmental entities. With
22 regard to Empress, there was a four hundred
23 thousand dollar fine for various violations of
24 operating procedures and rules concerning the
25 operation of their cage and things like that,

1 so four twenty-five was the single fine and
2 five hundred thousand dollars as an aggregate
3 fine. This is the highest since that, and I
4 think it shows very clearly that not only the
5 rules can't be violated but the statute can't
6 be violated. I concur with Mr. Wagner's
7 observation of Centaur that once this matter
8 was brought to their attention, they stepped
9 forward, they provided every bit of
10 information that we requested immediately not
11 just promptly but immediately. They were very
12 attemptive and desirous of getting this matter
13 behind them, and understanding the fact that
14 this is a very severe penalty, there had been
15 discussions about the penalty being more
16 severe, but I believe when it was all said and
17 done the recommendation of the five hundred
18 thousand dollars is not only very high but
19 probably substantially less than what had
20 initially been discussed between the staff and
21 Mr. Wagner and this clients. So we would, the
22 staff would ask the Commission to approve this
23 settlement agreement.

24 MR. VOWELS: And my understanding is that with the
25 transactions that are taking place recently

1 and in the near future you voted Lawrenceburg
2 is going to be held completely by one entity
3 and Centaur (inaudible) after the transactions
4 are completed; is that correct?

5 MR. WAGNER: Yes, yes.

6 MR. THAR: To make a long story short, once their
7 thirteen point five percent is acquired,
8 Centaur will no longer be involved in the
9 riverboat gambling in the State of Indiana.

10 MR. VOWELS: Are there any questions then of Mr. Wagner or
11 these gentlemen seated at the table or Mr.
12 Thar?

13 MR. SWAN: This reminds me of a story of the late, great
14 Al McQuire, the basketball coach. They asked
15 him why do you yell so much at the referees
16 about a call that's already been made, what do
17 you have to gain from that, and he says,
18 "Nothing. I'm not yelling about that call.
19 I'm yelling about the next one." We don't
20 want to see the next one either.

21 MR. WAGNER: Neither do I.

22 MR. VOWELS: That is a good analogy. I like that. All
23 right then, in front of us we have the
24 settlement agreement and it has been executed
25 by all the necessary parties and it calls for

1 an aggregate fine of five hundred thousand
2 dollars, four hundred twenty-five thousand
3 dollar fine for violation of Indiana Code 4-
4 33-4-21 and a seventy-five thousand dollar
5 fine for violation of the Indiana
6 Administrative Code. Is there a motion to
7 approve or disapprove the proposed terms of
8 the settlement agreement?

9 MR. SWAN: Move to approve.

10 MR. VOWELS: Is there a second?

11 MR. MILCAREK: Second.

12 MR. VOWELS: Is there any further discussion? All those in
13 favor of its approval say aye.

14 UNANIMOUS VOTE

15 MR. VOWELS: Thank you, sirs.

16 MR. WAGNER: Thank you very much.

17 MR. VOWELS: And the last matter under disciplinary action
18 is in regard to Belterra.

19 MR. THAR: Yes. Mr. Boyd are you here on behalf of
20 Belterra on this matter?

21 MR. BOYD: I am. Director Thar, J. Boyd, Indiana counsel
22 for Pinnacle Entertainment and its affiliate,
23 Belterra Casino and Resort Indiana. I think
24 before you, if I may, is a proposed settlement
25 agreement between the Commission and Belterra

1 involving some glitches in reporting its tax
2 reporting and payment of the first two days of
3 its operation. At the end of October we have
4 discussed this with the Commission and agreed,
5 subject to your approval, to payments of
6 fifteen thousand dollars for the first two
7 days of operation being late with the filing
8 of RG-1s and a fifteen thousand dollar fine
9 for the second day being late with the payment
10 of taxes. This is payment, since we're
11 playing with analogies today, a day late and a
12 dollar short, but I think all the
13 circumstances in the delay for this was
14 effectively opening glitches due to personnel.
15 I think everything has been corrected and the
16 organization is in full compliance with its
17 reporting obligations and payment obligations
18 other than these incidences that are in the
19 settlement agreement which is before you.

20 MR. VOWELS: Thank you, Mr. Boyd. Any questions for Mr.
21 Boyd?

22 MR. DARKO: Mr. Boyd, are you following the grand
23 tradition of Indiana counsel in apologizing
24 for your transgressions as well?

25 MR. BOYD: If that was not a part of the indication of

1 the first opening glitches, it certainly would
2 be apologized for all of that. Changes in
3 personnel and bringing in addition staff from
4 some of the other properties, I think, are
5 evidence of the sincerity of this company in
6 complying with all of its obligations under
7 the rules and statutes of this state. Thank
8 you.

9 MR. VOWELS: It seems that it's been about four months
10 since the last glitch that we're looking at
11 here. I guess everything's been okay since
12 then?

13 MR. BOYD: So far as I know, Mr. Chairman.

14 MR. VOWELS: Any questions for Mr. Boyd or Mr. Thar? Okay,
15 then, in reference to the settlement
16 agreement, the terms propose a forty-five
17 thousand dollar fine, fifteen thousand dollars
18 for each of the two late RG-1 filings and
19 fifteen thousand dollars for the late RG-1
20 payment. The document that is in front of us
21 here has been executed by all necessary
22 parties. Is there a motion to approve or
23 disapprove of the proposed terms?

24 MR. DARKO: Move to approve.

25 MR. VOWELS: Is there a second?

1 DR. ROSS: Second.

2 MR. VOWELS: Any further discussion? All in favor say aye.

3 UNANIMOUS VOTE

4 MR. VOWELS: Then the next matter on the agenda is "Other
5 Business." Is there any Other Business right
6 now?

7 MR. THAR: There is no other business other than the
8 public hearing that will take place after this
9 meeting.

10 MR. VOWELS: Okay, as far as our next regular business
11 meeting, there's not really any discussion of
12 that, so what we will do is move to adjourn
13 and take, how long do you think, fifteen-
14 minute break?

15 MR. THAR: We can start at 11:15. Is that good?

16 MR. VOWELS: That's fine.

17 MR. THAR: That will give Aztar an opportunity to set up
18 anything they need to and everybody can take a
19 little break.

20 MR. VOWELS: So technically we need to have a motion to
21 adjourn at this stage of the business meeting.
22 Is there a motion to adjourn?

23 MR. DARKO: So moved.

24 MR. VOWELS: Is there a second?

25 DR. ROSS: Second.

1 MR. VOWELS: All those in favor say aye.

2 UNANIMOUS VOTE

3 MR. VOWELS: We're adjourned until 11:15.

4
5 **PUBLIC HEARING FOR THE CONSIDERATION OF**
6 **CASINO AZTAR'S RELICENSURE**

7 MR. VOWELS: We will call the public hearing meeting to
8 order. The record will, again, reflect that
9 all Commissioners are present with the
10 exception of Ann Bochnowski. With a quorum
11 being present then, the meeting is called to
12 order. The matter on the agenda for the
13 public hearing is consideration of the Aztar
14 license renewal and we will now begin. Mr.
15 Thar, what do we have first?

16 MR. THAR: I believe a couple of things. For the record,
17 I would let the people in attendance here, as
18 well as the Commissioners, know that the
19 Commissioners have been provided with
20 background investigation of Aztar conducted by
21 the Indiana State Police, that report being in
22 both a public as well as confidential form.
23 Secondly, the Center for Urban Policy
24 requirement, Ms. Littlepage and Mr. Peyton are
25 both here has prepared a relatively extensive

1 report concerning Casino Aztar and its
2 promises and its expectations for doing
3 business down here in terms of such things as
4 employment, projections, investments and
5 community donations. That report will be made
6 public as soon as this meeting is over.
7 Thirdly, we have had a report prepared by Dr.
8 Charlene Sullivan of Purdue University
9 concerning financial issues as they focus not
10 only on Aztar as a financial corporation but
11 also on Aztar here in Evansville. With that
12 in mind, Aztar has also submitted an
13 application for renewal of its license in
14 which it provided us the information requested
15 in that application and which was utilized by
16 both the state police and Ms. Sullivan and the
17 Center for Urban Policy in preparation of
18 their various reports. And finally, I believe
19 that Mr. Rubeli, the chairman of Aztar among
20 other titles, and Mr. Brown, who's the general
21 manager of the Aztar facility here in
22 Evansville, as well as other members of the
23 executive staff, are present and Jim, I will
24 assume that you are going to start as the
25 master of ceremonies with regard to your

1 presentation, and if you would like, I think,
2 from the Commission's point of view that Aztar
3 has things they would like to say in support
4 of the renewal of their application.

5 MR. BROWN: Is it all right if I sit?

6 MR. VOWELS: That's fine.

7 MR. THAR: I might add on behalf of the Commission that
8 we greatly appreciate the setup for this
9 meeting which you have done as well as the
10 accommodations received last night. Those of
11 us who stayed in Evansville stayed at Aztar's
12 hotel and we found it very comfortable and
13 convenient. Okay, Mr. Brown.

14 MR. BROWN: Welcome and good morning, Chairman Vowels,
15 Commissioners, Executive Director Thar, and
16 staff, Casino Aztar crew members and other
17 guests. I'm Jim Brown, Senior Vice-President
18 and General Manager of Casino Aztar
19 Evansville. With me today are top executives
20 of the Aztar corporation, Chairman of the
21 Board, President, and Chief Executive Officer,
22 Paul Rubeli; Executive Vice-President and
23 Chief Financial Officer Robert Haddock; and
24 President of Riverboat Operations Lester
25 Bresowski (phonetically spelled). Joining

1 them are key management staff members of
2 Casino Aztar Evansville. This group is
3 comprised of members of the Evansville
4 community who still have positions with this,
5 at the time, fledgling Indiana industry. They
6 brought to Casino Aztar their talent,
7 individual perspectives, and work experience
8 gained through their lives in Evansville.
9 They've achieved management positions more
10 advanced than those they previously held.
11 This group also includes members of the Aztar
12 family, some having spent as many as fifteen
13 years with Aztar, who left positions with
14 other properties within our company and
15 transferred their abilities and their
16 experiences to Casino Aztar Evansville. They
17 represent new residents of this community.
18 They attend local churches. Their children
19 are enrolled in area schools. They spend
20 their paychecks with local businesses and they
21 pay state and local taxes. They're
22 transplants from the East and West who are now
23 happy to be living in Evansville, Indiana.
24 At this time I would like to introduce Casino
25 Aztar Vice-President of Finance and

1 Administration, Maurine Kennon; Vice-President
2 of Marketing, Trisha Laborde; Director of
3 Slots, Ken Hampton; Director of Marine
4 Services, Frank Hobbs; Director of Operations,
5 Mike McQuire; Director of Surveillance,
6 Livingston Simpson; Director of Table Games,
7 Mike Stephenson; and Director of Security,
8 Larry Qualls. They are all part of the proud
9 group of nearly twelve hundred employees, or
10 crew members as we refer to ourselves.
11 They're critical to our success and are
12 committed to the service of our guests, our
13 community, our company and to the high
14 standards in all that we do.

15 During the next thirty minutes I will
16 present information detailing our opening,
17 growth, and continued operation. I will be
18 followed by Aztar Corporation's Paul Rubeli,
19 who will also be presenting information and
20 comments regarding our relicensing. I ask
21 that, if possible, questions be reserved until
22 after our presentation is concluded. I sit
23 here today about to embark in unknown waters
24 and I don't mean those flowing outside in the
25 Ohio River. We are here today to participate

1 in a process that has not yet been experienced
2 by any riverboat operator in the State of
3 Indiana. It is both a daunting and exciting
4 prospect, a natural progression and a
5 challenge that Aztar Corporation and Casino
6 Aztar Evansville assumed with abounding pride
7 and reserved confidence, the first riverboat
8 gaming facility to begin operation in Indiana
9 and the first to undergo the scrutiny of the
10 relicensing process. We know that in Indiana
11 we will always be the first and hope that we
12 are able to set a high standard by which those
13 who follow will be compared. Determining the
14 information to present before you today has
15 been difficult since each day of operation
16 brings new challenges, opportunities and
17 milestones that we believe give testament to
18 the correctness of our selection as the
19 Evansville licensee and demonstrate our
20 ongoing fulfillment of the obligations placed
21 upon us as conditions for our continued
22 operation.

23 The original certificate of suitability
24 for a riverboat owner's license for a
25 riverboat to be docked in Evansville, Indiana

1 was issued to Aztar Indiana Gaming by the
2 Indiana Gaming Commission on February 24th,
3 1995. In the certificate of suitability Aztar
4 agreed to comply with certain statutory
5 requirements, post a bond, provide insurance
6 and comply with special conditions as a
7 condition of being issued this certificate.
8 These special conditions included an overall
9 project investment of one hundred million
10 dollars, consent to payments to the City of
11 Evansville totaling eight point five five
12 million dollars, the greater of one million
13 dollars or two percent of adjusted gross
14 receipts per year for a five-year period to be
15 used for downtown revitalization, Evansville
16 park replacement of up to three million
17 dollars, a commitment to establish hiring and
18 purchasing goals, the completion of an
19 emergency response plan, to obtain all
20 necessary licensing, permitting and
21 certification requirements for the lawful
22 operation of riverboat gaming and to comply
23 with all rules and resolutions adopted by the
24 Indiana Gaming Commission. In addition, Aztar
25 Corporation signed a local development

1 agreement with the City of Evansville that
2 stipulated goals, terms, and conditions to be
3 met by Aztar for the duration of the
4 agreement. Those were the legal and
5 contractual mandates given to us as well as
6 the agreements into which we entered. There
7 were also four underlying key goals that
8 Indiana lawmakers anticipated when first
9 enacting legislation authorizing riverboat
10 gaming, economic development, tax revenues to
11 state, county, and city government, job
12 creation, and tourism.

13 Although Aztar committed to building a
14 one hundred million dollar riverboat gaming
15 hotel and entertainment complex along the
16 riverfront in Downtown Evansville, Aztar spent
17 one hundred and twenty-one million dollars on
18 our initial project, twenty-one million
19 dollars more than our original commitment.
20 Aztar Corporation's capital investment in
21 Casino Aztar Evansville now exceeds one
22 hundred and thirty million dollars. This
23 investment includes the City of Evansville
24 Riverboat built in Jeffersonville, Indiana by
25 Jeff Boat Shipyards. Our twenty million

1 dollar plus vessel was built primarily by
2 Indiana residents and represented over two
3 hundred construction jobs. Our other major
4 project components include a two hundred and
5 fifty room hotel with convention and banquet
6 facilities, a forty-four thousand square foot
7 pavilion featuring restaurants, entertainment,
8 and ticketing facilities and a sixteen hundred
9 and sixty-eight space parking garage. Another
10 key component that Casino Aztar facility is
11 the three point five million dollar
12 rejuvenation of Riverfront Park which
13 includes, surrounds our pavilion. The new
14 Riverfront Park features a bicycle path,
15 jogging and walking paths, overlooks of the
16 Ohio River, an events plaza, an amphitheater
17 and beautifully landscaped grounds. The
18 primary architect of the Casino Aztar facility
19 was the Evansville architectural firm of
20 Edmund L. Hafer and Associates and
21 construction was completed by the Evansville
22 construction firm of Industrial Contractors,
23 Incorporated. Construction-related employment
24 represented over one thousand jobs filled by
25 primarily Vanderburgh County residents. On

1 April 22nd, 1997 a crown was placed on these
2 achievements when the American Society of
3 Civil Engineers designated Casino Aztar as its
4 Indiana civil engineering project of the year.

5 Casino Aztar's impact on the area's work
6 force is evident. We currently employ nearly
7 twelve hundred local residents and our
8 employees have now earned over one hundred and
9 fifty million dollars in wages, benefits, and
10 dealer tips. This figure increases when other
11 service-related positions are included. Our
12 current workforce is comprised of fifty-one
13 percent women and nineteen percent minorities,
14 more than double our local project agreement
15 goal of ten percent for minority hiring and
16 Vanderburgh County's minority population of
17 nine percent. Also, nearly fifty percent of
18 our employee base are residents of
19 Evansville's 4th and 5th Wards, areas
20 specifically targeted for employment
21 opportunities by city officials. Over ninety
22 percent of our employee base are Indiana
23 residents with nearly seventy-five percent
24 residing in Vanderburgh County. It should be
25 noted that our local project agreement states

1 that we set a goal of ninety percent for
2 employees residing in Vanderburgh County. We
3 have not yet attained this goal. Local
4 economic factors such as the opening of the
5 Toyota and AK Steel plants along with ongoing
6 Casino Aztar operation and a good local
7 economy positively impacting other area
8 businesses have resulted in a decade low
9 Vanderburgh County unemployment rate of
10 approximately two point five percent. These
11 factors have contributed to our shortfall
12 here. I would like to point out that when
13 counties contiguous to Vanderburgh County are
14 included our local tri-state employment rate
15 jumps to ninety-six percent. We will, though,
16 continue to make all efforts to raise our
17 Vanderburgh County employment percentage
18 ninety percent or above.

19 Our employees are the heart and soul of
20 our business. They must possess five basic
21 qualities to be considered for employment with
22 Casino Aztar; a bright smile, a friendly
23 greeting, an outgoing personality, a team
24 commitment, and a dedication to service. Our
25 crew members pass an audition designed to

1 identify those candidates possessing these
2 fundamental qualities prior to being
3 considered for employment here. We are quite
4 proud of the service they provide our guests.
5 We take the same pride in the ongoing
6 opportunities that are available to them.
7 They have been placed in positions with good
8 pay, comprehensive benefit plans, and
9 opportunities for advancement within our
10 company. In fact, over ninety percent of our
11 ongoing promotions are from within Casino
12 Aztar. A vast majority of our staff are now
13 making more money than they were previously,
14 are receiving better benefits, and are in
15 positions offering opportunities for
16 advancement.

17 As a testament to these efforts, the
18 Private Industry Council of Southern Indiana
19 has placed the honor to Casino Aztar as its
20 Vanderburgh County business of the year. This
21 award is given annually to the local business
22 that, quote, "most contributes to the
23 improvement of the area's workforce
24 development," end of quote. At Casino Aztar
25 we recognize our duty to ensure the casino

1 gambling service is an entertainment
2 alternative for responsible adults. We take a
3 highly proactive approach to the
4 identification and prevention of problem and
5 underage gambling and have given special
6 attention to all associated programs. We've
7 been recognized nationally by the American
8 Gaming Association and regionally by the
9 Kentucky Council on Compulsive Gambling for
10 our ongoing efforts in this area.

11 As required by Indiana rules, we print
12 the Indiana Division of Mental Health's toll
13 free number on our admission tickets and
14 display posters promoting responsible gaming
15 throughout the casino and other public areas
16 of our facility. Beyond these requirements,
17 we voluntarily include the Division of Mental
18 Health's toll free number in many of our
19 advertising and marketing materials. In
20 addition, we have extensive internal policies
21 and programs dealing with problem and underage
22 gambling and we actively enforce these
23 programs to raise employee awareness regularly
24 with events such as seminars for supervisors
25 conducted by nationally recognized experts in

1 this field. Casino Aztar has also developed a
2 responsible gaming task force which includes
3 representatives of each operating department.
4 This committee was organized to develop,
5 implement and monitor responsible gaming
6 programs for our facility.

7 Casino Aztar was Indiana's first gaming
8 property to implement self-ejection program
9 designed for individuals who feel that they
10 may have a gambling disorder. This program
11 enables customers to sign a statement banning
12 themselves from our casino and subsequently
13 any attempts made by these individuals to
14 enter the casino may result in their arrest
15 for trespassing.

16 Casino Aztar was also the first casino in
17 Indiana to implement the nationally acclaimed
18 Project 21 Program. Project 21 was originally
19 developed by Harrah's Entertainment and is a
20 multi-faceted educational awareness program
21 designed to heighten employees, minors, and
22 the public's awareness concerning underage
23 gambling. In conjunction with this campaign,
24 Casino Aztar awards Project 21 scholarships
25 annually to Evansville area students. With

1 the endorsement of the Indiana Council on
2 Compulsive Gambling, Casino Aztar is utilizing
3 the services of the Kentucky Council on
4 Compulsive Gambling which has a highly
5 developed program for the referral and
6 assistance of patrons and employees who
7 request such services. Casino Aztar was
8 recently presented with the Kentucky Council
9 on Compulsive Gambling's annual industry
10 award. This award was given in recognition of
11 exceptional contributions for the recognition,
12 prevention, and treatment of compulsive
13 gamblers. The Council's announcement stated
14 that, quote, "Casino Aztar's commitment to
15 responsible gaming and support programs to
16 help compulsive gamblers is well known to
17 Kentucky's Council on Compulsive Gambling. It
18 was the first of the Ohio River riverboat
19 casinos to become a special corporate member
20 of the Kentucky Council and staff members
21 routinely attend council training and
22 education programs," end of quote.

23 In the future, we will continue to
24 exhibit this high level of responsibility
25 ensuring that current programs remain in place

1 and investigate any new alternatives available
2 for education, assistance, referral and
3 treatment of those suffering from gambling
4 disorders. This is an area we take quite
5 seriously and we will continue to do so with
6 the same determination we have exhibited
7 during our first five years of operation.
8 Casino Aztar has and will responsibly address
9 our commitment to purchase from local and
10 minority and women-owned businesses. As of
11 December 31st of 2000 we had made over one
12 hundred and fifty million dollars in
13 qualifying purchases for our facility. Of
14 this total, sixty percent have been from local
15 vendors, six point six percent from minority
16 vendors, and thirteen point eight percent from
17 women-owned businesses. These percentages
18 have exceeded goals presented to us in our
19 local development agreement in all categories.
20 Statutory requirements, though, state that ten
21 percent of our qualifying purchases be made
22 from minority-owned businesses, five percent
23 from women-owned businesses with no
24 specifications for local purchases. I'm
25 pleased to inform you today that in

1 information recently submitted to the Indiana
2 Gaming Commission, Casino Aztar exceeded goals
3 in all mandated categories in the Year 2000.
4 With minority business enterprise purchasing
5 representing thirteen point five percent and
6 women-owned business purchases representing
7 nine point one percent of our qualifying
8 purchases. I should note that these figures
9 have not yet been audited by the Indiana
10 Gaming Commission.

11 Our commitment and resolve to meet or
12 exceed these goals has been and remains
13 unwavering. We continue to address the
14 challenge of locating minority and women-owned
15 businesses with the abilities to supply the
16 products we purchase on an ongoing basis. We
17 remain proactive in participating in minority
18 business trade fairs and other related events
19 and were instrumental in developing the
20 Indiana Riverboat Managers Purchasing Group.
21 This group continues to actively work together
22 in the development of minority and women-owned
23 businesses and to increase the dollars spent
24 with these vendors by Indiana riverboat
25 casinos. We're also active members in area

1 and state minority and women business
2 enterprise trade councils and associations.

3 Casino Aztar has been the recipient of
4 both in 1999 and 2000 the Indiana Regional
5 Minority Supplier Development Council's Circle
6 of Excellence Award, which is presented to the
7 Southern District of the State of Indiana
8 business best displaying, quote, "outstanding
9 efforts and dedication towards the advancement
10 of minority enterprises," end of quote. We
11 also received a similar award presented by the
12 Tri-State Minority Supplier Development
13 Council in 1996.

14 Casino Aztar has been a major catalyst
15 for area tourism. Evansville has experienced
16 substantial growth over the past five years as
17 a regional tourist destination and has the
18 potential for a second tourism break through
19 with the recent completion of the Center,
20 Evansville's forty million dollar convention
21 center, a state of the art facility and
22 Indiana's second largest. Evansville's
23 tourism growth can be directly attributed to a
24 concerted effort by the Evansville and Tri-
25 State tourism industry. Casino Aztar is proud

1 to be a major partner in these efforts.

2 Our riverboat admissions have totaled
3 over ten point five million since opening with
4 the majority of these visitations originating
5 from outside the Evansville metropolitan
6 statistical area. Casino Aztar has also
7 hosted millions of non-gaming guests to our
8 facility visiting to enjoy our national and
9 regional headline entertainment, events,
10 exhibits, meetings, conventions, and hotel
11 accommodations. In 1996 Casino Aztar was
12 recognized for our impact on area tourism as
13 the recipient of the William L. Gross
14 Hospitality Award. This award is presented
15 annually by the Evansville Convention and
16 Visitors Bureau to the business having the
17 most positive effect on area tourism.

18 The influx of tourism brought by Casino
19 Aztar has provided both direct and indirect
20 benefits to our entire community from
21 visitations to area hotels, restaurants,
22 attractions, entertainment venues, and retail
23 establishments. This is born out in a study
24 completed in June of 1999 by the Evansville
25 Convention and Visitors Bureau by Cirtech,

1 Incorporation of Lexington, Kentucky entitled,
2 "The Economic Impact of Evansville and
3 Vanderburgh County Tourism and Travel
4 Industry." The report stated, quote, "The
5 popularity of casino riverboats made an
6 important contribution to the overall level of
7 tourism spending in the county. The Casino
8 Aztar Riverboat in Evansville has greatly
9 stimulated tourism activity in the area. It
10 generated ninety-two point five million
11 dollars in expenditures in the county in 1998.
12 This figure does not include expenditures at
13 Casino Aztar. Our facility has also had a
14 direct impact on the Evansville Convention and
15 Visitors Bureau's ability to market the
16 Evansville area as a viable tour, travel, and
17 convention destination. The bureau has
18 received over one point one million dollars in
19 direct revenue sharing funding from Casino
20 Aztar along with an additional four hundred
21 and fifty thousand dollars from Casino Aztar
22 in hotel room tax funding. These monies along
23 with future funding will continue to be put to
24 use promoting the Evansville area to the tour,
25 travel, and convention business segments.

1 Casino Aztar has also exhibited a vigorous
2 commitment to promoting downtown Evansville.
3 Along with employing a downtown marketing
4 manager, we have developed and implemented
5 numerous cross-marketing promotions, funded
6 downtown advertising campaigns, and supported
7 a variety of efforts to increase awareness of
8 our downtown area. We have been the title
9 sponsor to four of the biggest and best
10 attended downtown Evansville events since
11 1996, Center City Evansville's Riverfest,
12 Downtown After Sundown, the Ohio River
13 Barbecue Contest, and the Evansville Freedom
14 Festival's Fourth of July fireworks
15 spectacular. In addition, we coordinate and
16 finance a four-color insert featuring coupons
17 and information for downtown businesses, for
18 Center City's Downtown Pulse newsletter which
19 reaches ninety thousand readers through the
20 Evansville Courier and Press on a bi-monthly
21 basis. We coordinated, designed, developed,
22 and financed the original four-color downtown
23 retail and restaurant map that's currently
24 available throughout Evansville. We sponsored
25 two seminars for downtown businesses conducted

1 by nationally acclaimed downtown business
2 experts. We initiated and have financially
3 supported media campaigns utilizing
4 television, radio, and billboard advertising
5 spotlighting downtown Evansville businesses.
6 We offer downtown dining and shopping gift
7 certificates to our data base customers
8 wishing to redeem club rewards for downtown
9 purchases and have posted and sponsored
10 numerous other downtown events, programs, and
11 promotions designed to draw awareness and
12 business to Downtown Evansville. We also
13 feature Downtown Evansville dining,
14 entertainment and general information on our
15 toll free number. We provide space for
16 downtown retailers and restaurants to display
17 brochures throughout Casino Aztar and downtown
18 restaurant, entertainment and shopping guides
19 are featured in our hotel rooms and at the
20 hotel front desk. We have currently paid over
21 seventeen million dollars into downtown
22 projects and funds to be used downtown,
23 including the Evansville Riverfront Dress
24 Plaza Project, the Victory Theater, the
25 Signature School Downtown Learning Center, the

1 Evansville Convention Center, Downtown Parking
2 Garages, the Downtown Revitalization Fund and
3 the Economic Development Revolving Fund. In
4 addition, we have purchased over eight million
5 dollars in goods and services from downtown
6 Evansville businesses. While we believe we
7 have had a positive impact on our downtown, we
8 agree its fullest potential has not yet been
9 realized. Downtown Evansville, including the
10 scenic riverfront, is a unique district with a
11 unique set of challenges and constraints, many
12 of which have been in place for years prior to
13 the arrival of Casino Aztar and the City of
14 Evansville Riverboat.

15 Casino Aztar has been a enthusiastic and
16 vigorous proponent of the downtown. We are
17 unwavering in our commitment to downtown
18 development and the need to introduce vibrant
19 and diverse offerings in this area. We have
20 been a willing partner in programs,
21 promotions, and activities aimed at
22 stimulating business and enhancing the
23 attractiveness of downtown as both a business
24 center and an entertainment destination.
25 However, our downtown remains a study in

1 contrasts. Business occupancy has increased
2 but vacant buildings abound on Main Street.
3 Fifteen thousand people work downtown and
4 populate the area during the work week, yet
5 there are few reasons to come to the area in
6 the evenings or on the weekends. One of the
7 finest convention centers in the Midwest is
8 positioned at one end of downtown and Casino
9 Aztar serves to anchor the other, but traffic
10 flow and other obstacles persist. It is a
11 complex situation and the presence of Casino
12 Aztar has not yet overcome.

13 My fellow business people recognize this
14 fact as well. One entrepreneur recently was
15 quoted as saying, "We, as a city, have failed
16 to integrate Casino Aztar fully into our
17 city." Another business leader said, "I think
18 the riverboat has done what it promised, but
19 maybe not what some people expected. We can't
20 say what are we going to suck out of it. What
21 we should be saying is what are we going to do
22 to be compatible with it," end of quote.

23 Those who come downtown must find the
24 opportunities they are promised. They must
25 find the opportunities to be entertained, to

1 shop, and to dine that they expect. The
2 mission to find necessary answers continues.
3 Evansville Mayor Russell Lloyd, Jr. has begun
4 the process by commissioning a new downtown
5 master plan. Areas such as Main Street
6 revitalization, riverfront development, the
7 development of an entertainment district,
8 parking, traffic flow, increasing downtown
9 residency, and other important economic
10 development and quality of life issues will be
11 addressed. We at Casino Aztar applaud the
12 mayor's initiative and pledge to be a positive
13 part of the process. We believe that this
14 blueprint for future development will hold the
15 key to unlocking Downtown Evansville's
16 unrealized potential to be a vibrant, regional
17 destination for years to come.

18 Community relations is a high priority
19 within our company. At Casino Aztar we have
20 exhibited a strong commitment by contributing
21 time, energy and monetary support to literally
22 hundreds of local organizations, agencies,
23 charities, funding efforts and other numerous
24 worthy causes. Our voluntary support now
25 totals over two point five million dollars

1 including gifts, grants, sponsorships, and
2 donations of cash, goods, and services.
3 Casino Aztar employees have been fundamentally
4 involved in various community relations
5 community-related endeavors, primarily through
6 volunteerism and service on local boards. Our
7 management staff currently serves on twenty-
8 seven area boards including the American Red
9 Cross, Center City, the Community Action
10 Program of Evansville, Easter Seals, the
11 Evansville Coalition for the Homeless, the
12 Evansville Convention and Visitors Bureau, the
13 Evansville Freedom Festival, Goodwill
14 Industries, the Evansville Chamber of
15 Commerce, and the United Way of Southwestern
16 Indiana, to name but a few of these important
17 area organizations and agencies. At Casino
18 Aztar we take great pride in our community,
19 and we will continue to build on our already
20 solid reputation as a positive and proactive
21 corporate citizen and neighbor.

22 Tax revenues and other monies generated
23 by the gaming industry were of paramount
24 importance to lawmakers and elected officials
25 when riverboat gaming was first considered.

1 The City of Evansville, Vanderburgh County,
2 and the State of Indiana to date have received
3 over one hundred eighty million dollars in
4 taxes and direct incentive payments from the
5 operation of Casino Aztar. Evansville city
6 government has been the recipient of over
7 sixty-eight million dollars in taxes and other
8 payments; Vanderburgh County government, over
9 eighteen million dollars; and the State of
10 Indiana has received over ninety-two million
11 dollars in tax revenues from riverboat gaming
12 in Evansville. Through our local project
13 agreement and direct funding over the last
14 five years has gone to the Victory Theater
15 project, the Signature School Learning Center,
16 the Downtown Revitalization Fund, the Dress
17 Plaza Project, the Economic Development
18 Revolving Fund, the Center, for Debt 1,
19 Evansville 1, Burdette Park, Evansville 1,
20 Pigeon Creek Greenway along with three new
21 city parks located on the East Side, West
22 Side, and in Downtown Evansville. Local
23 riverboat funds have been reinvested
24 throughout our community in a vast number of
25 additional products, projects, programs and

1 expenditures designed to improve the quality
2 of life for all residents. New downtown
3 parking garages, new city parks, enhancements
4 to existing parks and the Swonder Ice Rink,
5 the Fendrich Golf Course Clubhouse,
6 improvements to public safety equipment
7 including emergency central dispatch, 911, the
8 city police and fire departments, Welfare to
9 Work, and a multitude of county engineering
10 department projects have all received funding
11 from Casino Aztar proceeds. City government
12 has even spent over ten million dollars in
13 riverboat monies to improve Evansville streets
14 and sewers. These examples represent only
15 some of the quantifiable positive impacts
16 brought about by the selection of Aztar
17 Corporation to operate a gaming riverboat in
18 Evansville, Indiana.

19 In closing, we believe that Aztar is a
20 better company for having become part of our
21 local community. The five-year anniversary of
22 our partnership with Evansville, Vanderburgh
23 County, and the State of Indiana leaves us
24 satisfied in the knowledge that our decision
25 to seek this license was in our best interests

1 and the decision to award the license to us
2 has brought the best possible results for this
3 area. Our successful partnership with the
4 City of Evansville began with Mayor Frank
5 McDonald and his administration and continues
6 today with Mayor Russell Lloyd and the new
7 city administration. We have attempted to
8 comply with all mandated statutory and
9 regulatory laws, rules and resolutions and to
10 meet or exceed all goals and expectations
11 placed upon us. We will continue to exercise
12 due diligence in our compliance and goal
13 attainment effort in the years ahead. We will
14 proceed with conviction, determination, and in
15 good faith and with the guidance and counsel
16 of the Indiana Gaming Commission. We are
17 committed to making the decisions necessary in
18 order to maximize our shareholders' return on
19 this investment and provide maximum returns to
20 the City of Evansville, Vanderburgh County,
21 the State of Indiana, and its residents. We
22 are committed to following the correct
23 business model and strategic plan that ensures
24 the long term viability of our asset in
25 Evansville. As you are aware, though, our

1 outlying markets have declined since our
2 opening five years ago as Indiana's first
3 gaming riverboat. Ongoing casino openings in
4 Southeastern Indiana including a four hundred
5 million dollar Caesar's facility outside
6 Louisville, along with the introduction of
7 dockside gaming in Illinois, have materially
8 constricted these markets and adversely
9 affected our revenue production and
10 profitability, not all of these factors were
11 anticipated. Going forward though, business
12 markets will continue to be evaluated and
13 marketing plans employed to ensure their
14 future stability and growth. New products and
15 services will continue to be introduced to
16 ensure our competitiveness in the gaming
17 industry and maintenance capital will be
18 invested in our mainland facility and
19 riverboat ensuring that Casino Aztar
20 Evansville remains a first-class attraction.
21 I thank you for your time today. At this time
22 I would like to introduce Aztar Chairman,
23 President, and CEO Paul Rubeli who will
24 continue our presentation.

25 MR. RUBELI: Thank you, Mr. Brown. This is a wonderful

1 podium, you can actually walk around the
2 floor. I'm not sure where the wires are.
3 Good morning, Chairman Vowels, and
4 distinguished Commissioners, Executive
5 Director Jack Thar, and staff and friends.
6 I'm appearing before you today to respectfully
7 request the renewal of our license to operate
8 a riverboat casino in Evansville, Indiana.
9 I'm honored to be here following five years of
10 operation as Indiana's first riverboat casino,
11 and frankly, over seven and a half years of my
12 life personally involved going all the way
13 back to the preselection process coming here
14 to Evansville.

15 As Jim Brown reported to you, our record
16 stands as a proud fulfillment of our
17 commitments to the City of Evansville,
18 Vanderburgh County and the State of Indiana.
19 For the privilege you granted us to fulfill
20 those commitments I want to thank all those
21 whose professionalism made it possible for us
22 to be here. What began in the early days as
23 an evenly divided fifty/fifty split of voter
24 support, opinions, and debate over the pros
25 and cons of casino gaming in Indiana has,

1 after five years resulted, in our opinion, in
2 the most successful introduction of casino
3 gaming in any state in this country. Indiana
4 has achieved a remarkable balance in social
5 policy, economic policy, tax policy, and
6 overall public policy concerning casino
7 issues, competing interests and conflicting
8 the least. I think much of the credit of this
9 Indiana success story should go to the
10 Commission, Jack Thar, and staff.

11 Five years ago Aztar's goals for coming
12 to Indiana were to create economic value for
13 Aztar shareholders and new jobs, tourism
14 enhancement, and economic development for
15 Evansville, Vanderburgh County, and the State
16 of Indiana. I believe we have successfully
17 achieved those goals over the past five years.
18 Going forward, however, I'm deeply concerned
19 about our future in Indiana given the
20 proposals in the state legislatures to
21 increase casino tax rates and admission fees.
22 Considering the current real world facts, my
23 concern is that any, and I emphasize the word
24 "any", increases in casino taxes, tax rates or
25 admission fees will force us to halt further

1 investments in Indiana. Let me share with you
2 the reason why. First of all, it has been
3 well documented that Indiana casinos already
4 pay the highest taxes in the country. The
5 industry, on average, pays over thirty percent
6 of its casino revenues in various taxes and
7 fees. We in Evansville because of fees we pay
8 the city, which are the highest rates in the
9 state, we pay over thirty-two percent of our
10 casino revenues in various taxes and fees, as
11 a result our real rate of return on our
12 capital investment in Evansville is barely
13 over our established company minimum rates of
14 return criteria. In fact, our real rate of
15 return is only three percentage points above
16 our EV/TA return criteria and only three
17 percentage points above our weighted average
18 cost of capital. This is not a very large or
19 comfortable spread to be working with when
20 deciding to make additional capital
21 investments.

22 Let me share with you some Aztar
23 financial facts as best I can in this very
24 limited presentation. We have made, as Jim
25 said, a total investment of over one hundred

1 and thirty million dollars in Evansville.
2 Last year our EV/TA or earnings before
3 interest, income taxes, depreciation and
4 amortization was twenty-nine million dollars.
5 So on a hundred and thirty million dollars,
6 this is a return of twenty-three percent on
7 our investment before any federal taxes,
8 Indiana state taxes, maintenance capital
9 expenditures, debt cost, meaning interest
10 expense, or equity costs. Our company's
11 criteria is a minimum EV/TA return of over
12 twenty percent or we will not invest capital
13 to expand our business or to develop new
14 projects. Therefore, on this important
15 criteria EV/TA return, our Evansville
16 investment has only a three percentage point
17 spread over our hurdle rates. This means it
18 is a good investment but it should not be
19 perceived as a superior returning investment.
20 This three percentage point spread on our one
21 hundred and thirty million dollar investment
22 amounts to less than four million dollars of
23 cushion per year. On an after income tax and
24 maintenance capital expenditure basis but
25 before debt interest costs and equity costs,

1 our real rate of return is only twelve
2 percent, so, again, on an after federal tax
3 and state tax basis and after capital
4 expenditures but before debt service interest
5 equity costs, our real rate of return is only
6 twelve percent. Our company's criteria is to
7 have an after tax real rate of return or what
8 we call an internal rate of return,
9 sufficiently above our actual weighted average
10 cost of debt and equity, which currently is
11 nine percent, to justify project risks. So,
12 again, we have a twelve percent return here,
13 our weighted average cost of capital is nine
14 percent, so, again, we only have a spread of
15 three percentage points above our weighted
16 average cost of capital.

17 In other words, the point of all these
18 financial numbers is this: Even a small
19 increase in casino tax rates or admission fees
20 runs the risk of driving our returns below our
21 criteria and killing our dreams for future
22 investments here in Evansville. There are
23 some who believe that dockside gaming will
24 generate enough increased casino revenues to
25 justify increasing the already high casino tax

1 rates and admission fees in this state. We do
2 not share that belief. On the contrary, we
3 believe any increases in casino tax rates or
4 admission fees will run the risk of
5 significantly reducing future investments in
6 the casino hotel and tourist businesses of
7 Indiana. We continue to believe a better
8 alternative would be to leave the tax rates
9 and fees where they are and if Indiana wants
10 to increase statewide casino tax revenues,
11 then simply approve simple dockside gaming.
12 Then as casino revenues go up, all related
13 casino tax revenues will go up
14 proportionately. At the same time the casino
15 industry's cash flows will go up by about the
16 same proportion and most importantly future
17 capital investments can then be justified and
18 made out of those increased cash flows.
19 That's how the goals of continuing to increase
20 jobs, tourism, and economic development for
21 Indiana will be achieved.

22 As I said earlier, even said a small
23 increase in casino tax rates or admission fees
24 at Casino Aztar runs the risk of killing
25 future investments in Evansville because of

1 the narrow spreads of our returns on
2 investment over our criteria. While some
3 casinos in Indiana have higher rates of return
4 than Aztar, we know some casinos have lower
5 returns. In fact, some casinos are
6 experiencing real financial troubles. The
7 Indiana Legislature certainly has the right to
8 increase casino tax rates and admission fees,
9 but I hope everyone in Indianapolis
10 understands a price will be paid if it is
11 done. I believe that price may well be the
12 end of any further casino industry investments
13 in Indiana.

14 States with a history of very stable tax
15 rates, such as Nevada, New Jersey, and Iowa,
16 have seen continuing investments of hundreds
17 of millions of dollars in hotel rooms, in
18 dining and entertainment and retail complexes
19 and other resort amenities with all the
20 resulting increases in new jobs, tourism, and
21 economic development. By contrast for these
22 stable tax environments, the State of
23 Illinois, for example, legislated a
24 significant casino tax increase several years
25 ago. There are some in Indiana who believe

1 Illinois is a good example of why casino taxes
2 should be increased here in Indiana as well.
3 Let me ask you this question: How many new
4 hotel rooms, new dining and entertainment/
5 retail complexes or other resort amenities
6 have been built in Illinois since that tax
7 increase. I believe the answer is none. I
8 hope the legislature here in Indiana does not
9 choose that answer for Indiana.

10 I want to repeat what I said recently on
11 a conference call with Wall Street analysts
12 and other investment specialists when asked
13 about the issue of dockside gaming and the
14 proposed casino tax rate and admission fee
15 increases. In part what I said was that over
16 the next several weeks leadership needs to
17 step up and make the right decision for all of
18 us here in Indiana. We don't think this is an
19 industry issue or a state issue. It isn't a
20 Republican issue; it isn't a Democrat issue.
21 It's an Indiana issue and I hope the
22 appropriate leaders on all sides will find a
23 way to the right solution. I hope this will
24 happen for the benefit of all of us in Indiana
25 and especially for the benefit of our over one

1 thousand loyal Indiana employees, our
2 wonderful community in Evansville and
3 Vanderburgh County, and our hopes for the
4 future and the ability to continue investing
5 and developing in Indiana.

6 In concluding my presentation, we
7 recognize that the Indiana Gaming Commission
8 has no control over what lawmakers do in
9 Indianapolis. However, we do think this is an
10 appropriate forum to express our views about
11 casino tax increases because we are here today
12 to address our future in Indiana and the final
13 legislative result could profoundly affect our
14 future investment decisions here. I thank you
15 for your patience in listening to me. We are
16 very optimistic about our future in Evansville
17 and I very much would like to have our license
18 renewed. We would be happy to answer any
19 questions at this time if it's appropriate,
20 Jack. I don't know what your...

21 MR. VOWELS: Is there anyone else from Aztar that will be
22 addressing the Commission?

23 MR. RUBELI: No, Chairman Vowels.

24 MR. VOWELS: Are there any questions for Mr. Rubeli at this
25 time?

1 MR. SWAN: Well, Mr. Rubeli, let's say then that we don't
2 have this tax increase in Indiana. Have you
3 considered what sort of capital improvements
4 you may have on the table here in Evansville?
5 We're down to the end of the five-year period
6 when a lot of commitments are falling off the
7 table now, those have ended. What else are we
8 looking at here in Evansville even from a
9 maintenance standpoint and any other
10 incentives that you may be looking at here in
11 Evansville?

12 MR. RUBELI: When we applied for the opportunity to have
13 the casino here and were presenting to the
14 city selection committee, Commissioner Swan,
15 we spoke what our company's track record has
16 been about going into jurisdictions beginning
17 with an initial investment and then
18 subsequently over a period of years continuing
19 to expand those investments, and we said at
20 the time that presuming a successful
21 introduction of our facility here in
22 Evansville that we would hope to emulate that
23 same track record. As an example, we opened a
24 facility in Atlantic City twenty years ago, a
25 little over twenty years ago, started with

1 five hundred rooms. Eight years later it
2 became a thousand rooms; 1996 it became
3 sixteen hundred rooms; four weeks ago I
4 announced our intention to pursue a two
5 hundred and twenty-five million dollar
6 expansion of that facility where it will now
7 become twenty-one hundred rooms and most
8 importantly, includes for the first time in
9 Atlantic City, a two hundred thousand square
10 foot dining and entertainment/retail complex,
11 pretty similar to the Forum Shops or Canal
12 Shops in Las Vegas, a very exciting project
13 that we're entertaining. And in Little
14 Laughlin, Nevada we started with a four
15 hundred room hotel in 1988. We now have a
16 fifteen hundred room hotel. And in Las Vegas
17 we've doubled the facility's room base
18 following our ownership and subsequent
19 development. Now, I'll come back and will
20 answer the question. What we did here was
21 appraise our first five years and we liked it.
22 We had a very high rate of return in the first
23 three years when we were essentially a
24 monopoly down here. We had a very high rate
25 and we were achieving EV/TA returns on our

1 invested capital at the time, a hundred and
2 twenty million I just spoke about, of over
3 thirty-three percent. We were doing forty
4 million EV/TA on a hundred and twenty million.
5 That EV/TA fell back as we reported back to
6 twenty-nine million dollars last year, a
7 twenty-three percent return, so it's still
8 above our criteria and with all that in mind,
9 we, two years ago, bought seven acres of land
10 right adjacent to this facility, if you go out
11 here and turn right, a big open parking fields
12 down there which we used when we first opened
13 the facility on a temporary basis and that
14 land is now ours, and we announced our
15 intention in working together with the city to
16 try to bring real their original master plan
17 where this would become the
18 dining/entertainment/retail district of
19 Downtown Evansville and linking into Main
20 Street, and we've actually proposed a project
21 that would encompass bringing in some other
22 outside developers, particularly bring some
23 more hotel rooms to the downtown. We badly
24 need hotel rooms in this downtown area to
25 support the Center, the new convention

1 facility. So our thought in the division was
2 to bring in, perhaps, some limited services,
3 lower price point flags such as the Hampton
4 Inns or the Marriott Courtyards, and we acting
5 as a master developer could assemble
6 additional hotel facilities, perhaps two or
7 three of them on that site, together with
8 ancillary dining and entertainment facilities
9 that typically follow. A very exciting
10 project. We've had open discussions with
11 people here in town about it. We've got a
12 person full time on our staff who's soliciting
13 developer interest around the country who's
14 proposed a twenty-million dollar development
15 of that particular site over the next five
16 years and that's only one illustration,
17 Commissioner Swan, of what we're prepared to
18 do here. We only have a two hundred and fifty
19 room hotel. As I explained to you, the
20 purposes for reciting my original commitment,
21 the commitments we made when we originally
22 came, in each instance where we've invested in
23 casino properties, our hotel bases have
24 continued to increase. Hotel rooms are the
25 key to success of this business over the long

1 run. We don't just remain a locals business.
2 We need hotel rooms to bring people from out
3 of town, you need hotel rooms to sell packages
4 for regional getaways, you need hotel rooms to
5 support convention centers. So all those tied
6 together, and it's not just empty words,
7 create a true regional convention tourist and
8 dining and entertainment and retail center in
9 Evansville. Now when you start talking tax
10 increases, all the rules are put in jeopardy.
11 How the devil are we supposed to calculate
12 what our future returns are going to be if
13 these tax rates are going to keep moving on
14 us. That's the problem with these new
15 jurisdictions. What politicians approve,
16 politicians can change, and we all know that.
17 All we're simply asking for is considered
18 reason that says the best solution is to
19 create investments and investments depend on
20 stable tax environments and that's our plea
21 here today.

22 MR. SWAN: Have you ever thought about owning a four
23 hundred and seventy room hotel? We've got a
24 deal here.

25 MR. RUBELI: There is some understanding I have that there

1 may be a four hundred and seventy room hotel.
2 We certainly have thought about the issue of
3 how to take this magnificent convention center
4 that the county put here in the virtual center
5 of this town and make it succeed, and there
6 have been those who have spoken publicly that
7 the need is for a first-class convention
8 hotel. We concur with that. Jim Brown, our
9 Senior Vice-President and General Manager,
10 sits on the board of the Convention and
11 Visitors Bureau and has also spoken in favor.
12 We have been thinking through what our role
13 might be here. I will just say we will
14 continue to think through that role. We need
15 a new convention hotel in this town, maybe not
16 four hundred and seventy rooms, Commissioner,
17 maybe we would start with a smaller version
18 and certainly make sure it's expandable.
19 That's how you build a business.

20 MR. VOWELS: Any other questions then for Mr. Rubeli?

21 MR. THAR: May I ask a question? Mr. Rubeli, in 1999 you
22 did a reorganization which we approved which
23 was Aztar Holding Company which is now the
24 company that holds both of your riverboat
25 ventures in Nevada and New Jersey properties.

1 Question 1 with regard to that, since we're
2 now combined in a way with the Caruthersville
3 operation, how is Caruthersville meeting your
4 criteria?

5 MR. RUBELI: Caruthersville from day one has failed our
6 criteria. We invested a little over five
7 million dollars in Caruthersville, Missouri.
8 Last year we reported an EV/TA of three
9 percent out of three million dollars so that's
10 a six percent return on that fifty million.
11 We badly underestimated, as did, I think,
12 every operator that went into Missouri, that
13 the problem is created by the loss from the
14 restrictions that we incurred, so our initial
15 assumptions on win per admission proved to be
16 wrong as did the whole industry. We continue
17 to operate the facility because we have a
18 positive cash flow and as a result of a
19 positive cash flow it's not a drain on the
20 company's resources, but we make very limited
21 additional investments there. It might be of
22 some interest to some in this room to know
23 that the temporary pavilion that we had used
24 here for a year so successfully as a ticketing
25 pavilion, we wound up moving down to

1 Caruthersville and it's now serving as an
2 entertainment and show pavilion. Very limited
3 investments, Mr. Thar, because the returns
4 there are substandard.

5 MR. THAR: Does Aztar Holding Company exchange profits
6 from, for instance, the Evansville operation
7 as well as Caruthersville operation flow
8 (inaudible)?

9 MR. RUBELI: I'm not sure I understand your question.

10 MR. THAR: Does money flow from the Evansville operation
11 to the holding company?

12 MR. RUBELI: Ultimately money flows through all our
13 subsidiary companies back to the parent and
14 back to our treasury company. We're not
15 trading profits between the two if that's the
16 intent of your question.

17 MR. THAR: That's what I'm asking. To what extent, if
18 any, this Caruthersville operation may impact
19 on the financial aspects of Casino Aztar.

20 MR. RUBELI: None whatsoever. When we report our results
21 by property, there are no intercompany charges
22 contaminating or misrepresenting those
23 numbers.

24 MR. THAR: I was just wondering.

25 MR. RUBELI: And I appreciate now what your question is.

1 The answer is absolutely none. We don't cross
2 charge at that level between our properties.
3 What you see is what you get.

4 MR. SWAN: We're currently operating at something like a
5 forty-nine dollar win here locally. Where do
6 you see that going now, that is the Year 2001
7 forward, how do you see that affected if we
8 did have dockside gaming in Indiana?

9 MR. RUBELI: You're right. I believe it's in a range of
10 forty-nine per admission. We like to think of
11 it in terms of per patron and the reason,
12 Commission Swan, depending upon whether you're
13 running a two-hour cruise or three-hour
14 cruise, you can effect the counting of
15 admissions for the same person and so our win
16 per patron is roughly ninety-four dollars,
17 ninety-five dollars. Your question related to
18 open boarding or dockside gaming and how would
19 that affect it, the expectation is that you
20 will see probably a slight increase in the win
21 per patron because there will be instances
22 where people today are inclined to get off
23 because they don't want to get stuck on
24 another cruise and not be able to get off may
25 stay a little longer. But more than likely

1 what we'll see is an increase in patronage
2 itself because of the convenience of getting
3 on and off. That seems to be what the
4 Illinois experience is. You know, we had a
5 wonderful, in a way, a wonderful opportunity
6 to have a real live experiment right next door
7 to us when Illinois approved open gaming in
8 the summer of 1999, and so we were tracking
9 every piece of data over there to sort of
10 develop a composite result and what stunned us
11 frankly was the magnitude of the increases.
12 Still to this day, I will tell you, I'm not a
13 hundred percent sure as to how to thoroughly
14 explain it. How is it possible just by, you
15 know, tying up a boat that suddenly your
16 revenues are going up, in their case, anywhere
17 from twenty to forty percent depending on who
18 they were. And interestingly enough, even
19 after the twelve months was lapsed, there
20 continued to be a significantly above average
21 growth rate which we think had to do with,
22 what we call, the second-year effect. People
23 got used to the fact in the first year, hey,
24 this is pretty convenient so they came and
25 went and you had a second-year effect. So I

1 think you will see some increase in the win
2 per patrons, but I think what you will see is
3 a lot more accessibility so the patron counts
4 will presumably go up, at least that's what
5 Illinois suggests.

6 MR. VOWELS: Any other questions then for Mr. Rubeli? Any
7 questions for any other Aztar personnel?
8 Thank you, Mr. Rubeli.

9 MR. RUBELI: Thank you very much.

10 MR. VOWELS: Mr. Brown, anything further from you?

11 MR. BROWN: No, thank you.

12 MR. VOWELS: As far as people who have filed written
13 requests with the Commission to speak, we'll
14 go on to that. Mayor Russell Lloyd is here.
15 Mayor, would you like to come forward and
16 address the Commission at this time.

17 MAYOR LLOYD: Good morning.

18 MR. VOWELS: Actually good afternoon. It's twenty minutes
19 into the afternoon.

20 MAYOR LLOYD: Yeah. Good afternoon members of the Indiana
21 Gaming Commission, Chairman Vowels, Director
22 Thar, and I would like to repeat I'd glad to
23 see Chairman Vowels and Commission Member Swan
24 from the City of Evansville. We're happy to
25 have residents from Evansville serving on the

1 Commission. I have our city controller here,
2 Billie Sanders, CPA, and she's giving you a
3 handout of just some of the highlights of the
4 City of Evansville experience with Aztar
5 Corporation's Casino Aztar City of Evansville
6 Riverboat. I also want to point out we do
7 have a couple of members of our city council
8 here, Council President Curt John and Vice-
9 President Constance Robinson, so they're also
10 witnessing. My name is Mayor Russ Lloyd, Jr.
11 and I have met some of you previously. I took
12 office January 1st of 2000, so I'm in the
13 beginning of my second year as mayor of
14 Evansville. I do want to point out we always
15 appreciate it when officials from Indianapolis
16 and other parts of our state come to visit us
17 here in Evansville. As you may recall the
18 referendum on gaming in the City of Evansville
19 and Vanderburgh County passed with a fifty-one
20 percent majority, a very narrow margin. As
21 mayor it's my job to represent all of our
22 citizens, so I have to respect the feeling of
23 those citizens that do not believe in gambling
24 for whatever their reasons, their personal
25 reasons, and also those that do not support

1 governmental sanctioned gaming. Now having
2 said that, I do wish to point out that Aztar
3 Corporation is a significant corporate citizen
4 to the City of Evansville and to our region.
5 You've heard their presentation. They've done
6 it very eloquently. Based on my observation,
7 Casino Aztar has lived up to every commitment
8 that was made to the City of Evansville when
9 they began their operations here over five
10 years ago. As a major corporate entity of our
11 city, Aztar officials and employees are very
12 active in our community as was pointed out to
13 you. They have a lot of expertise in tourism
14 and promotion and we, the city and officials
15 with the city and related organizations, we
16 consult with them on these types of issues and
17 another developmental issues on a regular
18 basis. I, as the representative for the City
19 of Evansville government, have a good
20 relationship with Aztar corporation officials
21 and we look forward to this partnership
22 continuing for another five years and beyond
23 and we support the renewal of the license for
24 Casino Aztar, and I wish to thank having the
25 opportunity to speak to you and I can walk you

1 through the booklet briefly. We've listed by
2 each year some of the major expenditures of
3 the Casino Aztar Riverboat revenues, whether
4 it's tax or lease payments. The decisions
5 prior to the Year 2001 were made by Mayor
6 Frank McDonald, II, who was my predecessor in
7 the mayor's office, in conjunction with the
8 Evansville City Council, so it just gives you
9 a highlight. One of the provisions that we've
10 used the riverboat funding for is strictly
11 capital projects and capital related projects.
12 So at least from the City of Evansville's
13 point of view, we have not used those funds
14 for any type of ongoing operations, employee-
15 related expense. We've continue to dedicate
16 that money for capital projects only. That's
17 something that Mayor McDonald and the City
18 Council developed in 1996 and I've continued
19 to honor that as mayor beyond the Year 2000.
20 So we have a summary each year of some of the
21 expenditures of where the revenues were going.
22 We have a detailed spreadsheet after that on
23 expenses tracked out by year including the
24 Year 2000. Also, you have a list below of the
25 incentive agreements that are terminating this

1 year by renewal. Finally, you have a
2 breakdown how the revenues come in by
3 different tax and lease payments, additional
4 incentive schedule. Then finally to take all
5 these figures and try to put them into some
6 kind of picture, it's always nice to have
7 pictures, we have some of the completed
8 projects that the funds have been used for.
9 These are digital photos, so you have the
10 Fendrich Municipal Golf Course Clubhouse,
11 which was approximately one point two million
12 dollars and that was paid for with gaming
13 revenues. We have the Sycamore Street parking
14 garage, which is next to the renovated Victory
15 Theater, a 1920s theater that gaming revenues
16 assisted in that renovation. Bonds were
17 issued but substantial monies did go into the
18 parking garage, and then finally, this picture
19 was actually taken this morning of the
20 Riverfront Renovation Project, and this was a
21 project that was developed by my predecessor,
22 Mayor McDonald, and the City Council, a ten
23 and a half million dollar project and it's to
24 completely redo the riverfront below the
25 street. In fact, in the photo looking east

1 you can see the hotel in the background. This
2 riverfront plaza had been developed in the
3 late 1930s. It was a WPA project and so it
4 was overdue for renovation and what we're
5 going to do is have a winding road through
6 there with concrete steps, step-style seating
7 where you can actually have an events plaza
8 down there, seating for approximately five
9 thousand people, so it's going to be a
10 wonderful project for the city, and by saving
11 that money over several years, the city did
12 not have to issue a bond for that. It's just
13 being paid out of riverboat revenues to the
14 tune of about ten and a half million dollars.
15 That concludes my presentation. We have
16 myself and Controller Sanders here if you have
17 any questions.

18 MR. VOWELS: Thank you, Mayor. Are there any questions for
19 Mayor Lloyd?

20 MR. THAR: If this is an unfair question, please say so
21 and you don't have to answer it, but it seems
22 that the marriage between Aztar and Evansville
23 has been very good. As a result of that, if
24 you were to have your referendum today, people
25 knew what they knew, would you expect it to

1 pass by a higher percentage than fifty-one?

2 MAYOR LLOYD: I would say yes. I think just my gauging on
3 the community, there was some skepticism of
4 what the riverboat gambling would bring to the
5 community. Aztar on the balance has been a
6 very good corporate citizen as they've
7 detailed to you in, both in purchasing and
8 employing residents in the 4th and 6th Ward,
9 and where that came from was those wards gave
10 the majority of their votes to Aztar in the
11 election, and the 4th Ward is predominantly
12 near downtown and the 6th Ward is
13 predominantly on the west side of the city, so
14 I think based on what we've seen, the hotel
15 complex, the pavilion, and then the projects
16 that the city and county have been able to
17 undertake, I would suspect that it would pass
18 by more of a majority. It's really hard to
19 tell, but it was very divided at that time and
20 based on their performance and what we've seen
21 in city government, I would say yes.

22 MR. THAR: When Aztar opened up and operated for the
23 first five years, they had a series of either
24 ongoing obligations pursuant to negotiations
25 with the city or one-time cash incentives.

1 Will there be anything like that going
2 forward?

3 MAYOR LLOYD: Those are some of the things that we've had
4 some discussions with Aztar management. The
5 lease changes to actually have stepped up
6 payments and that, the original design that
7 Mayor McDonald and the city officials in 1995,
8 in fact, I have a copy of it in here
9 somewhere, but I guess after five years the
10 lease payments would cease -- or I mean the
11 incentive payments would cease and the
12 payments to the city would step up some
13 percentage of the adjusted gross revenues, so
14 we've had some discussions but at this time
15 the city has not made any request to Casino
16 Aztar management that they would continue any
17 of these payments that were made in the prior
18 five years, so we're basically standing by the
19 lease, what was negotiated back then. If
20 there's any possibilities of using those
21 payments for some types of developments, we
22 would certainly look into that but without any
23 change in the dollar amounts.

24 MR. THAR: One of the reasons I bring that up is that
25 when we take a look at what was negotiated

1 originally five years ago, you gave us, or
2 gave the Commission several items to look at
3 to determine whether or not Aztar has
4 performed as it said it would. As we look
5 forward to what's going to happen over the
6 next three years, there is a question of what
7 would we utilize as a standard to determine
8 whether or not Aztar has performed in the next
9 three years in relation to the City of
10 Evansville as it did in the past five years.
11 Do you have any suggestions of what we might
12 look to?

13 MAYOR LLOYD: That's a question I wasn't really
14 anticipating. The level of cooperation
15 between Aztar and the city has been good. We
16 have ongoing communications. The stepped-up
17 payments would flow to the city, we would want
18 to continue to use those payments for capital
19 improvements of that nature. Obviously, you
20 know, the City of Evansville with the downtown
21 master plan, and we've invited Aztar to be a
22 member of that steering committee as we do
23 this master plan, there may be opportunities
24 within that where some of the stepped-up
25 payments could be used, but it's very

1 preliminary to say that, I guess it would be
2 hard for me to say. We could maybe develop
3 some criteria to look at.

4 MR. THAR: One last futuristic type thought. If Mr.
5 Rubeli got his wish and that would be dockside
6 gaming with no tax increase, would you expect
7 him to maybe share some of that added benefit
8 with the city?

9 MAYOR LLOYD: We could talk to him about that. That
10 certainly would be something that we would
11 entertain.

12 MR. THAR: That's all I have.

13 MR. VOWELS: Okay, any other questions for Mayor Lloyd?
14 All right. Thank you, sir.

15 MAYOR LLOYD: Thank you very much.

16 MR. VOWELS: Another person who submitted a request to
17 speak, Dolli Kight of the Convention Bureau.
18 Ms. Kight. Good afternoon.

19 MS. KIGHT: Good afternoon. Members of the Commission,
20 Executive Director and Staff, in 1995 the
21 Evansville Convention and Visitors Bureau was
22 one of the leaders in working to pass the
23 referendum to legalize riverboat gaming in
24 Vanderburgh County. It is a great success
25 story and one on which we are happy to hang

1 our hat. The Evansville CVB has been
2 fortunate to be one of the beneficiaries of
3 that success. A portion of the admission tax
4 and innkeepers tax the CVB receives from
5 Casino Aztar has enabled us to increase our
6 advertising dollars. We are currently
7 advertising in several trade publications
8 targeted to meeting players as well as
9 consumer publications to attract the leisure
10 traveler. That increased exposure to
11 potential visitors keeps the cycle going
12 bringing more visitors to Evansville bringing
13 high dollars in shopping, food, hotels and
14 entertainment and taxes. This type of
15 promotion would not be possible without Casino
16 Aztar. Evansville's most recent economic
17 impact study shows nearly forty percent of
18 visitor spending is on shopping and food.
19 Casino Aztar generated over ninety-two million
20 dollars in visitor spending out of two hundred
21 and forty-eight million, thirty-seven percent
22 of total visitor spending. Additionally,
23 fourteen percent of visitor spending is from
24 visitors to Casino Aztar. The non-gaming
25 purchases of casino visitors generates over

1 seven hundred thousand dollars in additional
2 local tax revenue. This is outside of what is
3 collected and paid by Casino Aztar. This
4 tourism industry generates over forty-three
5 hundred direct tourism related jobs in
6 Vanderburgh County, and Casino Aztar is one of
7 the largest tourism industry employers. Many
8 of the service jobs at Casino Aztar pay higher
9 wages than typically service jobs in the area.
10 The Evansville CVB's 1999/2000 visitor profile
11 study showed that Casino Aztar is the most
12 frequently visited Evansville attraction.
13 Over thirty-five percent of visitors to
14 Evansville will visit Casino Aztar during
15 their stay. Visitors also use such words and
16 phrases as "nice casino, good time, fun, and
17 enjoyable" when describing their visit to
18 Casino Aztar. Visitors gave Casino Aztar the
19 highest rating for all our attractions in
20 Evansville of seven point five six on a scale
21 of one to ten. I think this might address
22 your point, Director Thar, that the ongoing
23 maintenance of this facility is key to the
24 success of Aztar. Evansville now boasts the
25 second largest convention center in Indiana.

1 The casino riverboat is an important part of
2 our marketing efforts to convention planners.
3 The mention of Casino Aztar and it's proximity
4 to the Center gives us an edge when talking
5 with meeting planners. Casino Aztar's
6 development brought with it growth in the
7 tourism industry with new hotels throughout
8 Evansville and new restaurants for our
9 downtown. Casino Aztar is an asset not only
10 to the tourism industry but it has become a
11 very conscientious and important corporate
12 citizen to our community as a whole. The
13 Evansville CVB supports the renewal of Casino
14 Aztar's license for the continued betterment
15 of our community. Thank you very much. I'll
16 be happy to answer any questions.

17 MR. VOWELS: Thank you, Ms. Kight. Any questions? Thank
18 you. Another person who had requested to
19 speak is Don Minton. Mr. Minton.

20 MR. MINTON: Thank you, Mr. Chairman, members of the
21 Commission and staff, I am Don Minton and I am
22 the chairman of the Metropolitan Evansville
23 Chamber of Commerce. Sorry I didn't note that
24 on that sheet. We represent fourteen hundred
25 member businesses in the Chamber of Commerce

1 and I can tell you that we enthusiastically
2 support Casino Aztar and the relicensing
3 effort here. In fact, I will tell you that
4 recently the board of directors voted
5 unanimously to support the dockside gaming
6 issue, so all the members of the Chamber Board
7 of Directors, which is forty-eight members
8 strong, the Board is for that. I want to talk
9 today just a little bit about from a business
10 perspective what Aztar has done to help this
11 community. The spending with local
12 businesses, and Jim referred to that in his
13 presentation, Aztar has spent ninety-one
14 million dollars in this area with local
15 suppliers, but just as importantly, and more
16 so probably, is five hundred and thirty-six
17 vendors in Vanderburgh County participated in
18 that spending with Aztar. Employment, they
19 have a payroll of thirty million dollars with
20 almost twelve hundred jobs and about half of
21 those are for people in those two districts
22 that you heard about ago, the 4th and 6th
23 Wards, who need the jobs the most. That's
24 been a very positive thing for this community.
25 Crime, we haven't talked much about that

1 today. I know we talked about, when this
2 referendum went through, there was a lot of
3 talk about the fact that crime might increase.
4 In fact, crime has decreased as a whole for
5 the area around the boat -- excuse me, it's
6 remained about the same for the area. Around
7 the boat, it's actually decreased. I think
8 that's significant. Recruitment, I will tell
9 you as a business person myself, Casino Aztar
10 has added something to the downtown that lets
11 us bring people here and they see a more
12 exciting and vibrant downtown. I've been here
13 for twenty-one years and believe me, before
14 Casino Aztar came here downtown was rather
15 quiet and it is still is, but when you get
16 over here there's a vibrancy. There's some
17 excitement. There are places to bring people
18 you're trying to recruit to the community, and
19 workforce development has been a major issue
20 for the Chamber of Commerce for the last three
21 or four years because as some reported
22 earlier, the advent of Toyota and AK Steel and
23 other local employers has caused us to have a,
24 we're happy to report, a low unemployment
25 rate, but as a result recruiting people here

1 becomes even tougher in getting people locally
2 to get acclimated in the community and move
3 here. So we bring them here, and lots of
4 times you can bring people here and they don't
5 necessarily go on the boat. They come here
6 because you have first-class dining and a
7 first-class hotel. I'd also like to mention
8 some of Jim Brown's roles. He mentioned about
9 how all the members of Aztar's management
10 participates on a lot of boards, so does Jim.
11 Jim is not a faceless member of the community.
12 He is very active, very active in Center City,
13 and I would support this because he has been
14 so involved in things like the Freedom
15 Festival, things that are not written into the
16 original agreement with the city. Jim stepped
17 in and worked with us a few years back on the
18 Freedom Festival which was about to go under
19 and Jim stepped up and really got Aztar
20 involved in that process. He's been honored
21 for his charitable work in things like
22 multiple sclerosis, and I would also say that
23 he also did some honoring of his own, he and
24 Casino Aztar and their management, last year
25 when they had a World War II display which was

1 over at the park and you had tanks and a
2 wonderful display up here, and, again, it was
3 something to bring people down here and it was
4 something to honor other people. So I think
5 it's safe for us to say that you can tell as a
6 member of the business community and
7 representing the Chamber of Commerce, we
8 enthusiastically support the relicensing of
9 Casino Aztar and thank you for your time.

10 MR. VOWELS: Thank you. Any questions for Mr. Minton?
11 Thank you. Mr. Thar, those are all the people
12 who have submitted requests. Do we need to
13 deal with anything further before moving into
14 the request for the relicensing?

15 MR. THAR: I would mention some items that I discussed
16 with Mr. Brown. Should the Commission vote
17 today to renew the license of Aztar, and I
18 think from a staff point of view that we
19 recommend that relicensure, I think the report
20 done by the Center of Urban Policy, Dr.
21 Sullivan's report, the State Police reports,
22 all show that Aztar in terms of being a casino
23 in the State of Indiana has been a credit not
24 only to the State of Indiana and the City of
25 Evansville, but also to gaming and the gaming

1 industry. They have always been the ice
2 breaker. They were the first casino to open.
3 They were the group that, as regulators, we
4 learned from, cut our teeth on, so I would say
5 based upon their performance in the past five
6 years, some of the representations they've
7 made about what's going to happen over the
8 next three years that the license be renewed,
9 I would suggest that the license be renewed,
10 however, subject to certain conditions. The
11 first condition is based upon a discussion --
12 the first two are based on discussions I had
13 with Mr. Brown yesterday of which it's my
14 understanding he has agreed that there's
15 certain operational issues that he will submit
16 a corrective action plan to the Commission
17 staff on, which will be reviewed and acted
18 upon. There are a couple of outstanding
19 disciplinary issues, none of which are major
20 by scale but which we have discussed entering
21 a settlement agreement with. Thirdly, we have
22 as a staff starting with Belterra, gotten
23 computer access to what we call online access
24 to certain gaming reports that are put out by
25 their slot information system as well as their

1 table game accounting system, and we have
2 agreed to have our comparable computer
3 departments discuss that with each other, so
4 that we can get online on that. A condition
5 that I have not discussed and should have,
6 that's my fault in neglecting this, the statute
7 requires that a bond be posted and remain on
8 file through the first five years of the
9 license and then sixty days after the
10 expiration of the first five years that bond
11 can be canceled. Aztar throughout its
12 performance here in Evansville has continually
13 requested to have their bond reduced during
14 the course, as they fulfill more and more of
15 their obligations for which the bond was
16 posted. I would recommend to the Commission
17 that as a condition of the relicensure that
18 Aztar agree to the posting of a one million
19 dollar bond for the next three years and that
20 that bond be for the general purpose that we
21 had on the bond the last time, the wording of
22 which I can't remember, but it's generally to
23 protect the city for outside claims derived
24 from the riverboat. We have required in the
25 past special amounts of the bond cover certain

1 promises plus a two million dollar residual.
2 I think two million dollars would be too much,
3 but having a one million dollar (inaudible)
4 might be a condition that we would recommend
5 to the Commission to discuss. Insurance is
6 already mandated by statutes, so we will
7 ensure from a staff point of view that
8 insurance is maintained at the same levels
9 that they are presently. Those are the
10 observations that we have as a staff. Ms.
11 Dean, from a legal point of view what have I
12 left out, anything?

13 MS. DEAN: I'm not aware of anything.

14 MR. VOWELS: There's no reason that the staff knows of to
15 reject the relicensure?

16 MR. THAR: No. From a public point of view the state
17 police reports came back very clean, from the
18 economic development points of view, the
19 Center of Urban Policy report is very positive
20 and from a financial point of view I would
21 describe the performance of Casino Aztar in
22 Evansville a little brighter than maybe Mr.
23 Rubeli. It's doing quite well.

24 MR. VOWELS: Mr. Rubeli or Mr. Brown, would either of you
25 care to address the proposed conditions that

1 Mr. Thar has outlined?

2 MR. BROWN: We find no reason not to find them completely
3 acceptable.

4 MR. VOWELS: That's what we were looking for. Thanks. Are
5 there any questions then of Mr. Thar or any of
6 the people who've addressed us or any
7 discussions?

8 MR. DARKO: Jack, are you going to ask him?

9 MR. THAR: Later.

10 MR. VOWELS: I must have missed something. All right.
11 We've received, as Mr. Thar said, extensive
12 documentation in reference to the relicensing
13 of Aztar's gaming certificate. The Center for
14 Urban Policy and the Environment has prepared
15 a very in depth financial analysis, the
16 Indiana State Police, the gaming portion,
17 division there and staff of the gaming
18 commission have compiled, as they have in the
19 past, the documents that we have reviewed,
20 some confidential and some public, and so we
21 have had these documents, part of them, for at
22 least the last week and have gone over these
23 individually, the Commission, and so a lot of
24 the questions that we would have had prior to
25 receiving these documents were answered in

1 reviewing these, and I believe that we're
2 probably ready to entertain a motion in
3 reference to the relicensure of Aztar Indiana
4 Gaming Corporation. Is there a motion one way
5 or another to grant that or deny?

6 MR. SWAN: Yes, I would like to make the motion that we
7 renew the license for Aztar.

8 MR. VOWELS: Is there a second?

9 DR. ROSS: Second.

10 MR. VOWELS: Dr. Ross seconds that motion. Is there any
11 further discussion? There being no further
12 discussion all those in favor of the motion
13 say aye.

14 UNANIMOUS VOTE

15 MR. VOWELS: And it is approved. Is there anything further
16 at this time? We actually have the
17 certificate here for the signing.

18 MR. THAR: We do. It will be available if anyone wants
19 to take pictures. I personally will have to
20 send it to Commissioner Bochnowski for her
21 signature also, but we do have it for the
22 others to sign.

23 MR. VOWELS: All right then, we'll entertain a motion to
24 adjourn. There is no other discussion of any
25 future meetings.

1 MR. DARKO: I make the motion that we adjourn the meeting.

2 MR. VOWELS: Is there a second?

3 MR. MILCAREK: Second.

4 MR. VOWELS: All those in favor of adjourning say aye.

5 UNANIMOUS VOTE

6 MR. VOWELS: Thank you.

7 MEETING ADJOURNS AT 12:45 P.M.

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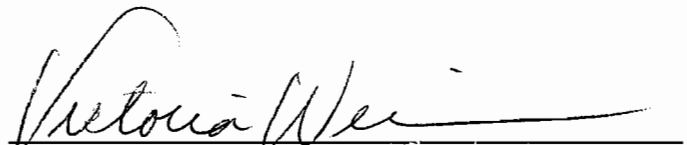
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STATE OF INDIANA)
) SS:
COUNTY OF VANDERBURGH)

I, Victoria A. Weisman, a notary public in and for the State of Indiana, do hereby certify that the foregoing proceedings were taken by me, pursuant to time and place and for the purpose stated; that the appearances were as stated; that said proceedings were taken by me in shorthand and also mechanically recorded, and thereafter accurately and correctly transcribed into the foregoing pages.

WITNESS my hand and notarial seal this 30th day of
March 2001.


Victoria A. Weisman, Notary
Resident of Vanderburgh County, IN
My commission expires: 4-15-07